

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** Welcome to the Revenue Committee's public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and I represent Legislative District 39. I serve as Chair of this committee. The committee will take up bills in the order they are posted outside the hearing room. Our hearing today is your public part of the legislative process and this is your opportunity to express your position on the proposed legislation before us today. We do ask that you limit handouts. If you are unable to attend a public hearing and would like your position stated for the record, you may submit your position and any comments using the Legislature's Web site by 12 p.m. the day prior to the hearing. Letters emailed to a senator or staff member will not be part of the permanent record. If you are unable to attend and testify at a public hearing due to a disability, you may use the Nebraska Legislator's Web site to submit written testimony in lieu of in-person testimony. To better facilitate today's proceedings, ask that you follow these procedures. Please turn off cell phones or other electronic devices. The order of testimony is the introducer, proponents, opponents, neutrals and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We will need 11 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you now. When you begin to testify, please state and spell both your last and first name for the record. Please be concise. It's my request, how many are going to testify on the first bill? It is my request that you limit your testimony to 5 minutes. We will use the light system, so you will have 4 minutes on green and 1 minute on yellow and then you need to wrap up. I am tough on the red light. If there are many wishing to testify, we will, we're not going to do this. If your remarks were reflected in the previous testimony or if you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so that our transcribers are able to hear your testimony clearly. I would like to introduce committee staff. To my immediate right is legal counsel, Lyle Wheeler. To my immediate left is research analyst, Charles Hamilton. Today, our clerk is Caroline Nebah. Am I saying it right?

**CAROLINE NEBEL:** Nebel.

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**LINEHAN:** Nebel. Caroline Nebel, who is helping us from Senator Geist's office. The committee members with us today will introduce themselves beginning at my far right.

**KAUTH:** Good morning. I'm Kathleen Kauth, LD31, the north area.

**MURMAN:** Dave Murman from Glenvil, District 38. I represent eight counties and along the southern border in the middle part of the state.

**BOSTAR:** Eliot Bostar, District 29.

**von GILLERN:** Brad von Gillern, District 4.

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

**ALBRECHT:** Hi. Joni Albrecht, District 17, Wayne, Thurston, Dakota, and a portion of Dixon in northeast Nebraska. Welcome.

**DUNGAN:** George Dungan, District 26, northeast Lincoln.

**LINEHAN:** Our pages are, this morning are, Kaitlyn. Can you stand up guys so they can see? Oh, Kaitlyn is back there. Kaitlyn is at UNL as a history major, and Malcolm, who is at UNL and is a political science major. Please remember that senators may come and go during our hearing as they may have other bills to introduce in other committees. Refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification but for recording purposes. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their, information on their electronic devices. Be assured that your presence here today and your testimony are important to us and is a critical part of our state government. And with that, we will open on LB641. Good morning, Senator Kauth.

**KAUTH:** Good morning, Chair Linehan, members of the committee. Thank you for the opportunity to speak before you today. My name is Kathleen Kauth, spelled K-a-t-h-l-e-e-n K-a-u-t-h. I represent District 31 in southwest Omaha. LB641 was brought to me by the Governor's Office as a culmination of a nearly decade-long process to end the state tax on Social Security. Initially, LB641 was to allow Nebraska taxpayers to claim a reduction of their federal adjusted gross income equal to 70 percent of their Social Security benefits for taxable years beginning in 2023, which would have been a 10 percent increase in the reductions

scheduled for this year. For technical reasons, that is not going to work. So we'll be bringing an amendment that you should have before you, which we've shared with members of the committee to restore that reduction back to 60 percent. Our representative from the Policy Research Office will be following me to answer any technical questions about that that you may have. For all the taxable years beginning with January 1, 2024, LB641 will allow Nebraskans to claim a reduction of their federally-adjusted gross income equal to 100 percent of their Social Security benefits. The idea that Nebraska seniors living on a fixed income should not be double taxed by the state on money they've paid into Social Security for their entire lives comes to this conclusion in this bill. There have been multiple attempts in the last several decades to repeal this taxation. In 2021, Senator Brett Lindstrom passed LB64 to phase-out the state income tax on Social Security income over a ten-year period. In 2022 as part of the greater Tax Reform package, this committee and the Legislature as a whole adopted LB873 to expedite that phase-out by five years. LB641 would further expedite the phase-out to be 100 percent exempt by 2024. I am honored to bring their vision of a Nebraska where senior citizens are free of this onerous and unfair tax into reality. Our seniors need this tax relief and they shouldn't be double taxed on their Social Security benefits. I would urge the committee to pass this bill on to General File. Thank you.

**LINEHAN:** Thank you, Senator Kauth. Are there questions from the committee? Seeing none, thank you very much. Proponents? Good morning, Mr. Will.

**LEE WILL:** Good morning. Chairwoman Linehan and members of the Revenue Committee, my name is Lee Will, L-e-e W-i-l-l, and I'm the state budget administrator of the Department of Administrative Services Budget Division. I'm appearing today on behalf of Governor Pillen in support of LB641. Thank you to Senator Kauth for introducing this important legislation on behalf of the Governor. This bill will fully exempt Social Security taxes in tax year 2024 to relieve our seniors of the significant tax burden. Keeping our kids here in Nebraska is critical to our communities and our kids. The Governor's aims on individual's Social Security and business tax cuts will deliver over \$1.5 billion by the end of the '25, '27 biennium to hardworking Nebraskans. These reforms have been included in the Governor's budget package and still allow for \$218 million in variance from the minimum reserve for the General Fund. At the same time, the cash reserve fund is estimated over \$1.6 billion and again this reserve balance would represent 30 percent compared to General Fund appropriations. This tax

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cut bill and subsequent reforms are sustainable and must be done now to ensure we keep our grandparents, parents and kids within this great state. I'd be happy to take any questions.

**LINEHAN:** Thank you.

**LEE WILL:** Thanks.

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

**LEE WILL:** Thank you.

**LINEHAN:** Good morning.

**DE TONACK:** Good morning. I appreciate the work that the Revenue Committee does. Appreciate this bill. My name is, first name is De, D-e. The last name is Tonack, T-o-n-a-c-k. I'm a retired math and physics educator and the current president of the NSEA Retired Association. On behalf of the Nebraska State Education Association Retired, a membership of just under 6,000, I urge you to support LB641 completely phasing out our state taxation on Social Security benefits one year earlier, and cross-off the next line because I just heard the 70 percent needs to stay 60 percent. A guiding principle is that retirement incomes are intended to keep our elderly and disabled citizens out of poverty. They are not intended to be sources of revenue for the state. And in alignment with Governor Pille's emphasis of keeping young people in Nebraska, we also need to keep older people in Nebraska. They are tremendous contributors to the economy of our state. State taxation of these benefits varies among different states and has evolved over the years. What are other states doing? Most states exempt Social Security from state taxes. Nebraska is often listed as the one of the, quote, retiree unfriendly states, unquote, by virtue of taxation. And often Nebraska is at the top of those lists, unfortunately. A Kiplinger Report states, quote, the 36.5 million people who are at risk at double taxation live in the 12 states that currently tax Social Security benefits, although that's often at various different levels. This list includes Colorado, Connecticut, Kansas, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Rhode Island, Utah and Vermont. However, there are different levels of income upon which the taxation begins. Several of these 12 states exclude a portion of other retirement income, such as those from state, federal or military sources from state taxation. And our Legislature has already addressed some of those issues. And

then I list some states there. They include Colorado, Connecticut, Montana, Missouri. A few of these states allow some sort of state deduction from federal taxes of Social Security benefits before calculating the state taxes. Nebraska and Utah tax Social Security benefits in the same way as the federal government does. Nebraska has already understood this issue. You've already said it, to cut off the, the year 2025. Another point, my last point is that when you look at the words Social Security, that security is being threatened by health care costs for most retirees. The health care costs increase will claim a significant slice of any Social Security costs of living. So let's end state, state taxation on these benefits. It's a conservative approach. Removing them will assist retirees security and make Nebraska just a bit more retiree friendly. And as a math teacher, it seems to me the math would just be simpler. Let's just get it done. Somebody else's punch line, let's Git-r-done. So that would conclude it. Are there any questions?

**LINEHAN:** Thank you very much. Are there any questions?

**DE TONACK:** Thanks.

**LINEHAN:** Seeing none, thank you much. Next proponent. Good morning.

**DAVID HOLMQUIST:** Good morning. Good morning, Senator Linehan and members of the Revenue Committee. My name is David Holmquist. D-a-v-i-d H-o-l-m-q-u-i-s-t, and I'm testifying today on behalf of AARP Nebraska in support of LB641. AARP is the largest nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families. Key priorities of our organization include helping all Nebraskans achieve financial and health security. In particular, AARP strongly believes that all individuals have the right to self-reliant, to be self-reliant, and to live with dignity in retirement. AARP is working to strengthen retirement security for all Americans by ensuring that workers and retirees have access to their hard-earned and hard-saved dollars. To help elevate these priority issues, in 2022, AARP Nebraska worked closely with all of the members of the Legislature, as well as the then Governor Pete Ricketts, to enact LB825 or LB873 in its final form, which reduced all state taxation on Social Security benefits by 2025. This new law strengthens the retirement security of all Nebraskans by ensuring that workers and retirees have access to the benefits they have earned. To continue our important work on behalf of older Nebraskans, today we share our support for LB641 and encourage all of you on this committee to support the measure. LB641 would phase-out all state taxes on Social

Security benefits, as you know. As you've heard us testify before, many retirees tell us they're using Social Security to help care for their own parents, their spouses, and more and more often are taking on the financial challenge of raising or helping to raise their grandchildren. They also feel they have limited options for rejoining the workforce and virtually no time-horizon to increase savings. These taxes on Social Security benefits could go to several essential uses, like paying for the ever-growing cost of prescription medications, as well as food, clothing, utility bills and other costs. In fact in 2017, 29 percent of Nebraska residents stopped taking medications as prescribed due to cost. Moreover, older Nebraskans on fixed income clearly feel the effects of inflation and more, more than the rest of us, making it even more crucial that they are able to keep more of their hard-earned Social Security benefits. I apologize. This print is too small. This will afford middle-income Nebraskans the increased financial security throughout their retirement years, hopefully allowing them to care for their families and to age in place in their homes and the communities at the lowest level of care. Older Nebraskans are an asset, not a liability. Within our state, Nebraskans age 50 and over create an economic impact much greater than the portion of the population. As the percentage of state residents over 50 continues to grow, so will their contributions to our economy. According to the longevity economy, a report prepared by AARP and The Economist, Nebraskans 50 and older, generated 39 percent of the state's gross domestic product in 2018, totaling \$50 billion. Moreover, the report found that state residents, 50 and older make up just 34 percent of our population, and in 2018, they supported 566,000 jobs across the state and generated \$33 billion in wages and salary. Our older populations also contributed \$2.2 billion in unpaid caregiving in 2018 for spouses, parents, aunts, uncles and Nebraska's children. We look forward to working with all of you to enact and implement policies like LB641 that preserves and supports this economic engine in the state and helps ensure that older middle-income Nebraskans can live their retirement years with dignity and independence. In closing, it's important to note that we do recognize the fiscal impact of the legislation and appreciate LB641 in its independent form. We appreciate your consideration of this individual proposal and encourage the committee to continue to work to ensure increased financial security options that be in place for older Nebraskans and their families. Thank you to Senator Kauth for introducing LB641 and to the Governor for requesting that. We appreciate the opportunity to comment and request your support in

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answering, in advancing the bill as amended. I'm happy to answer any questions.

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

**DAVID HOLMQUIST:** Thank you.

**LINEHAN:** Next proponent.

**JOHN HANSEN:** Good morning, members of the Revenue Committee. For the record, my name is John Hansen, J-o-h-n H-a-n-s-e-n. I am the President of Nebraska Farmers Union. This gets us to where we're going a little bit faster. We're in a financial position to afford it. As you look at folks that are retirement age and are getting Social Security benefits, folks in rural communities and across the state are looking at inflation. They're looking at medication costs. They're looking at property tax increases, valuation increases. And so anything that we can do to help them on the fixed-income side of the line to be able to meet their obligations and live comfortably is a good thing. And so because it doesn't change tax policy, it just simply gets us to where we're already agreed that we ought to go. And we appreciate the fact that every once in a while, and it doesn't happen all that often, there's actually a good rationale for doing certain kinds of things with tax policy based on the ability to pay and other things. So we've always thought that this was a very reasonable thing to do, that it made logical sense and that we've always sort of struggled with the idea of why it is that you should be taxing Social Security benefits in the first place. So with that, well, I think everything else that needs to be said has been said. And I would like to thank Senator Kauth for bringing the bill and the Governor for his support of it. With that, I'd be glad to answer your questions.

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

**JOHN HANSEN:** Thank you.

**LINEHAN:** Other proponents? Are there opponents? Good morning.

**JOEY ADLER RUANE:** Good morning. Good morning, Chairwoman Linehan and members of the Revenue Committee. My name is Joey Adler Ruane. J-o-e-y A-d-l-e-r R-u-a-n-e, and I am the policy director at OpenSky Policy Institute here to testify in opposition to LB641, for two main

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reasons. The revenue reduction that comes with the full exemption could jeopardize the services that Nebraska seniors rely on, particularly given the state's changing demographics. And second, the exemption will mostly benefit high-income Nebraska seniors. The cost of a full exemption to Social Security benefits would cost an estimated \$168 million annually and is likely to grow from there. The number of Nebraskans age 65 and older is projected to grow by 90 percent from 2010 to 2050, while Nebraskans age 18 to 64 are projected to grow by just 12 percent. Consequently, the revenue loss from exempting Social Security will increase as the number of seniors grows relative to the number of Nebraskans in the workforce supporting them. So to provide the exemption now, we must shift the future tax on to working Nebraskans to avoid cuts to services provided by the state, including those important to seniors like health care. We are also concerned about the distribution of LB641, which shows increasing the exemption from 70 percent to 100 percent in 2024 will send about 58 percent of the tax benefits to the top 20 percent of Nebraska seniors, are those with annual incomes above \$138,000. At the bottom of the distribution, 40 percent of Nebraska seniors, those with annual incomes below \$55,000, will see no savings. That's largely because in 2014, Nebraska exempted seniors at the lower- and middle-income groups from the state income tax and Social Security benefits. In 2022, seniors married, filing jointly, are 100 percent exempt from the state income tax on their Social Security benefits if their incomes are under \$61,000. All others, filers are fully exempt in 2022 if their incomes are under \$45,000. Given our concerns with the increasing cost of the exemption over time as older Nebraskans grow in population relative to working age residents, and that is mostly a tax cut for wealthy seniors, we oppose LB641 Thank you.

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

**JOEY ADLER RUANE:** Thank you.

**LINEHAN:** Are there other opponents? Is there anyone wanting to testify in a neutral position? Senator Kauth, would you like to close? And we'll look to see if we have letters. We do have letters. We have 10 proponents, 2 opponents, and no one was neutral.

**KAUTH:** In, in closing, I would like to say it's very important for our senior population to get this type of tax cut, even if it does benefit some people who do make a little bit more money than others. It's important that everyone receive this. They've already paid taxes on



that money. They've worked for that money. They need that money to survive. And as I, as I door knocked this summer, I ran into many people who are older and saying, I'm on a fixed income. Inflation is going through the roof. I don't know what I'm going to do and I may have to leave the state because of our taxes. So this is just one step that we need to do to take care of those people. So thank you very much. Like to ask that you move this on to the floor.

**LINEHAN:** Thank you. Are there questions for Senator Kauth? It's one thing, Senator Kauth before we Exec on this, I think it will be helpful for the committee and committee staff can help you. So if you're over 65, retired and, what's the income limits? You don't pay taxes on your Social Security and you're also eligible for the homestead exemption, I think, in a great number of cases. But if you go over that limit, then you aren't eligible for homestead exemption and you're not, and you're not exempt from paying taxes on Social Security.

**KAUTH:** Right.

**LINEHAN:** So I think a little side by side for the committee about how we treat one group versus the other group would be helpful.

**KAUTH:** OK, we'll do that.

**LINEHAN:** OK. Other questions? Thank you very much for being here. With that, we'll close the hearing on LB641. We open the hearing on LB820. Good morning, Senator Albrecht.

**ALBRECHT:** Good morning. The chair is a little low again. (LAUGHTER)

**LINEHAN:** I don't know who fixes that magically, but whoever you are, please fix it.

**ALBRECHT:** OK. Thank you, Chairwoman Linehan and my fellow members of the Revenue Committee. My name is Joni Albrecht, J-o-n-i, Albrecht, A-l-b-r-e-c-h-t, and I represent District 17, which includes Dakota, Thurston and Wayne and a portion of Dixon County in northeast Nebraska. LB820 enacts the Agricultural Valuation Fairness Act to provide for a more fair and uniform assessment of agricultural and horticultural land in Nebraska. I would like to take a moment to thank Governor Pillen for listening to the farm and ranch families across Nebraska. This is a structural reform of property tax relief that needs to happen throughout the state of Nebraska. Our family has, has had these same concerns, and this is a major step in the right

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Revenue Committee February 3, 2023  
Rough Draft

direction. Thank you, Governor Pillen. Allow me to explain the Agricultural Valuation Fairness Act. It is a structural reform of property valuation for agricultural and horticultural land for tax purposes in Nebraska, and changes the tax valuation from market-based valuation to an income potential valuation. The proposed fair income-based property valuation structure will rely on productivity and income potential of the land. The income-based taxation is sound policy and leads to a more fair and equitable assessment. This creates stability and predictability for agricultural assessments. LB820 establishes that the Agricultural Land Valuation Committee will be established for the ag land values by land capability groups for agricultural land throughout the state and appropriate capitalization of rate limits. Land values are established, established utilizing a production approach to value. The total value of ag in horticultural land cannot increase more than three and a half percent statewide. The Agricultural Land Valuation Committee will determine assessed values using the income-based approach. These valuations will be implemented by county assessors. County assessors currently inventory agricultural land on productivity index making the implementation of this bill simple at the county level. The assessed values determined by the committee will be developed using income and expense information from the U.S., the United States Department of Agriculture, the University of Nebraska-Lincoln, Institute on Ag and Natural Resource, Landowner Surveys made available to the committee or other sources that yield reliable information. Nebraska is an outlier in how it values ag land. States such as Iowa, Kansas and South Dakota utilize an income-based assessment to value their ag land. Agricultural land values are once again expected to face double-digit increases across the state. Implementation of this bill for 2024 will limit those increases to three and a half percent, potentially reducing agricultural land valuations by \$7.5 billion. I think it's good to know that the valuation of agricultural land in Nebraska is \$89.4 billion annually. LB820 would be operative for 2024, providing sufficient time for county assessors and the Department of Revenue to implement and enact the changes. Following me will be Ruth Sorensen, the property tax administrator, and Sarah Scott, Field Operations manager for the Department of Revenue. Both will explain the need for the Agriculture Valuation Fairness Act and how it would be implemented and why this is the right time for Nebraska to implement this bill to address once and for all the growing hardships caused by property values in the agricultural sector. I thank you for listening and be happy to answer any questions.

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

**DUNGAN:** Thank you, Chairman Linehan. Thank you, Senator Albrecht, for being here. Obviously, it's been a long week, I think, for all of us. I'm obviously a little bit newer to this discussion being a more urban senator. I know a lot of more rural issues haven't affected me personally as much, but I've been speaking with a lot of people about that. Genuinely curious, when we're shifting from a market-based approach, rather to an income-based approach for valuing the land, the word "fair" has been used a lot. What about that? Is a, what makes that a more fair assessment? Because it seems to me the market-based approach is at least relatively fair if we're looking at comparisons to other sales that had been done, guidelines in the market, and so what about that income-based assessment makes it more fair?

**ALBRECHT:** I think that's a great question. I had that same question about 13 years ago when I married my husband. (LAUGHTER) I said, why, why would we not pay based on what we produce? You know, again, that's me coming from the urban area. And I said, you know, here we are, our land value is based on what other people buy land for around us. So if my husband bought land back in the day for \$400 an acre, you know, today you can buy it up to \$12,000 or, or more per acre. Why would you not? I mean, we need that land to do business, right? And we don't plan on selling our land, so here we are every time these valuations go up. I mean, it's, it can just take you out of business if you don't have enough resources to cover the taxes that you're going to be assessed because the valuations have skyrocketed. When I first came down, actually, when I first went up there, I was working with Farm Bureau. I sat on their board. And I think it's important to share the story because back 12 years ago, where I live was the highest valuation in the state. It was like 238 percent increase over that 10-year period. And, and there's no way that anybody could sustain that kind of increase, you know, and then they, they say that from like 2006 to 2016, I think it went up another 169 percent, I believe, throughout the state. And then just in this last year, I mean, we could be facing another 12 percent increase. So we have to be able to control those valuations so that we can figure out how to keep these operators in business because ag is one of the top industries in our state and we want to be able to protect that.

**DUNGAN:** Thank you. And then the last question I had, too, again, just trying to make sure I understand this, similar to my question that we had yesterday on a separate bill, there's this 3.5 percent cap on the

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increase. How was that 3.5 percent reached? Is that an average? Is that a market? I mean, where are we getting that number from, I guess is my question.

**ALBRECHT:** That would probably be a good question for those who follow me and how they came up with three and a half. I'm happy. I'm sure that many operators would be happy with that throughout the state. But we all have to be able to live within our means, whether it's a county, city, state. We just have to work together to make it work for the rest of the state.

**DUNGAN:** Thank you.

**ALBRECHT:** Thank you.

**LINEHAN:** Thank you, Senator Dungan. Senator Kauth.

**KAUTH:** Thank you, Senator Linehan. Senator Albrecht, so are there farmers who actually either go out of business or have to sell part of their land because their taxes are so high that what they make off their crops and off with their operations doesn't cover it?

**ALBRECHT:** You know, we have had people leave the state. I mean, the gentleman that they talked about, I believe yesterday, I mean, he, I mean, it wasn't like a several generation farm family that would leave our state and go to Missouri and have so much more ability to make money because the margins are so thin when it comes to agriculture. I mean, if, if, if we have a good bumper crop, hey, that's all great. But, but the cost of fuel, the costs of chemicals and fertilizer and just to operate, to upgrade your equipment, to do whatever you need to do, it's tough. So these property taxes fall into it just as much. And while we're happy to support our schools and do whatever we need to do for our communities, it's just another part of making it work. And people usually don't leave because we're a seventh generation farm family. We're not just selling out because the taxes are too high. We've dealt with it all these years, but cutting a break would be some, you know, pretty nice, so

**LINEHAN:** Thank you, Senator Kauth. Are there any other questions for Senator Albrecht? Senator Murman.

**MURMAN:** Yes, thanks for the bill. Do you think it's even fair to tax farmland for, on property taxes? Because, you know, everyone that lives in a school district either owns a home or rents a home. So it seems like to me a fairer way to tax would be to tax on residences

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only because that's where the children come from, that, you know, most of our property taxes go to supporting education. And, of course, a farmer needs the land to support his business and, or to even be in business. And of course, there's other business owners in the district typically, but they don't have as big a requirement to own as, as many assets as a farmer typically does. So what do you think of the fairness of even taxing farmland?

**ALBRECHT:** Well, obviously, with all these tax bills that we're going to talk about, I mean, they have to tax us so that we can pay for our schools, pay for all of the different things that we have, whether it's farm, you know, like the fire departments or ESUs or Natural Resource District, community colleges. I mean, we want to be in, and it wouldn't be enough if it was just our homes and we're not probably looking at it for that particular reason and it's going to be there. But I can only hope that the direction that we're going in this year with cutting the taxes the way we are to help support the schools a little bit more so that we as farm and ranch families don't have to carry that burden. But I, if I thought we had enough votes to do that, believe me, I'd bring it, but I don't think that's going to work.

**MURMAN:** Yeah, thank you. I mean, I didn't want to say that farmers don't want to--

**ALBRECHT:** No, we're happy to work.

**MURMAN:** --support schools because they definitely do and support all the necessities, like you said.

**ALBRECHT:** Hm mm.

**MURMAN:** But, but I just want to emphasize the unfairness of taxing, overtaxing farmland.

**ALBRECHT:** I can understand that. Yeah, definitely overtaxed.

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

**ALBRECHT:** Thank you.

**LINEHAN:** Good morning.

**JIM PILLEN:** Good morning. Hope everybody's doing good, it's Friday.

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Rough Draft

**LINEHAN:** Yes. Yay.

**JIM PILLEN:** Doggone it, we can't work tomorrow.

**LINEHAN:** You can. (LAUGHTER)

**JIM PILLEN:** Good one. I like that. Well, good morning, Chairwoman Linehan and members of the Revenue Committee. My name is Jim Pilleen, J-i-m, P, as in Paul, -i-l-l-e-n. I have the honor to serve as the Governor of the state of Nebraska. That wasn't, that's, that wasn't normal for me to say yesterday. It's not today and it won't be tomorrow, but it's an extraordinary privilege. Incredible. I'm here today to testify in support of LB820. I'd like to thank Senator Albrecht for bringing this bill. With my whole life in this game and understand land valuations, understand income potentials, and could tell you endless numbers of stories that how critical this bill is from my seat. The ag land valuation process in Nebraska since renewable fuels policy became law in January 2 of '07 has just gotten out of whack. We currently operate in a market value system. That means we're taxed on what our property is, neighbor's property is sold for regardless of the underlying use, doesn't matter. The, or the income earning potential of the land. When your neighbor sells the land, the value of the land is impacted. It's led to extraordinary, extraordinary rises depending upon whether you're in an urban area in a communities outreach, or whether there's people that have bought land for extraordinary hunting privileges. It has nothing to do with the income earning potential of ag. This is incredibly harmful to our ag producers, the number one industry in the state since the founding, because the burden of the property taxes just continue to rise. We have people across the state literally, literally being taxed out of their businesses, literally being taxed out. This just is not fair. We have ranch families that are, count their property tax by momma cow and say, gee, I'm going to have to go across, I'm going to have to go across the state border to keep our family in business. We have to do better for our ag producers and taxpayers to address the problem and that's where LB820 comes in. This bill would change how we calculate land, land, ag land valuations from market-based to assuming ag land based on income potential. And I think I would add, I don't know of a farmer or a rancher that doesn't believe in their kids and I don't know of one that is not, that does not support paying their fair share. But when, when it's taxed so much that you can't even get, I know of ranch, ranches with lots of acres where they rent, they rent their ranch out and they can't get enough rent to pay the property tax, much less get a return for the investment. So if our ag land

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Revenue Committee February 3, 2023  
Rough Draft

would be assessed on reelect, reflection of its ag land value potential, this change brings common sense, common sense back to the land assessment process and is a key component in helping provide the tax relief for the ag industry. I believe we should not be putting producers in a position where the value of their land is so high that they, they can't afford to do business because the income from farming is simply not enough to cover it. An artificially inflated set of assets, so. Agriculture, we all know is our number one asset and the number one driver of economy, and it's imperative that that stays that way. I really appreciate the opportunity to visit this morning. As I've said in previous testimony, I'm opening, open to visit with anybody in this room any time, any place, anywhere. I think it's really important that we get these priorities across the finish line for the state of Nebraska. So thanks again for allowing me to testify. And I know that everybody's worked incredibly hard and long this week and all Nebraskans appreciate it, and I'd be happy to answer any questions.

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

**JIM PILLEN:** If I could, I wouldn't mind just addressing your question previously, Senator Dungan. I think that the other aspect, to, to try to understand would be, you know, in Gretna, for example, great, great growth. And what happens then is, is that there are, there's farmland or people that are going to be farming for the next 20 years yet, but they're within three miles of where the growth is happening. And all of a sudden their land, land was sold for development at \$30,000 an acre and then land three miles down the road got assessed by the county assessor. So this person with 123 acres, you know, has to borrow money, has to borrow money to pay the tax, can't make the income off that farm, has to borrow money, so what's their options? They've just got to sell it because it makes no sense. They can't economically keep it. The other thing is, remember, the state of Nebraska has 73,000 miles of rivers and, and creeks and hunting, hunting's a big deal. And so there's lots of people that come in because of appreciation for that, buy the land. It really escalated prices and then that leads all into ag income. And so, you know, those are the things that have crept in and then impacts that and that money goes to local government and it just evaporates into thin air. And, and then if you think about the number of people and you think about what the, what the taxation increase has gone, the number of people in a lot of our communities have shrunk but yet the amount of taxation

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Revenue Committee February 3, 2023  
Rough Draft

that goes to local government has escalated and less people. It makes no sense.

**LINEHAN:** Thank you.

**JIM PILLEN:** Thank you.

**LINEHAN:** Thank you.

**JIM PILLEN:** Thank you.

**LINEHAN:** Any other questions? I see none. Thank you very much, Governor. Next proponent. Good morning.

**RUTH SORENSEN:** I feel like I'm sitting low.

**LINEHAN:** I know. It must be some ghost that comes in at night and messes with our chairs.

**RUTH SORENSEN:** Good morning, Chairwoman Linehan, and members of the Revenue Committee. My name is Ruth Sorensen, R-u-t-h S-o-r-e-n-s-e-n. I am the property tax administrator for the state of Nebraska, and I'm speaking in support of LB820. This is the Governor's property valuation bill known as the Agricultural Valuation Fairness Act. This act creates a valuation structure for agricultural land based on the capability of the land that the land has to produce an agricultural product. This is the agricultural use value. You are being provided with a regional map. Any chart of estimated 2022 assessed values trended into 2023 assessed values. We will not have the actual 2023 assessed values until later in March. However, using the estimated values, this chart reflects what the changes in value for agricultural land would have been in the counties under the current market approach compared to the expected changes in value if the income production method had been in effect for 2023. This chart shows that using the income approach slows the growth of agricultural land valuation increases. You will also notice that some counties will experience larger increases under the production approach. My teammate, Sarah Scott, will follow me in testifying and can discuss the technical aspects of the bill. LB820 is a step in shifting the tax burden back to a distribution closer to what existed when the Legislature decided that 75 percent preferential assessment was appropriate. From 2006 to 2016, the statewide value of agricultural land increased 264 percent, while regis, residential property increased 33 percent and commercial and industrial property increased 43 percent. Since 2016, agricultural land has been flat to slightly declining, while residential and



commercial property increased by single digits each year. Despite the changing market conditions since 2016, there remains a disproportionate, disproportionate shift to agricultural land taxation that has not been corrected by the marketplace. Current sales suggest that agricultural land valuations will be on the rise by double-digit percentages since, once again, beginning in the assessment year 2024, approximately 12 percent. Making this the right time to move to a use approach value. LB820 establishes the Agricultural Land Valuation Committee that will establish the agricultural use values. However, LB820 also keeps the county assessor as an integral part of the process. The county assessor retains local control over classifying agricultural land, and county assessors will have representation on the Agricultural Land Valuation Committee. The agricultural land value by land capability groups, we call that LCG, and land use will be certified to county assessors after the committee meets in November. County assessors may petition the tax commissioner by February 1st for alternative values if information is available to show the adjustments are necessary to, to produce uniform and proportionate values. Also, the property tax administrator may petition the tax commissioner by April 7th if the values established by the county assessor do not comply with the requirements of this act. After implementing the values established by the Agricultural Land Valuation Committee, the county assessors will apply the values and file the county abstract with the Department of Revenue in March. The Department will calculate the aggregate, agricultural use valuation for the state, and if this value exceeds three and a half percent over the prior year assessed values, the values will be reduced by an order from the tax commissioner increase in the capitalization rates uniformly. This is called the uniform factor. This will achieve an aggregate change of 3.5 percent. It is important to note that as a single uniform factor will be used to adjust values. Individual properties and even individual counties have the potential to increase by more than 3.5 percent. However, this process will ensure that valuations statewide will remain uniform and proportionate within the class of agricultural and horticultural land. LB820 would be operative for 2024, giving plenty of time for county assessors, political subdivisions in the state to prepare for this change. Agricultural producers are facing significant valuation increases in the near future. This is something that we can do and it is something that we should do. At this point, that concludes my testimony and I'm open to any questions. The red light came on

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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** Thank you. Administrative assistant, thank you. Are there questions from the committee? Yes, Senator Bostar.

**BOSTAR:** Thank you, Chair Linehan, and thank you, ma'am, for your testimony. I tried to follow it as much as I could.

**RUTH SORENSEN:** Understand.

**BOSTAR:** So I just want to make sure that I'm understanding what you distributed correctly. So there would be under the Valuation Fairness Act, there would be some counties that would see significant increases in their valuations. I mean, upwards of 30 percent. Is that, I mean, is that an accurate view of, of what's on this document?

**RUTH SORENSEN:** Yes, that is correct.

**BOSTAR:** Is there, if we were to make the switch, is there a, is there a, is there a chance that the overall valuations in the state for agricultural land is lower than before we made the switch?

**RUTH SORENSEN:** Is there, I'm sorry, can you repeat that?

**BOSTAR:** Can the total valuations of agricultural land after we switch to this new system be lower than it was before we switched?

**RUTH SORENSEN:** Yes. That, it was testified to that it would be \$7.5 billion.

**BOSTAR:** And so is that made up by the commercial and residential property owners?

**RUTH SORENSEN:** Well.

**BOSTAR:** What are our shortfalls? How do we, how do we backfill the government services were already funded?

**RUTH SORENSEN:** Well, that would come down to with the lower, with the valuations being changed, it could transfer to commercial and residential. However, they've had lower increases over the years than agricultural land has. And also some of the commercial properties get incentives. So they'll have incentives as well as perhaps maybe a higher valuation. But even though you have a higher valuation, you should not have higher taxes. Because the local control, they can lower the tax levies.

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Revenue Committee February 3, 2023  
Rough Draft

**BOSTAR:** Sure. But if we are, if we have to, let's imagine we have to fill the same pot of money. But we've now have lower valuations on the, on the ag side and higher valuations on the residential side. And we want to fund, we want to keep a, a flat amount of money, that will be a tax increase on residential property owners. There's no way it can't be.

**RUTH SORENSEN:** Well, the valuation. This is valuation, its not tax.

**BOSTAR:** Sure. But, but as valuation becomes taxation--

**RUTH SORENSEN:** Correct.

**BOSTAR:** --this will represent a tax increase.

**RUTH SORENSEN:** I would point out that agricultural land has increased over 200 percent.

**BOSTAR:** I don't, I don't disagree with that.

**RUTH SORENSEN:** And so the counties were encountering windfalls. They had a lot of value upon which they were levying and they did not lower their levies.

**BOSTAR:** I, I, 100 percent believe we should be lowering--

**RUTH SORENSEN:** OK.

**BOSTAR:** --the property taxes of agricultural land. My only, my only addition to that is we also must be lowering the property taxes of residential. The people in my district, their property taxes are too high as well. And so I think what I'm, if there's an element of this that brings me concern, it would be that if this can have a adverse impact on residential property owners, that's, that's, I'm not trying to challenge in any way--

**RUTH SORENSEN:** Right. No, I understand.

**BOSTAR:** --the, the completely valid desire to have a reduction in property taxes for agricultural land. That's, that's necessary. I just want to make sure that we're not, we're not hurting other people in the process.

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Revenue Committee February 3, 2023  
Rough Draft

**RUTH SORENSEN:** I understand. And we would have to look at, if we were to look at residential, we have to also look at commercial because they're the same class

**BOSTAR:** Right.

**RUTH SORENSEN:** Agricultural is a separate class. And so we would have to look at what is happening in those sectors upon the implementation of the Agricultural Fairness Act.

**BOSTAR:** OK. Well, I'm, thank you very much. I appreciate the information and I look forward to continuing to dig through this.

**RUTH SORENSEN:** OK. And you can contact us if you have questions.

**BOSTAR:** Thank you.

**RUTH SORENSEN:** Sure.

**LINEHAN:** Thank you, Senator Bostar. Are there other questions from the committee? I think I'm going to follow up with Senator Bostar--

**RUTH SORENSEN:** Sure.

**LINEHAN:** --and maybe ask questions in a different way, because there is a, I think, a lack of understanding the difference between rural Nebraska and urban Nebraska when it comes to property taxes. So in rural Nebraska, over the last 12 years, valuations have been going up on ag land, but in many of the communities that, those I glance around are, those house valuations stayed flat. So as people try, if they did, not take the windfall and tried to drop the levy, we actually have homeowners across Nebraska in rural communities whose property taxes on their home have not increased significantly or at all for the last several years. Would that be an accurate statement?

**RUTH SORENSEN:** That would be very accurate.

**LINEHAN:** OK. That's, I think, but then, as Senator Bostar says, when you get to Lincoln or Elkhorn or Omaha, they have a whole different situation.

**RUTH SORENSEN:** Correct.

**LINEHAN:** OK. So one of the things I just want to point out here, I think Richardson County, number 74, and I appreciate you have this in

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Revenue Committee February 3, 2023  
Rough Draft

alphabetical order, not county order. So there was several news stories, land sold for \$27,000 an acre in Richardson County. So I'm looking at this thinking that maybe Richardson County is probably a little bit underestimated right now, but if we don't do this because of sales of land, it could go up almost 30 percent.

**RUTH SORENSEN:** That is correct. Overall, in the state, it would be a 12 percent increase. Some counties are going to get much more significant increases to double digits. And this, again, is an estimate because we do not have the 2023 values, as we pointed out.

**LINEHAN:** Right. So I think one of the concerns will be and this is just, and I am supportive of this, but one of the concerns would be that if you've got some counties who've done a better job of keep, of, how do I want to say this?

**RUTH SORENSEN:** Valuing.

**LINEHAN:** Evaluating the outliers, you're going to get caught here, but that's part of the purpose, right?

**RUTH SORENSEN:** That is correct. You can, you can see there's some bullet points at the end where we have, there's a double asterisks next to, for instance, number, county number nine.

**LINEHAN:** Mm hmm.

**RUTH SORENSEN:** That is because the assessment practices in that county are questionable.

**LINEHAN:** I'm sorry. Say that again.

**RUTH SORENSEN:** The assessment practices in that county are questionable, and we need to review the agricultural land. That's why you'll see an increase there.

**LINEHAN:** But those people that live there like (INAUDIBLE). OK. Other questions from the committee? Senator Briese.

**BRIESE:** Thank you, Chairwoman Linehan. Thanks for your testimony here today.

**RUTH SORENSEN:** Sure.

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Revenue Committee February 3, 2023  
Rough Draft

**BRIESE:** Did you say what capitalization rate you use to arrive at these numbers?

**RUTH SORENSEN:** This is not the capital, but in the chart itself?

**BRIESE:** Yes. To arrive at this data you had to arrive at a capitalization rate, correct?

**RUTH SORENSEN:** This is still the market approach.

**BRIESE:** Pardon?

**RUTH SORENSEN:** This is the market approach, so we don't use the capitalization rate on our estimates.

**BRIESE:** But isn't there an income approach in your chart here relative to the bill? Yeah. Because you--

**RUTH SORENSEN:** Oh, the estimate, yes, correct.

**BRIESE:** Yes, yes.

**RUTH SORENSEN:** I would have Ms. Scott testify to that. She's following me and she's the one that helped assist with this chart.

**BRIESE:** Thank you.

**RUTH SORENSEN:** I apologize, thank you.

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

**MURMAN:** Yeah, I'm not sure exactly how valuations are determined now with the market value, but I think the top sales are, are not used and the bottom sales are not used like in ag land, too. Is that true?

**RUTH SORENSEN:** That is not correct. What we have to do is we have to array all the sales and then we take the middle, middle, the median. If it's an odd number, we take the middle two. If it's an even number, we'll take that little number and then the assessors will assess from there. If it's an extreme, there are cases where it's sold, sold from dad to son. Those are excluded. So there's, there are certain lower sales that are excluded, but the larger sales generally will stay in unless there's some type of factor that's in the statute that has the assessor eliminate those from their valuation.

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Revenue Committee February 3, 2023  
Rough Draft

**MURMAN:** Oh, so some of the autumn sales are--

**RUTH SORENSEN:** We don't--

**MURMAN:** --not used, but some--

**RUTH SORENSEN:** Some of the larger. Yeah, we are not trimming at this time.

**MURMAN:** OK. The top sales are not thrown out unless there's--

**RUTH SORENSEN:** Unless there's some type of influence, influential factor that's listed in the statute, the assessor should be using them.

**MURMAN:** OK. And then I have another question. In the last couple of years, the way I understand it, in most of rural Nebraska, housing values have gone up similarly to Lincoln and Omaha. I'm not sure they're exactly the same or, you know, at the same. But I'm hearing in parts of my district that the house values are really going up in the last year or two.

**RUTH SORENSEN:** In the last year or two, they've been flat to slightly increasing. So certain areas, it's been flat and not keeping up with ag, but prior to that they were not, they were flat.

**MURMAN:** Yeah.

**RUTH SORENSEN:** They were not increasing, yes.

**MURMAN:** I'm not talking about just in the last year or two.

**RUTH SORENSEN:** Correct. Yeah. I mean even here you see people paying more than the asking prices, but that's, the market is changing now.

**MURMAN:** Thank you.

**LINEHAN:** Thank you, Senator Murman. Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan, and thank you again for this very technical testimony. I appreciate that. I'm still, you heard my question earlier, I'm guessing and I'm still kind of stuck on this 3.5 percent increase. Do you know where that number came from or why that's being established as the cap with regard to the statewide increase in valuation on ag land?

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Revenue Committee February 3, 2023

Rough Draft

**RUTH SORENSEN:** Yes, the percentage change that we arrived at is the abstract current valuation. Abstracts are filed by the county assessors minus the abstract prior values, last years, and then we divide it by the prior value. And so then the 5.3 percent cap factor is the percentage change that we arrive at minus the three and a half percent.

**DUNGAN:** OK. Thank you.

**RUTH SORENSEN:** Sure.

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

**SARAH SCOTT:** Good morning, Chairman, Chairwoman Linehan, members of the Revenue Committee. My name is Sarah Scott, S-a-r-a-h S-c-o-t-t. I am the field operations manager for the Property Assessment Division speaking in support of LB820. I will address some of the technical aspects of the bill. Under LB820, the Agricultural Land Valuation Committee will determine agricultural land values for all counties utilizing an income approach to valuation. The basic formula is gross income less expense divided by capitalization rate equals value. For cropland and crude, including grassland use for hay, gross income will be determined using an 8-year average yield for each county based on the primary crops that are grown in the county, excluding the highest and lowest values of the period. This will normalize the effect of different weather patterns and will average out the good years with the not so good years. Most states use somewhere between an 8- to 10-year average. Gross income will be determined by taking the average yield for each county times current commodity prices. Yield information is publicly available from the United States Department of Agriculture's National Agricultural Statistics Service, referred to as USDA NASS, and it can be weighted based on the typical crops grown in each county. This is the typical approach used by most states and avoids burdening taxpayers with filing actual yield data. The income is indexed across eight land capability groups called LCG, ensuring the income is directly tied to the capability of the land to produce a crop. Expense ratios will be developed from information, using information from the USDA NASS, Universe, University of Nebraska, and surveys from farmers, ranchers or agribusiness regarding actual expense in the landlords share. The gross income minus expense as described above results in the net income. For grassland used for grazing, the analysis will be based on the estimated forage yield by



considering the carrying capacity of the land and animal unit months referred to as AUM using an average of the past eight years, excluding the highest and lowest values of the period. The most recent rental rate per AUM will be multiplied by the carrying capacity to determine gross income. The committee may deduct land owner expenses from this calculation. The capitalization rate will be developed using sales from the region that represent agricultural uses only. In oversimplified terms, dividing the income estimate per acre by the selling price per acre will indicate the capitalization rate. LB820 allows the flexibility for the capitalization rate to be established based on classes or subclasses of agricultural land within a county. The capitalization rate will be calibrated to result, to result in an assessment level within 69 to 75 percent of market value, preserving the market as a measuring stick to ensure that valuations are uniform and proportionate. It is important to understand that within the implementation year, some counties will receive increases or decreases that appear untypical. (INAUDIBLE) of the current market approach to valuation is that when insufficient sales exist, or when sales are overly influenced by nonagricultural uses within a class or subclass of property, it is more difficult to accurately determine assessed valuation. Under the income approach, income and expense data is available for all counties. The market component is the capitalization rates, which can more accurately be developed from a larger region of sales. County assessors currently use soil types published by the NRCS to inventory each soil into eight land capability groups. In 2019, as a result of LB372, the Property Assessment Division changed the structure of the land capability groups, ensuring that each subclass of agricultural land was inventory based on productivity information relevant to a specific use. County assessors converted to the new LCG structure in the 2020 assessment year. With this conversion in place, county assessors will be able to implement valuations established under LB820 easily without computer programming costs. This is the right time to implement the Agricultural Land Valuation Fairness Act, and I would answer any questions.

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

**BRIESE:** Thank you, Chairwoman Linehan, and thanks for your testimony here today. So you utilize different capitalization rates for different counties, different subclasses?

**SARAH SCOTT:** That's it.

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Revenue Committee February 3, 2023  
Rough Draft

**BRIESE:** OK. And so in arriving at that, at those capitalization rates, what percent of actual value did you use?

**SARAH SCOTT:** For this model, we, I attempted to target 72 percent, which is the current middle of the point. Now, I will say that statistical, any statistical model, has a percentage of error. So there are some variability in that, but close to 72 percent.

**BRIESE:** Bottom line is your calculations are tied to actual value, correct?

**SARAH SCOTT:** That is correct.

**BRIESE:** You target 72 percent. OK. Very good. Thank you.

**LINEHAN:** Thank you, Senator Briese. Are there other questions? Senator Bostar.

**BOSTAR:** Thank you, Chair Linehan. Thank you, ma'am. So the eight years of historical average that's, that's in line with other states. I think you mentioned.

**SARAH SCOTT:** That's correct.

**BOSTAR:** And then you talked about how the expenses or costs can be taken off of that. How are those determined?

**SARAH SCOTT:** So the USDA NASS database also, also has a database of actual expense, or not actual, survey expenses that they survey farmers and ranchers in all 50 states. And so that information is publicly available. The other option is to determine instead of an expense, so you would use that information to determine expense ratio, basically. And you would apply that expense ratio to, to the act, to the gross income to get net income. The other option, which is, which is allow, either option is allowed in the bill. That isn't very common in other states is to use a landlord-tenant, a landlord share. So it's just typical that in a, in a landlord tenant arrangement that the landlord would get a 30, would get a 35 percent share. So that, that can be used in lieu of expense ratios or whatever, whatever factor that the committee would decide was appropriate.

**BOSTAR:** So that the survey data that's available is that, is that essentially available on a statewide basis or is it more narrowly determined than that?

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Revenue Committee February 3, 2023  
Rough Draft

**SARAH SCOTT:** It is published by county.

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

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

**MURMAN:** I've got to apologize. I don't know as much about the USDA NASS data as I should, but does that, or how much does it consider irrigation costs? Because where I'm from, irrigation costs is a large part of the costs.

**SARAH SCOTT:** It is, it has very, that's a very good question because that varies across the state. It is very extensive. I believe it to be, you know, very in-depth and you can get detail from the database as to what those expenses include. But again, it's important to remember that this bill does not tie the committee's hand to that source. They are allowed to investigate other sources. There's a representative from UNL on the committee and they, you know, they do extensive research in this area. So the committee's hands are not tied to that database.

**MURMAN:** Thank you. And then I've got kind of a related question. Since we are mostly irrigated in the local area, we can usually count on a good crop. And you mentioned the county average production would be used. We can count on a good crop unless we get wind or hail, and that seems to be more common in recent years. Is that taken into consideration in those county averages? I apologize, I should know that too, but.

**SARAH SCOTT:** No, no problem. So yes, it is because it is based on the actual yield from, from, so you do an 8-year look back to see what was the actual yield in eight years and you remove the highest and lowest. So over the past several years we've had a lot of wind, a lot of wind damage and drought and things. So yes, it would be reflective in the actual yield data that they contain, that they publish.

**MURMAN:** Thank you.

**LINEHAN:** Thank you, Senator Murman. Are there any other questions from the committee? Seeing none, thank you. That was very helpful. Seriously. Good morning.

**MARK MCHARGUE:** Good morning, Chairman and members of the Revenue Committee. I am Mark McHargue, President of Nebraska Farm Bureau. I am

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Revenue Committee February 3, 2023

Rough Draft

here to testify on behalf of Nebraska Farm Bureau, but also Nebraska Corn Growers Association, Nebraska Soybean Association, Nebraska State Dairy Association, Nebraska Pork Association, Nebraska Wheat Growers and the Renewable Fuels of Nebraska. I'm here in support of the intent of Senator Albrecht's LB820, the agricultural evaluation system.

**LINEHAN:** Mr. McHargue, could you spell your name as well as we know you.

**MARK MCHARGUE:** Mark McHargue, M-a-r-k M-c-H-a-r-g-u-e. Thank you, Chairman.

**LINEHAN:** Thank you.

**MARK MCHARGUE:** So as I was saying, I am here in support of the intent of Senator Albrecht's LB820, the Agriculture Valuation Fairness Act, yet concerned with the potential results of the methodology proposed. LB820 is intended to provide a more fair and uniform assessment of agriculture and horticultural land in Nebraska. This is to achieve fairness. This has been talked about. All agriculture and horticultural land will be assessed based on its capacity to produce income, called agriculture use value. Procedurally, LB820 establishes an Agricultural Land Valuation Committee, as has been mentioned, to establish agricultural land values by land capability groups for ag land throughout the state. Land values will be established by using a production approach to value. Gross income will be computed using an 8-year average yield data with the highest and lowest values removed. Gross income is reduced, reduced to the net income by utilizing expense ratios. The net income is then capitalized to determine the assessed value. The capitalized, capitalization rate is determined by the ALV and is calculated to arrive at valuations within 69 to 75 percent, which was mentioned previously of market value, ensuring the assessed value are uniformly and proportionately assessed with the class of ag. This next point I think is very important. Values of all agriculture and horticultural land statewide cannot be above the current market-based standard of 75 percent of value. It cannot increase more than 3.5 percent over the prior year. The major positive of this approach is that it utilizes productivity of the land. One significant downside of the degree of the estimation involved, forecasting of future income, expense streams in agriculture involves a, involves a higher degree of professional judgment. Our preliminary analysis has brought us to one conclusion There are too many variables in this proposal to make an accurate assessment. This will have an impact on every agricultural land owner across the state, and at this

time we are unable to calculate what that impact might be. Please know that this does not mean we're throwing a cold water on this effort. We appreciate Governor Pillen's and Senator Albrecht's bringing this issue to the forefront. We hope that the discussion today and in the coming weeks will give us a better idea about questions we need to answer and the steps we need to take this idea to make it a reality. We appreciate your consideration and perspective and hope to work with you to achieve a more fair and uniform assessment of agricultural and horticultural land. Nebraska Farm Bureau does have long term, long standing policy on moving to a production-based valuation versus market-based. And so this does fall in line with what our members have asked for, but certainly have some concerns on the methodology as mentioned on how we put this all together. Be happy to take any questions.

**LINEHAN:** Thank you, Mr. McHargue. Do we have any questions from the committee? Seeing none, thank you very much. Next proponent. Good morning.

**SCOTT PETERSON:** Good morning. Good morning, Chair Linehan and members of the Revenue Committee, Committee. My name is Scott Peterson, S-c-o-t-t P-e-t-e-r-s-o-n. I am Chair Elect to the Nebraska Cattle and Taxation Committee. I'm also a cow-calf producer and an attorney from Valentine, Nebraska. So hello from the great white north. (LAUGHTER) I have also offices in Atkinson, Nebraska, Winner, South Dakota and Martin, South Dakota, and I appear before you today to testify on behalf of Nebraska cattlemen in support of LB820. LB820 is a step forward to shift valuations of ag land from a market value-based to an income potential approach Under the current market value-based system used in Nebraska, valuations do not accurately reflect the income producing potential of the land, which many people have already pointed out. And this puts Nebraska producers at a competitive disadvantage with producers from other states. We hear often about the competitive disadvantage for veterans, and so we've lowered the taxes for them. We've heard earlier today about the competitive disadvantage in our state for seniors. This is the most obvious competitive disadvantage that I think we face. My personal experience is, is the property taxes on land I use for livestock in Nebraska, so I have land on both sides of the Nebraska and South Dakota border. It costs approximately twice the cost of property taxes on substantially similar land that I own in South Dakota. I realize that this may not completely be due to the valuation model, but I can tell you that a substantial portion of it is. I represent probably around 1,500 ag producers in north central Nebraska and south central South Dakota.

The impact that this has on the Nebraska producers and truly the property tax difference between Nebraska and South Dakota is substantial. It's a substantial deterrent to the profitability of Nebraska producers, and it also lowers our competitiveness with retaining young producers in our state when they comparatively can go to other states without the same property tax levies. In 2022, ag land valuations across the state rose 16 percent from the previous year. Grasslands specifically saw an increase of 10 to 15 percent higher over 2021 valuations. You can imagine the frustration producers face when opening their property tax bill, finding an additional increase again on their valuations. Over the past ten years, ag land valuations have increased 81.34 percent. Obviously, the property tax administrator is probably going to do a better job of explaining that to you than I will, but it's, it's clear that the increase in ag land valuations has drastically exceeded the income potential of land which has increased and in some cases decreased over that same period. Couple of issues that Nebraska cattlemen realize is in this bill, we want to be clear that we're very much in support of the system evaluation of ag land. That's the only way to make us competitive with the surrounding states, each of which have an ag valuation process and an income valuation process that values ag land based on income. And our proposed language in the bill establishes a committee that will have the power to develop the income expense estimates for ag land and to set the cap rate capitalization rate necessary to produce uniform proper, proportionate valuations. One of our concerns is that setting the capitalization rate lower than our surrounding states will make us less competitive. Therefore, we would request a minimum cap rate that is comparable to what the surrounding states use. The capitalization rate of South Dakota is 6.6, Iowa is 7, and Kansas has a minimum of 11 with a maximum of 12. So when I tell you that the valuation of my property tax in South Dakota compared to Nebraska is about half. Kansas producers pay about 30 percent, I think, compared to Nebraska producers just based on what their capitalization rate is. Capitalization rates provide what we believe is the most significant portion relief in the surrounding states. We agree that a committee may be necessary to adjust this rate depending on economic conditions, but a minimum is necessary to achieve the actual relief that I think everybody expects this bill to provide. An additional concern that we have is specifically regarding rangelands and how it's valued, which is obviously very important to our members due to the nature of having cattle and grasslands and hay production. We believe there's two potential additional issues that need addressed in the specific language of the bill. We believe the bill should be more specific in

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Revenue Committee February 3, 2023  
Rough Draft

how the determination of net income in ag land occurs. And we would request Nebraska cattlemen, not lobbyists, would be actively involved in the processing of how to determine gross income and gross expenses. Placing the power to determine--

**LINEHAN:** Sir, I'm sorry, you're red light is on, but maybe somebody will ask you a question.

**SCOTT PETERSON:** You're fine. I apologize.

**LINEHAN:** No, that's OK. Senator von Gillern.

**von GILLERN:** Thank you, Mr. Petersen. I do have a question. Obviously, as you note, the cap rates, the devil in the detail--

**SCOTT PETERSON:** Yeah.

**von GILLERN:** --are adjacent states. Do they have committees or is it a set statutory rate? Is it a floating rate? Does it change year over year?

**SCOTT PETERSON:** So.

**von GILLERN:** How do they determine their rates?

**SCOTT PETERSON:** So as I said, we looked at South Dakota and Iowa, which are both set rates. Kansas has a floating rate. I know that South Dakota has a committee which is somewhat similar to what we have or what is proposed in the bill that provides for a committee to go over these. I think the committee needs to be larger, that would mean a larger part of mine. One ag producer can't represent all the ag types of land in the state, and so you at least need to have somebody representing grazing land in that portion.

**von GILLERN:** Do, do you know of any instances where landowners have contested those rates through lawsuits or, or anything in, in other states? Any challenges with that?

**SCOTT PETERSON:** The cap rates?

**von GILLERN:** Yes. Yeah,

**SCOTT PETERSON:** I do not.

**von GILLERN:** OK. All right. OK. Thank you.

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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** Thank you, Senator von Gillern. Are there any other questions from the committee? Oh, Senator Murman.

**MURMAN:** I mentioned when I introduced that I have, I represent a district along southern border, and I just want to mention that I have cattle producers all through the district. I hear it all time that actively try and find grazing land in Kansas rather than Nebraska, because if they're renting the land, they don't have to pay as much down there because the property taxes are so much lower. About one-third, I believe. And also if they're farming land down there, if they rent it, they can, don't have to pay as much rent because the owner doesn't pay as much in property taxes. And also, if they're trying to buy land, they can buy it at a higher price down there because they don't pay as much property taxes and the same thing buying grazing land, they can pay more because they don't pay so much in property taxes. So do you feel we're losing some potential income in the state because the producers have to do that across the border, do those things across the border?

**SCOTT PETERSON:** I think especially on state lines, we see a significant incentive to buy property outside of the state based upon the property tax payable. The one thing we don't often talk about, and it's hard to calculate, is the amount of producers that we lose based on this constant property tax implication from owning, especially grazing land in the state. The grazing land, you know, it's, you hear rough numbers, \$100 a cow. There's not that much profit in a cow. And so that, all of the profit is being taken out by property taxes.

**MURMAN:** And, of course, there is some incentive for, you know, if they live close to the border for, if they have a son or daughter that wants to continue farming to, to farm on the other side of the border.

**SCOTT PETERSON:** I can tell you personally there is no incentive whatsoever for me to be (a) a resident of Nebraska or (b) a landowner in Nebraska. I would be better off to move to Winner, South Dakota and buy property there and ranch and also be an attorney.

**MURMAN:** Thanks.

**LINEHAN:** Thanks, Senator Murman. Are there other questions? Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan. It's kind of a continuing theme that we've heard over the last couple of days about why people stay in



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Revenue Committee February 3, 2023  
Rough Draft

Nebraska versus leave. You just said you have no reason to be here. Why, why do you stay in Nebraska?

**SCOTT PETERSON:** My family has been here for five generations. My great-grandfather was the first doctor in Mullen, Nebraska, and so our family ranch was based in north central Nebraska. We do own some property in South Dakota as well. But the, literally I'm at the point in my practice where I ask that question, you know, that the opportunity to move to another state is, is from a tax perspective, compelling.

**DUNGAN:** Right.

**SCOTT PETERSON:** If I hadn't already established roots here, it's, it would be a no-brainer.

**DUNGAN:** Thank you. I appreciate that.

**LINEHAN:** Thank you, Senator Dungan. Any other questions from the committee? Seeing none, thank you very much for your time and we thank you for your testimony.

**SCOTT PETERSON:** Thank you.

**LINEHAN:** Good morning.

**JESSICA SHELBURN:** Good morning, Chair Linehan and members of the Revenue Committee. My name is Jessica Shelburn, J-e-s-s-i-c-a S-h-e-l-b-u-r-n, and I am the state director of Americans for Prosperity, and I'm going to be brief. I won't take that 5 minutes if that's OK. (LAUGHTER) I'm here in support of LB820 and the efforts of Senator Albrecht and Governor Pillen to change how we tax ag land in the state in Nebraska. As many of the previous testifiers have said, we have to find a way to be competitive. This is one way that we can help the ag sector. The ag sector is a key component of our economy here in Nebraska. We've weathered several storms financially on the backs, on the back of the ag sector in our state, and we need to find a way to, to curb the excessive growth that they are seeing in property taxes. It's been going on for years and we talk all the time in the legislative body about how do we keep folks in Nebraska when the ag sector is our largest sector and a large component of that is your farm and ranch industry. And you have individuals who would love to go home and farm on their family farm, and they're looking at it saying we can't afford to because maybe the family is starting to sell off part of that family farm because they cannot pay the property

taxes. That is another way that we are losing people in the state of Nebraska. I'm originally from Senator Murman's district. I have a family that farms. They have been for generations. I have a younger brother who wants to farm but isn't sure that they can because of the taxes that they are facing. And we're close enough to the border that it's easy to go to Kansas. So what the previous testifier said is conversations that are happening across the state of Nebraska on a consistent basis. We have to find a way. I don't disagree that we have to find a way to lower property taxes across the board for Nebraska residents. I think that that is a problem that we have and it is a situation where everyone has to come to the table. We all have to be a part of the discussion. I think Governor Pillen has done an excellent job of trying to make sure that he's brought individuals to the table to figure out how we can address these issues. It can't be an all-or-nothing. There has to be compromise. And I think moving forward, we need to keep that in mind because this is, this is going to determine the future of our state. So with that, I will answer any questions.

**LINEHAN:** Thank you very much. Senator Bostar.

**BOSTAR:** Thank you, Chair Linehan. Thank you for being here. Do you like the bill as is? I mean, we've been, you know, a lot of the proponent testimony has recommended certain tweaks or changes and I'm just curious.

**JESSICA SHELBURN:** You know, I think that some of the tweaks and changes that have been mentioned are, are valid concerns and things to consider. I'm not a tax expert, and so I'm not going to pretend to be, but I think the overall concept is a good concept.

**BOSTAR:** So, and, let's say we did this and let's say that you're in a county, you know, the modeling comes out about what your tax increases would have been if we hadn't made the change and what it is now. And you learn that in your county, your increase would have gone up, you know, 8 percent. But instead it went up 27 percent because we did this. And there's, there's several examples of that. Don't you think that those people are going to come pounding on our doors and saying, this isn't what we meant by tax relief?

**JESSICA SHELBURN:** I do. I think that there is a real concern there, and I think that we've seen that in some counties in previous years. And I, I don't want to speak as to which county, but I can recall news articles and stuff talking about counties that maybe hadn't changed

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Revenue Committee February 3, 2023  
Rough Draft

their valuations. They hadn't done assessments for several years and then all of a sudden came out and--

Sure.

--take that into account and people were seeing that 20 percent increase. Now, I will say there are some counties, we live in one of them, the county that we're in right now, where we're seeing a 34 percent increase--

**BOSTAR:** Oh, it's--

**JESSICA SHELBURN:** --this year and--

**BOSTAR:** Extraordinary.

**JESSICA SHELBURN:** --and it's not just the first year.

**BOSTAR:** It's not. And I understand that there's some and, you know, it was mentioned that Brown County, right, that has the asterisks and that's not even the one I'm referring to. But there are several in here that I, if we do this and we celebrate as we should with any meaningful, significant policy reform that's there to make progress, and then we say, we're doing this to help provide this relief that is overdue and critical, which it is, and then people get their tax bill and it's significantly higher. I don't know what I would say to them.

**JESSICA SHELBURN:** And I think you're raising a very valid point and it is something that we need to take into consideration, but I also think that there's an element of education that has to happen with the public.

**BOSTAR:** I'm going to send them your way.

**JESSICA SHELBURN:** You know--

**BOSTAR:** Thank you.

**JESSICA SHELBURN:** --I was a Legislature staffer for 15 years. I've dealt with those calls, so go ahead.

**BOSTAR:** Thank you very much.

**LINEHAN:** Thank you, Senator Bostar. Are there other questions from the committee? I just, I know we all know this, but just for the record.

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Revenue Committee February 3, 2023  
Rough Draft

Just because your valuations go up, your property taxes do not have to go up.

**JESSICA SHELburn:** Correct.

**LINEHAN:** There is another lever that you can find, fortunately.

**JESSICA SHELburn:** Yep. I know (INAUDIBLE).

**LINEHAN:** But I do think in some counties that is the case.

**JESSICA SHELburn:** Mm hmm.

**LINEHAN:** So. OK. Other questions? Thank you very much.

**JESSICA SHELburn:** Thank you.

**JOHN HANSEN:** Chairman Linehan, members of the Revenue Committee, good morning again. For the record, my name is John Hansen. J-o-h-n, Hansen, H-a-n-s-e-n. I'm the President of Nebraska Farmers Union. I would hate to guess how many of these efforts, legislative efforts to move toward a, a similar kind of way to value ag land that this bill proposes that I've been involved in in the last 33 years, but it would be a lot of, and so our organization is in strong support of the concept. We are in support of moving this direction. But based on what I've seen so far, and I'm, I'm not an expert, although I have a lot of experience, that I'm not sure that this bill is in proper form to go. I think there's more work that needs to be done. I think some of the folks before me have done a good job of raising some of the technical questions. I would say that some of the efforts that I've been involved in where major efforts, major commitments of time were made by members of the ag community, and we all worked together and we got a bill ready to go in-between the last time that we met with our expert to go through it and explain how it was going to work and when it got presented, things dramatically changed in their analysis and we walked in with the bill that didn't do what we thought it was going to do and it got tanked. And that was Senator Coordsen. And so it is important to get these things right and I would be willing to be involved or helpful if I could be, but we need to move this direction. So how far out-of-whack are we? I'm in the middle of working with my brothers to help transfer our family land to the next generation. So based on what that land is worth, that auction, and what will cash flow that are, that as I work with the cash flow of my nephew, he can afford to pay about one-third of what the actual market value of that land will bring. That's the most that a good young farmer who has a

running start already could possibly afford to pay and ever hope to pay for it. And so the system we have now is, is, and it's hard to understand, it's hard to explain. Goodness knows how many times I've tried to explain it to press interviews, and, and so why do people pay this much money? Because if a farmer has money and he's in a financial position to buy it, and it's been 30 or 40 years since the last time that land's come up for sale and he has money in the bank, he uses all of the money that he makes in the rest of the operation in order to be able to subsidize what he pays and can afford to pay based on how much cash he has and how much earning capacity he has in the rest of his operation to buy that one additional piece of land. It is not a standalone cash flow-based sale. So if they had to actually pay for it based on, on a standalone sale, the values that they're paying would go down substantially because you can't pay \$11,800 an acre for land by section and think that will ever in a million years cash flow at that rate because it won't. And so now the taxes I pay on my property is equal to what I used to pay for cash rent. So is that out-of-whack? Yes, it's dramatically out-of-whack. So with that I would be, end my testimony and be glad to answer any questions.

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

**JOHN HANSEN:** Thank you very much.

**LINEHAN:** Other proponents? Is there any other proponents?

**MERLYN BARTELS:** Morning, Senators. Excuse me. My name is Merlyn Bartels, M-e-r-l-y-n B-a-r-t-e-l-s. I really didn't have any idea to testify, but as I've been sitting back there listening to all the discussion, I just thought I'd like to add a few comments here. Senator Murman is my senator, was my senator, I should say. I farm down there. I have farmed there for years. I am in the process of retiring, turning the ground over to a nephew. And so I'm from Franklin County and I agree with this bill. It should be based on an income because there have been a lot of years that we farmed and we had some bad years and they said, well, you got irrigation, but those years it don't rain, it still costs me money to irrigate. So you're still spending extra money that you wouldn't on a year that you had rain. So the taxes are still there. They stay the same, if you've got a good year, bad year or an excellent year. The last few years we've had some really good years commodity pricewise, but it's cost us money to pump in our part of the state, Senator Murman said that Kansas people, the taxes are about a third less or on that. That's an

accurate statement. I have a brother-in-law that has pasture in Kansas and he said it's at least that much or more or less than what Nebraska's pasture land is. We've kind of joked the last few years that if we could move the Kansas border up about 20 miles, we could pump all the water we wanted in a Republican Valley NRD and our taxes would be a whole lot less. But it seems like Nebraska won't let Franklin County succeed from the state, so we're just doing the best we can. So anyway, just a couple other, I'm glad that we have a Governor that's in the ag production and sees the need for this. And as I said here, I've, things have been brought up that I had never thought of. I don't envy you guys, your job, as some of them said, this bill needs tweaked and I think that's up to you guys to figure that out, but I still support the concept of this bill. And with that, I guess, oh, one other comment I was going to make. The one lady said like in the rural areas, the housing market hasn't went quite as crazy as, as in the Lincoln, Omaha, bigger areas. But I would disagree a little bit with that because in our home town of Franklin, I'd say in the last year houses have probably doubled in price, if not a little more, as Senator Murman referred to in that area also, so. And I know that there's the idea of a consumption tax being kicked around, So maybe that's something the senator, Legislature people are going to have to deal with down the road, too, but as an alternative. I don't understand all of it, but the theory of it sounds pretty good, too, so good luck on this and thank you for your time.

**LINEHAN:** Thank you, sir. Bartels, right, Mr. Bartels?

**MERLYN BARTELS:** Bartels, yes.

**LINEHAN:** Bartels. I'm sorry, Bartels. Are there any questions? Seeing none, thank you very much.

**MERLYN BARTELS:** Thank you.

**LINEHAN:** Other proponents? Are there opponents? Hi.

**JON CANNON:** It is much lower.

**LINEHAN:** And he's in charge of that, actually.

**JON CANNON:** Chairman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO here to testify in conditional opposition to LB820. We certainly appreciate the Governor's interest, and we thank Senator Albrecht for bringing this up. Ag land valuation has been the Gordian

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Revenue Committee February 3, 2023

Rough Draft

Knot in our property tax policy for many, many years. I can tell you that the majority of NACO's counties are rural in nature, and a majority of my elected officials have some sort of tie to the agricultural sector. And so this is something that affects us on a, on a professional, on a countywide and also on a personal level. One of the things I'd like to visit about are some of the, the structure that we have. We've been talking for the last several weeks about, you know, how property tax works. And you guys have been awfully patient with me and I appreciate that. If I do run out of time, I would, I would certainly love a question. But we have standards on mass appraisal that govern what, what everyone involved in the assessment of property have to, have to deal with. The International Association of Assessing Officers, they publish standards on appraisal practices. Those are certainly worthwhile references for any of you, but one of the things that they say is the mass appraisal while it's applied to all three approaches to value, the cost approach, the sales comparison approach and the income approach. And frankly, when you're looking at, at all these different approaches that we have, the value, those approaches should generally correlate. And so for me, as a practical matter, income approach doesn't bother me at all because frankly, these things are all supposed to correlate together. They should yield something that's roughly similar as a result. My trouble is, standard or mass appraisal says the income approach is considered the most useful approach for the valuation, valuation of agricultural land. And they say if adequate sales data are available on agricultural properties to be appraised at its market value, and I want to stress that, sales comparison approach is preferred. So what are they exactly getting out here? Well, I'll go through our comments and the devil's in the details because the devil's always in the details, Senator von Gillern. So years ago, we tried this approach. We've been here before. I mean, this is what the backs to the future had a day for us. We had an ag land valuation manual that was published by the Tax Commissioner, and industries, all 93 county assessors and based on that ag land valuation manual, they had incomes and they had cap rates that they're supposed to use for every single subclass of agricultural land across the state. And what happened was, Banner County said our values compared to our surrounding neighbors of Cheyenne and Kimball County are way too high in comparison. Our, our land is rougher, its a little harder to work with. And in fact, they, they petitioned the State Board of Equalization because we didn't have a TERC back then and they said we need to have this fixed. And the State Board said, we gave you what you're supposed to and the tax, the Ag, the Alvey Manual is, is what it is. There's nothing we can do for you because all is in

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

Nebraska Supreme Court and the Nebraska Supreme Court said, yeah, that's, Banner County is correct. Tiny little Banner County takes on the State Board of Equalization. You know so back then that was I believe, was the Governor, the Attorney General, the Tax Commissioner, a couple other of constitutional offices and, you know, tiny little Banner County took them on and won. But, but here's what the Supreme Court said in Banner County is that we had previously talked about Kearney Convention Center, where the Kearney Convention Center had sued Buffalo County, so we want to be equalized with the value of ag land at 40 percent. Supreme Court said, yes, you get to equalize with ag land. We fixed the Constitution to say that ag land can be valued separately, and Banner County said OK. And based on that, we came up with our ag land valuation manual, Banner County said, however, we still have a uniformity concept and we talked about uniformity last week, I believe. We have this uniformity concept that we have to apply throughout the valuation of property, particularly in ag land. And the Supreme Court said, yeah, you're right. And frankly, that, that uniformity is something that has to apply to all three classes. We, we didn't strike it for, for just ag. And so we amended the Constitution again and we amended the Constitution again to say, you have to have uniformity within the class of ag land. It doesn't have to be uniform with the nonag uses. But here's the thing I want to point out. Banner County, they weren't arguing about equalization with nonag uses. They were arguing about equalization with Cheyenne and Kimball Counties, with the agricultural class of land in Cheyenne and Kimball County. So I'm, I'm here to tell you we've been here before and the Supreme Court has said that we can't do it. And, you know, and for what it's worth, if anyone's curious, that case is Banner County versus State Board, 226 Nebraska 236. So what are the effects on the counties? I've got a handout for each of you as to what could happen if you've got a 5, 10, a 15 or a 20 percent reduction in ag land values by county across the state. Super simple math. All I did was I said, here's how much ag-- I'm out of time. I'm so sorry.

**LINEHAN:** Thank you. Are there any questions from the committee? Just go to the chart quickly.

**JON CANNON:** Yes, ma'am.

**LINEHAN:** Yes. Explain the chart.

**JON CANNON:** Yes. So we've got your total, your total value on a countywide basis. That's what counties are levying against. That's their, their total tax base. We took their original county tax rate.



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Revenue Committee February 3, 2023  
Rough Draft

That's the second column. And then what we did was we, we said if you had ag real that had a 5 percent reduction, what does that total look like? And that's that third column. What does the county tax rate become? And you start to see, if you see anything that's in yellow, that means that they're over forty-five cents, but still below the 50 cent constitutional limit that counties have. OK. We looked at 2022 values and we said, what happens if ten, if ag land values go down by 10 percent and you start to see a few more of those yellow, those, those levy rates have to go up. And you look at what's 15 percent, what's 20 percent? All of a sudden you start to see some red in there and that red is those counties, that would be those counties that all of a sudden, because of the mix of agricultural property and, and residential property and commercial property, they would have to go over the 50 cent limit. And oh, by the way, they can't go over the 50 cent limit, that's constitutional.

**LINEHAN:** Yeah. Are there questions from the committee? Senator Brieese.

**BRIESE:** Chair Linehan, and thank you for your testimony. Just to be clear, according to the property tax administrators numbers here, the first year of this ag land might go down 8/10 of 1 percent probably.

**JON CANNON:** It, it could, but it just depends. And that's and frankly, that's one of the key issues here, is that we're going to be sending this, we're going to have all this information reviewed by a committee of five. OK. Two of whom are going to be private people. You're going to have a private appraiser, you're going to have someone from the ag industry. We're not paying them. I certainly hope we do, because they're going to be required to do an incredible amount of work and they're going to produce the cap rate and they're going to produce the income streams for every class of property across the state, and you're going to own those values. That's not going to be easy. The county assessor is just an inventory-er. That's about it.

**LINEHAN:** I have a couple of questions.

**JON CANNON:** Yes, ma'am.

**LINEHAN:** So when was the Banner versus the state of Nebraska?

**JON CANNON:** In 1987.

**LINEHAN:** OK. Thank you.

**JON CANNON:** Yes, ma'am.

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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** And I'm looking at the chart and I'm seeing at the 20 percent minus one, two, three, four counties that would go over 50 cents, one of them by .7 percent, so they might be able to find that. One of them by 2, 2.5 cents. One of them by 2, .7, .17 percent or cents. Excuse me. And .05. So we had four out of 93 counties that would have to adjust their levy down.

**JON CANNON:** That's at 20 percent. Yes, ma'am.

**LINEHAN:** Yeah, at 20 percent.

**JON CANNON:** Mm hmm.

**LINEHAN:** So at 15 percent, you only have two, only two?

**JON CANNON:** Sure. So one of the things that is--

**LINEHAN:** So I'm right on that, right?

**JON CANNON:** Yes, ma'am.

**LINEHAN:** So it's out of, what is four out of 93 percentages. It's not even four percent.

**JON CANNON:** 3.8 percent-ish.

**LINEHAN:** Yeah. OK.

**JON CANNON:** If someone checks my math, I'm so sorry.

**LINEHAN:** Nope, that's good. OK. Are there any other questions from the committee? Seeing none, thanks much for being here.

**JON CANNON:** Thank you very much.

**LINEHAN:** Other opponents?

**REBECCA FIRESTONE:** Morning, Chairwoman Linehan, and members of the Revenue Committee. I'm Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e, executive director of OpenSky Policy Institute. We are here today in opposition to LB820, but I want to start off by just saying how much we appreciate the Governor's ambition and vision and the work of Senator Albrecht in bringing this concept forward and having this conversation, because it's an important issue for the state of Nebraska. At OpenSky, we are, truly understand the challenge that increased valuations have for agricultural land owners and how

that's translated into higher property taxes. However, but we're concerned that LB820 won't necessarily be an effective solution to this challenge. Changing the way ag land has died in Nebraska is a major shift in tax policy that deserves careful consideration and study before fully implementing so we understand what the full implications are for all types of taxpayers in the state. LB820 risks shifting the responsibility of paying for schools and local governments on to residential and commercial landowners in areas with a mix of property taxes, excuse me, with a mix of property types. So the greatest benefit of this bill is likely to go to ag owners in those areas where there is a mix of property types because there will be a sufficient number of other types of properties on which to shift taxes. This is likely to be a case for communities in North Platte and Kearney for which a tax cut for ag might require levy increases to make up for a loss in revenue or potentially cuts the services. This is less likely certainly to be the case for places like Lincoln and Omaha. In those areas with a significant amount of ag land where there are relatively fewer residential and commercial land owners to shift tax burden on to, levies might need to be increased to make up for that lost revenue. So to consider some of these impacts and start to try under, to wrap our heads around what it might look like, we modeled the effect of the 3.5 percent cap on aggregate, ag land growth for school districts in Lincoln County, since that's a county that would have a mix of different property types. And when we found that when ag land is capped at that 3.5 percent growth, rural schools, the rural school districts or the school districts with the most amount of ag land were more affected by the shift than school districts that have more residential and commercial property. So we saw relatively little effect in the North Platte, for the North Platte School District, saw much more of an effect in terms of the shift in the tax burden for the McPherson County Schools and the Stapleton Public Schools, for example, because those are areas that have more ag land. We haven't modeled the full effect of this particular change. We just looked at the effect of the 3.5 percent cap because there are a lot of data inputs that would be needed to understand the full implications of the proposal and we didn't want to make too many assumptions. Finally, we're concerned that the assessment could compound and eventually suppress the taxable value of agricultural land, leading to a real divergence from market value. This raises questions about how the bill would operate over time. Specifically, the compounding of the cap could mean assessed value could drop below 69 percent of market value even the bill has a provision to keep it within that, above that rate. While the bill allows the property tax administrator to make

adjustments to both the desired assessed values relative to market values, the compounding of the assessment cap could make it impossible to maintain both to, to the desired ratio and the 3.5 percent cap. So the question is, does the bill give discretion to the Tax Commissioner to adjust or choose which has priority? These are, these considerations are why the Lincoln Institute of Land Policy has said that assessment limits are among the least effective, least equitable and least efficient strategies available for providing property tax relief. To conclude, we oppose LB820 because it could have a disparate impact on taxpayers, could result in shortfalls for schools, roads and other critical services, and potentially disrupt the relationship between the taxable value of ag land and market conditions. We believe any proposal to change land valuations in Nebraska deserves considerable study and a real transparent and inclusive policy development process, basically so all of the stakeholders involved have a chance to kick the tires, understand the proposal, see what it does before shifting into implementation. We would encourage the Revenue Committee to work with a range of stakeholders to undertake this type of process, and I'm happy to answer any questions. Thank you.

**LINEHAN:** Thank you. Are there any questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan and thank you for your testimony. Just to make sure I understand. Do you have a blanket objection to a shift away from the market approach, or is it just the shift into the income-based approach that's contemplated by the formula in LB820? Is it, is it an overarching objection to that way of evaluating land, or is it just this one here?

**REBECCA FIRESTONE:** Thank you for that question, Senator. No, OpenSky doesn't have a blanket objection to use value assessment, but I think as the, as the conversation here has described, the devil is really in the details. And we need to understand sort of the implications of the proposal. And, you know, what is the shift in tax burden going to look like and who's going to be affected by it? And how, in particular, how are local political subdivisions in the state going to manage this, that potential shift?

**DUNGAN:** Thank you.

**LINEHAN:** Thank you. Senator Dungan. Are there any other questions from the committee? Do you have ag producers on your board of directors?

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Revenue Committee February 3, 2023  
Rough Draft

**REBECCA FIRESTONE:** Yeah, we do.

**LINEHAN:** OK. I just presumed it and I didn't, where's your ag producer from?

**REBECCA FIRESTONE:** I'm, I'm running through. We have folks across the state, and, you know, I'm a, I'm actually, I'm sorry here, Senator Linehan, I'm going to say we actually don't. We have, we have broad representation across the state. We don't have ag producers at this time. Excuse me for that. But I will say that this is, this position of OpenSky Policy Institute of not being opposed to use value assessment, I think is based on evidence and data. And we just want to make sure that we're understanding the implications of the shift.

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

**REBECCA FIRESTONE:** Yeah. Thank you.

**LINEHAN:** Are there any other opponents? I know, it's low.

**SHANE RHIAN:** I'm sorry?

**LINEHAN:** The chair is low.

**SHANE RHIAN:** Oh, yes.

**LINEHAN:** We'll try to fix that over noon.

**SHANE RHIAN:** Good morning, Chairwoman Linehan and members of the Revenue Committee. My name is Shane Rhian, S-h-a-n-e R-h-i-a-n, and I'm the chief financial officer at Omaha Public Schools. The Omaha Public Schools is the largest school district in the state, serving more than 52,000 students. I'm here today in opposition to LB820. While we appreciate Senator Albrecht's efforts to reduce the burden of property taxes on all Nebraskans, this bill would provide very limited potential property tax relief to our school district. LB820 is intended to change the valuation method for agricultural land, shifting from a market-based approach to an income-based approach. The intent of this legislation is to provide property tax relief for farmers and ranchers. This legislation would not provide any appreciable property tax relief to our district and would disproportionately provide property tax relief to rural school districts. Depending on the amount of property tax relief provided, it could significantly increase the number of school districts that would receive equalization aid. This increase in equalization aid, in

conjunction with foundation aid and increased special education funding, could become unsustainable and an economic downturn likely impacting equalization aid before foundation aid or special education reimbursements. This could be compounded by significant reductions in state revenues from the proposed income tax legislation that is also part of the Governor's tax relief package. Political subdivisions in the state of Nebraska rely heavily on property taxes. For better or worse, property tax is the most stable and predictable tax source. The Omaha Public School District has consistently opposed legislation which further shifts school funding to the state. The reason for this is very simple. TEEOSA already consumes a significant portion of the state budget. Because of that, the Legislature has historically manipulated TEEOSA whenever it needed help to balance its budget, which creates further uncertainty and risk for schools. By way of example, prior to the adoption in 2016 of LB1067, which repealed the common levy, the Omaha Public Schools' budget was funded 45 percent by state aid and 55 percent by property taxes. Those numbers were reversed after its passage. Passage of LB820 would have significant long-term implications for the Omaha Public Schools and our fellow school districts across the state because of the volatility of state aid. We appreciate the committee's time and efforts and would respectfully urge you oppose LB820. Thank you.

**LINEHAN:** Thank you. Are there any questions from the committee? Yes, Senator Murman. Thank you.

**MURMAN:** How much ag land do you have in Omaha Public Schools?

**SHANE RHIAN:** We have \$33 million of value, of ag land valuation out of almost 29,000,000,000.11 percent.

**MURMAN:** OK, a very low amount. So you're concerned that you could lose or the state could lose income from property taxes? Well, the state wouldn't lose the income, but the property taxes to support schools. So the state would pick up more of that. But you do have a high amount of poverty in the district. Is that correct?

**SHANE RHIAN:** So I'm going to address the first part of your question. We have two concerns. Number one is a significant reduction in ag land valuation could shift more rural districts into the need for equalization aid, which would be an additional burden on the state on top of the proposed loss of income tax revenue that the state is contemplating. Secondly, yes, we do have a extremely significant poverty population at Omaha Public School Districts. Our free and

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Revenue Committee February 3, 2023  
Rough Draft

reduced lunch rate has been about 76 percent over the last few years. And this year we became the first district in the state to offer, to participate fully in the community eligibility program, providing free lunches for all students in all of our schools.

**MURMAN:** You would prefer taxing that property in your district at a higher rate so that you could, would not lose state aid, state. You're concerned about losing state funding, so you would prefer taxing the property in the district higher.

**SHANE RHIAN:** I am concerned about other districts moving into equalization requiring additional state resources, and the state no longer having the funding to continue its current support at Omaha Public School District.

**MURMAN:** OK. Thank you.

**LINEHAN:** Any other questions? Thank you. I have several.

**SHANE RHIAN:** Yes.

**LINEHAN:** Do you know the last time the Legislature, as I think you said, moves the levers on the TEEOSA formula, the last time the Legislature did that.

**SHANE RHIAN:** It was a couple of years ago and it was a favorable adjustment to lowering the local effort rate in TEEOSA, but is, there have been times.

**LINEHAN:** Yes, I know. I'm well-aware there's been times, so when was the last time when we adjusted it to lower the equalization rate?

**SHANE RHIAN:** I apologize, I don't remember the exact year.

**LINEHAN:** OK. So I understand that Omaha has specific challenges. So in your TEEOSA formula, there's part of the formula that addresses poverty, right?

**SHANE RHIAN:** There is, yes.

**LINEHAN:** So that adds more funding to your district than--

**SHANE RHIAN:** Yes.

**LINEHAN:** --otherwise it would. And also, there's significant, there's funding for English language learners, right?

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Revenue Committee February 3, 2023  
Rough Draft

**SHANE RHIAN:** That is correct.

**LINEHAN:** And you have a large percentage English language learners, don't you?

**SHANE RHIAN:** Yes, ma'am.

**LINEHAN:** And if, if, there's funding in the formula for that too?

**SHANE RHIAN:** Yes, ma'am.

**LINEHAN:** So as you said a couple of times this week, you get 55 percent of your funding from the state.

**SHANE RHIAN:** Yes, ma'am.

**LINEHAN:** So what about the kids who are in unequalized school who are free and reduced lunch for their English language learners. Are we not supposed to help them? If, I don't understand. I don't, I don't really understand how Omaha, which gets 55 percent of its funding, can be against other kids across the state, other schools who also have low-income kids, English language learners and nobody's threatening your funding. The Governor set aside a billion dollars to make sure we're not going to have a funding problem, plus \$250 million for the next four or five years, amounting to over \$2 billion. On top of the fact that we have \$1.6 billion plus the reserve over another \$2 billion, it's hard to believe that you're really worried. It's \$4 billion sitting in reserves over the next five years.

**SHANE RHIAN:** Thank you for the question, Chair Linehan. We are very concerned about all children throughout the state. TEEOSA is a formula designed to equalize property taxes among 244 disparate school districts that have very different resource levels. In the case of Omaha Public Schools, we start out building a budget with approximately half the money that we need to educate our students from property taxes and local resources. And so we require and receive very generous state aid to help fund that effort. The majority of school districts across the state through local control and spending caps and lids, levy lower than the \$1 local effort rate in the TEEOSA formula to fund their school districts. They have sufficient resources to provide that.

**LINEHAN:** I know how the formula works. I also know that if you're low-income, an English language learner in a little rural school



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Revenue Committee February 3, 2023  
Rough Draft

district, the state is not providing any help. Would you agree with that?

**SHANE RHIAN:** I would agree with that sentiment and the TEEOSA formula, yes.

**LINEHAN:** Seems a little bit unfair. Wouldn't you think, just a little bit?

**SHANE RHIAN:** They certainly have resources available through their local resources to help increase their school funding.

**LINEHAN:** So your, Omaha Public Schools' position is that we don't have any empathy for any other taxpayers in the state, and what we, most important to us, which is absolutely right, is our kids and we're going to take care of our kids.

**SHANE RHIAN:** That is not what I said, Chairwoman Linehan.

**LINEHAN:** OK, I'm sorry. What am I, where am I wrong?

**SHANE RHIAN:** We are here with grave concern over a potential shift of obligations and resources from the, by the state that would impact state funding for equalized school districts throughout the state, including Omaha Public Schools.

**LINEHAN:** How much would the Governor have to put in the Education Future Fund for Omaha to not be concerned?

**SHANE RHIAN:** I can't answer that question because I don't know how much ag land valuation reduction is actually going to occur.

**LINEHAN:** OK, well, maybe you can go back to your board and they can come up with an answer. I need more time. OK?

**SHANE RHIAN:** OK.

**LINEHAN:** Thank you very much.

**SHANE RHIAN:** Thank you.

**LINEHAN:** OK. Are there any other opponents?

**JACK MOLES:** Good morning, Senator Linehan, and members of the Revenue Committee. This is pretty short, this chair.

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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** This is my (INAUDIBLE).

**JACK MOLES:** My name is Jack Moles. That's J-a-c-k M-o-l-e-s, representing NRCSA, the Nebraska Rural Community Schools Association, of which I am the executive director. At this time we would like to testify in opposition to LB820. We agree with Senator Albrecht and many of you that there is an overreliance on property taxes, especially as it relates to ag land. We balance that though, with the idea that we do need to properly fund our schools. Our opposition today is based on the idea that we think this is a concept that does need studied. We don't disagree with that. What we do need to, what we do think is that it should be studied in relation to other bills that you are facing this year. There are proposed bills that would change the way in which schools are funded this year using today's conditions. They would, they would all be helpful to rural districts. We support those, those bills. Change the way valuations are determined outside of the formula as we are adopting changes to the school funding is what causes us concern. We simply don't know how they would work together. So we would, at this time we would urge you to hold off on LB820. We do encourage you to consider it later on after, and I say later on, in a future year or so after you've done the other school funding bills. Thank you.

**LINEHAN:** Any questions from the committee? You, you understand, the Governor said this is a package.

**JACK MOLES:** This was not part of the package. He did talk about this in the committee, but.

**LINEHAN:** It's still part of the package.

**JACK MOLES:** OK.

**LINEHAN:** Big picture, part of package is schools get with state funding, (INAUDIBLE) and property taxes. Do you see any way that schools will give up property taxes for more state funding?

**JACK MOLES:** Yeah, we would.

**LINEHAN:** Have some ideas? Some ideas. We tried a lot of them the last four years.

**JACK MOLES:** Yeah. Well, we like the Governor's ideas on, on providing more funding to the schools. We, we love the, the, oh, trust fund, I guess I would say. There, you know, there, there are some other bills

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Revenue Committee February 3, 2023  
Rough Draft

out there that we like also that would, would help schools. LB320 that you're going to hear in a week or two. We would support that also.

**LINEHAN:** But none of those have the schools giving up any property tax and the sort, that you would support?

**JACK MOLES:** I wouldn't say that, Senator. If there's more state funding provided to rural schools, they're not going to have as much of a need to--

**LINEHAN:** I know, I know.

**JACK MOLES:** --to levy property taxes.

**LINEHAN:** But is there a bill that actually balances more state funding with lowering your ability to tax that NRCSA would support?

**JACK MOLES:** Senator, I think that's, what I'm saying, is that our schools would. Our rural schools do a pretty good job of when they have other resources of lowing their, lowering, trying to lower their property taxes.

**LINEHAN:** OK. Thank you. Are there any other questions? Senator Murman.

**MURMAN:** Yes, I think you mentioned that, and it's been mentioned before that this type of change has been proposed in the past on how ag land is valued. Is there a way, you know, do you have any suggestions on a way that we can do it differently that you might support?

**JACK MOLES:** Not necessarily, but I do have an idea for you to consider down the road, and I think OpenSky kind of referenced what my thought, and what I would like to look at and maybe work with somebody on a bill maybe in another year or so, is to put together some kind of a study group that would include agriculture, business, schools, counties and cities that would study these bills together and be able to give you the senators, a better report on, on how they would affect current conditions and how it would affect things moving forward. So you have a better picture, so we have a better picture, but you wouldn't have different groups coming in and trying to give you different views. You would have one view.

**MURMAN:** Thanks.

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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** Thank you, Senator Murman. Any other questions from committee? OK. Let it, I'm sorry, that's all.

**JACK MOLES:** Thank you.

**LINEHAN:** Are there other opponents?

**TERRY KEEBLER:** Good morning, Senator Linehan--

**LINEHAN:** Good morning.

**TERRY KEEBLER:** --and members of the committee. My name is Terry Keebler, T-e-r-r-y K-e-e-b-l-e-r. I'm the Johnson County Assessor and also a board member for NACO, the Nebraska Association of County Officials, testifying in opposition to LB820, not real solid opposition, but I have some concerns with the implementation and what this bill does at this point. I've farmed for the last 29 years and been working on the farm for most of my 61-years. Understand the appeal of using income approach. I would just ask that the process be looked at a little closer before making such a major change in the method of valuation. I can remember being at a Farm Bureau meeting many years ago when one of these proposals was brought forth, and I didn't realize that we had a study on how this would have impact, but similar experience at that time, a lot of excitement over what this was going to do to values, and the map was distributed around the room and there was a big collective noise and everyone started saying, we cannot do this, this raises my values and not what was expected. So just some of the past history. So I was wondering if a similar study had been done on this one, this proposal, so that there are not unpleasant surprises? I think Senator Bostar talked about how that would go over. So I ask that this change not be rushed. There's a lot of information to sort through to get values to 93 counties for at least four subclasses of land. Our experience with the implementation with the LCG change back in 2019, was that an extra year to ask questions and study those numbers would have smoothed the implementation. The assessors did get that done. There were a lot of questions about how it was done, and part of that was just the fact we didn't have time to really dig into the numbers before we put them in and we had to get it implemented by our deadline and we had a little lack of time. So just a few questions on the details in here. We have splitting grass by hay and grazing. We don't currently inventory that separately and there are places where that changes from year to year, so having that value separately is a question. I think as John talked about earlier, just different approaches to value, if we're using good

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Revenue Committee February 3, 2023  
Rough Draft

mass appraisal methods, should not come up with much different values. Any fee appraisal I've had done on our ground, those values are very similar between income and market, so. And one of the other questions I have on this is, it talks about the committee meeting in November. There's no deadline of when this committee is going to get that information to the assessors. I would just ask that there be enough time that we can implement this unless this is just plug and play and we really don't have any input of how that goes in. The other one that I had a little question on was the LCGs in the bill it talks about getting the information from the USDA based online capability group. I don't think that information is available from USDA based on land capability. I know when I talked to my FSA office yesterday, they have a county number average, but nothing to do with soil types or capability groups. And so I just want to make sure that there's some method out there for them. Thanks for your time and service and I'd be happy to answer any questions.

**LINEHAN:** Thank you very much. Are there any questions for Mr. Keebler? Seeing none, thanks for being here. Are there other opponents? Is there anyone wanting to testify in the neutral position? OK. We have letters, LB820, we have 1 proponent, no opponents and 1 neutral. Senator Albrecht.

**ALBRECHT:** I really do wish I had little pillows sit up here. OK.

**LINEHAN:** Can we get that fixed somewhere?

**ALBRECHT:** No, we're good. We're good.

**LINEHAN:** No, but before this afternoon.

**ALBRECHT:** Yeah, that's a good idea.

**LINEHAN:** The chair.

**ALBRECHT:** And she will not like that. OK. Thank you. Once again, I appreciate all the proponents and opponents. Not so sure that some of my proponents were actually up on it, but I want, I want to just say that there has been a lot of work that's gone into this. Yes, it came to us, you know, during our ten days of trying to figure out what we're going to do. And, but what we've probably witnessed here in the last few days is it does appear that the Governor was doing his homework and he brought this to us for a reason. And like I say, I'm very grateful that he listened on the campaign trail to the farm and ranch families. But again, we make a living off of our land and it's

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Revenue Committee February 3, 2023

Rough Draft

really not for sale that, if it is, we're out of business and, and/or we can't transfer it over to the kids. And yeah, so a couple of things that, that was mentioned and I get that people want to look at the numbers. I mean, if it were I, and they didn't ask my opinion, they just asked me to carry the bill, but I would perhaps go back eight years and pretend like this was the year that we were going to enact this. And to take a look at the numbers and I'm quite certain there's somebody out there that probably already has or people that are working on that with some of the different groups that came up. But the first year, I understand, that those charts reflect the initial year where there will be some disproportionate, disproportionate changes. But the approach, what it is doing is hoping, not hoping, but what it's doing is making it sustainable over the length of the time that this is going to be enacted. So sustainability is what we as farm and ranch families are looking for. And I'm sure that the state of Nebraska is as well as all of our schools that are usually funded from this, you know, property taxes that we pay. But, I understand also that the Ag Land Valuation Board in the past did not value or tie it to market, but ours is, is different than what it was in years past. So I do believe we have a little bit of work to do so that we all understand exactly where we need to go. And I will be happy to work with anyone on the committee to get that done, that work done, and get the answers to the public before we should put it on the floor with the package. Thank you.

**LINEHAN:** Thank you, Senator Albrecht. Are there any questions for Senator Albrecht? Seeing none, that will close the hearing on LB820 and we'll see you all back here at 1:30.

[BREAK]

**von GILLERN:** Welcome to the Revenue Committee's public hearing. My name is Senator Brad von Gillern. I'm the Vice Chair of the Revenue Committee, and I will be chairing the hearing today. I'm from west Omaha and represent parts of Elkhorn, it's District 4. The committee will take a bills in the order that they're posted outside of the hearing room. Our hearing today is your part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. We do ask that you limit or eliminate handouts. If you're unable to attend a public hearing and would like your position stated for the record, you may submit your position and any comments using the Legislature's website by noon the day prior to the hearing. Letters emailed to a senator or staff member will not be a part of the permanent record. If you're unable to attend

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 3, 2023

Rough Draft

and testify at a public hearing due to a disability, you may use the Nebraska Legislature's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceeding, I ask that you follow these procedures. Please turn off all cell phones and electronic devices. The order of testimony is the introducer, the proponents, the opponents, neutrals, and then the closing remarks. If you'll be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We'll need 11 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell your name for the record. Please be concise. It's my request that you limit your testimony to three minutes today. We'll use the light system. The light will turn yellow with one minute remaining and then red indicates for you to wrap off your comments. If there-- again, there's many wishing to testify today so we are going with the three-minute limit. If your remarks were reflected in a previous testimony or if you would like your position to be known but did not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. Would like to introduce the committee staff. To my immediate left is Lyle Wheeler, to his left is Charles Hamilton, and our clerk today is Laurie Vollertsen. Thank you, Laurie, for your grace on that. And I would ask the committee members to introduce themselves, beginning at my far right.

**KAUTH:** Kathleen Kauth, Legislative District 31, the Millard area.

**MURMAN:** Dave Murman, District 38, eight counties along the southern border.

**von GILLERN:** All the way.

**DUNGAN:** Oh, wow. George Dungan, District 26, northeast Lincoln.

**von GILLERN:** Thank you. And our two pages today are Amelia and Caitlyn. If you'd stand, please. Amelia is a senior at UNL in political science, and Caitlyn is a junior at UNL in political science. Thanks for helping us out today. Please remember that senators may come and go during our hearing as they may have bills to introduce in other committees. Refrain from applause or other indications of support or opposition. For our audience, the

microphones in the room are not for amplification but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and is a critical part of our state government. Again, thank you all for being here today. We appreciate your testimony today. And we will-- would you like to-- you missed the introduction, Senator. Would you like to introduce yourself?

**ALBRECHT:** Why sure. Hi. I'm Joni Albrecht, District 17: Wayne, Thurston, Dakota, Dixon, and, of course, Dixon. And welcome. Sorry about that.

**von GILLERN:** Thank you. With that, I'll turn it over to Senator Linehan to open our testimony on LB753.

**LINEHAN:** Thank you, Vice Chairman von Gillern and members of the Revenue Committee. I am Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n, and I'm from Legislative District 39, which is Elkhorn and Waterloo in Douglas County. I'm here today to present LB753, Opportunity Scholarships Act. LB753, the Opportunity Scholarships Act, is exactly what it is titled. It creates an opportunity for all children in Nebraska, regardless of their parents' income, to have an access to an education they want and desire and they deserve. I'm going to take a few-- a little bit longer in my opening than I usually do because there's so much misinformation about this bill and what it would do. So let's talk about what the bill actually does. An eligible student for a scholarship is a resident student, meaning a Nebraska student, who is a dependent mem-- dependent member whose most recent annual income had a gross income that would allow the student eligibility for the National School Lunch Program, or who is either entering kindergarten or the ninth grade for the first time or transferring from a public school. The qualified school is a K-12 private school that is operated by a nonprofit organization. There are no for-profit schools cannot use this program. It complies with all the health and life safety laws applicable to private schools and is accredited with the State Board of Education. Finally, in addition the Scholarship Granting Organization who will be providing the scholarships also has to be a charitable nonprofit organization. We have because of the bill, as many of you know, this bill has been in front of the Legislature four times previously, maybe five. So some of the suggestions we got last year were how you-- how are you going to make sure it goes to the most needy kids first? So this bill, which is



different than previous versions, has set up a tier system. So tier one, so these children would have to be served before any others: eligible students who received a scholarship the prior year, a sibling of a student who receives a scholarship and resides in the household of sibling. Tier two: eligible students whose household income does not exceed 100 percent of the federal poverty level, so not free and reduced lunch, but the first kids have to be at or below the poverty level; eligible students who, who enrollment to the option program, meaning they wanted to option into a different public school but were denied, so this is an option for them; eligible students who have an individual education plan, so special ed kids; eligible student who is subject to and I quote LB753 here, "bullying, harassment, hazing, assault, battery, kidnapping, robbery, sexual offenses, threat or intimidation, or fighting at school," a student who is in foster care. Finally, in this first tier, eligible students of active duty military or child of a parent killed in duty. The next tier is eligible students whose household income exceeds 100 percent of federal poverty, but not more than 185 percent of poverty level. So that would be the next set up to free and reduced lunch. Tier four-- I doubt we ever get to tier four, but it's eligible students whose household income exceeds 185 percent of the federal poverty, but is not more than 213 percent of federal poverty. And that is where our CHIP, the Children's Health Program starts. So we go to the lowest level or the highest level of poverty and then the next step to make sure that all the children that are coming into this program, the ones that get served, are the neediest. Second, the SGOs, Scholarship Granting Organizations, must limit the amount of any scholarship awarded to the cost of tuition and fees imposed by the school. So they can't-- the scholarship can't be-- which makes sense. Also, no scholarship awarded through this program can exceed 75 percent of the statewide average general fund operating expenditures for a public school student. So right now, it's around, I think it's around \$11,000. So 75 percent-- it would be-- it's 25 percent less than they would have available for their funding in a public school. Skipping ahead in the bill, I would-- in Section 10 it says: that if the program is under \$35 million, they can't use more than 10 percent of their funding for overhead. So there's no skimming off here for really expensive CEOs or executive director salary. It has to be under 10 percent. If they go over \$35 million, it has to be under 5 percent. So the money gets to the children who need it. There's also transparency and oversight. So to retain certificate-- to retain their certification, all SGOs must file an audit in compliance with this section to the Department of Revenue no later than December 1 annually. The Department of Revenue

then must provide the same reports to the Legislature and the Governor no later than December 31 of the year reported. In this report will be its policies and procedures for awarding scholarships, the number of eligible students awarded scholarships in the most recent fiscal year, the amount of contributions it received for scholarships in its most recent fiscal year, and the total amount of scholarships it awards in the most recent fiscal year. So every year, they're going to have to report what they're doing with the funding. Now I'd like to address some myths, and I have some handouts to go with this. I appreciate the committee's patience, but there is, as you know from all your emails and many questions that you've sent to me, there is a lot of misinformation regarding this. First and foremost, nothing in LB573 harms public schools. We are not taking any funding away from public schools. Matter of fact, we've been here all week, you all know that we have a new Governor who has purposing a tremendous additional amounts of money to public schools. But public schools, and we have many, many great ones, they're not the best fit for every kid. In many states, this program has proved to save money. I know our fiscal note that we got from the Fiscal Office doesn't say that, but I have some qualms about the fiscal note and I'll just give you one example. In Nebraska, we have-- well, last year I'm not sure this year, but last year we had 28,000 children who accessed the option enrollment funding. If a net option student, meaning they've got more opting in than opting out, goes to a different public school then they are zoned to that public school will receive around \$10,700 from the state, which is in the TEEOSA. So if that student would instead decide to use a scholarship and go to a private school, just one student, saves the state \$10,700. If 1,000 of those 27,000 kids decided to go to use a scholarship and go to a private school, it would save the state \$10,500,000. And that's not a very big percentage of those kids. It's also-- I have seen and you have seen that the increase going forward would soon ratchet up to over \$250 million. If that is true, we, we have a real problem. I don't think there's that many children that are not happy in the school they're in. Another thing that we've heard, and we'll probably hear again today, Catholic schools, parochial schools, Lutheran schools don't take children with disabilities. That is not true. The state average for public schools is 16 percent. The state average for private schools is 12 percent. So, yes, we don't have as many-- private schools don't have as many, but they do take special ed children. And we're on that-- while we're on that, I have for the committee a resolution that was passed by a school this fall that said they would take option students because they had spaces in high school. But in their resolution it says: The school district

shall not accept an option student when the acceptance of the student-- it says public school-- would increase the operating costs of the school district, such as by requiring the hiring of staff or contracting with outside entities to provide services to the student; (B) would require procurement of new equipment, technology, or furnishings; (C) would cause or require the rearrangement of case loads for staff and contracted professionals; (D) is reasonably deemed by appropriate school staff to pose a potential risk to health or safety of students or staff; (E) may pose the risk adversely affecting the quality of education services being provided to resident students by term, term-- determined by appropriate school staff. So the idea that public schools never turn away a student is just simply not true on option enrollment. This is their resolution. The last thing I would like to hit on, and I think maybe this has gone away, is the myth, I haven't seen as much, but in anticipation that it comes up today. I would like to address the constitutionality of the Scholarship Opportunities Act [SIC]. And it's important to remember what the First Amendment of the United States actually says: The United States provides that Congress, which would include include us, shall make no law respecting the establishment of a religion. We all know that. But that's where too many people stop. It goes further and it's in the same sentence: Nor shall they prohibit the free exercise thereof. The Supreme Court has had this in these cases in front of them multiple times. And they have found that there is nothing unconstitutional about a tax credit for scholarships for private education. Lastly, we will hear that this credit is somehow outrageous. If you turn to your green copy of the bill, page 14-- actually, there's a better page, page 21, we have in Nebraska, top of the page, the Angel Investment Tax Credit Act, the Nebraska Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Jobs-- excuse me, New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Affordable Housing Tax Credit, Nebraska Higher Blend Tax Credit Act, Nebraska Property Tax Incentive, the Renewable Chemical Production Tax Credit. And not mentioned in that list, but in the bill in another part, is the ImagiNE Nebraska Act. And we all know the ImagiNE Nebraska Act, which is a tax credit, is hundreds of millions of dollars. So we have a lot of tax credits. And I think that children, especially low-income children, who are stuck in a school that doesn't fit them has every much a right to a tax credit. As much as I love our ag producers and our businesses and new housing as we have all those tax credits. So with that, I would take questions.

**von GILLERN:** Questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Vice Chairman von Gillern. And thank you, Senator Linehan. Obviously, we're going to be here, I know, for a long time today so I don't want to ask too many questions. And I appreciate you bringing this bill multiple times. I know it's incredibly important to you. And obviously, I think one of the things we all agree on here is trying to find the best outcome for our students here in Nebraska. I've also received a number of emails I'm sure you're received with concerns. And so I wanted to start off today just by asking a couple of clarifying questions--

**LINEHAN:** Certainly.

**DUNGAN:** --with regard to some of the new language in this iteration of the scholarship tax credits. First of all, with that tiered system that we're talking about, do you have any data or would that be available to us later on as, as to how many students are going to fall into those various tiers? Do we know the percentages of students that might apply or may, may be a part of those tier systems?

**LINEHAN:** I don't know. I can tell you that-- and I haven't looked in the last few months, but since I've been here free and reduced students make up about 46 percent of the population of school students across the state.

**DUNGAN:** OK.

**LINEHAN:** And but that's 185 percent so the first tier would be-- I, I can't, but I'll get you that information.

**DUNGAN:** I'm just curious sort of the breakdown could be a part of that.

**LINEHAN:** No, that's a, a very good question, actually.

**DUNGAN:** In addition to that, one of the things that I've always sort of heard about and that I think people discuss often is the availability of private school options across the state. Obviously, I'm a Lincoln senator. We have certain private schools here in Lincoln that I'm familiar with. Omaha has a number as well as do some of the surrounding areas. Do you know what the difference in availability is to, let's say, more rural students in western or central Nebraska and their availability to these things?

**LINEHAN:** I really appreciate that question. I have a whole list here. We have private schools in Juniata, Elgin, actually two in Elgin, Albion, Alliance, Hartington, Valentine, Sutton, Clarkson, Howells, West Point, two in West Point, Chadron, three in Chadron, Dodge, then we have a lot in Omaha, Beatrice, two in Beatrice, two in Spalding, Grand Island, several in Grand Island, Polk, Hamilton, O'Neill, two in O'Neill, Atkinson, Tecumseh, Creighton, Crofton, Madison, Battle Creek, Central City, Holdrege, Pierce, Plainview, Hadar-- I actually didn't know there was a Hadar-- Osmond, Lindsay, two and Lindsay, Humphrey, Columbus-- I don't know where they fit, but they have several-- Humphrey-- again, another Humphrey, Falls City, Crete, Wahoo, two in Wahoo, Weston, Seward, Staplehurst, Utica. I'm about done.

**DUNGAN:** Fair to say there's a number that are in central and western Nebraska. I could let you go through the whole list, but I feel like there's already plenty out there.

**LINEHAN:** Thank you.

**DUNGAN:** Do you know, are-- of those ones that you just mentioned are all of those religious institutions?

**LINEHAN:** I don't know. I think there's several Catholic, there's Lutheran, there's Christian, and there's other schools. And I hope-- I was told yesterday we'd have a testifier here in Omaha that is near and dear to several of our hearts, the Phoenix Academy, which, as you know, or maybe I think everybody knows this, I am very, very focused, have been since I've been here on reading for especially third grade, getting them-- the Phoenix Academy helps children who are struggling readers and they would be eligible for this program.

**DUNGAN:** Do you know how many-- and, again, you may not have the answer right now, how many of those private institutions in some more of the central and western parts of Nebraska are nonprofits that are not religiously affiliated?

**LINEHAN:** I don't, I don't know, but I can try and find that out.

**DUNGAN:** OK. Just trying to figure out if there'd be an option for students who didn't want to go to a religious school, but they wanted to still go to a private institution in those areas as well.

**LINEHAN:** Well, if we had a scholarship, I bet maybe somebody who wanted that could help start a school.

**DUNGAN:** Another part that we had talked about or that I heard talked about in this bill is the so-called escalator clause and just to make sure I understand that. So currently budgeted, there's \$25 million each year for the scholarship tax credit that we see in the, the Governor's budget, I think, for the next two bienniums, the next four years or so. The bill in its current iteration still has a provision that allows for, I think it's 125 percent increase in the allocation for the Opportunity Scholarship if the entirety of that scholarship is utilized in the prior year. Is that correct?

**LINEHAN:** I'm very impressed with how much you know about this bill. Yes, Senator.

**DUNGAN:** I try to at least read the bill.

**LINEHAN:** Very good.

**DUNGAN:** So yeah.

**LINEHAN:** So I will-- I do have an amendment to push that out.

**DUNGAN:** OK.

**LINEHAN:** And as this goes forward, if it doesn't fit, so as we go through this process, we bring bills out, then we get to the floor, and there's meetings with the Governor's Office and with the appropriators and with the Revenue Committee and others with bills. And then there's always like trimming at the end. So I do have an amendment to push it out two years. But obviously, if we get to the end and the money's not there, then we can-- we could amend it.

**DUNGAN:** And the potential proposed amendment would still have the escalator clause, but push it out a couple of years to not implement immediately.

**LINEHAN:** Right.

**DUNGAN:** OK.

**LINEHAN:** But also, and I think you said this, I'm sorry if you did, but the escalator doesn't kick in unless it's, it's 90 percent used. So you would-- there would have to be a need there. If it doesn't get used, there's no escalator.

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Revenue Committee February 3, 2023  
Rough Draft

**DUNGAN:** And, and the-- OK. And just to make sure I also understand this, too, individuals or businesses, any taxpayer can give money to a qualified scholarship organization and receive this tax credit up to half of their liability. Correct?

**LINEHAN:** Another great question. I can't believe I didn't cover that. So you can-- you get a credit, business or individual up to 50 percent of what you owe, but it can't be more than 50 percent. So-- and you don't-- it is something like-- I've gotten some emails but you have to that somehow people are making money. You don't get to keep the money. Say you owe \$10,000, you either give the Department of Revenue \$10,000 or you give the Department of Revenue \$5,000 and a Scholarship Granting Organization \$5,000. You're out of money either way. And the other thing that's unique about this bill, and this was something that was brought to me two years ago, you can't also deduct it from your federal taxes. So there's no, like, getting the credit and then getting a deduction, so you're actually making money. If you use this program, you cannot deduct it from your federal income taxes.

**DUNGAN:** OK. That is clarifying. Thank you. And would it be allowed under the current writing of this bill for one hypothetical, very wealthy corporation to claim the entirety of that tax credit?

**LINEHAN:** It would be, but I find that very unlikely.

**DUNGAN:** But it's possible that a few smaller but more wealthy entities could take up that entire tax credit for that year?

**LINEHAN:** And I am and I've talked about that. I think some kind of cap would be fine. You just don't want to make the cap so low that it costs you a lot of money to raise the money because then you will mess up the overhead trying to keep the overhead low.

**DUNGAN:** OK. And are we going to hear--

**LINEHAN:** Because you know from raising money, it takes as much time to get \$100 as it does \$1,000.

**DUNGAN:** It does.

**LINEHAN:** It does.

**DUNGAN:** A lot of phone calls. Are we going to hear from some proponents from the Governor's Budget Office like we did earlier to discuss--

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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** That's probably better for the next--

**DUNGAN:** OK. Yep, I'll hold off on that then. Thank you. I appreciate it.

**LINEHAN:** Thank you. Here, can you hand out them now?

**von GILLERN:** Other questions from the committee? OK. Seeing none, we will welcome proponents. I believe our first proponent is prepared to go. Welcome, Governor.

**JIM PILLEN:** Good afternoon, Vice Chairman von Gillern and members of the Revenue Committee. Thank you for the opportunity to visit. My name is Jim Pillen, J-i-m P-i-l-l-e-n. I have the incredible privilege to serve as your Governor of the great state of Nebraska. As I said this morning, it's never normal to say that yesterday, this morning, this afternoon. But it's an extraordinary privilege and I'm here to testify in support of LB753, the Opportunity Scholarships Act. It's Friday afternoon. It's going to be long so I want to share something I bet you're not going to forget. Suzanne is here, and she just came from a school helping celebrate as first lady the Catholic Schools week. And you'll never forget the two-- we love our kids and our kids so you'll never forget two questions that she was asked. Really important. What is your age and how much do you weigh, honey? [LAUGHTER] So I don't think we'll forget that. That's precious stuff. So with that, I think that what's really important is every Nebraskan, we all agree in our kids and our kids are our future and that we never, ever want to give up on a kid. We're all in 100 percent agreement of that. The other thing I think that's really important in regard to LB753 is this is not a discussion about whether public education or private education is best. We need both for the great quality of life and for our kids in the state of Nebraska. We need both. I believe that every single Nebraska child should have access to the best education, no matter their zip code or their family's financial situation. That's why I've asked Senator Linehan, it's a privilege to partner with her, to introduce this bill on my behalf. I have allocated \$25 million for the biennium just for the next two years in my proposed budget for this program. My top priority as your Governor is our kids. Kids in Nebraska. LB753 is just one piece of my education in tax proposals that invest in our kids. I believe in supporting Nebraska's public schools. My budget proposals are historic for public education funding K-12 and special education with the creation of the Education Future Fund that's over \$1 billion and will be funded for \$250 million for the next five years. I also believe that this \$25 million scholarship



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Revenue Committee February 3, 2023

Rough Draft

tax-credit program is incredibly important and necessary for the investment in our education for Nebraska's children. LB753 will establish a scholarship program for Nebraska kids whose needs-- whose parents believe their needs are best met outside of public education. It's just that simple. Scholarships are funded by taxpayer donations, which are incentivized by the state dollar-for-dollar tax credit. Opportunity Scholarships are focused, prioritized for kids who live in poverty, foster care system, military families, and those with special needs. That's the priority. Suzanne and I have been mom and dad for 42 years, and we've had kids in school that length of time. And I think what, what we have certainly learned is every child learns differently and not one size fits all. Nonpublic schools in Nebraska offer a high quality educational option to many students across the state. It just simply can't be denied. But for many families, the tuition cost is prohibitive. We cannot let financial burden of a family be an obstacle for these kids to get the best education that meets their needs and for our state to flourish. I'm going to brag a little bit about my hometown, Columbus, Nebraska. We're incredibly proud of how everybody works together in our community to serve, to make it a great community, educating our young people, forming, becoming good citizens, building up the workforce, becoming great taxpayers, and giving parents the options they want and need for their children. I think we have, I think we have six or seven different private school options in Columbus community with the whole community working together to make it happen. Columbus is just one example of communities across the state with both public and private schools coexisting, providing-- we all want to compete, right, world-class educational experience for our Nebraska kids. So from Hartington to Humphrey to Ogallala to Omaha, together we can help our kids succeed and thrive and want to stay to build lives. I believe it's vitally important that parents have the opportunity to make a decision that's best for their children. We can't let one kid fall through the cracks. We need to focus on students, not systems. LB753 has my full endorsement and support. Nebraska remains only one of two states. We all agree we don't want Iowa to beat us. We've got to beat Iowa. Yet, yet, Iowa just committed \$345 million a year to their budget for private-- help support private schools. This is a step and I believe it's, it's, it's really, really important because no kid deserves to be left behind. Thank you. I'm happy to entertain any questions.

**von GILLERN:** Thank you. Questions from the committee? Governor, I just had one question. You mentioned the word competition. In Columbus, did

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Revenue Committee February 3, 2023  
Rough Draft

competition make all of the schools better? Did it harm any of the schools? Tell me what the competition did for schools in Columbus.

**JIM PILLEN:** Yeah, I think that-- in, in, in Columbus, we, we have vibrant educational opportunities from early childhood to through, through, through, through the grade schools. Some, some options are K through-- K-5, some or K-6. And then we would have middle schools that are 5-9. We'd have middle schools that are seventh and eighth grade. So, you know, I think the key, the key is, is it gives options what best needs the needs. And, you know, it's pretty, pretty cool. There's some families that have one child, that have five children and four might go to public school and there might be a child in there that a, a, a different system is best or the other way around. So what I'm incredibly proud of about Columbus is we've all worked together to figure out a way to make sure that any, any, any family that had that we come together and support that family. So, so we have an awesome school system in Columbus.

**von GILLERN:** Thank you.

**JIM PILLEN:** Thank you, Chairman.

**von GILLERN:** Thank you. Thanks to you and first lady for being here today.

**JIM PILLEN:** Thank you.

**von GILLERN:** And again, we open for proponent testimony. Good afternoon.

**JAYLEESHA COOPER:** Good afternoon, ladies and gentlemen of the committee. My name is Jayleesha Cooper, J-a-y-l-e-e-s-h-a C-o-o-p-e-r, and I was a recipient of the Children's Scholarship Fund in Omaha, Nebraska. When I first started out, I started in a public school, but the large class sizes were just not conducive to the way that I learned as an individual. And my mom knew this, but unfortunately was unable to afford private school at the time. However, she worked extremely hard to find options for my brother and I and was able to get a scholarship through the Children's Scholarship Fund to attend a private school in Omaha. I can honestly say that going to private school changed my life. It brought me out of my shell. I joined extracurriculars. I skipped a grade. I had all As throughout my entire K-12 education for the most part. But even with the help of the scholarship, my mother had to work multiple jobs to afford the

education for my brother and I. And there is no reason that a parent should have to sacrifice so much time with their children just to be able to afford a quality education. I would also like to say that the life I'm living right now is not the one that was written out for me with statistics. Statistically speaking, I was born to a mother who was 19 years old when she had me, and my father has been incarcerated throughout my entire life. Everyone in my family has either gotten pregnant young, never went to college, dropped out of high school, has been incarcerated, or is addicted to drugs. I, on the other hand, am 19 years old and attend the number six school in the United States. This would not have been possible if it were not for the school choice that I received and the scholarship and private education that my mother and private donors provided for me. There needs to be more options for kids in Nebraska. There is no reason that you're zoned to a school based on your zip code and you're only allowed to attend a school that your parents can afford. Even though my mom was fortunate enough to be able to work multiple jobs, that took a lot of quality time away from my brother and I. She was also in school while working overnights and would see-- not see us for, like, three days at a time just so that we can get the best education. I will forever be grateful for what she did, but I hope that you guys support LB753 so that more kids can have the opportunity that I had. Thank you.

**von GILLERN:** Thank you, Miss Cooper. Questions from the committee? Yes, Senator Albrecht.

**ALBRECHT:** Thank you. Well, I appreciate you being here. You speak very well in front of a large group like this. You might consider becoming a state senator some day replacing some of us. But your mother really did care a lot about you. And I'm so grateful that we have a program like this that we can consider. Did your brother also go to the same school or did he stay--

**JAYLEESHA COOPER:** Oh, my brother did. So we both attended Holy Name--

**ALBRECHT:** OK.

**JAYLEESHA COOPER:** --and then for Holy Name, [INAUDIBLE]. Now I'm at the University of Chicago, now I'm a sophomore and my little brother, he's a, a junior at Pratt, so we both finished out private school.

**ALBRECHT:** I'm excited to hear your story and many others hopefully to follow so that we can hopefully get this taken care of this year.

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Revenue Committee February 3, 2023  
Rough Draft

**JAYLEESHA COOPER:** Thank you.

**ALBRECHT:** Thanks for being here.

**von GILLERN:** Any other questions? Seeing none, thank you, Miss Cooper. We're proud of your accomplishments.

**JAYLEESHA COOPER:** Thank you.

**von GILLERN:** Next proponent.

**DAWNELL GLUNZ:** I am Dawnell Glunz, D-a-w-n-e-l-l G-l-u-n-z. I have been an educator for 36 years. I've taught in Florida, Pennsylvania, and the great state of Nebraska. In May of 2020, I retired from public education after 33 years, and I'm blessed to be an instructor at Grand Island Central Catholic. For the past three years, I want to say this early and often, LB753 and school choice are not about politics or public versus private education. It's about finding the right fit for our scholars, period. Throughout my career, I provided special education services and co-taught with other academia in the fields of math, science, and English. Currently, I teach speech, algebra, and provide intervention to middle and high school students who are on an IEP or a 504 plan, or other identified students who struggle academically, emotionally, or are disadvantaged. I came to Grand Island Central Catholic in August 2020. At that time we had 11 students receiving either services for an IEP or 504. Fast forward to the fall of '22, we now have 25 students receiving services, including middle school students diagnosed with traumatic brain injury, hard of hearing, and autism. Many families yearn for their sons and daughters to be nurtured in faith-based, rigorous curriculum while being supported mentally, socially, emotionally, and educationally. LB753 will support these desires. I repeat, having educated in both public and nonpublic schools, I know we've got great schools in Nebraska, great schools with dedicated teachers that are dedicated to their students. LB753 is about finding the right fit for all scholars. I have provided you parents' testimony as they were not be able to be here today. I've dedicated my entire career towards making a difference one child at a time and I am not done. LB753 will make a difference, one child, one family at a time. It takes all of us to service these scholars. And now is the time. It is time to put politics aside and come together serving disabled and disadvantaged scholars in the environment which best meets their social, emotional, mental, and academic needs. Nebraska scholars deserve the opportunity to find the right fit for them. Nonpublic schools like GICC will

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Revenue Committee February 3, 2023  
Rough Draft

continue to advocate for scholars with disabilities and disadvantages with the power of school choice. Thank you.

**VON GILLERN:** Thank you for your testimony. Questions from the committee? Senator Albrecht.

**ALBRECHT:** I just have a quick question. Thank you for being here and thank you for your testimony. Now, would, would you know about the funding? Do you get more money for public school funding for special education than you would in a, in a nonpublic setting?

**DAWNELL GLUNZ:** So when I was instructing at a public school, yes, we did have some kickback from the SPED services that we received. And in our private school, we do not.

**ALBRECHT:** You do not. So--

**DAWNELL GLUNZ:** We do not.

**ALBRECHT:** --so like a public school wouldn't just ask you to take on a special education or a special ed student without giving you some kind of funding or is that how that would work?

**DAWNELL GLUNZ:** Yes, that's how it works. So when I was at-- my last public school was at Central City, in Central City, Nebraska, obviously, and for every student that we got, there was a percentage of support that we got per student that was in the special education program.

**ALBRECHT:** OK. Thank you.

**VON GILLERN:** Yes, Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. Thank you for being here. I think you provide a unique perspective having taught in both public schools and private schools. I have questions that are similar to Senator Albrecht, and I apologize if they're not in your wheelhouse, but I know here in Lincoln there are private schools that utilize the special ed services of public schools.

**DAWNELL GLUNZ:** Correct.

**DUNGAN:** Is that the same in, in Grand Island as well?

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Revenue Committee February 3, 2023  
Rough Draft

**DAWNELL GLUNZ:** Yes. All of our students that are from Grand Island are on an IEP. If they're from a community neighboring Grand Island, then they come in from their home district. Like for instance, we have a student that residence is in Saint Paul. So he comes in to services and he's on what we call an extended service plan. So it's an ESP. It parallels an IEP. And those districts, then those students are eligible for services from Grand Island Public Schools, and that is a consult basis. So they come into Grand Island Central Catholic 15 minutes once a month to provide services to those students, but they're not on campus on a regular basis.

**DUNGAN:** OK. So-- and just for those at home who may not know, I know we use a lot of acronyms here, what's an IEP?

**DAWNELL GLUNZ:** Thank you. Individual education plan, which lays out the goals for reading or math or behavioral or emotional concerns, and then provides those students statewide and federally backed accommodations so it levels the playing field for those in a classroom.

**DUNGAN:** And the determination or the implementation of an IEP is done by the public school system?

**DAWNELL GLUNZ:** Yes.

**DUNGAN:** And so--

**DAWNELL GLUNZ:** Until I-- sorry.

**DUNGAN:** No, go ahead, go ahead.

**DAWNELL GLUNZ:** That the public school writes the IEP, monitors the IEP, and then, again, they come in once a month for 15 minutes and provide services to those students. And that's why Mr. Engle, my principal and the bishop, knew that Central Catholic was losing enrollment because they did not have in-house SPED services, so that's why they hired me three years ago.

**DUNGAN:** And so you provide sort of additional or consistent on-campus special ed services, but the public school is still offering their services as well. Do they come in and still offer their occasional services for special ed in school?

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Revenue Committee February 3, 2023  
Rough Draft

**DAWNELL GLUNZ:** Yes, I'm there every day of the week and providing special ed services and then cover the 504 plans as well. And then I have two paras as well.

**DUNGAN:** And I'm sorry, what's a 504 plan?

**DAWNELL GLUNZ:** A 504 plan is something that you can have due to an emotional or medical concern. So those kids that have mental illness or they've got attention deficit disorder, they can qualify for a 504 plan. It's similar to an IEP, just not as burdened. And it has to be a medically based condition.

**DUNGAN:** And when you, when you work with a student who has a 504 plan or an IEP, in terms of updates of how that care is going or how the, how the actual student is doing, do you report back to the public school then about updates as to the compliance with that IEP?

**DAWNELL GLUNZ:** Yes.

**DUNGAN:** OK. And--

**DAWNELL GLUNZ:** And parents of an IEP are given progress reports the same as report cards. So every nine weeks they get a report on how that student is progressing through their plan towards their [INAUDIBLE].

**DUNGAN:** Got it. And obviously, it's incredibly fortunate for Grand Island Central Catholic to have somebody on campus providing those services on a regular basis. Not every private school has somebody who can fulfill that service, correct?

**DAWNELL GLUNZ:** Correct.

**DUNGAN:** And so there are a number of private schools across the state that don't have full-time, on-campus special ed services, correct?

**DAWNELL GLUNZ:** Correct.

**DUNGAN:** And so on those specific instances, they would still rely on whatever public school assistance they can receive for special ed?

**DAWNELL GLUNZ:** Yes, that is correct.

**DUNGAN:** And the special ed from that school is all dictated still by the IEP or the 504. And so the main public school still is having to

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Revenue Committee February 3, 2023  
Rough Draft

consistently work with those youth on a weekly basis or however often it requires through the IEP?

**DAWNELL GLUNZ:** Correct.

**DUNGAN:** OK. Thank you. I appreciate it.

**DAWNELL GLUNZ:** Um-hum.

**von GILLERN:** Thank you. Senator Kauth.

**KAUTH:** Thank you, Vice Chair von Gillern. Hi. So you had-- first of all, thank you for testifying and thank you for serving kids for 36 years. That's amazing. What are some of the differences? We hear a lot about the best fit for the child. So what are some of the differences that you've seen as far as from the public to the private school, things that have made a difference for a specific child?

**DAWNELL GLUNZ:** OK. I can-- I'll reflect back to when we-- when I was in public school, both in state of Florida and Pennsylvania and then different districts here in Nebraska, you're limited to what you can provide for the students based on their IEP and whether or not they qualify because there is a rigorous system of evaluation that a student has to go to-- through to determine whether or not they can receive services. And there are many times that a student has learning deficits or has disadvantages emotionally or mentally that is preventing them from progressing with their classmates but it's not severe enough that they qualify for special ed services. So then those students are just left with no services. If they don't have a medical condition that we can get them on a 504, they're just left to struggle. That's one of the huge benefits that I value very much at being at Grand Island Central Catholic is that we're not bound by that. So when we see a student that is struggling that we may evaluate and they don't qualify for SPED services, we can still work with that student. Our hands are not tied. So that's-- I mentioned in my testimony that I just can-- we bring them into my program and I can provide them intervention, even though we do not have a state federally mandated plan in a file drawer somewhere. We are able to meet those needs because we're not bound.

**KAUTH:** So it's a more immediate way of you see a problem, you fix a problem.

**DAWNELL GLUNZ:** Absolutely.



Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

**KAUTH:** Thank you very much.

**DAWNELL GLUNZ:** Um-hum.

**von GILLERN:** Other questions? Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. I apologize. You're probably can hear me talk a lot today. I'm so sorry. You've been fantastic. And I just don't know if we're going to get to hear from another person with your experience on both public school and private school. So I want to clarify something, and I legitimately don't know the answer to this question. What is the difference in expulsion practices from a private school to a public school? So I assume that private schools have a set list of rules that if a child violates to a certain degree they can be expelled. What does that look like versus the expelling of a student from a public school and what alternatives would be provided to that student at that point in time? I don't know the how that plays into each other.

**DAWNELL GLUNZ:** OK. In the public school if a student is on an IEP, and let's just say that they've got emotional and behavior concerns, it's not a reading disability or a math calculation concern, and they have been given in-school suspension or out-of-school suspension, there is a manifestation determination that need-- the process needs to be followed before that student can be expelled. And so after five days, committee meets and it's the team and determines whether or not that we need to put further behavior plans in place or otherwise meet the students' needs so that we can manage them and they can be more successful in school. And then we meet again at day eight. And then at day ten is when the manifestation has to happen to determine whether or not we can expel or not.

**DUNGAN:** And that's for-- sorry, what?

**DAWNELL GLUNZ:** That's for public school.

**DUNGAN:** OK. And then what is the, I guess, process and procedure for where you're currently at, which I guess you would have the expertise then for Grand Island Central Catholic?

**DAWNELL GLUNZ:** I don't have the answer to that question simply because we-- it's not that we don't have concerns with students that have behaviors or emotional needs, but we've never reached that point.

**DUNGAN:** OK.

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Revenue Committee February 3, 2023  
Rough Draft

**DAWNELL GLUNZ:** Like, we, we just don't have kids that end up in suspension, out of school or in school, very rarely.

**DUNGAN:** Got it. And, and there's just not a practice and a procedure that you recall right off the top of your head for [INAUDIBLE]?

**DAWNELL GLUNZ:** Correct. If there is one, I am not aware.

**DUNGAN:** Totally fine. Thank you. I appreciate it.

**von GILLERN:** Yes, Senator Albrecht.

**ALBRECHT:** Just one more, just one more quick question, if you can answer this for me. On the public school side, are they required to provide services for every child with disabilities with special needs?

**DAWNELL GLUNZ:** If that child has qualified for services through the evaluation process, yes, it is law.

**ALBRECHT:** OK.

**DAWNELL GLUNZ:** It, it, it, it is.

**ALBRECHT:** Thank you.

**von GILLERN:** OK. Ms. Glunz, I just have a few questions. I, I, I, I think I really love what you described. Would you describe your relationship with the public schools in Grand Island as a successful partnership?

**DAWNELL GLUNZ:** The private school in Grand Island?

**von GILLERN:** Well, as far as with the special ed kids, I'm sorry, I wasn't specific,--

**DAWNELL GLUNZ:** OK. I understand now.

**von GILLERN:** --with the IEP programs, the 504s where they come in. And it sounded like to me that they write the program and you implement the program and then they come in and monitor the program.

**DAWNELL GLUNZ:** That is correct.

**von GILLERN:** Would that be accurate?

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Revenue Committee February 3, 2023  
Rough Draft

**DAWNELL GLUNZ:** So the, the services that I provide and the paras that are at Grand Island Central Catholic, we are in the classroom, like all of my paras are in the core classes with the students. And then during those study hall times that I referenced, that's when I can work with them, provide extra teaching, more accommodations, extended time on testing, those kinds of things. And when Grand Island Public comes in, again, there's one consult and she comes in once a month for 15 minutes, and then she sees each of those students on her day that we get her is on Tuesday.

**von GILLERN:** OK.

**DAWNELL GLUNZ:** And so for 15 minutes she does either a reading probe or a math probe with them to determine how they're reading or math has improved.

**von GILLERN:** OK. Great. And if, if the Opportunity Scholarship program moved forward with that improve that-- would that increase opportunities, would it improve relationships, would it-- I, I presume since you're here as a proponent, you believe that would be a good thing?

**DAWNELL GLUNZ:** I don't think the relationship with that consultant and the services that we get would change any at all.

**von GILLERN:** Would it expand that opportunity for the kids?

**DAWNELL GLUNZ:** Yes.

**von GILLERN:** OK. All right. Thank you.

**DAWNELL GLUNZ:** Yes.

**von GILLERN:** All right. Any other questions? Thank you for being here today.

**DAWNELL GLUNZ:** Thank you.

**von GILLERN:** Yeah. Next proponent, please.

**LUCY GHAIFAN:** Hi, my name is Lucy Ghaifan, L-u-c-y G-h-a-i-f-a-n. Hello, my name is Lucy Ghaifan and I am a senior at Grand Island Central Catholic. I came to GICC my freshman year supported by financial aid from a private donor. Straight up, I struggled with my classes. I just didn't understand. That's where I got really

frustrated with myself. Very frustrated. I used to avoid my assignments and would shut down by falling asleep. My teachers were frustrated with me and my grades weren't the best. I just didn't get it. My sophomore year, Mr. Engle hired Mrs. Glunz. Mrs. Glunz helped me understand that I have a learning disability in reading and math. I struggled understanding why I wasn't like the other students, why I wasn't average. She helped me understand why classes weren't easy for me. She spent time with me during study hall, during class, after school, and before games helping me get better with my homework. My, my teammates would help me on the bus to games and on the way home. My, my grades kept on improving. Now I advocate for myself during class by asking questions. I stay awake. I make arrangements to test with Mrs. Glunz. My confidence has grown in the classroom. This past fall, my cousin and I met with the school board and presented, presented our opinions why GICC needs to honor Martin Luther King, Jr., and the need of, and the need-- and need the day off to honor MLK and his dream. A few years ago, I would never have had this confidence. Now I feel prepared for what, for what's ahead. I have a voice and that's because of GICC and their work with students like me who learn differently. So I ask you and all your senators to support LB753 so all the kids have the right to choose where they want to go to school with financial, mental, emotional, and academic support. I'd also like to take the time to say thanks to our Senator Aguilar. He has been, he has been so good at realizing this isn't about public or private schools. It's about the kids. I hope everyone can see it like he does.

**von GILLERN:** Thank you. Questions from the committee? Seeing none, thank you so much for being here today.

**LUCY GHAIFAN:** Thank you.

**von GILLERN:** Next proponent. Excuse me. What sport do you play? I should have asked one more question.

**LUCY GHAIFAN:** I play basketball, volleyball, and soccer.

**von GILLERN:** OK. Looks like you got a [INAUDIBLE] there. Good afternoon.

**EMILY BORGES:** Hello. My name is Emily Borges, E-m-i-l-y B-o-r-g-e-s. Hello. And I graduated from Central, from Central Catholic in 2022. Growing up, I always struggled with my reading and learning. When I was in elementary school, my teachers and family noticed that I was

struggling with reading starting in third grade. Yet, the private school did not support me, so my grandmother found some different things on Pinterest for me to use when I was at school and at home during the summer. But I struggled as my classmates saw my problems. I tried to hide it for as long as I possibly could, but it got worse. Everyone started to notice and so my teacher had a talk with my whole class and said that it was not nice to make fun of people. I struggled to feel accepted and comfortable so I enrolled at Grand Island Central Catholic as an eighth grader. I continued to struggle until I met a teacher that changed my life for the better; Mrs. Glunz. She was the first person in all the schools I attended to realize I just learned differently. The, the second I courageously shared my problem, she jumped into action. She partnered with staff from Grand Island Public Schools to get me tested for a learning disability. It was determined that I had a major problem with reading. After my IEP was written, I was succeeding with my reading. I continued to work with Mrs. Glunz at GICC and took a special class at GICC to help me understand how to read better. I soon found out that my reading level was going up and that I would be able to understand my English class way better. Going into my senior year, Mrs. Glunz did not stop helping me every step of the way. She was there for me. Any homework I was stuck on, she was there for me. She supported me in all my classes. With the tools I was given, I was able to do more and gain confidence. GICC and Mrs. Glunz were the first to see my individual needs. GICC has helped me become a teacher's assistant and, and get involved with Big Brothers Big Sisters. Today, I am proud to tell you that I have decided to become a special education teacher. The GICC team, team made me-- made my learning disability an easy thing to accept. They believed in me and I want to do that for other kids. My story is about a school and a teacher who believed in me and a partnership with the community, Grand Island Central Catholic, Grand Island Public Schools, and Big Brothers Big Sisters. That's how kids learn, the community coming together for them. We should put all the politics aside and focus on that. That's what's best for the kids. I'm here to support, support LB753 because no kids should have to wait until their junior year to find the assistance they need. My grand-- my grandma and family have made incredible sacrifices and there are so many kids that cannot. LB753 is the stopping the pattern and educating kids as a community and giving them a chance to find their best fit.

**von GILLERN:** Thank you for your testimony. Questions from the committee? Yes, Senator Kauth.

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Revenue Committee February 3, 2023

Rough Draft

**KAUTH:** Thank you, Senator von Gillern. So you actually had started in private school and then went to a public school and wound up-- and so you really had to search for the school that fit you best?

**EMILY BORGES:** Yeah, I started at, I started at Trinity Lutheran, which is a Lutheran private school, and then I went for one year at Doniphan-Trumbull, and then I finally went to Central Catholic.

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

**von GILLERN:** OK. Yeah, Senator Albrecht.

**ALBRECHT:** Thank you. Mine is just a comment. Thanks for going into teaching. We have a shortage.

**von GILLERN:** Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. Thank you for being here. I think I hopefully can speak on behalf of the whole committee when I say you're spectacular and all the other students that are here today are absolutely amazing. Yeah, seriously, thank you all for coming. I appreciate it. [APPLAUSE] The story that you tell us here to me is one about partnership, obviously. And specifically, one thing you highlighted here is that you found a teacher that had an impact on you. Right? It sounds like Mrs. Glunz really changed your life. Is that fair to say?

**EMILY BORGES:** Yeah.

**DUNGAN:** Yeah, I have teachers like that, that changed my life, too. It's really important to me, I think, what you point out in your testimony, however, that there's that partnership aspect, right? It sounds like it was your partnership with, is it Grand Island Senior High that helped you get that IEP?

**EMILY BORGES:** Yes.

**DUNGAN:** OK. And how, how what was the process like for that? Do you go to the school? Do they come to you? What's the actual process for, for getting that IEP figured out just because we don't always see that?

**EMILY BORGES:** So after I expressed my concern with Mrs. Glunz, she set up a meeting for me after school with Grand Island Public Schools, their person that comes in, and I got tested, so I had to do math, reading, everything like that. They-- I was-- it was a timed test, I

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 3, 2023

Rough Draft

had to read, all that stuff. So after that I did that and a couple of weeks later, I had a meeting with my parents, all my teachers, Mrs. Glunz, and those people that gave me the tests and all them. So they went through and explained all my testing and explained what I would need. And then my teachers also explained like how I was-- like what I was dealing with. And then Mrs. Glunz also advocated for me as well.

**DUNGAN:** Got it. That makes sense. And then once they gave you sort of your ultimate plan on the IEP of what would be best for you moving forward, did you work on that on campus at GICC or did you work on that on campus at GIHS?

**EMILY BORGES:** So I stayed at Central Catholic the whole time. My class that I took my junior year was actually online,--

**DUNGAN:** OK.

**EMILY BORGES:** --but the teacher was in-person at GICC so I would Zoom into the meeting and I would be there for the whole 90-minute class. So that means I would have to take time out on our schedule so I missed three or four classes a day, a couple every two days that it was at. So I would be gone and doing those in Mrs. Glunz's class.

**DUNGAN:** That's-- 90 minutes on a Zoom call is a long time. So thank you. I, I appreciate you being here. And again, congratulations on all the work you've done. It's amazing.

**von GILLERN:** Yeah. Any other questions? Thank you, Miss Borges. We're proud of you.

**EMILY BORGES:** Thank you.

**von GILLERN:** Thanks for being here. I know we violated the no-clapping rule, but I think you make a great exception. The next proponent, please. Good afternoon.

**ROBERT ZIEGLER:** Good afternoon. Robert Ziegler, R-o-b-e-r-t Z-i-e-g-l-e-r. Vice Chair Gillern [SIC] and members of the Revenue Committee, please accept this letter as my testimony. Thank you for your service to the state and for the opportunity as a citizen to participate in the democratic process with the work of the legislative branch. In my district, the LCMS, Nebraska Lutheran Schools, we have 65 schools with an enrollment of 6,347 students and a certified staff of 514. I am the superintendent for the nonpublic Lutheran Schools, and I work with our president of the district, Richard Snow, who is a

pastor. I also serve on the NCTE, the Nebraska Council on Teacher Education, and the Nebraska Department of Education's committee of practitioners. The Lutheran School system that I'm a part of is based nationally out of St. Louis, Missouri, and our denomination states that we believe God created the family unit and the parents are the primary educators of their children. The parents should be free to choose the school entity they believe best meets the needs of their unique family and children. Our school system also operates for accountability, National Lutheran School Accreditation, NLSA. It's a process which is also recognized by the world's largest accrediting agency of public and nonpublic schools, Cognia. Schools accredited by NLSA are automatically eligible for dual accreditation with Cognia. We also work with the LSEM, the Lutheran Special Education Ministries, which is a national organization to help our 35 districts across the nation meet the needs of each unique learner who is enrolled. Prior to returning to Nebraska in 2015, I served for 16 years as a principal at one of our Lutheran Schools in Florida. In that state, we were able to serve many children and families who struggled with poverty, who normally would not even inquire about attending a faith-based school due to tuition costs. We were able to connect with them because the state of Florida had given them an avenue for choice through the tax credit scholarship program. We then enrolled them in our Lutheran School and met their unique education needs. The Lutheran Schools in Nebraska could serve those children and families who struggle with poverty in greater numbers in Nebraska if this bill was passed. The Florida legislation has stood the test of time. It has stood through implementation and the judicial review process. I support LB753, Opportunity Scholarships Act. This legislation will provide so many more educational opportunities for Nebraska's children and help them be successful. Nebraska is one of just two states without school choice, and this is a responsible first step. The legislation does not take money from public schools.

**von GILLERN:** Thank you, Mr. Ziegler, for being respectful of the time. Any questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. Sir, thank you for being here today. Again, you bring some expertise, I think, to the table with regards to your experience. Did you say both here in Nebraska and in Florida?

**ROBERT ZIEGLER:** Yes.



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Revenue Committee February 3, 2023  
Rough Draft

**DUNGAN:** Currently, you're the superintendent of the northeast district of LCMS schools, correct?

**ROBERT ZIEGLER:** In Nebraska, yes.

**DUNGAN:** In Nebraska. Right. To the best of your knowledge, for any of the schools that you are the superintendent of right now, are there any nondiscrimination clauses with regards to acceptance into the schools?

**ROBERT ZIEGLER:** No, our schools do not discriminate.

**DUNGAN:** But are, are there any parameters written into your bylaws, or however that's written, saying that you cannot discriminate based on race, gender, sexual orientation, anything like that?

**ROBERT ZIEGLER:** No.

**DUNGAN:** Right now, if a student applied to come into one of your schools and was a trans student, would they be admitted in?

**ROBERT ZIEGLER:** Yes.

**DUNGAN:** OK. So you, you could accept them on an individual basis. But there's nothing prohibiting discrimination in your bylaws.

**ROBERT ZIEGLER:** Correct. We don't discriminate.

**DUNGAN:** OK. Thank you. And in Florida, too, I know, I have a little bit of information here regarding some of the programs that have happened down there with regards to some of the scholarship tax credits and also the private school system in Florida. One of the things they pointed out in 2017 when the School Superintendents Association had a report outlining various programs that utilized tax credit scholarships, they noted that there's not really any meaningful gains in standardized test scores when looking at Florida in particular. The broader point I guess I'm asking about or trying to make is it looks like across the board there is not overarching empirical evidence that students tend to do better, academically speaking, when they're in a private school versus a public school. In your personal experience, have you seen that to be true or do you believe there is merit in virtue academically to being at a private school versus a public school?

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Revenue Committee February 3, 2023  
Rough Draft

**ROBERT ZIEGLER:** In, in our Lutheran schools, which I can only speak to because that's what I'm part of, we do see academic gains.

**DUNGAN:** OK.

**ROBERT ZIEGLER:** Many of our schools also use the same testing services. Most recently the MAP testing. And we do have measurable gains in the students that we've worked with.

**DUNGAN:** Great. And can you tell me a little bit more, too, about what the interplay is between your schools and the public schools that are in your area? I assume you've heard the testimony about special ed, yes, something like that.

**ROBERT ZIEGLER:** Yes, we're, we're very blessed in the state of Nebraska for my schools, which stretch all the way from Sidney to Omaha and north and south. I believe we are very blessed with good working relationships with our public school counterparts. Because what I find in Nebraska is everyone, like the Governor said, is interested in what's best for children. And so we see that there's great cooperation. Also, the federal government, because of their involvement in special education, dictates a lot of that interplay between the groups for meeting those unique learner needs. And furthermore, when there is a question or something doesn't seem to be going quite right, the federal government has also appointed ombudsman for us to work with public school counterparts who may be frustrating in the processes they're working at. But generally speaking, issues are resolved very easily. So we're very thankful for that.

**DUNGAN:** And that makes sense. In your experience as superintendent, if, if the public school were to, for whatever reason, at some point down the road not be able to fulfill their role that they play in the interplay between your school and theirs, say, for example, working with special ed, let's say for some reason, 10 to 15 years from now, the funding is not there. And they say, hey, we can't come to your school and provide this anymore. Would your schools be able to sufficiently serve the needs of all of your students with regards to special education, or are you reliant to a certain extent on that relationship with the public school system?

**ROBERT ZIEGLER:** Yeah. So for, for the more severe needs we're very reliant. For in the earlier testimony you heard about 504s and so forth, that's kind of commonplace. Our classroom teachers handle those kinds of things, the ADDs and all that kind of stuff. My larger

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

schools have some full-time equivalent resource teachers, just like Grand Island Central Catholic. But certainly those students that are higher on the autism spectrum and so forth, those services are just critical.

**DUNGAN:** Thank you. I appreciate it.

**von GILLERN:** Yeah, Senator Kauth.

**KAUTH:** Thank you, Senator von Gillern. So I was reading through the packet of information and the EdChoice report that shows school choice saves state money. Can you go through that a little bit? I find it very interesting that giving money to a private school would actually save us money in the state coffers.

**ROBERT ZIEGLER:** Yeah, over, over the years, the various studies from different groups and this is just one of them that I found and earlier in my letter, I think I cited the, the state report from the state of Florida as well. And basically, as you take a look at that, again and again, what they're finding is because students in our faith-based schools are often educated with less total dollars than are spent in the public schools per child through the various tax credits and so forth. There actually ends up being a savings for the state for each child that chooses to be in our school system, even through the tax credit scholarship program. It's-- I think the state of Florida statistic was for every \$1 spent on the program, the state saved \$1.49. And the EdChoice has, I think, \$1.80 to \$2.85 range. But I think the, the national average on all the other states that have choice is around \$1.50.

**KAUTH:** Thank you.

**von GILLERN:** Yeah. Yes.

**MURMAN:** I think you mentioned that if a student that had been bullied in a public school or a private school for being trans or whatever the situation might be, you would accept them in your school?

**ROBERT ZIEGLER:** Yes. Yeah.

**MURMAN:** The Lutheran School. So, in other words, you do think that it should be-- the state should encourage parents to decide what's best for their children and encourage them to choose the school that is best for their student?

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Revenue Committee February 3, 2023  
Rough Draft

**ROBERT ZIEGLER:** Yes, that's correct.

**MURMAN:** Thank you very much.

**von GILLERN:** Any other questions? Mr. Ziegler, thank you for being here today.

**ROBERT ZIEGLER:** Thank you.

**von GILLERN:** Next proponent, please.

**ANTHONY WILLIAMS:** Thank you, Vice Chairman von Gillern and members of the Revenue Committee. My name is Anthony Williams, that's A-n-t-h-o-n-y W-i-l-l-i-a-m-s, and I support LB753. I'm privileged to serve as the principal of the Omaha Street School. We are a private, faith-based alternative high school for at-risk youth in the inner city of Omaha, Nebraska. Personally, I've now worked ten years in public education as both a teacher and administrator, and now having have served the Omaha Street School the last four years as principal. We are committed to an intentionally smaller experience for students with an eight to one classroom student-teacher ratio focused on helping students who struggle academically and socially emotionally. A large percentage of our kids have already attempted school in the public school system. In fact, almost 98 percent have endeavored elsewhere before enrolling at the Omaha Street School. It is important to note that 80 percent of our students come from families that are underprivileged homes with incomes at or below the poverty line. Not only are we committed to helping students experience success in the classroom, but we also offer support with mental health. We have a full-time mental health professional on staff, and every student has mandatory small group therapy each week, and individual therapy one to three times per month. I want to share a story about one of our students. We'll call him Jerry. Jerry enrolled at Omaha Street School about six semesters ago as a sophomore. After several assessments, we found out that Jerry was functionally illiterate and only reading at a preschool level. In fact, the young man didn't even like reading aloud in front of others. With the level of support we were able to offer Jerry during his high school career and coupled with his own desire to better himself, not only did he drastically improve his reading ability, but that young man just graduated this past December. He is now pursuing certification as a mechanic. As I understand this bill, LB753, is a start in granting parents, especially those from high-poverty households, the ability to have access opportunities in the education of their child that they might not have otherwise.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

That's what we do at the Omaha Street School. We partner with families to get kids what they need. This bill, to me, is a bill of opportunity, an opportunity for parents to truly consider school enrollment in the best interest, interest of their children not bound by geographic location or affordability. At the end of the day, should any family, regardless of socioeconomic status, choose the best education for their child. So why is this bill important? I will reiterate. Every parent should have access to the best education for their child. If you think about it, for families with means, educational opportunity already exists. Parents can move to a different school district or pay private school tuition. However, less fortunate families have little recourse and must send their children to the nearest public school where they have no choice in what or how their children, children will experience education. I ask each of you to please support LB753 and help give parents and kids hope for the future. Thank you.

**VON GILLERN:** Thank you for your testimony, Mr. Williams. Questions from the committee? Senator Albrecht.

**ALBRECHT:** Thank you, Vice Chair von Gillern. Can you tell me how many students do you have enrolled, like, at this time?

**ANTHONY WILLIAMS:** At this time, we have 34 students.

**ALBRECHT:** 34.

**ANTHONY WILLIAMS:** All in 9th-12th grade.

**ALBRECHT:** 9-12.

**ANTHONY WILLIAMS:** Um-hum.

**ALBRECHT:** And how did they end up coming to your school?

**ANTHONY WILLIAMS:** Word of mouth. We don't really market. We do have a social media page. We have a great relationship with the juvenile justice system.

**ALBRECHT:** OK.

**ANTHONY WILLIAMS:** We have a great relationship with Omaha Public Schools, for which I worked eight years for. We know a lot of other foster, foster kid support organizations. So folks know, just know about us. We've been in existence for about the last 23 years.

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Revenue Committee February 3, 2023  
Rough Draft

**ALBRECHT:** And how do the children-- how do you get paid to take--

**ANTHONY WILLIAMS:** We do charge tuition, but because of the higher percentage of, of poverty, most of our families, 84 percent in fact, are only spending 30 bucks a month to send their kids to us for education.

**ALBRECHT:** OK. And graduation rate?

**ANTHONY WILLIAMS:** Prior to my arrival, the graduation rate was around 70. The graduation right now, with the caveat for kids that begin their senior year with us and stay with us the entire year, our graduation is 100 percent. We've lost three kids, one to incarceration and two to drop out.

**ALBRECHT:** Thank you for what you do.

**ANTHONY WILLIAMS:** Thank you.

**von GILLERN:** Other questions? Yes, Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. And again, reiterating thanks for what you do. I think the school sounds absolutely amazing and I've actually heard of the work that you do before in Omaha, and I think people very much appreciate it. To clarify, just to make sure I understand and kind of bouncing off Senator Albrecht's question. So how are the students right now paying for tuition, given the fact they are high poverty and sounds like they're only spending, you said \$34 a month, \$84 a month, how is the difference being made up? Is that through grants?

**ANTHONY WILLIAMS:** Yes, we are a grant-writing organization. We bound-- we, we pound the floors every year to go out and ask people for support. We're supported by churches, philanthropic organizations, charities, private citizens.

**DUNGAN:** OK. So there are donations that you draw. You have a foundation sort of or you fundraise.

**ANTHONY WILLIAMS:** Correct.

**DUNGAN:** OK. And in addition to that, receive grants.

**ANTHONY WILLIAMS:** Correct.

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Revenue Committee February 3, 2023  
Rough Draft

**DUNGAN:** Are any of the students that are going there right now currently receiving scholarships through any kind of nonprofit group?

**ANTHONY WILLIAMS:** Not that I'm aware of.

**DUNGAN:** OK. So nobody right now that you know of would necessarily benefit from what we're talking about with this legislation with regards to receiving a scholarship [INAUDIBLE]?

**ANTHONY WILLIAMS:** I think any student would benefit. We, we intentionally keep our tuition low so that we can help as many kids as we can based on the model that we deploy.

**DUNGAN:** OK.

**ANTHONY WILLIAMS:** We would love to help more kids. With, with that low number of our student-teacher ratio, the cost-- the, the model is costly.

**DUNGAN:** Absolutely. What's your current capacity?

**ANTHONY WILLIAMS:** We're at 35. We would-- we're hoping to get to 50 in the next two years, but right now we're at 35.

**DUNGAN:** Thank you. I appreciate it.

**ANTHONY WILLIAMS:** You're welcome.

**von GILLERN:** Other questions from the committee? Senator Albrecht.

**ALBRECHT:** I just have one quick question. Thank you. So you don't-- like, if these children came from a public school setting, you wouldn't get any funds if they come to your school from public school?

**ANTHONY WILLIAMS:** So to clarify, we, we receive title funds based on student enrollment, which for us is about \$1,200 to \$1,500 a year.

**ALBRECHT:** OK.

**ANTHONY WILLIAMS:** We don't get to control that, that money. That money stays with the home public school system. They give us-- we're afforded a number. We then have a list of allowable categories in which we can expense that money and we send that in to the, the home school district for them to write the checks, so for whatever services we need. Special education also, because the state requires that the home school district picks up that expense. If I did not have a

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Revenue Committee February 3, 2023  
Rough Draft

dual-endorsed staff member who's endorsed in social studies and special education, I would then have to bus my kids to the nearest public high school for services, which if you take account the travel time, they are losing instructional minutes every day if we had to do that. Because I have a dual-endorsed staff person, we don't have to do that and so all our kids do get services.

**ALBRECHT:** Great. Thank you.

**von GILLERN:** Yes, Senator Murman.

**MURMAN:** So as I understand it, you serve students that mainly the public school has failed them and they, they drop out?

**ANTHONY WILLIAMS:** I would not categorize it as a failure. Some, some, some kids do fail, either-- most of our kids at our, at our school due to truancy issues, academic issues, or behavior issues. But like everyone has said so far in this proponent portion of today's proceedings, some of it-- some of our kids come to us because their parents think they need a different and smaller experience for their kid.

**MURMAN:** Yeah, I should rephrase that. It's not necessarily public school has failed them, but they've failed for some reason.

**ANTHONY WILLIAMS:** Yes.

**MURMAN:** And typically in a public school.

**ANTHONY WILLIAMS:** Yes, sir.

**MURMAN:** So if, if because of lacking the funds to, to be in your school for one reason or another and they couldn't attend your school, these students would probably not do very well?

**ANTHONY WILLIAMS:** It's possible. Yes, sir.

**MURMAN:** Yeah. Thank you.

**ANTHONY WILLIAMS:** Um-hum.

**von GILLERN:** Thank you. Actually, that was a question I was going to ask. But for the Omaha Street School, what would happen with these kids?



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Revenue Committee February 3, 2023  
Rough Draft

**ANTHONY WILLIAMS:** There are other private schools or they could, could enroll in other public schools in the, in the city of Omaha.

**von GILLERN:** OK. So most of them have already come from--

**ANTHONY WILLIAMS:** Like 98 percent of my kids come from OPS.

**von GILLERN:** I'm fairly familiar with the Omaha Street School. It's kind of a last stop for a lot of kids.

**ANTHONY WILLIAMS:** Yes, sir.

**von GILLERN:** Yeah. Thank you for what you do.

**ANTHONY WILLIAMS:** Appreciate it.

**von GILLERN:** Thank you for your testimony.

**ANTHONY WILLIAMS:** Thank you.

**von GILLERN:** More proponents? Which one of you is going to testify?

**REBECCA SCHWEND:** She would like to say some things. Is it OK if I get water?

**ALBRECHT:** Sure.

**REBECCA SCHWEND:** My throat is very dry. I'm sorry.

**von GILLERN:** She's been really good.

**REBECCA SCHWEND:** Thank you so much. Is that going to be taken off my time?

**von GILLERN:** No, but you do need to start.

**REBECCA SCHWEND:** OK. Hello, members of the Revenue committee. My name is Rebecca Schwend, R-e-b-e-c-c-a S-c-h-w-e-n-d. I'm a resident of Lincoln. I'm a former elementary school teacher with 11 years of experience in both public and private schools. And I'm a proud mother of four beautiful children, six and under. My husband and I moved to Nebraska from Oregon in 2021, so all my teaching experience is in Washington and Oregon. When I was student teaching in 2005, my mentor teacher gave me the best advice: Never think you love or know a child better than their parents. In my 11 years as a teacher, I saw that making the parents the expert of their, of, of their child led to

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Revenue Committee February 3, 2023  
Rough Draft

amazing outcomes for my students. I believe empowering parents with options leads to better outcomes for children. The state should not be in the business of pushing parents to the back seat in their child's educational journey. With school choice and with scholarships, families are in the driving seat, and that's how I think it should be. I want to tell you about my daughter, Lilly [PHONETIC]. She's currently four and a half. Lilly barely, barely said a word at the age of two. She started speech therapy soon after, and after six months, she tested out. Because her words exploded as the months went on, her words were not clear. When we moved to Lincoln, I started the process of getting her tested to see if she qualified for speech using the Lincoln Public School District. I started the process in February of 2022. She did not receive her first session until the end of September 2022. That took seven months we waited. Through testing, my daughter was at the second percentile for articulation. That means one kid was better than her out of 100. Through the district, she's currently getting 20 minutes every three weeks. Realizing the school district wasn't going to be the best path for my daughter, we sought out private speech therapy. It took three weeks before she had her first session. We pay out of pocket for weekly lessons. We are blessed to be able to do that in this economy, but makes me think of all the other kids who don't have the financial resources that my husband and I have. What happens to those kids? I'm here for those who don't have the means or the voice. In my own-- as a former teacher, I think of all my students often and how each one of them gave me so much joy. I only cried every last day of school. I love them and the moments they gave me. Each child, no matter their religion, sexuality, race, ethnic background, deserves a school that fits them and unleashes their whole potential. I wholeheartedly implore you to, to prioritize the child over the politics. Our current system for some people, especially in north Omaha, I've looked at those numbers, I've looked at other numbers, does not work for all children and that's a fact. And I have seen in both public and private schools, there are good options out there for these children. Thank you.

**von GILLERN:** Thank you for your testimony, Ms. Schwend. Questions from the committee? Yes, Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. Thank you for being here. It's nice to have two people up there. She's very well behaved. So we hear a lot about school choice. You said you were a teacher before.

**REBECCA SCHWEND:** Yes, for 11 years.

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Revenue Committee February 3, 2023  
Rough Draft

**DUNGAN:** Did you teach in Omaha?

**REBECCA SCHWEND:** No, I taught in Oregon and Washington State.

**DUNGAN:** OK.

**REBECCA SCHWEND:** We moved to Nebraska this year. My main point was to experience-- the experience my daughter had of how we had to look for other options for her. Because as a teacher, I knew that when she started coding and she can't say 20 out of 26 letters, she wouldn't be able to read. So I needed to get, as an educator, you get your child in testing as soon as possible to get the services they need to flourish when they get to that point.

**DUNGAN:** And that was from the speech therapy you were talking about?

**REBECCA SCHWEND:** Yes. Yeah.

**DUNGAN:** So personally, I, I received speech therapy--

**REBECCA SCHWEND:** Yep, and I did too.

**DUNGAN:** --at Lincoln Public Schools for quite some time. And so I'm familiar with how the process works, and I'm familiar with how that all goes. Ultimately-- and it sounds like it's-- I'm very happy you were able to get that for her. Ultimately, you started doing private lessons, correct?

**REBECCA SCHWEND:** Um-hum. Yes.

**DUNGAN:** So those were not done through a private school?

**REBECCA SCHWEND:** No.

**DUNGAN:** So the public school was taking too long to get it. But then ultimately you had to go find private lessons elsewhere.

**REBECCA SCHWEND:** Yes. Yes.

**DUNGAN:** Did you ever enroll your student [SIC] in a private institution?

**REBECCA SCHWEND:** Yeah, she's actually at a-- at St. Peter's Catholic School in Lincoln.

**DUNGAN:** Does she still receive any kind of therapeutic services?

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Revenue Committee February 3, 2023  
Rough Draft

**REBECCA SCHWEND:** Yes, through the school district.

**DUNGAN:** So those are through LPS?

**REBECCA SCHWEND:** Yes.

**DUNGAN:** OK.

**REBECCA SCHWEND:** So she, she's doubled dosed. But as you may know, she-- we want to get as much help for her as possible--

**DUNGAN:** Absolutely.

**REBECCA SCHWEND:** --to set her up for success.

**DUNGAN:** I'm glad she did finally get the help. That's important, obviously. But thank you for clarifying. I appreciate that.

**REBECCA SCHWEND:** And can I answer one of your questions from a previous person?

**DUNGAN:** Yeah, absolutely.

**REBECCA SCHWEND:** You mentioned expulsion.

**DUNGAN:** Um-hum.

**REBECCA SCHWEND:** And because I taught in a religious school for nine years, most private schools are so strapped for enrollment, which is their money, they won't expel anyone. My hardest kids I've ever taught were in the private schools because we were so strapped for the enrollment. So we would take anyone. And I had autistic students. I had students that were at a two-year-old-- and I taught second grade were at a two-year-old level. I've taught all sorts of students in the private school with the help of the district, and partnership is very, very important. But I do want you to know that if a kid, it takes a lot to be expelled from a private school.

**DUNGAN:** No. And that, that makes sense. I again, personally have had some experience inside some public schools and more private or charter schools when I was in law school elsewhere, and I saw some private institutions and charter institutions dismiss kids after some relatively nonmajor behavior. And so I understand that maybe that's the case in your circumstances and I've seen it happen elsewhere.

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Revenue Committee February 3, 2023  
Rough Draft

**REBECCA SCHWEND:** In my circumstances, I-- in my nine years at this one school that was on a lower range economically, I can't recall one student being expelled.

**DUNGAN:** Wonderful. Thank you. I appreciate that clarification.

**REBECCA SCHWEND:** Yeah. Yes.

**von GILLERN:** Any other questions? Thank you, Ms. Schwend for being here.

**REBECCA SCHWEND:** Thank you.

**von GILLERN:** Next proponent. Thank you.

\_\_\_\_\_ : No problem.

**von GILLERN:** If I could ask the proponents, when you're getting ready to present, if you could move yourself to the front and, and just kind of cut down the transition time as much as possible. So thank you.

**BRIAN BOONE:** Good afternoon. I'd like to thank you for the opportunity to come and speak on the subject. First off, my name is Brian Boone, B-r-i-a-n B-o-o-n-e. I'm a Lincoln native and veteran of nine years of the Army, father of four kids attending schools in Catholic dioceses in Lincoln, and a mediocre public speaker. I, like several generations of my family before me, have joined the Army, but specifically followed in my grandfather's steps as an MP, military policeman. I arrived for basic training in September 1996 in Fort Sill, Oklahoma, where I later attended artillery school and, and was ultimately assigned to a unit at Fort Sill. Three years later, I had the opportunity to reclassify to the Military Police Corps and took it, whereupon, I was deployed to Cuba, Kuwait and Iraq. After nine years of service, I ended up my tenure as a staff sergeant and met the woman who drew the short straw and would end up as my wife. We are now raising four children that I mentioned before. My daughter is a freshman at Pius X. I have three boys attending Cathedral of the Risen Christ. Our oldest son can't wait to grow up to become an Army Ranger. Our youngest son was a premie, but is proof that big things come in small packages. But I am here today to talk about our middle son. He is intelligent, imaginative, caring, eager to please, absolutely loves cats, and is also on the autism spectrum currently receiving IEP services. He receives those services at the private school we attend, Cathedral of the Risen Christ. And while the road has been bumpy, the school has stuck by our side through thick and thin. This is important

because, for our family, a Christian education is vital. We believe it prepares students by equipping them with necessary skills and ethics. Becoming an informed and participatory citizen and leader of tomorrow starts with an excellent education. Most importantly to our family, these lessons should come from a solid faith in Christ teachings of mercy, compassion, selflessness, and stewardship. It also teaches sacrifice. I mention sacrifice because even with scholarship awards, parochial schools are not free, which means budgets that require foregoing vacations, getting creative with rice for the fourth night in a row, working extra jobs, and hoping Kohl's will soon have a sale for shoes. Our family is not rich, but we are blessed. I know that not everyone is in my position to do what we did, so I'm here doing how I'm wired, standing up for others who lack a voice, lack access, lack of freedom. Military families understand sacrifice: changing duty stations, deployments for months on end, and sometimes losing a loved one. We do it because we believe in something bigger: stewardship, tradition, love. One thing we stress in the military is taking care of family. If there are problems at home, there are problems in the field. I say that because even though we are taught to compartmentalize, there is always that lingering concern about things at home. If we can ease the burden of the people that we call heroes, we should do that unhesitatingly. Dad shouldn't have to worry about if Timmy is going to get help with his delayed speech development while he's deployed to filling sandbags in a flood-ravaged area. Mom shouldn't have to waive volunteering for another deployment so that hazardous duty pay can cover the next tuition check. I can tell you equivocally the welfare of our children is a burden weighing on military parents and sometimes sadly distracts from the mission. Nebraska is one of two states that has not passed some form of school choice. This puts us on-- Nebraska in the company of a few countries who do not offer school choice options like Mexico, Cuba, China, North Korea. It's not a great list. So I'm asking for your consideration to help my brothers and sisters in uniform to honor them in a meaningful way beyond, beyond a free bloomin' onion at-- supposed to be Outback Steakhouse not Texas Roadhouse, and help lighten their load so they can do their jobs. Thank you.

**von GILLERN:** Thank you for your testimony, Mr. Boone. Questions from the committee? Yes, Senator Kauth.

**KAUTH:** Thank you, Senator von Gillern. Hi. Thank you for your service, by the way. So if you were able to access a scholarship for your son, would you be able to pick which school? How, how would that work for you? This would make an impact?

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Revenue Committee February 3, 2023  
Rough Draft

**BRIAN BOONE:** Honestly, [INAUDIBLE]. We kind of like the school [INAUDIBLE].

**KAUTH:** What I'm saying is, would you be able to use this money for tuition at the school of your choice?

**BRIAN BOONE:** As far as I know.

**KAUTH:** OK. OK. So this would be a, a helpful thing for you--

**BRIAN BOONE:** Yes.

**KAUTH:** --in your situation. And do you know other military families who have kids who struggle who would benefit by using this sort of a scholarship?

**BRIAN BOONE:** Yes.

**KAUTH:** OK. Thank you.

**BRIAN BOONE:** Thank you.

**von GILLERN:** Yes, Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. Sir, again, thank you for your service and thank you for being here today.

**BRIAN BOONE:** Thanks for paying your taxes so I can do it.

**DUNGAN:** Absolutely. Question. Have you sought out scholarships in the past for--

**BRIAN BOONE:** Yes.

**DUNGAN:** What's the result been of that, how, how it has turned out?

**BRIAN BOONE:** Within the diocese in Lincoln, we have what's called the Good Shepherd Scholarship, and that is where money is made available to help defray the costs.

**DUNGAN:** Does that pay for the entirety of the tuition?

**BRIAN BOONE:** No.

**DUNGAN:** Just a part of that?

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Revenue Committee February 3, 2023  
Rough Draft

**BRIAN BOONE:** Just a part.

**DUNGAN:** OK. That was my main question. Thank you.

**BRIAN BOONE:** Yep.

**von GILLERN:** Any other questions? Mr. Boone, thank you for your testimony. Thank you for your service to our country.

**BRIAN BOONE:** Thank you, sir.

**von GILLERN:** Next proponent.

**MARIA WHITMORE:** Good afternoon. My name is Maria Whitmore, M-a-r-i-a W-h-i-t-m-o-r-e, and currently I'm a farmer in Nebraska in the rural area south of Columbus. My husband is a fifth-generation farmer and together we have three, three children that went to private school in the David City area. Growing up, my parents were university professors and always sought good education for us. So when I came to Nebraska, I was also searching for good education for my children. So LB753 would allow not only the city children that you have been hearing many, many instances about, but also the rural children and to other options that will be better fitting for their, for their education. LB753 would allow many students that might be unable to enter the school that is right for them due to economic circumstances. There are tremendous advantages of having a system of tax deductible scholarships. Education provides vertical social mobility, but scholarships provide access to the best fit, allowing our horizontal mobility in education. This proposed bill can also allow more participants to support talented students in their educational pursuit. LB753 will also give opportunity for voluntary involvement of citizens in the educational support for others. Our family has been blessed to be living in the area of Nebraska where there is a public school and a private school that share even a football field. We know how that can probably raise very high spirits. Sometimes that cannot happen. We also share different programs like the FFA program. This collaboration opens everyone's eyes to the complementarity support schools can offer one another in the community. The greater good is absolutely worth the effort of investing in new generations of Nebraskans. My husband and I have been able to volunteer in both private and public schools in our area as well. Our children join some after-school programs available only in the city, and we learn from the other classmates many aspects of good public schools and, and private schools in Omaha. In a rural area, many students are also attracted to a vocational education.



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Revenue Committee February 3, 2023

Rough Draft

LB753 can be a great opportunity for many students to train in this area of interest. A scholarship can allow them to have such flexibility. In 2008, we established an apprenticeship program in our farming operation with the help of the U.S. Department of Labor making our farm the first farm school in Nebraska. We also receive questions for many students for our program. And we're also-- I was also able to promote this apprenticeship program for nursing assistants at a local nursing home where I volunteer. For high school students and many students, this is an ongoing program and has been very, very successful. Many students are interested in a nontraditional education system. LB753 would allow the opportunity to have this flexibility for every student in Nebraska. Thank you.

**von GILLERN:** Thank you for your testimony, Ms. Whitmore. Any questions from the committee? Seeing none, thank you so much for being here today.

**MARIA WHITMORE:** Thank you.

**von GILLERN:** Next proponent, please. Good afternoon.

**BRANDON VILLANUEVA SANCHEZ:** Good afternoon. My name is Brandon Villanueva Sanchez, B-r-a-n-d-o-n V-i-l-l-a-n-u-e-v-a S-a-n-c-h-e-z, and I have attended private schools my whole life, and I have my parents to thank for that. You see, my parents come from similar distinct backgrounds, meaning that both of them, unfortunately, had to drop out of middle school in order to help provide and support their families from a young age in Mexico. So when it was, when it was time to send their kids to schools, they wanted the best possible education for us and they, they chose private education. However, as many of you know, Nebraska is one of the few states that doesn't have school choice. So if a parent wants to send their child to private schools, oftentimes the financial burden falls solely on the parent. But my parents, coming from their educational background and their inability to speak English, they didn't have many fantastic job opportunities, but they still work incredibly hard to be able to afford to send me and my two other siblings to private school. My parents had four jobs between the two of them. My dad worked two full-time jobs as a janitor. My mom, a full-time job as a janitor, part-time job as a maid, and a full-time mom. And if it wasn't for their sacrifice and their devotion to our, to our education on top of private donor scholarships, I do not believe I would be where I am today. Currently, I am enrolled at the University of Nebraska at Omaha, and I am set to be the second person in my entire family to graduate from university.

I'm currently studying neuroscience, where I've been, where I have been identified as a future generational leader by two prestigious organizations, the Johns Hopkins University School of Medicine and the Barry Goldwater Foundation, which is one of the most prestigious undergraduate scholarship programs aimed at identifying the next generational leaders in scientific research. I tell you this not to brag and boast about what I have accomplished or about my academic achievements, but because I want you to see the potential that a child, that a student has in the right environment and the right support given the right educational opportunities. Thank you.

**von GILLERN:** Thank you for your testimony. Questions from the committee? Seeing none, thank you, Mr. Villanueva-- I knew I was going to do that-- Villanueva Sanchez.

**BRANDON VILLANUEVA SANCHEZ:** Thank you.

**von GILLERN:** Thank you. We're proud of your accomplishments. Next proponent, please. Good afternoon.

**JOHN BUCHKOSKI:** Good afternoon, Senators. My name is John Buchkoski, J-o-h-n B-u-c-h-k-o-s-k-i, and I am a middle school teacher at Blessed Sacrament Elementary School. I'd like to tell you a little bit more about my school. Blessed Sacrament was founded in 1926 and is located near 17th and South Streets here in Lincoln. We are in the Legislative District 28 represented by Senator Jane Raybould. We teach 146 students and our community is wonderfully diverse. To give you a breakdown, our school population is 12 percent Asian, 10 percent black, 1 percent Native American, 45 percent white, 3 percent Hispanic, and 2 percent multiracial. Twenty percent of our students are on, are on individualized education programs. We are a Title I school and provide about 35 percent of our students with free or reduced lunches. Around 40 percent of our students receive some kind of financial assistance for tuition. The class sizes at Blessed Sacrament are small and close knit, ranging from 8 to 18 students per grade. Every aspect of the school creates a sense of family and community. Many of these students have been going to school together since kindergarten and know the other families at the school, parishioners at church, and other teachers and staff. One of the special things that I have seen at the school that I have not seen at the other schools where I have worked is the number of sacrifices that families and donors make to create-- or to allow Catholic schools to be affordable for all families. At Blessed Sacrament, parishioners annually donate over half a million dollars to bring down the cost of

schools for our families. We have many single-parent families that sacrifice as much as they can, but we need more help. In my middle school classes, I have noticed that many of my students believe that they will not be able to attend Catholic high school due to a limited number of scholarships that the dioceses can provide. As a result, many students have resigned themselves to the fact that they do not have a choice in which high school they will attend, which leads me to the story of my student, Julian [PHONETIC]. I teach social studies and tell my students about bills that are coming up in the Legislature. One day I started class by asking my students how many of them believe that they will be able to go to the local Catholic High School, Pius X. Many of them said that their parents had told them that they just could not afford Pius. After I heard this, I told them about LB753, which through tax credits would create \$25 million in scholarship money for students in need to attend the high school of their choice. After I mentioned this, I looked up and saw Julian wiping away tears. He now had hope that he would be able to go to a Catholic high school. He'd come to know the support and sense of community that was possible at Blessed Sacrament and wanted to continue with his Catholic education. Many of my other students were similarly elated that they would receive help to go to the school of their choice that aligns with their beliefs and values. Throughout Nebraska, there are many other students like Julian who want to go to private school for many reasons. Public schools work for many students, but one size does not fit all. All students should have access to the education that will help them excel regardless of zip code or income bracket. [INAUDIBLE] public schools and believe that a well-funded public school system is essential for our nation to thrive. By helping our Nebraskan kids, no matter what education they choose, means that we trust parents to make the right call for their child even, and especially, if they are low-income or single-parent homes. LB753 would help countless Nebraska kids have access to education that could change their lives. I urge the Revenue Committee to advance LB753. Thank you for your service to our state and your time today.

**von GILLERN:** Thank you, sir. Questions from the committee? Yes, Senator Dungan.

**DUNGAN:** Thank you again, Vice Chair von Gillern. Thank you for your testimony today.

**JOHN BUCHKOSKI:** Sure.

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Revenue Committee February 3, 2023  
Rough Draft

**DUNGAN:** One of the things that we've heard, not just from you but from some other people as well, is that people shouldn't be stuck to whatever zip code they live in and have to go to that school. Right?

**JOHN BUCHKOSKI:** Right.

**DUNGAN:** You obviously are a teacher here in Lincoln, correct?

**JOHN BUCHKOSKI:** Yes, that's right.

**DUNGAN:** And you're familiar somewhat with Lincoln Public Schools and their system?

**JOHN BUCHKOSKI:** A little bit. I'm a recent-- recently came back to Nebraska after being away for a few years, so.

**DUNGAN:** Oh, OK. Are you from Nebraska originally?

**JOHN BUCHKOSKI:** Originally from South Dakota.

**DUNGAN:** Got it. OK. Welcome to Nebraska. We're happy to have you.

**JOHN BUCHKOSKI:** Appreciate it.

**DUNGAN:** We've heard a lot about people leaving the state. It's good to see people coming in. So one of the things that, and I know Lincoln is not necessarily indicative of the rest of the state because every school district is different, but one thing that Lincoln does in particular is it seems like they try to afford school choice through the public school system. And what I mean by that is they allow open enrollment. Right? You're allowed to go to high schools, not just based on what zip code or neighborhood you live in. You can enroll in pretty much whatever high school you want to. Does that solve the problems that you have with lack of choice around schools?

**JOHN BUCHKOSKI:** I don't necessarily believe that it does. Because you're accurate, I mean, absolutely, my students who are looking at public schools are deciding between Lincoln High, Lincoln Southwest, Lincoln North Star, many excellent public schools. But for many of these students, they also-- it really comes down to a conversation that they and their parents are having, which is that they would like to continue on with a Catholic education, in particular, either because of the beliefs or values that are taught there or in some my students' cases some of them are looking into the priesthood or religious life and believe that this would be the best way to prepare

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Revenue Committee February 3, 2023  
Rough Draft

them for the seminary or to enter into a convent. So I believe that it's difficult to deny them when it's something that comes to their religious beliefs, their religious preferences, and to their vocation that they would not be able to choose to go to a school that would best help them prepare for the life after high school as well.

**DUNGAN:** And so it sounds like a lot of the desire they have to go to the school of their choice, as you just said, is predicated on the fact that they'd like to continue their religious education.

**JOHN BUCHKOSKI:** That's right. Yes.

**DUNGAN:** And I think we've obviously talked a lot here today about how a number of the private institutions that people are currently going to in Nebraska are religious institutions, correct?

**JOHN BUCHKOSKI:** Correct. Yes.

**DUNGAN:** And it sounds like the students that you're talking about, and let me be very clear, I support private schools completely. I think that, you know, people who want to go there absolutely should go and get the education they'd like. But it does seem like the fundamental difference that we're talking about, just not to beat around the bush, are schools that have religion as a core part of their curriculum and then other schools that do not. Is that a fair binary that we can create between the vast majority of the private institutions and the public institutions?

**JOHN BUCHKOSKI:** I think that there can be that distinction. But I think another thing that I want to highlight is the, the class size, the fact that we're able to have class sizes there between 8 and, yeah, I put 18, but 8 to 16 students. So I think by having this close-knit community, we aren't seeing as many behavioral issues. We're not able-- I mean, we're able to provide and catch a lot of the issues that might be happening with our students early on and seek out intervention to make sure that they can excel and continue to be excellent students. So, I mean, many of the students at Blessed Sacrament aren't Catholic, but their parents came to the school and liked the, liked the atmosphere that was created there. Like the fact that we have these small class sizes, teachers are able to send home daily reports on how their students are doing. Parents are able to understand everything that is happening with their kids. We have this relationship that potentially is more difficult to achieve at a public school. Yeah, I believe in the public school system as well. I think

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Revenue Committee February 3, 2023  
Rough Draft

that it works very well. I was a public school teacher when I was down in Texas and I thought that was a very fine system as well. But I do believe that this is something that we really need to see to make sure that students do have the choice, that their families have the choice to help them go to whichever school they want.

**DUNGAN:** And that choice, it seems to me, is what we've been talking a lot about. And you were here, I imagine, for Chair Linehan's opening, where she discussed the First Amendment and various things to do with religion, such as free exercise clause and establishment clause. Right?

**JOHN BUCHKOSKI:** Yeah, absolutely.

**DUNGAN:** You're a social studies teacher?

**JOHN BUCHKOSKI:** Yes. Yes.

**DUNGAN:** So obviously, the First Amendment says that the government can't establish a religion or anything like that.

**JOHN BUCHKOSKI:** Right.

**DUNGAN:** It also then has the further provision that says it can't interfere with the free exercise of religion, correct?

**JOHN BUCHKOSKI:** Correct.

**DUNGAN:** And there's been a number of Supreme Court cases and things that have come out recently essentially saying that we can't force people to do things that may violate their religious beliefs or lack thereof. Correct?

**JOHN BUCHKOSKI:** Correct.

**DUNGAN:** And so if we're talking about taxpayer dollars going towards a fund, the fund of which is being used almost exclusively to fund scholarships that send youth to religious schools, how does that not then violate that same principle that people who may not be religious have their tax dollars going to something that they then don't have a choice and a say in?

**JOHN BUCHKOSKI:** I would say because these religious schools or the private parochial schools are not discriminatory. No one is-- I mean, if you look at the breakdown of our students, our school population

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Revenue Committee February 3, 2023  
Rough Draft

based off of income, race, ethnicity, it really-- there aren't any issues with that.

**DUNGAN:** And it's not about them being discriminatory.

**JOHN BUCHKOSKI:** No.

**DUNGAN:** It's just that they're predicated on religion. And again, I have no issue with that. But if taxpayer dollars are being used to go towards an institution that is predicated on a religious upbringing,--

**JOHN BUCHKOSKI:** Yeah.

**DUNGAN:** --how does that jive with the idea that somebody should have that free exercise of however they want to spend their taxpayer dollars not to be interfered with?

**JOHN BUCHKOSKI:** Well, I believe that this bill really could be the start of opening up more charter or maintenance schools, which don't necessarily need to have a religious affiliation. So I feel like that this not only is offering assistance for private schools or for religious parochial schools, but it could create an open up the door for more magnet schools, charter schools to enter into Nebraska for people to create opportunities for their children to figure out what is the best education possible. In my particular instance, since I am a teacher at a Catholic school, I'm focusing primarily on religion, but I believe that if you look at what is possible now, it really feels like we could have more non-- or, yeah, nonreligiously affiliated schools coming into Nebraska as well.

**DUNGAN:** I completely agree that I think this could potentially lead to that. And I appreciate your answers. Thank you.

**JOHN BUCHKOSKI:** Yes, my pleasure.

**von GILLERN:** Excuse-- oh, excuse us.

**JOHN BUCHKOSKI:** Oh, I'm sorry.

**von GILLERN:** Any other questions from the committee? I, I just had one question. Are the, are the dollars that are spent on tuition at your school primarily spent to indoctrinate the kids into a Catholic mindset or to educate those kids?

**JOHN BUCHKOSKI:** To educate the kids.

**von GILLERN:** OK. Thank you. Thank you for your testimony today. Next proponent.

**DAVID KORTH:** Good afternoon. My name is Fr. David Korth, F-r. D-a-v-i-d K-o-r-t-h. And good afternoon, Senators, and thank you for allowing me to speak. I have two handouts to you. One is our annual report for the CUES School System and the other is just some highlights from it. I'm just-- you've heard a lot of testimony today. Thank you for your time on this. I'm going to give you some bullet points, OK, instead of stories. I want to let you know that the CUES School System, it has 527 students reported in this annual report, which is from last year. This year we have 554. So the numbers, if you're going to try to do the math, it won't work for this year. OK? So-- but we have 93 percent of our families receive free and reduced lunch, two of our three schools are CEP, Community Eligibility Provision, 93 percent of our kids are of color, over half of our kids are not Catholic. And I liked what you just said, Senator von Gillern. Obviously, we do not indoctrinate our kids. I ask every one of our eighth graders when they leave Sacred Heart School, which is 85 percent non-Catholic, I said, has anyone during your time here since pre-K through 8th grade, ever tried to persuade you, encourage you in any way to become Catholic? And not a single one has ever said yes. And I said, good, because I was ready to apologize for that, because that's not why we're here. We are here to give you an option that will hopefully set you up to be outstanding citizens. Your parents want you in a faith-based environment, even though your parents are not Catholic. So 94 percent of our kids go on to graduate from high school on time versus 70 percent from OPS, 68 percent nationally. And that does not talk about the impoverished areas of the three schools that I take care of. We only-- some, some of you may wonder about the Children's Scholarship Fund. Why, why can't they just get scholarships from there? Only 144 kids of these 527 received scholarships from the Children's Scholarship Fund last year, representing \$390,000. That is only 6 percent of our revenue that we have to bring in. All of the rest of it is private. OK? You would absolutely help us in making a significant impact on our ability to provide a quality educational option for some of the most impoverished families in our state. Before this, I was at St. Augustine Indian Mission in, in Winnebago, Nebraska. Did the same thing there. This will make a huge difference there as well. Thank you.

**von GILLERN:** Thank you for your testimony. Questions from the committee? Seeing none, Fr. Korth, thank you for being here today. Other proponents?



**HEATHER SCHMIDT:** My name is Heather Schmidt, H-e-a-t-h-e-r S-c-h-m-i-d-t. I am a proponent of this bill. I understand that it's part of a package that isn't making everyone happy on all parts. That's a sign it's probably a fair package. I'm a parent who has a child diagnosed with dyslexia. She is 15. I also have a four-year-old who has dyslexia. That's a mom diagnosis. She has been qualified for an IEP in speech through Lincoln Public Schools. The Governor's priority of budgeting \$10 million for early reading while asking everyone to tighten their budgets is really exciting. For that reason alone, I hope you give the package a chance. My children have some privilege. Not much, but more than would qualify them as a priority in this bill. We have been able to find the resources to get them help, the help they need to become successful at school. I can't imagine what it would feel like to be absolutely without the ability to give them other options. For the parents and children that are feeling that way, I urge you to pass this bill. Give them a chance to get the education they deserve. I'm open for questions.

**von GILLERN:** Thank you for your testimony. Questions from the committee? Seeing none, Ms. Schmidt, thank you for being here today.

**HEATHER SCHMIDT:** Nothing? OK.

**von GILLERN:** Let it go. [LAUGHTER]

**KAUTH:** You're so busted.

**von GILLERN:** Good afternoon.

**JEREMY EKELER:** Good afternoon. My name is Jeremy Ekeler, J-e-r-e-m-y, last name is E-k-e-l-e-r, and I'm the associate director of education policy at the Nebraska Catholic Conference, and we're here in support of LB753, the Opportunity Scholarships Act, and I wanted to address just a few things that were coming up during discussion today. In terms of special education numbers, NDE reports that nonpublic schools in Nebraska have about 12 percent special, special education students and public 16 percent. It is also true that nonpublic schools in Nebraska receive zero funding for special education from the state, the federal level, or the local level. That's because in 1975 IDEA was passed under President Gerald Ford, and the act requires public schools to serve children with special needs. So this isn't about a dependency, it's about the law. The law is that all students with special needs should be served by the public schools. And it's also not about, about the school, it's about the student. The dollars

follow the student to take care of the special education disability. I know this because I have three children with disabilities. My wife's an early childhood special educator. This is near and dear to my heart. Nebraska does have a unique provision in its constitution that you should be aware of. Public schools-- private schools cannot receive funding, but public schools can contract with nonpublic schools. As a matter of fact, for special education service. And as a matter of fact, that happens. Three districts, maybe four, coming up soon here based on the Papillion information earlier, contract with a Catholic school to serve the public school children with special needs. That's how it should work. Public schools help children, nonpublic schools help children. It's not about dependency, it's about kids. I'd also like to talk a little bit about need generally. In Grand Island, we are seeing a 400 percent increase in tuition requests. For the first time ever, they had to say no to students. Lincoln is up from \$1.5 million in scholarships to \$4 million. Children's Scholarship Fund turned away 235 children last year. There was a need. There is a need. There's more need coming. And so with all of those things in mind and hearing some of the different testimony today, I just wanted to echo and give kind of a statewide perspective on what we're facing in special education and in terms of need. And with that, I'll take any questions.

**VON GILLERN:** Thank you. Questions from the committee? Senator Kauth.

**KAUTH:** Thank you, Senator von Gillern. Hi. OK, so when we talk a little bit about the how it's funded and you mentioned Supreme Court cases. Supreme Court cases actually go back decades on how the taxpayer dollars are not actually taxpayer dollars until they're collected by the Revenue Department. So if someone sends money to an Opportunity Scholarship that's never actually been considered a taxpayer dollar. Is that correct?

**JEREMY EKELER:** That's correct. That money never goes to the government. It goes to the common good, which in this case would be a, a Scholarship Granting Organization.

**KAUTH:** And there are over 30 different entities that get the-- these type of tax credits, tax breaks.

**JEREMY EKELER:** Yeah, we have 30 different tax credits. This is probably the fullest room you'll see on a tax credit. But yes, there are 30 others.

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Revenue Committee February 3, 2023  
Rough Draft

**KAUTH:** So, so at some point, a lot of different special interests essentially are taking money that could be going to taxes and using it for that special interest.

**JEREMY EKELER:** Right. I mean, if, if Opportunity Scholarships takes money from public schools, which is something we hear a lot of, so do the other 30.

**KAUTH:** OK. OK. And you don't see anybody protesting all of those?

**JEREMY EKELER:** There's some opponents sometimes, but this is unique.

**KAUTH:** Not from the public schools?

**JEREMY EKELER:** Yeah.

**KAUTH:** OK. Thank you.

**von GILLERN:** Other questions from the committee? Mr. Ekeler, before you leave. I, I really appreciate the clarity around the IDEA program.

**JULIE FREDRICKSON:** issue. When we see a movement, when these taxes are eliminated, we'll see a movement. New construction will start. People will move to houses that they'd like to live in because there's more room. That'll leave up smaller houses for people in the first-time buyer market. So this is an issue that's going to have an economic impact on Nebraska and the housing industry, and I can speak for that as a small business owner. Thank you for your time.

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

**LEE TODD:** Good afternoon, Senator Linehan. My name is Lee Todd. I live in Lincoln, Nebraska, have lived here since 1981. I was born and raised in Nebraska, grew up in Antelope County in northern Nebraska, but I've lived in Lincoln since 1981. I have a young daughter who is 13. I have a son who's 11, who are actively involved with me, as well as my wife in our real estate business. I represent a group of real estate investors as well as myself, called Archimedes One. It is disgusting, I'm going right to the point. I know we're under a limited time, but it is disgusting and alarming that we pay for property taxes

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Revenue Committee February 3, 2023

Rough Draft

in the state compared to other states, and I think that should be a viable metric. We really need to look at that. I am. And I'll get to that in a moment. I know because after 40 years of testifying at this Legislature, assisting in property tax referendums, writing op ed pieces for the Journal Star, doing considerable research and comparisons, and talking and meeting with many of you senators here today, I am calling it quits for the state of Nebraska, where I've lived here and invested since 1981. As an investor, I own property in Iowa, Kansas, Virginia, Arizona and Missouri. I also own virtually all classes of real estate, so I'm very familiar with it. It's how I make my living. It's how I survive. It's our sustenance: medical office, commercial ground, farm ground, residential. Consider three examples, and I think these are somewhat telling and I'm doing like-kind exchanges. We're cashing out of Lincoln, Nebraska, as we speak. Example number one, Mesa, Arizona. I own property in the Fountain of the Sun development is currently valued at \$232,700. I pay property taxes on that property of \$1,969 per year. If that property were in Lincoln, it would be \$4,654 or double. This-- these are actual numbers. Example number two, I just purchased a property in Lake of the Ozarks, \$845,000 for which the property taxes are, get this, \$2,575. You look at that property in the state of Nebraska in Lincoln, you're looking at 16,900 bucks and I can get that property on my account for four-- or for \$2,575 at six and a half times what I'm paying in Lincoln, Nebraska. Example number three, I have another property under contract in Camdenton, Missouri, \$640,000 for which the property taxes on that are \$2,370. If it were in Lincoln, we would be \$12,800, again, 5.4 times. These are real numbers. Conclusion: You never own your property in Lincoln, Nebraska, or in Nebraska. You're always paying for it again and again and again and again. It's crazy, and as investor, it's detrimental to the balance sheet. You cannot survive with those kinds of horrific tax rates. Why would I want to stay in Nebraska? Better question, why would anybody want to live here in Nebraska? Home ownership, as the last lady said, is exemplary, an attribute--

**LINEHAN:** Mr. Todd--

**LEE TODD:** --one's commission. Decisions to stay here in the state. And yet homeownership--

**LINEHAN:** OK. I got to be rough.

**LEE TODD:** I understand.

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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** Yes.

**LEE TODD:** OK.

**LINEHAN:** Those were excellent examples. I appreciate that very much.

**LEE TODD:** Thank you for your time.

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

**JIM DINKLAGE:** Good afternoon. Jim Dinklage, D-i-n-k-l-a-g-e. Senators, I'm here to support legislation bill LR264CA. No matter where you go in Nebraska, taxes are a big issue. Nebraskans pay some of the highest taxes compared to other states in our nation. My wife and I have joint ownership in farm ground in western Iowa. This land is comparable to farmland production in assessed value in eastern Nebraska. The taxes in Iowa are 50 percent less to-- compared to farmland and assessed value in eastern Nebraska. My wife asked, why did I ever come to Nebraska? I said water, grass, and tall cowboys. As another example, I have a friend who moved from Omaha to Florida. His Florida home is twice the value of the home he sold in Omaha. The taxes on his Florida home are 80 percent less than the taxes he paid in Omaha. Legislative bill LR264CA would be a tax by choice. Your purchase-- you purchase an item, you pay a tax. It would be a one-time tax on that owned. You have a service done, you pay a tax. This bill gets rid of tax exemptions and broadens the tax base. There will be no need for tax increment financing or TIF because this bill-- bill eliminates all real estate taxes. LR64 [SIC LR264CA] would promote free market capitalism throughout the state. Housing rental rates would be competitive due to the lack of property taxes. New home buildings would be encouraged to do to one-time sales tax and no annual property tax. No property or sales tax on an old-- older home would motivate families to update. Vehicle sales would increase due to one-time tax on new and no tax on used vehicles. When property taxes are eliminated, state and county governments would save money by not needing as many personnel, no arguments about property values or no need for TERC commissions. Inheritance taxes are discriminatory and would be eliminated. Children of deceased parents pay 1 percent inheritance tax, while nieces and nephews of aunts and uncles with no children pay a 13 percent inheritance tax. As a side note, this happened-- just happened to my family, my aunt and uncle had no children. They were the last of the family to pass away. If my-- and all the rest of our parents were gone. If my uncle would have known he

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Revenue Committee February 3, 2023

Rough Draft

could have adopted us, he could have saved himself a million dollars. I don't know if that would have been legal, but he would have liked to have tried it. I could go on and on about problems with our present tax systems. LR64 [SIC LR264CA] would be a fair tax law for every Nebraskan, regardless of financial means. Please support this bill and pass it through the Legislature. Let your constituents decide what is best for them through the voting ballot process. Thank you.

**LINEHAN:** Thank you, Mr. Dinklage. Did you spell your name?

\_\_\_\_\_ : He did.

**JIM DINKLAGE:** D-i-n-k-l-a-g-e.

**LINEHAN:** All right. You did spell it. OK, thank you very much. Thank you for being here.

**JIM DINKLAGE:** Thank you.

**LINEHAN:** Appreciate it. Next proponent.

**KIRBY WILSON:** Thank you very much. My name is Kirby Wilson, K-i-r-b-y W-i-l-s-o-n. The foundation of this country is-- and its constitution is the Declaration of Independence. The second paragraph of the Declaration starts, "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.--That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed,--That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it and institute new Government, laying its foundations on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness." Samuel Adams, since speaking about government, said that it "was originally designed for the preservation of the inalienable rights of nature." Another way our founders stated the pursuit of happiness was saying the pursuit of property. With this in mind, we are now in a situation in Nebraska where the government has become destructive of these ends because the citizens of this state no longer are allowed to own property, but rather we lease it from the government. If you don't think this is true, try not paying your lease payment, known as property tax, and you'll see very quickly who owns it. Here's the 2021 delinquent tax list, Buffalo County Treasurer's Office, Kearney,

Nebraska. It is nine pages. Multiply that by 93 counties in this state, and the number is probably in the thousands of property owners at risk of losing their paid-for property because they didn't or couldn't pay their lease payment or property tax. The EPIC tax is one way to end at least one of the destructions of government failing to protect the pursuit of happiness or pursuit of property. In Federalist Paper Number 21, Alexander Hamilton stated, "Imposts, excises, and, in general, all duties upon articles of consumption, may be compared to a fluid, which will, in time, find its level with the means of paying them. The amount to be contributed by each citizen will in a degree be at his own option, and can be regulated by an attention to his resources. The rich may be extravagant, the poor can be frugal; and private oppression may always be avoided by a judicious selection of objects proper for such impositions." In Federalist Paper 12, Hamilton said, "The pockets of the farmers, on the other hand, will reluctantly yield but scanty supplies, in the unwelcome shape of impositions on their houses and lands;...personal property is too precarious and invisible a fund to be laid hold of in any other way than by the imperceptible agency of taxes on consumption." I believe a broad-based retail consumption tax would bring simplicity, visibility, equality, efficiency, stability, neutrality, responsibility and constitutionality back to the process of collecting the much needed funding of our governments in the state while being less invasive and encouraging of economic growth. Thank you for your time and your service to the people of this state.

**LINEHAN:** Thank you very much, Mr. Wilson. Are there questions from the committee? Seeing none, thank you, Mr. Wilson. Next proponent.

**SKYLER WILSON:** Hello. Thank you for allowing us all to be here. My name is Skyler Wilson, S-k-y-l-e-r W-i-l-s-o-n, from Kearney, Nebraska, and I am for the EPIC consumption tax system. There are numerous reasons to change our current tax system to that of the EPIC consumption tax. A couple of these reasons are: It will make many Nebraskans much more content due to the fact that the EPIC tax will eliminate certain taxes inclusive of the income tax, which is extremely intrusive into the private lives of citizens, considering how deep the government must dig to find out how much income a person earns. It will also give the government just as much, if not more, revenue from its citizens as the EPIC tax will broaden the tax base to more citizens, making sure that more individuals pay tax on what each one buys. The EPIC consumption tax will eliminate the property tax, income tax, and corporate tax. This will obviously make Nebraskans happy and the government will not go unfunded by the implementation of

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Revenue Committee February 3, 2023  
Rough Draft

this system. While most citizens pay less, more citizens will be paying into the government fund. The sales tax is currently at 5.5 percent, and the EPIC consumption tax would raise this percentage to eight points-- 8.97 percent. In other words, the EPIC consumption tax adds a 3.47 percent to the current sales tax. However, the sales tax is on every new item people buy and would soon equalize out the loss from the property and income tax. Nine point two percent of Nebraska citizens claim to be in poverty. There is a prebate for those in the poverty level, but low enough to encourage them to work themselves out of poverty. And in doing so, they will improve their lifestyle and have more money to give back to the community and the government. Also, by using a broader tax base, everyone is treated fairly and everyone gets to decide how much they want to be taxed. If a citizen does not want to pay tax on a car, then they may decide to go buy a used one, which does not require tax. The idea behind this EPIC consumption tax illustrates a very simple but intelligent truth. The bigger the base, the easier the load and the farther it gets. For example, let's say the large block of iron needs to be carried by hand from point A to point B. If two people are carrying it, they will quickly get weary and the block will not go far. However, if 10 people carry it, then the block will go much farther and the people carrying it will not get as weary. The same is true for tax systems, the tax dollars being the block of iron and Nebraskans being the people carrying it. The more people that pay taxes, the lighter the burden on each citizen and the more money the government will get. Simply put, this genius tax system will benefit everybody, and I am happy to voice my support of this tax system being implemented. Please do what is right for Nebraska, and I would suggest praying about your decision if you are unsure what to do. Thank you very much.

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

**STUART "CHIP" SMITH:** Hello.

**LINEHAN:** Hi.

**STUART "CHIP" SMITH:** Hello.

**LINEHAN:** HI.

**STUART "CHIP" SMITH:** I'm Chip Smith. I'm from Omaha, Nebraska. I want to thank you, Senators, for allowing me to speak to you today. And-- and--



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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** Chip

**STUART "CHIP" SMITH:** Chip Stuart Smith, also Stuart is my legal, Chip is my nickname.

**LINEHAN:** OK, just spell your name.

**STUART "CHIP" SMITH:** S-t-u-a-r-t, Chip, C-h-i-p, Smith, S-m-i-t-h.

**LINEHAN:** Thank you.

**STUART "CHIP" SMITH:** Yeah. And I want to thank everyone showing up today on this cold winter day in Nebraska. We've got high taxes. This isn't Arizona, Florida, or Texas, right? This is not warm beach weather and we're paying high tax. I'm a real estate agent of 31 years in Omaha, and I've had the unfortunate phone call from folks telling me, Chip, we got to sell. We got to downsize. It's our taxes, our real estate taxes are too high. We got to move into a smaller home or move out of the state. These are native Nebraskans that have invested over years. I was born and raised here and seen this over years. I've seen companies not come to Nebraska due to the expense of the tax base here and in every which way. We've hurt our state. This is a theft as well. We are-- this-- this is overreach by our state and taking from people and unfairly not being equal and allowing people to have equity and ownership in their home. They're renting. They're serfs. They're renting the land. This is not right and this is on it-- this is a train going off the tracks. Our-- our-- we were founded to have the right to pursue happiness. And this really infringes on it. Wouldn't you have to all agree with that? Seriously, this is not a left or right issue. This is-- this is an infringement upon your living in this state, whether you're left or right. We need a Unicameral and unite and be that one state to make that difference. We're different. We're salt of the Earth people. And I really believe that this in the end, as the gentleman before me stated, that this will be a great way to carry the load and make our state grow in so many different wonderful ways. I'm a Christian and I believe in the Ten Commandments. I believe that many of you do too. This is theft. Thou shall not steal. And we should be-- we are the Republic. We are the people and we will be accountable to our-- to our maker for what we have done to the people. We need to make it easy and right for the people. I suggest looking at the page 23 in the booklet, the ten principles. Number 10 is very important about the constitutionality of this and the unconstitutionality of things that-- what have been going on for several years that have really hurt our state. Let's bring some

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Revenue Committee February 3, 2023  
Rough Draft

difference here. And I am for LR264. And let's move this forward, and I'm so grateful again for being here. Also classic--

**LINEHAN:** Thank you.

**STUART "CHIP" SMITH:** Yes. Thank you very much.

**LINEHAN:** You're welcome. Are there any questions from the committee? Thank you very much for being here, Mr. Smith.

**STUART "CHIP" SMITH:** You bet. Thank you.

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

**AMY WILSON:** Good afternoon. My name is Amy Wilson, A-m-y W-i-l-s-o-n. I'm from Kearney, Nebraska, I am in support of EPIC consumption tax. Our home was built in 1978. The floors are peeling, the countertops and cabinets are shot, the plumbing is backwards, breakers are going off constantly, and the area that we live in was actually built on a land that was naturally flooded. We moved to our home 11 years ago. The taxes were around \$3,000. This year they are over \$6,000. We have less than one acre. Our house is an older style split home. New homes that are being built are on six acres and are larger than ours are paying \$4,000. Buffalo County says our house is worth \$400,000. The realtor says we'd be lucky to get \$280,000. Every year we go and protest our taxes. It doesn't matter. They don't go down. And if we have a new appliance, they go up even more. We have not had a new appliance in our home in 10 years. With a consumption tax, we all pay the same tax across the board. It doesn't favor the rich, doesn't favor the poor. It's a tax you choose on how much you want to pay. If you want to pay less taxes, you consume less. If you don't mind paying more taxes, you consume more. It's a fair tax. I am asking you to take the tax system in Nebraska and scrap it and take on the EPIC consumption tax, or at least let the people vote on it and make it a fair tax for everyone. Our Founding Fathers meant for us to own private property and land. This is because they believed in a God-given rights and God's laws. I live my life by God's laws, and this-- and this country was built on God's laws. So I decided to look in the Bible for answers to ownership of land. Where in the Bible-- where in the Bible does it give government the right to possess land, which is what government is doing by forcing citizens to pay property tax? God gave the land to his people to possess. In Genesis 1:26, it says, Man shall have dominion over the Earth. Notice it didn't say government. Everywhere I looked in the Bible, it said that God gave

the land to his people as an inheritance to possess, not government. It's time to obey God's laws and give the land back to his people to own and to take care of. Numbers 33:53, take possession of the land and settle in it for I have given it to you, to-- the land to possess. Numbers 14:8, If the Lord is pleased with us, he will lead us into the land, a land flowing with milk and honey and will give it to us. Jeremiah 25:5, Now each of you from-- turn from your evil ways and your evil practices and you can stay in the land the Lord has given you and your ancestors forever and ever. I have given you 44 more references from the Bible on God's land, whom he gave it to you. I am sure you can find another hundred verses in the Bible. Thank you.

**LINEHAN:** Thank you very much. [APPLAUSE] No, guys, I will-- I will clear the room. Can't do that.

**ROBERT BORER:** Robert Borer, R-o-b-e-r-t B-o-r-e-r. I was just going to step up and say that you've heard lots of great testimony and I'm just adding my name to the list by being here. But the gentleman that started out by reading the-- the Declaration of Independence gave me an idea. So I love reading our founding documents, especially the Declaration of Independence. But I'm going to read from the Nebraska State Constitution Article I, Section 1 and Article II-- Article I, Section 2: Statement of rights. All persons are by nature free and independent, and have certain inherent and inalienable rights; among these are life, liberty, and the pursuit of happiness, the right to keep and bear arms for security or defense of self, family, home, and others, and for lawful common defense, hunting, recreational use, and all other lawful purposes, such as rights-- and such rights shall not be denied or infringed by the state or any subdivision thereof. To secure these rights, the protection of property, the protection of property. The government exists for the protection of property, not for the theft of property. I don't-- I don't own any property because I have to pay rent on it every year. I could own it because it's paid for, but that-- that sizable tax payment that I have to make, property tax payment that I have to make every year precludes me from calling it property. So we've really reinvented the word property. And then it goes on to say: governments are instituted among people, deprived-- deriving their just powers from the consent of the governed, the consent. We forget that the we the people are-- are the governors and our public servants gain their power from the consent of we, the people. And those powers can be just or unjust, but we only grant just powers. So real quickly to Article I, Section 2: There shall be neither slavery nor involuntary servitude in this state. Property taxes are slavery. I don't care whether other states are paying less

than we are. I don't care if it's a small property tax or a large property tax. It's all bad. We have a right to freedom. And how can we have freedom if we don't have a place to live that's secure and exempt from government theft? Thank you.

**LINEHAN:** Thank you very much for being here, sir. Good afternoon.

**WALTER FREDRICKSON:** Good afternoon, thank you. I'm a Nebraskan just like all of you, and we all pay that same tax. So Walter Fredrickson, F-r-e-d-r-i-c-k-s-o-n, Omaha. So why I'm here, just to maybe even answer some questions for you guys. I work in the new construction side of things, with new people moving in Omaha on a daily basis. What we see is pretty interesting because I get to meet people from every state in the Union. It's amazing. There is one of the people coming from Hawaii, by the way, here coming up, what really surprises me too. But one of the things that I have to run into is I have to give them a payment and I have to show them how much taxes are going to be on those said properties. Now the people moving from states here, from places like California, Texas even, and other high, where they made a lot of money on their house, they tend to be, wow, that's a lot of taxes. But then they say, well, you know, we're putting down \$250,000 so it doesn't really matter because their tax is still going to be their tax. But what I do definitely see people deciding whether or not they want to stay here. I have all, even just this week I had somebody who was deciding whether they're going to move out of state in retirement or stay here. And they just called me literally last night saying, we've decided we're going to go ahead and move because the income-- the property tax is just too high on a house they've had, and I pay that same thing. But-- and also a lot of them are in what we call Move East Mode, where, OK, they had it like me. That's what happened to us. I was living at 168th and Q Street and I had to move my wife because I'll be dying from a transplant problem, from a kidney problem, and I had to make sure she could afford a house. So we now live in a townhome near middle of Center Street, 132nd and Center Street. But those taxes are 11, what is it about, oh, about \$700 a month versus what it was about \$1,500 a month. So that's one of the things. But as far as the new construction site goes, it is pretty amazing when I do those for these people coming in town and they do see taxes are going to run \$4,000, \$5,000, \$6,000. So just wanted to let you guys know that does affect us when people move from out of state and they see that. And sometimes they don't have a choice. Companies move them here, that's it. But the ones that are here just deciding, that really has an influence, whether they're going to stay

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Revenue Committee February 3, 2023  
Rough Draft

here and it'll definitely stay here for the long run. So thank you very much.

**LINEHAN:** Thank you very much, Mr. Fredrickson. Wait. Do we have any questions? I don't see any. Thank you very much. OK.

**GEORGE DAVIS:** Senators, my name is George Davis, D-a-v-i-s. I'm a small business owner in Omaha. I own a company by the name of Ollie the Trolley. It's a transportation company. It's-- we consider ourselves as being a-- an Omaha tradition. This last year has been very difficult because of pandemic, and as a result, we had to borrow more money, \$150,000. I had my debt almost damn near down. I had to borrow that type of money just to stay afloat. Taxes is one of the elements that will make or break a business, property taxes in particular. Did you know that if I bought something brand new, \$290,000 for brand new trolley. Now I know good and well that I can't pay that, don't want to. A used one is still yet \$160,000. That's rough. I probably can, don't want to either. But I think that the consumption tax, LR264, a replacement, an alternative to property taxes, other income tax, other confiscatory taxes and corporate taxes, there is a way to get around it. You, as being senators on this committee, need to convince the other senators that there is an alternative that still yet will generate enough money to meet the needs of all the other subdivisions of government, and you know what they are, and give us a chance to survive. One of the ways, you turn it back to the people. You ask them. I already know what I'm going to vote. I want to get rid of it, period. A friend of mine that recently passed, a general, some of you may have heard my story before, a two star Army General. He was black, by the way, told me, he said, now son, if you're in a boat and the boat-- and everyone starts to rock the boat, sometimes you got to turn the boat all the way over and make everybody swim. [LAUGHTER] That's my story, I'm sticking with it.

**LINEHAN:** Thank you very much, Mr. Davis. Next proponent. Next proponent.

**JEANNE GREISEN:** Hello. My name is Jeanne Greisen. It's J-e-a-n-n-e G-r-e-i-s-e-n. I'm here to support and ask you to support the LR264CA. I would like to touch on three items regarding the taxation. It's become-- become unsustainable for the citizens and an overhaul is critical. The first thing I want to talk about is property tax like everyone else. So the property tax on my house in Lincoln in 2015 was \$1,444. The taxes on the house in 2021 is \$3,267. That's a 126 percent increase in six years. Even though this is outrageous, it would be

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Revenue Committee February 3, 2023

Rough Draft

even worse had I not filed an appeal of the assessed value of the house that was imposed. It's a vicious cycle of deceit. Assessing home values higher only to collect more taxes, followed up by the Governor saying he reduced property taxes, there is really no property tax relief. There is no decrease in my property tax burden and by my numbers, the burden actually went higher. The next thing is vehicle tax. So I lived in California for four years. We-- I pulled out the other night, I was looking for some DMV registration documents and believe that I had them yet from 2011, the cost of license our two vehicles in California in 2011 was \$325. And then these, both of these vehicles, they were newer vehicles, I licensed them in Nebraska when we moved here. We got to move back. In 2012, the cost was \$711.20. That's 118 percent higher. So don't get me wrong, California has their issues, but tax burdens on licensing vehicles is not one of them. Nebraska has that issue. And retiring in Nebraska, my husband and I are planning for a time when we retire and where that place might be. Even though we grew up here and our family is here, there are many other places we are looking at instead of Nebraska. The tax burden is too high. We can go across the state border to the north and get a big bump in our retirement income in South Dakota. Or we can go in tech-- go to Texas, which we've lived there twice before and enjoyed the nice no state income tax benefit. And as everybody's talking about Dan Pilla, his best-- went to listen to him this week and I thought my take away his best comment was quote, It's time to take a bulldozer to the tax system and start over. He was referencing the IRS, but the same applies to Nebraska. Start the bulldozer. Thank you.

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

**KATHY HOLKEBOER:** Hi. My name is Kathy Holkeboer, plain old K-a-t-h-y H-o-l-k-e-b-o-e-r. I live in Bellevue. The United States Air Force decided we would move to Nebraska. When my husband retired in 1994, we chose to remain residents. It was not because of the tax code. Besides being geographically between our parents in Michigan and Montana, we greatly appreciated the general value of the work ethic that seemed normal in Nebraska's society. As years have gone by, with growing awareness of how politics works in Nebraska, we began to understand how the taxes issue came to be and how many failures to repair the shortcomings have happened. There's a basic principle that whenever government, whatever government taxes will decrease. Tax income, motivation to create income decreases. Taxing property that is not currently income earning will sometimes force people off their property. Ask a few farmers. Tax inheritance, especially when it's on

property that is not income earning, and the property may be sold to someone out of state. Ask a few farmers' children. By that logic, would taxing consumption decrease do goods consumption? Yes, it might especially decreasing the cost of living for those who know how to use thrift stores and buy used cars. What an advantage that may be to decrease the need for the state's contribution to Medicaid, for example. Meanwhile, income tax loophole users, legal and illegal, who may have significant income and do significant spending could now contribute to the state's revenue when they make regular purchases. Some of those who simply have not been caught not paying income tax would now be sharing the load. Something of this magnitude should be decided by the taxpayers, not by a small group of legislators. At least get it out of committee so more of the people's representatives can do their due diligence to send it along to the people to decide. As former Governor Dave Heineman said recently, Would you run your business on 1967 technology? All the tax fixes on walls and ceilings like caps on spending, for example, have not repaired a failed foundation. This EPIC tax idea would establish a simple, noninvasive, stable foundation of revenue, which could stimulate economic growth.

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

**TERRY JESSEN:** Good afternoon, Revenue Committee. My name is Terry, T-e-r-r-y, last name Jessen, J-e-s-s-e-n. I'm a Nebraska taxpayer, a Nebraska voter, and a lifelong Nebraska resident. I strongly support this resolution. The Nebraska Constitution says in Article VII-1, "The Legislature shall provide for the free instruction in the common schools of this state..." That has never been done. It's not being done. The majority of school funding comes from county real estate taxes, with a small amount from the TEEOSA formula. Nebraska is ranked at least 45th highest in the nation in real estate taxes. Seven states do not have a state income tax. Most states do not have a state inheritance tax. So question for each of you to think about: If you were a person who had just graduated from a Nebraska school and you were born and raised in Nebraska, would you want to find a job in a state with the taxes like Nebraska or would you look for a more tax friendly state? Same second question: If you were going to retire, you live in another state or even if you live in Nebraska, would you choose to move or stay in Nebraska? Or would you go to a state with a more friendly tax system? We see the answers to those questions all the time. Consumption tax is a fair tax, broad based, simple, and a stable tax system, and it's what we need to do. This resolution would pave the way towards the Nebraska consumption tax system. It is way

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Revenue Committee February 3, 2023

Rough Draft

past time for Nebraska to totally simplify our tax system. Get rid of our current, outdated, and unfair system of taxing real estate, personal income, inheritance, and personal property. The taxpayers of this state would greatly benefit by the elimination of the assessment office division of the Nebraska Department of Revenue; removal of the filing and auditing of personal and corporate income tax returns; elimination of TERC; elimination of 93 assessors' offices and staff; a huge reduction in the Nebraska laws and regulations for the assessment and collection of real estate taxes; and a huge reduction in time spent by county commissioners in valuation protests; a saving in court cases over real estate valuation issues. I urge the Revenue Committee to vote this LR out of committee to allow it to go to the full floor of the Legislature for debate and voting. Make Nebraska a leader in taxation policy. By the time I get home, I drove 800 miles to be here today and I spent five days to be here today. This three minutes is very important to me. Thank you.

**LINEHAN:** Thank you, Mr. Jessen. Are there questions from the committee? Seeing none, thank you very much for being here. Next proponent. Any other proponents?

**WARD GREISEN:** Good afternoon. My name is Ward Greisen, W-a-r-d G-r-e-i-s-e-n, and I'm in here in support of LR264CA. First, I want to talk about the need for change. So Nebraska tax laws need to be overhauled. The tax burden on Nebraskans is significant and unjustly distributed and administered. In the last 30 years, I've lived in six different states. Even though I was born and raised in Nebraska, I've traveled around quite a bit. I've lived in Missouri, Kansas, California, Texas, Minnesota, and Nebraska, so I feel I'm well versed on the differences in state taxes and what works and what doesn't. What isn't working is Nebraska's out-of-control increases in property taxes. In the last five years alone, my property taxes have gone up over 20 percent. At present, they make my-- they make up my largest expenditures each year, an expenditure I have no control over. In the middle of last year, '21, I lost my job due to some organizational restructuring within the company that I had worked for. So my ability to control expenditures right now is very important to me and my family. And no one should be put in a position of selling their home because property taxes are out of control. As much as we hear about California taxes being high, I can tell you my property taxes were less in California than Nebraska. So living in Texas, what is it, you know, what does work? A state with no income tax, state income tax. I lived in Texas on two separate occasions. Texas is a state with no income tax and one that it was very easy to move to and extremely



difficult to move out of. Why? Because as soon as my address read Texas, I immediately saw an increase in my take-home pay, an increase that was impactful. And yes, sales tax in Texas is more. However, the burden it placed on me was significantly less than taking money out of my paycheck every two months or two weeks, I should say. And moving out of Texas is difficult. Both times I moved out of there, it was with a promotion. However, my take-home pay was less. It made me really question why I'm moving out of a state and taking less money. One of the reasons was, was to try to get back to Nebraska where our family is. So why consumption tax? Consumption tax works. They are fair. They fairly distribute the tax burden across all economic classes of people. It gives individuals control of their tax burden. So in tough times, they don't have to worry whether they can keep their home or not. It draws businesses and individuals to the state. And again, look at Texas, one of the fastest growing states, and Nebraska could do even better by eliminating all other state taxes. It simplifies the tax process so people know exactly what they'll be paying. It eliminates loopholes for those trying to avoid taxes. Most importantly, it's tax revenue neutral. No state program would need to be cut. So in closing, I feel I'm well-positioned to say that Nebraskan's needs this LR264CA. And I'm asking each of you to support this very important piece of legislation by voting it out of committee. Thank you.

**LINEHAN:** Thank you, Mr. Greisen. Are there any questions from the committee? Seeing none, thank you very much. Next proponent. How many more proponents do we have? If you're in the back, why don't you move up so we can-- it's fair to the other people. We've got another hearing after this. Go ahead. Good afternoon, sir.

**DON CAIN:** Good afternoon, Chairman, Senators. Thank you for having me here. Don Cain, D-o-n C-a-i-n. I'm here to request a vote to advance this to the floor, and I'm here to request your support of LR264CA. Quit kicking the can down the road. We've heard that statement before. I'm here as a poster child of what's happened in the last 10 years of getting my can kicked down the road. In 2011, I wasn't a vehement anti or pro property tax person, but in 2012, when the county rose my property taxes 280 percent and the Supreme Court of Nebraska then determined that that was a grossly excessive value and a result of arbitrary and unreasonable action-- that's in the record on the county level for my property taxes-- I decided I better do something or I'm going to go broke. Janet Yellen made the suggestion years ago that we should go ahead and tax investments on their unrealized capital gains. Everybody was against that. Think about it. In Nebraska, we are taxed

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Revenue Committee February 3, 2023

Rough Draft

on our unrealized capital gains of our real estate investments. And then that gets added to our base every year and then we get taxed again on the base and the unrealized capital gains of that investment. You guys are way ahead of the rest of the country and we're paying for it. Over the last 10 years, I've had three visits to Nebraska Supreme Court, successfully; two visits to Nebraska District Court successfully; and 10 years of getting my can kicked down the road. So let's kick that can directly to 2022. Where are we at right now? Well, I finally got my refund for my 2012 property taxes in September of 2021. I then requested a formal hearing from TERC for 2013 and was denied. I then sent my witnesses, me, to Lincoln in January of this year to have an informal hearing in front of two commissioners, and they called us at 6:30 in the morning and said, we've got some COVID-like symptoms. We're going to cancel the thing. What I'm getting to is that this property tax system in Nebraska is not fair and equalized as all those kicking the can down the road would say, the Governor, the locals. It is a broken system. It's a system of stalling, entitlement, justifications, and exemptions. So please let this body quit kicking the can down the road and let the voters have a chance at it. Thank you.

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

**DAVID WRIGHT:** Don't hit start yet, just wait.

**LINEHAN:** Good afternoon.

**DAVID WRIGHT:** Thank you, Madam Chairman, committee members. My name is David Wright, D-a-v-i-d W-r-i-g-h-t. I come here to talk in support of this, but, you know, we could talk about the fact that I'm a fourth generation rancher and my wife and I owned the Neligh newspaper from 2003 to 2019, where the news-- where the ranch paid 20 percent of its gross income in real estate taxes, and the newspaper paid .0012 percent. We could also talk about the fact that 70 percent of my ranch taxes went to the school system, and I did serve on the Neligh-Oakdale School Board for four years as president. And then I found out 80 percent of the salary or the budget is salaries. So therefore, 10 percent of my gross income goes to pay the salaries in the school, but I don't want to talk about that. We could talk about, Senator Pahls, who's going to pay and who's not going to pay. Well, we've had about 30 years' worth of shifts, that dirty word, let's shift it, you know. If you get a chance, read Tony Fulton. Several years ago, he did a report on-- on exemptions, deductions, and credits for income tax,

sales tax, and property tax. There's a lot of money out there being left on the table. I mean, billions. That's who's going to pay for it. We could, but, you know, let's not talk about that. Maybe we could talk about the fact that Chris Abbott alluded to earlier that in 2012, Independent Cattlemen in Nebraska approached Ernie Goss to do a study for us about going to the real estate, just the-- just the sales tax. I'm sorry. He could get it down to 3 percent. But Ernie made a great comment. He said, you know, my own accountant has advised me, the economist for Creighton University, to take up residency in Florida for one year and a day. I said, Ernie, can you not see a problem here? But let's not talk about that either. What I would like to talk about though is some of you may remember Cap Dierks. Cap Dierks was a good friend of mine. Him and I would go to different things and I'd talk about ranching and agriculture. And I'd always say, OK, OK, after every statement. And Cap said to me, stop saying OK. Trust the people to listen to what you say. Trust them to understand. Now I happen to really like the Unicameral. I think it's one of the most efficient systems I've ever seen in my life. But let the second house carry this burden for you. Just let it go to vote. It's not your burden. And then when you're in the Legislature, after you do pass it out of committee, convince your senators it's not their burden. Let it go. Let it go to a vote. Let the people decide. And you can just relax because it's not your burden. It's the people behind us. It's their burden. Thank you.

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

**DAVID WRIGHT:** Thank you.

**LINEHAN:** Next proponent. Are there other proponents? Yes, come on, you've been up here.

**BRENDA BANKS:** Hello. Let's not all jump up at once, right?

**LINEHAN:** Let's do actually. Yes.

**BRENDA BANKS:** My name is Brenda Banks, B-r-e-n-d-a, Banks, B-a-n-k-s, and I am here to support LR264. I'm a mom. I'm a grandma. I'm a homeowner. I'm a business owner. I own four businesses, have owned others in the past that I've sold. I just inherited some rental property from my dad, who passed away this last year. So I get the all time one thing in my life I don't want to do, and that's pay inheritance tax. My dad worked his fingers to the bone all of his life. We lived here, were raised here in Nebraska, love it. He owns

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Revenue Committee February 3, 2023  
Rough Draft

rental property. So not only did he, I remember growing up hearing him talk about taxes all the time, how he was not going to pay taxes, how he was going to try to save and on and on. But then ultimately that burden comes to us. But really what I want to talk to you about today is one thing that I do every day and that's help the poor. I own a-- run a ministry called Cross Training Center. We do vocational training for people who want to get out of poverty. We work with people who have been incarcerated, homeless, live in poverty for a lot of reasons. The biggest challenge they have to go to work every day once they receive a job is transportation. Now think about that poor person who is trying to make ends meet and the tax burden that's on them. We give out bus tickets left and right because they cannot afford to purchase a vehicle. That's something that we haven't talked about today. A vehicle is a very important part of getting out of poverty. And if we could just make that change, it would make a change throughout Nebraska. Now we hit a list, Nebraska did, that we don't want to be on. And that's Kiplinger's list of the most-- the 10 least tax friendly states for the middle-class family. Guess where we hit in 2021? Number 9. The least tax friendly for who? The middle-class family. We need to change that and we can do that one step at a time. And I think that is first by bringing this out of the committee and letting more people talk about it and get to be a part of the discussion. So thanks for listening today.

**LINEHAN:** Thank you. Were there questions from the committee? Seeing none, thank you very much. Good afternoon.

\_\_\_\_\_ : Do you have a green sheet?

**CHARYL LENTZ:** I don't.

**LINEHAN:** All right.

**CHARYL LENTZ:** I'm sorry.

**LINEHAN:** That's OK.

**CHARYL LENTZ:** Do I have a green sheet?

**LINEHAN:** I'm going to make an exception. I'm going to let you-- well, yes, you need a green sheet and it's fine because it's a long day. So if you don't have a green sheet and you want to testify on this hearing or the next hearing, you need to fill out a green sheet.

**CHARYL LENTZ:** Yeah.

**LINEHAN:** But we're going to let you go ahead and they're going to hold you right over there when you finish it after you finish your testimony.

**CHARYL LENTZ:** Yeah. Not a problem.

**LINEHAN:** OK, so go ahead.

**CHARYL LENTZ:** I was so focused on the 13 pages of my copy. OK, my name is Charyl Lentz and I'm from Lincoln, originally born and raised in Omaha. That's C-h-a-r-y-l L-e-n-t-z. I would like to start by saying thank you to the committee members of being present to hear our testimony from we the people. Government spending is at an all-time high and taxation of the people is out of control. One of the most important responsibilities by lawmakers when setting policy is collect tax money in the least damaging fashion. Obviously, you want to spend the money in the most beneficial fashion. The rightful role of government is to be responsible, period. Experts on-- on tax laws say the lowest possible tax rate on the broadest possible tax base is one of the strategies. This creates prosperity. You can't take an economy-- you can't tax an economy into prosperity. A poor person cannot spend himself into wealth. Here is a quote from Dr. Art Laffer, a national expert on tax laws. Whenever you distribute income, you always reduce total income. The more you redistribute, the more you reduce total income. If you were able to redistribute all income and everyone came out exactly the same, there would be no income whatsoever. In addition, he supports the idea that tax law ought to be neutral, which is widely recognized as an essential element of sound tax policy. The tax code should be used to raise revenue to run the government while doing the least possible damage to the economy. This means leaving individuals free to make decisions and to set priorities based on economic reality. The result of the biases and distortions in the current system is to make the market less free, the system less fair, and families less financially secure. If taxes are both reduced and reformed, the economy would be larger, government would be smaller, and everyone would be better off. Within the Declaration of Independence, all men are created equal that everyone stands equal before the law. Our American liberty is undermined by the tax code with the vast array of arbitrary rules. What I'd like to do is just make a quick personal note. Back in 2015, after our second home purchase, we were able to upgrade and 13 years prior, raise a family of four children and we had to sell. Six years ago, we went from homeownership to rental. Nothing I'm proud about, but I know that the property taxes of a home within the \$200,000 range was over and above

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Revenue Committee February 3, 2023  
Rough Draft

what we could afford, year after year, seeing the increase. So I would like you to all to consider, you know, supporting this out of committee and get it on to the floor as well as let the people vote--

**LINEHAN:** Thank you.

**CHARYL LENTZ:** --for this.

**LINEHAN:** Thank you very much. Appreciate it. Are there any questions from the committee? Seeing none, thank you. Next proponent.

**MARK BONKIEWICZ:** Good afternoon, Senators. My name is Mark Bonkiewicz, M-a-r-k B-o-n-k-i-e-w-i-c-z. I'm originally a wheat farmer from Sidney, Nebraska. That was the first 30 years of my life. The last 40 have been in metropolitan Omaha. I'm here to talk to you about two different sides of Nebraska life because I have lived both of them. I'll start off with the rural perspective first, because that was my roots. I have a brother-in-law that ranches 20 or 45 miles south and west of O'Neill, Nebraska. He has a beautiful ranch. He's a year younger than I am. When he started ranching with his dad, he was paying \$17,000 a year property taxes. Today, they pay \$51,000 a year in property taxes. That \$36,000-- \$34,000 difference is what he used to raise his family on. And when I talk to him. Jim, what are you going to do with your ranch? Are you going to get one of your sons or are you going to get your daughter to move back here? He says, Mark, how can I? There's no money to raise a family on out here, and it's a nice size ranch, a real problem that needs to be solved and we got to get rid of the property taxes. The second story is the one that I drive by all the time. For those of you familiar with Omaha, this is from 120th and L Street straight north, Mary Our Queen Parish is about a half a mile north and a block east. OK. The people who live in these homes built these homes back in the late '50s, early '60s. They were-- they built them for \$30,000, maybe \$35,000, \$40,000 a year. They were paying \$30 a month, \$40 a month in their payment. Today, these homes have rallied to where they are worth \$125,000, \$130,000. They are paying \$400 or \$250, \$300, in some cases \$400 a month for property taxes to be able to live in their own home that has been paid off for years and years and years. You talk to them and it takes a third, maybe 50 percent of their Social Security check just to pay their taxes for the privilege of living in their house that's been paid for, for 20 or 30 years. OK? We've got to eliminate these property taxes. This EPIC consumption tax is a great way to go. Everybody's going to have a chance to pay a little bit instead of a few of us paying a lot. So thank you very much for this opportunity to present to you today.

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Revenue Committee February 3, 2023

Rough Draft

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

**KELLEY HASENAUER:** My name is Kelley Hasenauer, K-e-l-l-e-y H-a-s-e-n-a-u-e-r. Thank you for allowing me to speak in favor of LR264CA. I'm not a tax expert. I'm a nurse practitioner in North Platte, where I live with my husband, Matt. We have two college-age children. Matt and I are both small business owners. Between the two of us, we hire 13 employees in the healthcare and agriculture industries. As small business owners, Nebraska's current tax structure is an incredible burden. It limits the ability for us to save for the future, grow our businesses, support our employees. Administratively, it costs us thousands a year in accounting and payroll expenses. Our property tax bill in 2021 is over \$46,000 and went up by \$11,000 from 2020. The valuation system is unfair. There's no accountability on the part of the government to value our property fairly; for if the property was truly worth what they value it, that they should be more than willing to buy it from us at 90 percent of that amount and earn-- and turn an easy 10 percent profit. Nebraskans want a government that is fiscally responsive, nonintrusive, and operationally efficient. I've read numerous economists who speak to the lower administrative and economic costs for our state if they would implement consumption over income and property taxes. Consumption taxes avoid double taxation of saving and investment and actually encourage citizens to save more money for future needs and spending. This savings is then taxed when people spend it, much like a traditional IRA, which some savings experts say is the best way to save money for the future. I realize that every person in this room is burdened by Nebraska's current tax system. The proposed consumption and excise tax or constitutional amendment can truly make a difference. There is no doubt that taxes would be fairer across the board, savings would increase, and the long-term economic boost for families and businesses would be astounding. Our state is in a great position right now fiscally to be able to implement these changes. Please allow this proposed amendment to be sent to the floor for debate. Ultimately, the issue should be on the state ballot, leaving the final decision to the voters who are the taxpayers of Nebraska. Do you have any questions?

**LINEHAN:** Thank you.

**KELLEY HASENAUER:** Thank you.

**LINEHAN:** Are there any questions from the committee? Seeing none, thank you. Are there any other proponents? Good afternoon.

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Revenue Committee February 3, 2023  
Rough Draft

**WALTER GALL:** Good afternoon. My name is Walter Gall, and I'm here to talk about the EPIC consumption tax.

**LINEHAN:** Can you spell your name for me, sir, please?

**WALTER GALL:** Walter, W-a-l-t-e-r G-a-l-l.

**LINEHAN:** Thank you.

**WALTER GALL:** But I just want to make some points about what you know, the situation between the two comparisons. The consumption tax would be a tax that would-- that would untax all of the citizens of the Nebraska and, excuse me, ma'am. I'm not able to do this.

**LINEHAN:** That's OK.

**WALTER GALL:** I don't want--

**LINEHAN:** You handed it out. We got it. That's good.

**WALTER GALL:** OK.

**LINEHAN:** OK, thank you very much for being here. Appreciate it very much. Are there any other proponents? OK, are there any opponents?

**TIFFANY FRIESEN MILONE:** Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Tiffany Friesen Milone, T-i-f-f-a-n-y F-r-i-e-s-e-n, M-i-l-o-n-e, editorial director for OpenSky Policy Institute. I'm testifying today in opposition to LR264CA for several reasons. It would require a much higher rate than 10.64 to be revenue neutral; mandate that all schools and local governments turn to the state for funding; fall disproportionately on middle-income Nebraskans; and undermine the long-term stability and predictability of state and local revenues. First, the Institute on Taxation and Economic Policy has estimated that a consumption tax in Nebraska would need to be at least 20 percent in order to be revenue neutral. This is consistent with the findings of President George W. Bush's Advisory Panel on Federal Tax Reform, which in 2005 considered a national consumption tax but strongly rejected it partially due to the high tax rate required to achieve revenue neutrality, which they estimated would need to be 11 percent higher than proponents claimed. Similar results have been found in other states. Even with substantial rate increases, independent analyses of proposals elsewhere have found the proposed rates weren't enough to replace the revenue lost from the repealed taxes. For example, a proposed fair tax in Michigan would



have raised the sales tax from 6 percent to 9.75 percent on a broadened base and would have still fallen \$2.5 billion short of revenue neutrality, according to the state's Department of Treasury. Second, LR264CA would severely limit local control, leaving schools and local governments entirely reliant on the state for funding. Under the companion bill, LB133, political subdivisions would have to submit annual budget requests to the Governor and the Appropriations Committee, but the bill leaves it up to the state-- up to state leaders to decide how such requests would be approved. If the state doesn't meet the revenue needs, these entities would be able to apply to the Legislature to enact their own consumption tax. But that, too, would require approval at the state level. It would also mean residents would be subject to an even higher consumption tax. Third, as also noted by the Federal Advisory Panel, a consumption tax would be extremely regressive as our lowest earning families already pay a greater share of their income in sales taxes than those earning more. LB133 proposed monthly allowance to protect those at the bottom of the income spectrum. The tax would then, however, fall hardest on middle-income families, as the wealthy aren't likely to spend enough to offset what they had been paying in income and property taxes. Seniors and retirees across all incomes would also be hit hard as they pay income taxes throughout their lives, only to suddenly be taxed at a higher rate on their consumption, including nursing home care, doctors visits, and prescription medications. I have a wee bit more, but I'm going to count, sum it up, this is long.

**LINEHAN:** That's OK.

**TIFFANY FRIESEN MILONE:** So for those reasons, we oppose LR264 and encourage the committee not to advance it. Thanks for your time, and I'm happy to answer any questions.

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

**TIFFANY FRIESEN MILONE:** Thank you.

**LINEHAN:** Next opponent. Good afternoon.

**BRYAN SLONE:** Good afternoon, Chair Linehan and members of the committee. Thank you very much. My name is Bryan Slone, B-r-y-a-n S-l-o-n-e. I'm here on behalf-- I'm the president of the Nebraska Chamber of Commerce and Industry, and I'm here on behalf of the Nebraska Chamber, the Greater Omaha Chamber, and the Lincoln Chamber

testifying in opposition to this resolution. There was a theme in the proponents today, which is a valid theme, which is our property or our tax system is broken. Our property taxes and our income taxes are much higher and not competitive. The question is not that. The question is, is this the solution? If-- if I simply looked at the pamphlets and the books of the proponents, you can understand why you might think it was a solution, but I'll-- I'll take us through the basics here. To raise the amount of revenue to replace the revenue lost from all the taxes that would be repealed would end up being about \$124,000 per household in Nebraska. The only problem with that is the average income of average households in Nebraska is \$60,000 to \$70,000, which means there is no way that this works simply on taxing personal consumptions of the households in Nebraska. There has to be other taxpayers for about half of the revenues, which means it would tax everybody else who has, quote unquote retail sales, which is undefined at this point. Primarily, that would have to come from government sales, business sales, education sales of goods and services, and nonprofit sales of goods and services. If you look at our entire, the tax base they're talking about is for this tax is about \$124 billion. Our entire GDP in this state is just over \$130 billion. So you're basically talking taxing 90 percent of the GDP, which means you have to get to these other-- these other entities, which means education costs would go up by whatever the rate was. Similarly, there are-- when you start taxing government, there are constitutional and practical limitations. A good example is healthcare, which is a huge part of personal consumption. To the extent that that's paid by Medicare and Medicaid, they will likely, these consumption taxes would not be reimbursed by the federal government would either be borne by the service providers or the people that were-- were provided the service. As a practical matter, it will also fall-- fall hard on young people and at precisely the time we need to attract 18- to 34-year-olds. They're-- they're at the point where it is-- they would bear the heaviest burden associated with this tax and at a 15 to 20 percent rate, which I think would be minimum. It would drive all our retail businesses to neighboring states. And with 45 percent of our economy with an easy drive from state borders, this would be an economic development act for Council Bluffs, North Sioux City, and other communities on our border. With that, I'd be happy to take any questions.

**LINEHAN:** Thank you, Mr. Slone. Are there any questions from the committee? Seeing none, thank you. Oh, I'm sorry.

**FRIESEN:** Thank you, Chairwoman Linehan. So you've sat here the whole afternoon listening to testimony. What is our biggest issue? Is it

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Revenue Committee February 3, 2023  
Rough Draft

taxes? Are we too high a tax state? Do we spend too much? Or what would be your solution?

**BRYAN SLONE:** So I think we've-- I've testified many times for four years, and you can probably stand here at this point. There is no tax-only solution. There has to be a spending solution as well when you get to property taxes, and I think we've demonstrated that over the last 25 years. Shifting taxes, and I think it was mentioned by one of the proponents, we've been shifting taxes for 20 or 30 years and we have not solved the property tax issue nor the income tax issue. Ultimately, we're going to have to create some economic growth in our rural communities and in our urban centers to create a larger tax base. And ultimately, we're going to have to-- to look at spending and manage those process. Ultimately, economic growth has to exceed spending growth in order to reduce taxes, and that's-- that's just the plain facts. And so, Senator, I think moving to a tax modernization where clearly we reduce income taxes and property taxes, but also look at spending is probably the answer, and we've been pretty consistent on that for the last two or three years.

**FRIESEN:** Thank you, Mr. Slone.

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

**BRYAN SLONE:** Thank you very much.

**LINEHAN:** Good afternoon.

**ANDY HALE:** Good afternoon. Chairman Linehan, members of the Revenue Committee, my name is Andy Hale, A-n-d-y H-a-l-e, and I am vice president of advocacy for the Nebraska Hospital Association. And I'm here to testify-- testify in opposition to LR264CA. The NHA understands that one of the number one priorities for Nebraska politicians and its citizens is tax relief. However, we anticipate that LR264CA will be at a great-- too, too great of an expense to the budget and cripple the state government and the citizens it serves. A consumption tax model could discourage consumer spending, which would then create domino effects of negatively impacting the economy, business, revenue, and potentially jobs. This amendment could distrib-- disrupt funding that pays for transportation, corrections, education and healthcare for children, the disabled, and the elderly. As everyone knows, we are currently facing difficult economic times, especially with the COVID pandemic still going on, and now is not the

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Revenue Committee February 3, 2023

Rough Draft

time to switch the current tax structure. We appreciate Senator Erdman already delivering tax relief to many of Nebraskans, and we appreciate the support he gives to the hospitals across the state. But at this time, we ask that you not advance LR264CA out of committee.

**LINEHAN:** Thank you. Are there questions for Mr. Hale? Seeing none, thank you very much for being here.

**ANDY HALE:** Thank you, Senator.

**ROBERT M. BELL:** Good afternoon, Chairperson Linehan and members of the Revenue Committee. My name is Robert M. Bell, last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. I am testifying today in opposition to LR264CA. I've also been authorized to testify on behalf of Nebraska Insurance Information Service, the local trade association of property casualty insurance companies who sell in Nebraska. And for once, I get to testify with the hospitals, so I felt it would be a little bit ironic if I testified right after them. The Nebraska Insurance Federation is the primary trade association of insurers domiciled in or with a significant economic presence in Nebraska. Currently, the federation consists of 31 member companies and 8 associate members, representing a spectrum of insurers from small insurers to Fortune 500 companies. Members write all lines of insurance. One of the goals of the federation is to promote the concepts of importance of insurance products to policymakers and public. Nebraska insurers provide high-value, quality insurance products to Nebraskans to help Nebraskans during difficult times. Additionally, members of the Nebraska Insurance Federation provide nearly 14,000 jobs to the Nebraska economy. And you have my testimony and some information behind there, just kind of on the impact that this proposal would have on the domestic Nebraska industry-- insurance industry. And I certainly want to commend Senator Erdman for his passion and commitment on the idea of consumption tax and his willingness to sit down with and hear the concerns of the industry over the summer. But the insurance companies of Nebraska must continue to oppose any attempt to eliminate the current insurance premium tax structure and replace it with the consumption tax. Kind of two things. One, obviously that, well, the premium tax is currently at 1 percent for most lines of insurance. If this increased to, say, 10 percent, that would obviously have an impact on anybody that paid insurance policies, insurance premium in the state of Nebraska. And an important thing to remember with that is that also for whatever service we're paying for, if that service is also taxed, it could be actually more

than 9 percent in the premium. So-- but most importantly, it explains this ad nauseum in my testimony, there is a retaliatory tax system in the United States related to insurance premiums. So the tax rate on insurance products in Nebraska affects the tax rate of insurance products sold by Nebraska companies in other states, and those states keep that money. They retaliate on Nebraska companies for an increased tax rate when they sell their products here. And so-- and that is really what causes the most distress of the insurance industry related to a consumption tax proposal is our ability to competitively sell our products in other states where many of our consumers live. And so with that and for those reasons, the Insurance Federation opposes this proposal. Thank you for the opportunity to testify.

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

**ROBERT M. BELL:** You're welcome.

**JOHN HANSEN:** Good afternoon, Chairman Linehan, members of the Revenue Committee. For the record, my name is John Hansen, J-o-h-n Hansen, H-a-n-s-e-n. I am the president of Nebraska Farmers Union. We are familiar with this issue. We have been dealing with this issue within our organization for a very long time. We've called it different things at different times. We've called it the transaction tax. We've called it the fair tax. And so now it's EPIC. And so as we have had a lot of member engagement, we have engaged the-- with members of the Revenue Committee, the former revenue staff, to take a look at the logistics of how it actually works in the particulars and what revenue rate do you actually need to generate in order to come up with the replacement money? And their findings were similar with the findings of a retired economist from the University of Nebraska that we hired to take a look at it. And that is that the rate that it actually takes to generate the replacement revenue is usually about twice what the-- the-- the announced or proposed rate actually is. And that if you look at the logistics of who has how much money in order to be able to help fund goods and services in the state, you have to raise the rate high enough on the consumption of goods. And it is regressive in that, as you-- rich people can only consume so much stuff. There's-- there is-- there is a limit to how much they can consume. And so as you spread the load around, I was taken by Bryan Slone's comments and I-- they-- they mirrored kind of our ballpark assessment of it. So what we've heard today is a compelling case for a number of bills that have been before this committee in the past, including Senator Briese's bills. And they all make the same basic case and that is that our tax system

is broken. We have altogether too much reliance on property taxes. If we thought that this particular fix, when we look at the logistics of it. would fix the tax problem, we'd be in support of it. But when we look at the logistics, our honest assessment is it doesn't work quite the way it's-- it's proposed. And the last thing I'll say is that whoever controls the checkbook has the control. And so when you collect all of this money across the state of Nebraska and you send it down to Lincoln and you're a small rural governmental entity in rural Nebraska, and you need money back to operate goods and services and provide services to your people, you're going to be looking to Lincoln with hopeful eyes and hoping that somehow Lincoln is going to remember you and you're going to get the money that you need when you need it in order to put out fires, grade roads, and provide other services.

**LINEHAN:** Thank you.

**JOHN HANSEN:** Thank you very much. I'll be glad to answer any questions if you have any.

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

**JOHN HANSEN:** Thank you, and good luck.

**LINEHAN:** Thank you. Other opponents?

**ANSLEY FELLERS:** Hi. Thank you, Chairwoman Linehan and members of the committee. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s, and I'm here on behalf of the Nebraska Grocery Industry Association, the Nebraska Retail Federation, and the Nebraska Hospitality Association, testifying in opposition to LR264CA. It's probably not a surprise that our members representing those who have retail goods and services are opposed to shifting our state tax burden entirely to the purchase of services and new goods. In addition to concerns about the regressivity of taxing necessities like food and clothing at such a high rate, we believe this proposal fails to recognize how much tax avoidance would take place, especially along our state border-- borders and how damaging that would be to businesses in those cities and counties. We understand Senator Erdman acknowledges this issue, but it's important to highlight given all the uncertainty about how this would be implemented. You've heard previously that even small increases on everyday products or various services tend to drive folks right along the border, say those who live in Omaha but next to Council Bluffs, to shop in another state. But some estimates indicate that under this

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Revenue Committee February 3, 2023  
Rough Draft

proposal the state sales tax rate would need to be 20 percent or more. I'm not sure how far people would drive to find better rates at that point, but I'm guessing it's quite a ways. This uncertainty creates a vicious cycle. It'd be difficult to calculate what rate would be necessary to generate enough revenue to fund government services. While the higher and more variable the rate is, the more difficult it will be on businesses and the economy, leading to more volatility and so on and so on. Thank you to Senator Erdman and the committee for your continued efforts on tax reform. Our organizations represent businesses who have been impacted in a variety of ways by recent economic unpredictability, and we wanted-- and we want to be part of responsible solutions. We just don't believe this proposal is the direction to go. With that, I'd be happy to answer any questions.

**FLOOD:** Are there any questions? I should add for the record, this is Mike Flood. I'm taking over for Lou Ann Linehan. Thank you very much.

**ANSLEY FELLERS:** Thank you.

**FLOOD:** Welcome.

**JUSTIN BRADY:** Senator Flood and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the American Institute of Architects, the American Property Casualty Insurance Association, Home Builders Association of Lincoln, Metro Omaha Builders Association, Nebraska Realtors Association, and Nebraska Telecommunications Association. I also was asked to submit the same comments for the American Council of Engineering Companies in Nebraska. First, I'll start with, you know, with a constitutional change like this on taxes, I would say similar-- Senator Erdman made a comment in his opening that once this is passed, we'll deal with it. That is an irresponsible way to approach this. When you look at other constitutional amendments that have been passed, whether that was when the State Fair was funded, whether that was extremely blighted was added to the constitution, or when the lottery was put in place, the Legislature also passed a statutory change at the same time to tell the voters, if you do this statute-- constitutional change, here's what to expect as opposed to let's change the constitution and trust me. Come back, we're going to figure it out. Next, I'd say, Mr. Slone touched on, I was going to talk about the revenue neutral. Mr. Slone talked about that. I'd say any tax policy that starts with, and this was a handout that the Consumption Tax Institute had handed out to a number of our clients when they were trying to educate them on this. Anyone that has to deal with a

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Revenue Committee February 3, 2023

Rough Draft

statement that says low-- low-income and middle-income families will save dollars when they buy used goods. We shouldn't have a tax policy that tells people in the low- and middle-income brackets they have to go buy used goods to be able to make it work under this system. Senator Erdman talked about, you know, we'll have money savings of eliminating jobs through the Nebraska Department of Revenue when their property tax division-- when I looked up their general fund appropriation, it was a total of \$235,000. It's a big weight. That's a small piece of the \$10.8 billion hole that we'd have to fill. Border bleed was talked about and that we won't have border bleed. Two of the-- the two products that probably have the most border bleed are alcohol and tobacco. Both are subject to the excise tax. If you read this bill, excise tax stays on those products, plus then you will have the consumption tax. They will go to an extremely high taxed products, which then will cause border bleed on those products. An issue that wasn't much touched on so far is what do we do with the bonded indebtedness that's out there through our public power companies, through our cities, through our schools when you eliminate their local property taxes that are backing those bonds at that point? So I could go on. But at this point, I'll stop and see if there are any questions.

**FLOOD:** Are there any questions for Mr. Brady? Seeing none, thank you. Welcome.

**LOY TODD:** Good afternoon, Senator Flood, members of the committee. My name is Loy Todd. That's L-o-y T-o-d-d. I'm the president and legal counsel for the Nebraska New Car and Truck Dealers Association. It should come as no surprise that the fact that we are the new car dealers association we are somewhat concerned with this legislation since we are really having a hard time deciding why it would be able to have new cars sold in Nebraska. It's we're-- so we're going to-- we're going to tax new cars only, and we're not going to tax used cars. The sales tax elimination there puzzles us. Now one of the things that-- that's a given and we've heard testified to many times, if you want to discourage something, tax it and that's what will happen. What we have here and the Highway Trust Fund in Nebraska was created so that there were user fees that supported roads and bridges and those kinds of things in Nebraska. And it was to take that out of the line of fire. If-- if the-- if the roads and bridges and highway uses and all roads funding had to compete with everybody else for General Fund dollars, it's going to be a very difficult task in the Legislature. You're going to have-- you're going to have lots of controversy and you're going to have a lot of problems in working all



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Revenue Committee February 3, 2023  
Rough Draft

that out and who, you know, who gets what. It's-- it's going to be quite difficult. The other thing that's going to happen and we already see it happen to some extent, the border bleed is going to be spectacular with new motor vehicles because you can buy them in another state. If we're not going to tax them used, all you have to do to turn a vehicle into a used car is title it somewhere else. Under the federal law, all you have to do to have a used vehicle is to drive it more miles that are necessary to deliver it. And so we're going to be struggling with those kinds of things. I can tell you that my new car dealers, we sold about 100,000 new cars last year. And if we are in a situation where we're simply going to have to manipulate things and cause those new vehicles to be used vehicles and title them someplace else first to bring them back here, it's an awkward, unwieldy, and we think unreasonable system. We want to-- we want to-- we want to pay our fair share on our products. We-- we-- we are not that unhappy with the way things have been. We just don't think this ought-- that ought to be part of the fix. Thank you.

**FLOOD:** Thank you, Mr. Todd. Are there any questions? Seeing none, thank you.

**KENT ROBERT:** Senator Linehan, members of the Revenue Committee, my name is Kent Rogert, K-e-n-t R-o-g-e-r-t, and I'm here today in opposition of LR264CA on behalf of the Wine Institute, which is a thousand California wineries that look to make fair alcohol practices all the way across the country. I don't need to reiterate what Mr. Slone and Mr. Blady-- Brady said. Border bleed is a deal. It's been talked about that for middle and lower income folks they can just buy used products. I don't want used wine. I don't think you guys do either. So all wine is new, and so we would always be subject to the consumption tax, and that's all I have for today.

**LINEHAN:** Thank you. Are there any questions from the committee? Seeing none, thank you very much. Other opponents? Are there any other opponents? Anyone wanting to testify in the neutral position? No one in the neutral position? We did have letters for the record, yes, but a short closing, Senator Erdman. We had 75 proponents, 12 opponents and 0 neutral, for the record.

**ERDMAN:** Thank you, Senator Linehan. Thank you for staying around. I know what it's like to wait.

**LINEHAN:** We have another hearing, so.

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Revenue Committee February 3, 2023  
Rough Draft

**ERDMAN:** I know.

**LINEHAN:** OK.

**ERDMAN:** So let me start with this. I so appreciate the people that came to testify in favor. You didn't hear a lot of duplication. You didn't hear people repeat the same thing someone else said, very thoughtful. The other issue is not one of those people was paid to be here, not one. They all drove on their own time, spent their time in a hotel room to be here to testify. All of those in opposition, every one was paid to be here, every one, and they whine about border bleed. And they don't take the time to read any of the dynamics study. And a new car dealer lobbyist says they're going to buy a car in another state. Any of you ever bought a car on the Internet? Every car I own for the last five years, I purchased on the Internet: Indiana, Minnesota, South Dakota, Iowa. You know where I paid the taxes? At the courthouse. I didn't pay the taxes in Iowa. I didn't pay the taxes in Indiana. I paid the taxes in the courthouse. And they whine about nobody's going to buy a new car. Under the current system, buying a new car, if you bought a \$50,000 car in Nebraska in Lincoln to get it on the road, it's going to cost you \$4,850. Under the consumption tax, it's \$3,200. Now are you going to buy a new car or used car? And that was a great commercial by the insurance lobbyist. I had met with him three times. I asked him when we started, what is the solution? Help us fix it. I said, how much does the insurance company have an investment in real estate? That goes away. How much is that? How much are your premiums go to business-to-business transactions? That goes away. What I asked Beacon Hill last week is the insurance premium tax, is it an excise tax? And they said we didn't include that in our analysis. It's an excise tax. So we don't have a problem with the insurance company, They continue to do what they've been doing all along. So we have all these people come in here that are paid thousands of dollars a year to come in here and tell you that all of those people that came on their own dime don't know what they're talking about and it's going to put us out of order. Now, let me tell you what Laffer said. When they did California, here's what happened. He said these were the groups that were against them: the Democrats, the Republicans, the longshoremen, the teachers union, the police union. Everybody was against them, everybody. He said there was one small group they forgot about. You know which one that was? The voters, the voters and it passed two to one. Why? Because their tax system was broken. And so maybe it's more important today who's against you than who's with you because I am proud to have those people with me. And the lobbyists come here and have all these

questions and all these ideas that they never read the bill. They never understood. We introduced LB133 last year, which is our interpretation of how it will be implemented. They never looked at that and they accused me of all this, pass it, just pass it and we'll fix it. I introduced that for the discussion. All right? I didn't do this lightly. Now I want to tell you something. When Art Laffer says we're on the right track, OK, I take his word over any retired lobbyist-- any retired economist from the University of Nebraska, any of them. So we came here to present today to you, the solution, irregardless of what the paid lobbyists say and they're whining about, you're going to lose control. And I hear all this local control. What does that mean? It means we can't tax the hell out of you without your permission. That's what it means. I'm a little fired up and I'm a little fired up because those people that came today came here on their own. They're concerned. And I'll tell you right now, if this continues, when I retire from this position, we're going to be in South Dakota. That's a fact because I've already got houses in Arizona, I got houses in Florida, and I can tell you right now the Florida-- the house is in Arizona, the taxes is 20 percent or less. I got a house in Arizona that's worth \$250,000. The taxes and the insurance is \$1,600 a year. Why do I live in Nebraska? That's what's going to continue to happen. Young people are going to continue to leave and then you whine about brain drain. And then the-- the Chamber says, we've got to have economic development. We've got to have in the-- in the-- we've got to have income in the rural areas. Right? Young couple in Thedford when I made a presentation there, they said if we would implement consumption tax, we save \$60,000. We used to have a hired man. We don't have him anymore. Why? Our property tax went up. We either had to hire a man or pay our taxes, so we decided to pay our taxes. So the guy said, when we calve, I'm up 24/7, me and my dad. First thing we do is we hire somebody. That's economic development in rural Nebraska. So the Grocers Association opposed this. We're not going to charge any consumption tax on any SNAP benefits used, and there'll be no consumption tax up to the poverty level for low-income people, medium-income people. But we're scared. Well, let me tell you this. Until we get more scared and more frightened about what we're doing now than we are about change, we'll never have any change. We will never have change until we understand that the road we're on now is a dead end and we make the decision to turn around and fix it. We're going to continue to go the way we're going and people are going to keep leaving. You heard Lee Todd talk about that, right? He's leaving and there are many more leaving just like him. So I appreciate what they said today. I appreciate what they did when they came in. They

didn't repeat themselves. The young man was amazing. I appreciate your vote to get it out to the floor. Thank you.

**LINEHAN:** Thank you, Senator Erdman. Are there questions from the committee? Seeing none, thank you very much. I have read the letters in, right? So that brings our hearing on LR264CA to a close. And we'll open the hearing on LB1242. Senator Murman, there you are. Good afternoon, Senator Murman. Good evening, I guess maybe.

**MURMAN:** Good afternoon, Chairman-- Chairwoman Linehan and members of Revenue Committee. For the record, my name is Senator Dave Murman and that's D-a-v-e M-u-r-m-a-n. I represent District 38, which includes the counties of Clay, Nuckolls, Webster, Franklin, Harlan, Furnas, Red Willow and part of Phelps County. I come before you today to introduce LR281CA, which proposes to amend the Nebraska Constitution with regard to the treatment of commercial property for purposes of property taxes. Specifically, LR281CA would submit--

**LINEHAN:** Just a second. Gentlemen, ladies-- I need-- we have another hearing going on. So either outside, quiet, shut the door. Shut the door. Somebody, whoever's standing there, pull the door shut. Yes, Grant, you're doing all, you're great. (LAUGHTER) OK, go ahead. I'm sorry, Senator Murman.

**MURMAN:** Yeah, no problem. LR281CA would submit to the voters at the general election in November of this year a proposal to amend Article VIII, Section 1, Constitution of Nebraska to state that the Legislature may provide that commercial real property constitutes a separate and distinct class of property for purposes of taxation and may provide for a different method of taxing commercial real property, which results in values that are not uniform and proportionate with all other real property, but results in values that are uniform and proportionate upon all property within the class of commercial real property. Members of the committee are probably aware, I introduced LR230 last year as an interim study to examine limiting property taxation to residential property-- property only for the purpose of school funding. The hearing on LR230 was held before the Revenue Committee last October 8. LR281CA and LB1242 are an extension of the ideas expressed at that interim study. As the proponents testified after me will affirm, property tax levies to support free instructions in the common schools should be limited to residential real property and not on agricultural land or commercial property. This is a fairness issue, and limiting such levies to residential property is a more equitable policy to fund public education. Agriculture and

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Revenue Committee February 3, 2023

Rough Draft

commercial property do not receive any more services from the public schools than residential property. Home values are a more accurate measure of an ability to pay taxes to fund public schools. Our current tax system places an overreliance on taxing agricultural and commercial land to fund education, resulting in an undue inequitable-- inequitable burden on agricultural producers and businesses. The language of LR281CA is necessary to carry out the intent of LB1242, which would provide that agriculture and commercial property be valued at zero for taxes levied by school districts. Committee members, thank you for your consideration of LR281CA, and be happy to take any questions.

**LINEHAN:** Thank you very much, Senator Murman. Do we have any questions from the committee? Seeing none. Proponents. Do we have proponents? No proponents? Opponents. Do we have opponents? This could be really good. Do we have anybody in the neutral position? Oh, would you like to close?

**MURMAN:** Quick one. Our current tax system is outdated and broken with regard to funding K-12 education, limiting property taxation to residential property only, and it is only a fair and equitable solution. So I'd appreciate your support of this bill and moving it out of committee.

**LINEHAN:** Thank you very much. So we will-- do we have letters on this one? What did I do with them?

**GRANT LATIMER:** They're in the back of each tab as well.

**LINEHAN:** We have on LR281CA, we had one opponent. OK, so we close the hearing on LR281CA and open the hearing on LB1242, which is again you, Senator Murman.

**MURMAN:** Good afternoon again, members of Revenue Committee. For the record, my name is Senator Dave Murman. That's D-a-v-e M-u-r-m-a-n, and I represent District 38, which includes most of eight counties in extreme south central Nebraska. I come before you to introduce LB1242, which essentially changes the valuation of agricultural and horticultural land and commercial real property to zero for the purpose of taxes levied by a school district. As I previously testified, I introduced LR230 last year as an interim study to examine limiting property taxation to residential property only for the purpose of school funding. A hearing on LR230 was held before the Revenue Committee last October 8th and LR281CA and LB1242 are an

extension of the ideas expressed at that interim study. Property tax levies to support K-12 education should be limited to residential real property and not on agricultural land or commercial property. This is a fairness issue and limited-- limiting such levies to residential property is a more equitable policy to fund public education. Agricultural and commercial property do not receive any more services from public schools than residential property. Home values are a more accurate measure of an ability to pay taxes to public schools. Our current tax system places an overreliance on taxing agricultural and commercial land to fund education, resulting in an undue inequitable burden on agricultural producers and businesses who simply can't just keep going like this. In the past, prices of agriculture products were generally determined at the local level. Now, prices are determined by worldwide markets with Nebraska agriculture producing, exporting subs-- producers exporting substantial proper-- portions of their crops and livestock. Currently, Nebraska exports approximately 15 percent of its corn, 20 percent of its soybeans, more than 12 percent of its beef, and ranks sixth in the nation in the value of ag exports for the past couple of years. It's difficult for Nebraska farmers and ranchers to be competitive in these worldwide markets when farmers and ranchers in other states and countries have a smaller property tax burden. Simply put, with our current property tax system, Nebraska agriculture is at a competitive disadvantage in these worldwide markets today. The present high price of agricultural land necessary for production results in higher valuations, thus creating a larger tax burden. Unlike many other businesses, if you want to expand your operations, you have to buy or rent additional land, thereby adding to the property tax burden. This is especially burdensome for young farmers. Excessive property tax on commercial and agricultural land is unfair compared to nonproperty and inten-- intensive occupations that require smaller amounts of or even no property to operate. Some examples are accountants, software designers, engineers, attorneys, doctors and electricians. These occupations often make more income than commercial property owners or farmers, but pay little or no property tax on the means of their income. If they do pay property tax, it can be passed on to the consumer. I've talked with a number of school superintendents in my district and they've mentioned an erosion in local support by farmers and ranchers who pay an increasingly substantial portion of school funding through their climbing property tax bills. These folks are often several generations in the school district and strongly support public education, but become disheartened by ever-increasing property tax burden. Unlike some manufacturers, they can't move their businesses to another state if

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Revenue Committee February 3, 2023  
Rough Draft

they don't like the tax climate. Limiting the taxes levied by school districts to residential property would result in a more equitable tax policy. Thank you for your consideration of LB1242 and I'd be happy to take any questions.

**LINEHAN:** Thank you, Senator Muman. Are there questions? Senator Bostar.

**BOSTAR:** Thank you, Chair Linehan. Thank you, Senator Murman. So just-- so I understand, the homes of farmers and ranchers that live out on the farm and the property under those homes, would that-- would that also be set to zero valuation?

**MURMAN:** No, that's residential property. So they'd pay the same taxes on that property as other residential owners.

**BOSTAR:** Thank you.

**LINEHAN:** Thank you, Senator Bostar. Other questions?

**MURMAN:** I'm sorry, by the way, they do now also.

**LINEHAN:** Yes.

**MURMAN:** Now go ahead.

**LINEHAN:** The fiscal note. Have you figured out what they-- I mean they're saying-- you didn't change it inside the formula? I don't quite understand the fiscal note, do you?

**MURMAN:** I haven't studied the fiscal note that closely.

**LINEHAN:** I know they've only come-- well, I think there are some school people here, so. I don't understand it. OK, we'll have testifiers and then maybe we can figure it out.

**MURMAN:** Maybe somebody behind me can answer.

**LINEHAN:** Yeah.

**MURMAN:** I'll think about that a little bit.

**LINEHAN:** OK.

**MURMAN:** Maybe get back to you.

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Revenue Committee February 3, 2023

Rough Draft

**LINEHAN:** If it cost nothing, according to the fiscal note. I went --  
hmm? OK. All right, we'll have proponents.

**MERLYN NIELSEN:** Good afternoon, my name is Merlyn Nielsen, M-e-r-l-y-n  
N-i-e-l-s-e-n. And my residence is Seward. I am an ag land owner and a  
board member of Fair Nebraska. We appreciate Senator Murman's  
leadership in bringing this bill for a hearing today. As a member of  
Fair Nebraska, this is my fifth year of coming to testify at hearings  
here before the Revenue Committee. LB1242 is the closest we have  
gotten to the needed fix to relieve the onerous property tax on ag  
land and commercial property. Let me demonstrate using my family's  
property how onerous taxing of some property is for schools showing  
little relationship between benefits received and who pays. The  
Nielsen families 2021 property tax for schools, just schools, totals  
\$35,821. Of this, \$32,396 is tax on ag land and buildings, and \$3,425  
is the tax on our residential property. Like most Nebraskans, we live  
in a modest home. Thus, we do not complain about the \$3,425 in school  
taxes because all residential property is taxed in the same manner for  
schools and all benefit. Our attention is focused on the \$32,396 on  
our ag property. My friends in town with similar wealth, but no wealth  
in-- all that wealth is intangible property are not sharing the burden  
for getting benefits from our public schools. We've been asked before,  
what is your effective tax rate? Well, I looked at our 2020 1040N that  
my wife and I filed, and it shows that of our Nebraska taxable income,  
if you sum the Nebraska income tax with our local property taxes that  
we paid is thirty two and a half percent of that Nebraska taxable  
income. Now, if we would take school taxes out of our tax liability  
like was proposed with LB1242, then that tax-- our effective tax rate  
drops down to 15 percent. Taxing can be evaluated on two principles,  
the benefit principle where individuals are taxed in proportion to  
benefits received, or on the ability-- ability to pay principal. I  
contend the property taxing of only residential property supports  
school, satisfies these two principles. Our present tax exempt system  
does not come close. I thank you Senator Linehan and the members of  
the Revenue Committee for letting me appear before you today and share  
my strongly supporting position on LB1242.

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

**FRIESEN:** Thank you, Chairwoman Linehan. Well, Mr. Nielsen, I know  
you've worked on this a lot and you've tried to take into account the  
revenue lost and you've looked up apartment buildings, those types of  
things when we do this, so how-- the fiscal note is obviously wrong



because it shows no fiscal impact to the state, but I do believe TEEOSA would explode under this because we've lost resources. So I don't know how they show that there's no fiscal note, but how do you propose it-- it says, you know, there's 1.2 billion lost across all districts. How do we make up that money and pay for school?

**MERLYN NIELSEN:** I think the estimate of around 1.2 is probably correct-- billion, that would be required in additional state funding to leave us revenue neutral in funding of our schools. Where did that come out of schools? Excuse me, the state current funding that we have, or current state budget that we have because that's almost a little more than doubling the current state aid. Well, we have things like LB1107, where we're getting Property Tax Rebate back in the form of income tax. We have the Property Tax Credit Relief Fund of 313 million, I believe, this year. I realize part of that goes to residential and we've got to balance that out somehow. That doesn't all go back to commercial or ag-- or ag property, but we're having an increasing amount of attempts to try and give tax back from the state to cover that local property tax and we're getting very close to that 1 billion, 1.2 billion, probably, dollars.

**FRIESEN:** So you would favor repurposing some of those funds?

**MERLYN NIELSEN:** I would think we would have to. I don't see how we would do it without doing that, Senator.

**FRIESEN:** Thank you.

**LINEHAN:** Thank you. Senator Friesen. Other questions from the committee? Senator Bostar.

**BOSTAR:** Thank you, Chair Linehan. Just real quick. And so in the fiscal note it also, it says that-- that 1.2 billion deficit would be assuming that every district would go to a maximum dollar five levy on the remaining residential property. Is that-- is that how you understand that as well?

**MERLYN NIELSEN:** I didn't get to see that, so I'm a little bit caught off guard, but I can tell you and we presented this in the October 8 hearing that we have before this body on the LR230 from last year, that the call for the special hearing that we had on October 8. When we went to the Legislative Fiscal Office and asked them to help under requests from Senator Murman. I didn't ask for it, Senator Murman had to ask for it. If we put current a levy of 1.0 on all residential

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Revenue Committee February 3, 2023

Rough Draft

property across every school district in Nebraska as an example, just an example, that was \$1.13 billion of state aid that would have to be pumped out of Lincoln to go to all the school districts to get that-- to stay at the same level of school budgets. Now, does that help you a little bit? The 1.05, I think with your 1.2, either I'm not current enough with what our current budgets are right now or-- or I would think that might be a little greater than we might need. But I could be-- haven't caught up for a year or two because when we did that study through the Fiscal Office, we were using 2019. You're always behind a year or two. They have to complete that.

**BOSTAR:** Thank you very much.

**MERLYN NIELSEN:** Yeah, appreciate it.

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

**MERLYN NIELSEN:** Thank you.

**LINEHAN:** Other proponents?

**DOUG NIENHUESER:** Good afternoon, members of the Revenue Committee, Senator Linehan. I don't envy you guys the job at all. After the hearing back in October, the question was asked, what is the effective tax rate?

**LINEHAN:** Oh, I'm sorry, you have to-- I know you have been here many times, but I need you to state and spell your name.

**DOUG NIENHUESER:** Doug Nienhueser, D-o-u-g N-i-e-n-h-u-e-s-e-r, and I'm a founding member of Fair Nebraska, and we've been working on this now for five years. This is as close to an answer as we can get. On the effective tax rate, I work with my accountant to-- to assure some accuracy there. I asked him to compare what the taxes would be for a W-2 wage earner living in a \$400,000 home compared to a commercial business and a farm business with the farm being a 1,000 acre farm and owning all the ground is-- whether you rent it or not, you're paying the property taxes on it. All examples are located in the York School District to help show why change is needed and how we fund K-12 education. Nebraska needs a more fair system that every voter pays on a comparable valuation, thereby creating more accountability for all school improvements and activities that are negotiated through the election process. And as you go down and you look through it, a W-2 wage earner, and they all have comparable incomes and they're all

actual businesses in York County, the W-2 wage earners effective tax rate for all taxes, federal, state, property. The only thing that's not included in this is personal property and depreciation, which kind of balances out the-- the table between commercial and farms. The W-2 wage earner is going to pay 35.4 percent of its income in taxes. A commercial business, 34.4 percent. A Schedule F farmer pays seventy-one and a half percent of its income in taxes. And an S Corp farm is 62.6. Percentage property taxes in your county schools for 2020, is 62.99 percent. This removed the results and falling percentages, takes the W-2 to 34.3, commercial business, 30.2, Schedule F farm to 47.3 and a S Corp farm down to 40.8. These percentages seem extreme until we look at Table 19 on the next page there from York County. The middle column on line F, agricultural land, page--

**LINEHAN:** I'm going to have to see if somebody will ask you a question.

**DOUG NIENHUESER:** OK, sorry.

**LINEHAN:** OK. Does somebody have a question? Senator Friesen.

**FRIESEN:** Thank you, Chairwoman Linehan. Just continue on with your table.

**DOUG NIENHUESER:** These percentages seem extreme until we look at Table 19 and the middle column, agricultural land pays 54.18 percent of the property taxes collected in York County. The SALT showed what the effect of removing school funding from property taxes on agricultural permits, commercial businesses changes the effective tax rate to a more equitable situation. Fair Nebraska's goal is to achieve a more fair way of funding K-12 education. The fairest method would be removing the burden from commercial and agricultural businesses from paying property taxes to fund K-12 education. This would place the cost of education on residential property, creating accountability and responsibility for every homeowner in each district. And I'd also like to make note that you look in that center column there under age, residential has two asterisks. You look down at the bottom and residential includes ag dwelling and farm home cycling on it. So you guys can take a look at that and I'll maybe be able to help you make your decision. Thank you.

**LINEHAN:** Thank you. Are there any other questions from? So this is-- this is they're effective-- what you're saying, your effective tax rates over the--

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Revenue Committee February 3, 2023  
Rough Draft

**DOUG NIENHUESER:** That's all the taxes you would pay off your income. That doesn't have the--

**LINEHAN:** Does this fit-- include federal taxes?

**DOUG NIENHUESER:** Yes.

**LINEHAN:** OK. OK, that's where I'm losing you. OK.

**DOUG NIENHUESER:** It doesn't include depreciation, and it doesn't include personal property taxes on equipment that your commercial businesses and farm would pay.

**LINEHAN:** OK. All right. Thank you for being here. Appreciate it.

**DOUG NIENHUESER:** Thank you.

**JAY FERRIS:** Well, good afternoon.

**LINEHAN:** Good afternoon.

**JAY FERRIS:** Chairwoman Linehan and members of the Revenue Committee, my name is Jay Ferris. That is J-a-y F-e-r-r-i-s. I serve as director of political engagement, state policy for Nebraska Farm Bureau. I'm here today to testify in support of both LR281CA and LB1242 on behalf of the following organizations consisting of Nebraska Cattlemen, Nebraska Farm Bureau, Nebraska Corn Growers Association, Nebraska State Dairy Association, Nebraska Pork Producers and the Nebraska Soybean Association. We thank Senator Murman for bringing these bills forward and the Revenue Committee for the opportunity to comment today and to continue the discussion on how we reform Nebraska's property tax system. Although we do appreciate the tax relief the Legislature has provided over the recent years, the members of the ag leaders continue there still exists a disproportionate burden on the agriculture and commercial property owners for funding schools. LB1242 and the companion bill of LR281CA will go a long way to address the inequity of our state-- of the way our state funds K-12 education. Agriculture and commercial property have a direct benefit from many of the services funded by property taxes such as law enforcement, roads, bridges, fire protection, etcetera. While residential property also benefits from these services, residential property is much more closely linked to producing Nebraska K-12 student base and therefore should have a greater role in funding public education. Limiting local funding for K-12 education as provided in LB1242 to residential real property would be a more fair and equitable approach. We would

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Revenue Committee February 3, 2023  
Rough Draft

ensure-- this would ensure funding for these services would serve a direct benefit to the property being taxed. I want to assure you that all of the organizations that makes up ag leaders believe a quality education is vital to everyone in the state. However, we need to find ways to fund our education system more equitable-- equitably. It will take transformative thinking and a collaboration to examine all of the pieces that need to go to substantial reform. Efforts like this should not be dismissed-- dismissed by the Legislature. And when reading the fiscal note, we do see that school districts would be significantly impacted. That is not our intent, and that's also why we are working with Senator Friesen on stabilization aid proposal to fill voids that could potentially exist. Bold ideas bring committed stakeholders to the table who are intent on finding solutions to our overreliance on property taxes as a means of funding K-12 education. LB1242 and LR281CA is a step in the right direction. So I thank you for your time and be happy to answer any questions.

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

**PAHLS:** Thank you. Today, I looked over all the cost of educating a kid across the state of Nebraska and several schools like 28, 29,000, and of course goes down to 10, 12, 3,000. Maybe-- would you be in agreement with fewer schools because you could have a more effective cost per student.

**JAY FERRIS:** Yeah.

**PAHLS:** Would that-- is that-- could that be an answer?

**JAY FERRIS:** Well, you know, I believe what you're talking about. You know, there is an economy of scale with, you know, of how we fund that. And I think there needs to be ways to look at of how we reduce the cost of education. And I believe this bill directly addresses that. This is basically on how we funding our education system and doing it in an equitable and fair way.

**PAHLS:** If you drop the cost, automatically that would help.

**JAY FERRIS:** Sure.

**PAHLS:** You know, the tax base. I'm just-- I'm-- I'm just curious. We need to take a look more than just the hitting the farmer or the rancher because they could take a look at the schools, what they are

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Revenue Committee February 3, 2023  
Rough Draft

costing us. I think we need to-- that's got to be part of the equation, you know.

**JAY FERRIS:** Yeah, be happy to look at all aspects of it.

**PAHLS:** OK, but that to me, that's-- that's significant. Twenty-eight, thirty-thousand dollars for a kid in some schools, where other schools do it for half the price. It is the economy scale. Maybe that's something that have to take a look at.

**JAY FERRIS:** Sure.

**PAHLS:** I just-- I see that.

**JAY FERRIS:** And while we would look at that I would also look at the-- at the benefits in education that is there between the high costs and the lower costs schools. Is there something there as well.

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

**FRIESEN:** Thank you, Chairwoman Linehan. I mean, we've talked about consolidation before and when we've seen the schools that have consolidated, generally there's-- has there been a cost savings?

**JAY FERRIS:** In some cases, I believe there has been, but I don't believe it's across the board that sometimes when-- and I know this was 50-years ago, my school district consolidated and there wasn't a cost savings in that scenario. So that's one I'm experienced-- or experienced with, but.

**FRIESEN:** You guys represent a lot of members across the state.

**JAY FERRIS:** Sure.

**FRIESEN:** Some of these high cost schools that he's talking about, could you describe those? Are those-- could they consolidate?

**JAY FERRIS:** You know that's-- in some cases, I believe-- I mean, there's been a lot of consolidation over the last 10, 20 years in rural areas. You know, I believe that's something that can be looked at, that there are probably some school districts that would make sense, but there are some school districts that currently, and as you say, we represent areas where it may be 70-plus miles to travel to school in one direction. And I don't believe in some areas a consolidation makes sense.

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Revenue Committee February 3, 2023  
Rough Draft

**FRIESEN:** Thank you.

**LINEHAN:** Thank you. And I just want to follow up question and we can get this information because it is important. I think the number of students that are in schools that go into the-- the expensive, the number is like tiny, right?

**JAY FERRIS:** Yeah. Many cases, I believe you are correct and that's where the economy of scale. You know, there are certain services that have to be provided and the fewer number of students, you don't have the number to multiply that out, so it's higher per pupil.

**LINEHAN:** All right. OK, thank you very much for being here. Appreciate it.

**JAY FERRIS:** Thank you.

**LINEHAN:** Other proponents? Good afternoon.

**TOM HOEGEMEYER:** Good afternoon, Senators. My name is Tom Hoegemeyer. H-o-e-g-e-m-e-y-e-r. I'm a Lincoln resident now, but spent most of my life running the seed business in Dodge County. We were the third largest business in the county at the time, and sub-- subsequently it was sold. So I've seen, you know, business side as well as ag side. It happens that my uncle, Ross Rasmussen, was a state senator and was co-introducer of the bill that became income tax, property tax, sales tax, and he made a lot of enemies. But the bottom line is they horse-traded, weighting the bill heavily towards property tax to get urban votes, business votes, mostly from the business community, and they absorbed the University of Omaha into the University of Nebraska system. Those were the two things that they had to trade to get a tax law passed. Well, two of the key assumptions. I was a college student at the time and I spent a lot of time with my uncle in his apartment over here visiting, and learned a lot about the ins and outs of what was going on. The two key assumptions involved in that were that ag producers really competed with each other locally, and they didn't have to worry about price competition from the next state or the next county, much less the next country. And the second one was that the property tax on nonag businesses, basically on their buildings and other real tangible property, fairly evaluated their-- their liability. Well, the problem is, is that the economy shifted dramatically. There was no such thing. The service economy was tiny. There was no information economy. And the real problem with the property tax is the valuation system on tangible property just doesn't

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

work in a 21st Century economy. So if there's going to be property tax on business, the whole computation has to be done based on earnings. You can do, you know, a standard capitalization rate and say a business is worth so much and so they have to pay this much. You can do it with the local income tax. But the bottom line is the property tax is just totally outmoded in terms of being fair and-- and operating. So, my time is up.

**LINEHAN:** Thank you. Any questions from the committee? Thank you very much for being here. Appreciate it.

**JERRY STAHR:** Good afternoon.

**LINEHAN:** Good afternoon.

**JERRY STAHR:** Senator Linehan and members of the committee, research analyst, legal counsel, and if I can butter him up, I can get more time, but I won't need it. I'm here on-- well, I've noticed the general theme this afternoon.

**LINEHAN:** Your name.

**JERRY STAHR:** Oh, I'm sorry. Jerry Stahr, J-e-r-r-y S-t-a-h-r. I've noticed a general theme this afternoon that people are not happy with their taxes. Have you gotten that also? But I'm going back to the same thing I have but it-- it-- it not only it hurts everybody in our community, whether you're young or old, it's certainly hurt my mother. Believe it or not, she's 98. I think I went through this before. Every four years she pays for the property that they bought 45 years ago, which is insane. And-- and I realize, yes, the valuations of things have gone up, but that's-- that is-- it's not quite right. And honestly, I'll pay for the property I bought over the years in less time it took me to pay for it with taxes, which is kind of crazy too. And I'm-- I'm here on behalf of this. I think this legislation is good. We need to take some of the onus off agriculture. The cities can charge sales tax, which they do, and most of them use it. Well, York, I know, uses it. That's where I come from, uses it for-- for property tax relief, and none of that can transfer over into the ag community and I think that's by law. So they actually get a little help. We do not. The fact that, you know, our income tax burden, in my opinion, probably isn't as bad as it could be. When you look at the state aid formula, there's a possibility that 20 percent of the income tax that's generated in our county could come back to our school system, which would help us out immensely because right now, agriculture is



taking care of about half of the schooling for the kids and the other 6,000 people in York take care of the other half. And honestly, there's probably no more than 4 percent of our county are in agriculture anymore. So basically, I'm just-- it's-- it's just me, I guess maybe I'm a little selfish, but you know, somewhere along the line, I'm actually trying to get out of farming here gently, and my son wants to take over. And honestly, it's going to be hard with taxes as high as they are to do that. Thank you, committee, I appreciate it. It's been a very long afternoon, and I think I'm the last proponent, so you may have a break.

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

**JERRY STAHR:** Thank you.

**LINEHAN:** Are there any other proponents? OK, opponents? Good afternoon.

**LAUREL SARISCSANY:** Good-- almost evening now, I guess. Thank you for having me, Chairperson Linehan and members of the Revenue Committee. My name is Laurel Sariscsany, spelled L-a-u-r-e-l S-a-r-i-s-c-s-a-n-y-- long one --and I am the policy analyst at OpenSky Policy Institute. And we are here to testify today in opposition of LB1242 because of the huge tax shift that would be borne by residential homeowners and the immense revenue loss it would cause for our public schools. By eliminating school property taxes for commercial and agriculture properties, resident-- residential property owners that live in the school districts that are under their levy limit would see increases in their property taxes. Low levy districts, the tax increases on residential property owners is likely to be significant. And even then, they are not likely to be able to make up for that lost revenue. In urban areas where there is little ability for school districts to raise their taxes, their levies-- excuse me, they will see a significant revenue losses. The fiscal note estimates that assuming all school districts increase their levies to 1.05, there would still be an overall loss in revenue of 1.2 billion for K-12 schools. Because there is no provision changing the adjusted valuation in LB1242, there wouldn't be a corresponding increase in state aid. The Tax Moderate-- Modernization Committee recommends increasing state aid to schools is the most effective way to address our state's overreliance on property taxes. This would do the opposite not only devastating our public schools, but also forcing all districts to raise levies on their residential property owners. We're

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Revenue Committee February 3, 2023  
Rough Draft

basing our testimony on modeling of these types of proposals in prior years, but we haven't had a chance to model this exact proposal yet. However, if Senator Murman or the members of the committee are interested, we would be happy to model it and work with them. Thank you for your time, and I'm happy to answer any questions.

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

**FRIESEN:** Thank you, Chairwoman Linehan. So when I'm looking at the fiscal note, I am-- when you take away this many resources in the TEEOSA formula, why wouldn't the impact in TEEOSA be-- make up for most of that?

**LAUREL SARISCSANY:** That's a great question, and thank you for that. I'm sort of the pitch-hitter tonight for late testimony. I will have to get back to the other members of my team to get an answer for you.

**FRIESEN:** I-- just when I look at the fiscal note too, there's a huge revenue drop and we are taking resources, to me that meant TEEOSA would have to make up for that lost resources. And maybe it wouldn't dollar for dollar, but it just seemed odd that it didn't account for that. So, thank you.

**LAUREL SARISCSANY:** I'll look into that. Thank you.

**LINEHAN:** I think it's a drafting error. You said somewhere in your testimony, not too far down, they would with little ability to raise their taxes. I think maybe in the second paragraph.

**LAUREL SARISCSANY:** Yes.

**LINEHAN:** Can you read that sentence again, please?

**LAUREL SARISCSANY:** OK. And let's see. OK. In low levy districts, the tax increases on residential property owners is likely to be significant, and even then, they are not likely to be able to make up for their lost revenue. Is that what you are looking for?

**LINEHAN:** Keep going.

**LAUREL SARISCSANY:** OK. In urban areas where there is less ability for school districts to raise their levies, they will see significant revenue losses.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** OK, maybe I thought I heard you say a little ability to raise their taxes. You didn't say that.

**LAUREL SARISCSANY:** Yeah, maybe.

**LINEHAN:** OK, said by Ms. Sariscsany. Because what gets lost here and what is so frustrating, I think for most of us, not all of of us on the Revenue Committee is, well, valuations are going up 10 or 15 percent, they'd be ag or rural urban. They have every ability to raise their taxes with the same levy. So anyway, maybe I just misunderstood what you said.

**LAUREL SARISCSANY:** Thank you for your comment. I'll follow up if there's anything additional to add.

**LINEHAN:** All right, thanks for pitch-hitting.

**LAUREL SARISCSANY:** Thank you for having me.

**LINEHAN:** All right. Well, it's not Friday, but basically Friday for us. Thank you.

**LAUREL SARISCSANY:** Thank you.

**LINEHAN:** Other opponents? Good afternoon, evening.

**JACK MOLES:** Good evening, Senator Linehan and members of the Revenue Committee. My name is Jack Moles. That's J-a-c-k M-o-l-e-s. I'm the executive director for the Nebraska Rural Community Schools Association. Today, I'm also testifying on behalf of the Nebraska Council School Administrators, Nebraska Association of School Boards, Schools Taking Action for Nebraska Children's Education, the Greater Nebraska Schools Association and the Educational Services Unit Coordinating Council. On behalf of those organizations, I wish to testify in opposition to LB1242. It is our belief that the bill would have-- would cause havoc in school funding that would be difficult for the state to overcome. By my count, 186 school districts would lose 50 percent or more of their taxable valuations as a result of this bill with 75 of them losing over 75 percent of their taxable valuations. If LB1242 were to be enacted, we believe the Revenue Committee would likely be forced to move on bills would drastically raise income taxes and/or sales taxes. One thing that you have talked about and I did notice also the fiscal note did say that the Department of Ed's analysis said that would not show an impact on state aid to schools,

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

and that was corroborated by somebody else. I can't remember who it was. They did ask for it.

**LINEHAN:** It's written wrong.

**JACK MOLES:** I'm sorry.

**LINEHAN:** It's just written wrong.

**JACK MOLES:** Oh, as it's written right now, yes.

**LINEHAN:** Right.

**JACK MOLES:** OK. Their analysis, of course, did show that about 1.2 billion in funding would be lost to schools. Thus, the vast majority of schools would be devoid of a large part of their income. And in closing, the education organizations named above are opposed to LB1242. We are certainly sympathetic to the overreliance on ag land property taxes and the current state school funding structure, but don't believe that this is a realistic remedy. We would encourage you not to advance the bill.

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

**FRIESEN:** Thank you. Chairwoman Linehan. So if-- if the Department of Education just showed that 1.2 billion would be lost in funding, we've got quite a bit of money, LB1107 money in the Property Tax Relief Fund. We're not that far off from being able to fund this.

**JACK MOLES:** You're probably not. That would fall on to you, of course,

**FRIESEN:** But it's not-- it's not an insurmountable number when you add those all together and take our current state aid that's out there yet. I don't know. Does that sound right to you that we could?

**JACK MOLES:** Well, I'd like to think there are some things you could be doing, yes.

**FRIESEN:** I mean, I just--

**JACK MOLES:** Yeah.

**FRIESEN:** --when I add those two together, and look at this, I go, you know, that's not an insurmountable goal.

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Revenue Committee February 3, 2023  
Rough Draft

**JACK MOLES:** We have supported some other high dollar items too that could help solve this too. So, yeah, I think you do have-- I think you have the ability to do it.

**FRIESEN:** OK, thank you.

**LINEHAN:** Are there questions from the committee? Wouldn't this actually work better for NRCSA and STANCE than LB890?

**JACK MOLES:** I don't know that-- yeah.

**LINEHAN:** It will be all going to--

**JACK MOLES:** Pardon.

**LINEHAN:** The problem with your position right now and I have great empathy for you, I really do and you've worked hard for this. I've seen you all week. Seems like we've seen you every day. Since you got here, you were testifying on behalf of NRCSA and STANCE and GNSA. So you can't tell me exactly what NRCSA would think. You're kind of in a bad spot because--

**JACK MOLES:** Actually NRCSA was the one that was coming in to testify against it, although-- and again, I state and I'll say this every time. I believe there's an overreliance on property taxes, especially the ag property taxes.

**LINEHAN:** So it seems to me, to Senator Friesen's point, if this would pass and I'm not saying-- but if it would pass, NRCSA and STANCE would be huge winners.

**JACK MOLES:** In a perfect situation where everything was fully funded, yeah, we would.

**LINEHAN:** OK. Thank you. Any other questions? Thanks.

**JACK MOLES:** Thank you.

**LINEHAN:** Other opponents? How many more of the-- are there? I can't see you back there. OK, why don't you all hop up front here. Good afternoon, Ms. Fox.

**NICOLE FOX:** Nicole Fox, N-i-c-o-l-e F-o-x, with Platte Institute and we are testifying today in opposition to LB1242. And I know you guys have had a long day, so I'll try and keep my comments brief.

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Revenue Committee February 3, 2023  
Rough Draft

Basically, while this bill's intent is to target the concerns of agriculture, the unintended consequences of this proposal need to be brought to light. The obvious concern is that exempting ag and commercial property from school property taxes shifts this burden on to residential property owners. First, we must consider those on fixed incomes or those who are disabled. While many qualify for a homestead exemption, it does not completely exclude them from any tax liability. Many of those individuals may experience a higher tax bill. Second, Nebraska faces a housing crisis, both an inadequate supply and an affordability problem. The current cost of housing has outpaced personal income in the state. Housing inflation is now running well above the rate of national consumer inflation indexes. With demand for homes exceeding supply, prices have jumped significantly. Blueprint Nebraska has identified the need to build at least 30 to 50 thousand additional housing units. Imposing an added tax burden on residential property is punitive to first-time homebuyers, future Nebraskans and for businesses willing to make investments to build housing for their employees. It could also pose significant hardship to renters. This proposal will not help retain current Nebraska residents or attract new residents to Nebraska. This is counterintuitive to growing Nebraska's economy. Without a doubt, addressing Nebraska's high property tax burden is complex. There is a limited amount that can be done at the state level since the state does not levy the tax. Shifting the tax burden to residents is not the solution. At the state level the Platte Institute would like to see proposals that do things such as limit tax asking and require more voter approval. Earlier this session, we supported two proposals that are more along these lines, LB986 and LB987, and we were happy to see that LB986 did advance. As long as schools are funded by real estate taxes, there is no real policy reason for entire categories of real property be-- property to be excluded. And with that, I conclude my testimony.

**LINEHAN:** Thank you. Are there questions from the committee? Seeing none, thank you. Next opponent.

**JON CANNON:** Good evening, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here in opposition tonight on LB1242. First, thanks to Senator Murman. These are great conversations to have. I would love to have a philosophical back and forth, but I think at this late hour that's not likely to happen. But this really does get to the heart of what our property tax issues are with the state. The first thing I do have to mention in deference to you, Senator

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 3, 2023

Rough Draft

Briese, with LB2, we-- our programmers are working really, really diligently on it. We probably put in- in excess of a hundred hours in getting rid of LB2, which I thought was a great-- a great first start. But this is-- it'll-- it'll be a programming issue for-- for us and anyone in the counties that have a computer system that's a PLATO system. Primarily, however, our opposition stems from that we are allergic to anything which would impair the tax base, and I know this is directed primarily at schools, but we understand how this works. We're probably next. Frankly, it would be confusing for the taxpayers and they would say, well, why is it I'm paying X percent here, but I'm not-- I'm paying, you know, 75, 90, 100 percent over here. It's a confusing issue. We have to explain it. We are the ones that are in the-- involved in the entire process from the moment that you set values all the way to the moment the tax bill goes out and it's paid and collected. One thing I do want to mention just kind of getting down to brass tacks. If you shift this over to residential property only, that means that instead of exporting your tax base, which is good tax policy, sound tax policy, you're going to have 100 percent of your property tax burden fall on to the shoulders of residents of Nebraska. And so Ted Turner isn't a resident. He's elsewhere, and it's going to be borne entirely by every single person-- every single person that is a resident of Nebraska, not outside of Nebraska. I will note just by way of the numbers. In Grant County, you have about \$20 million of value in residential, on a what is currently a \$300 million tax base. Those folks taxes are going up under this proposal. Statewide, residential makes up about \$109 billion out of a total of \$260 billion. This is all information from the Department of Revenue's certificate of taxes levied. I just want to say in closing, the work that this committee and the Legislature did a couple of years ago in LB1107 was monumental. I know that it hasn't gotten all the great press and the hosannas that it should have, but I do believe that over time it is going to make more of a difference. We saw that it went from, I think, about 6 percent of school taxes paid to about 25 percent of school taxes paid. It was the projection. I think that is a great way for us to go. I would-- I would just urge the committee to let us see that thing through because it really does reflect on-- on your work as a committee. Happy to take any questions, but I understand you might not want to.

**LINEHAN:** I want to, but I'm going to save myself. Anybody else have questions? You say Grant was 30 million and 20 million of it was residential?

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Revenue Committee February 3, 2023  
Rough Draft

**JON CANNON:** And \$20 million of value in Grant County and out of a \$300 million total tax base.

**LINEHAN:** But I would say, isn't that the same thing, 20 million residential out of a 300-- 300 total value?

**JON CANNON:** Yes, ma'am. Yeah.

**LINEHAN:** So you can understand why sometimes the ag people are concerned. We had a lot of grief this morning since Senator Briese thought it should be at 60 percent vote to raise taxes.

**JON CANNON:** Absolutely.

**LINEHAN:** How many people do you think in Grant County live in town versus how many live-- who live on the other \$300 million?

**JON CANNON:** I could not venture to guess, but the \$20 million is for residential. That is every man, woman and child in Grant County. So it's going to fall-- in whether or not the proportion is going to shift, it's going to fall entirely on their shoulders. I will note that in Grant County that you've got a significant portion of the tax base, which is made up from the railroads and that will go away. You know, you've got a significant income that comes from public service industry.

**LINEHAN:** All right.

**JON CANNON:** Yes, ma'am.

**LINEHAN:** I got it. I got it.

**JON CANNON:** Yes, ma'am.

**LINEHAN:** Thank you. Anybody else? Have a nice evening.

**JON CANNON:** You do the same. You do the same, ma'am. Thank you.

**LINEHAN:** Thank you.

**TERRY KEEBLER:** Good evening--

**LINEHAN:** Good evening.

**TERRY KEEBLER:** --Senator Linehan and Revenue Committee members. My name is Terry Keebler. T-e-r-r-y K-e-e-b-l-e-r. And just as



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Revenue Committee February 3, 2023  
Rough Draft

continuing, I was in here the last couple of years. I'm Johnson County Assessor. The whole split assessment bothers me. It bothered me back when I was county commissioner and former Senator Heidemann proposed it first, and I didn't like it then, and I still don't like it, and it's probably liked less now because I'd have to do it. Senator Briese with LB2 would split for bonds. I maybe get to be one of the first ones to try to enact that. I think we have a bond election coming in May for Johnson County. So I will-- if that passes, I'll be trying to split assessment values and we'll see how that works.

**BRIESE:** I have confidence in you. (LAUGHTER)

**TERRY KEEBLER:** So that being said, splitting values, having one sent to zero, I think I can probably do that without creating problems. But so just a couple of notes listening through this, and I know we're all ready to get out of here. I think the way this is set up, personal property for the commercial and ag will still be paying for the school taxes. I don't think that was addressed in here. Jon talked about the railroad and centrally assessed, and the other thought crossed my mind was apartments as commercial property will not be paying school taxes, even though you're in cities anyway have quite a few students coming from those. With that I'll close and take any questions.

**LINEHAN:** What is Johnson County doing? Bonding for what?

**TERRY KEEBLER:** Johnson County Central is looking at-- last I heard building a whole new school system.

**LINEHAN:** How much?

**TERRY KEEBLER:** The number I heard and this actually came from a school board member is 43 million.

**LINEHAN:** What would-- what would the levy need to be for 43 million on the valuation in Johnson County School District?

**TERRY KEEBLER:** I-- they work-- the superintendent and the school board member were in to talk to me for the first of the year looking at what these change of valuation would be with LB2. They're deliberately waiting for that to take effect before they took this to the voters. I think that number that I saw then, I want to say 28 cents if it didn't take effect. After it took effect, I think it was about 40 cents, but I'm not positive on that number, but it was high.

**LINEHAN:** Johnson County is not a very rich school district.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

**TERRY KEEBLER:** No.

**LINEHAN:** Valuation land down there is not very high. Houses aren't very--

**TERRY KEEBLER:** That's because they have a good assessor, Senator Linehan. (LAUGHTER)

**LINEHAN:** You should keep it that way, that's-- OK. Any other questions? Thank you very much for being here. Other opponents?

**MARY JANE EGR EDSON:** John, are you coming up?

**JOHN HANSEN:** Neutral.

**LINEHAN:** Oh, you're neutral. Well come on up, neutral. (LAUGHTER)

**JOHN HANSEN:** Madam Chairwoman Linehan and members of the community, it's been a long day. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n and I think there's a compelling case to be made for sort of the message that's being delivered by this piece. And that is that the relationship between income and wealth in land continues to get more and more tenuous. And that, you know, we have people who, you know, are millionaires on paper who go broke. They don't make enough money to be able to-- to, you know, stay in the business. We're losing folks. And so the-- there's a crying need to modernize our tax system. And I would-- so as I look at the pluses of this proposal, I see the point of sending the message. But at the same time, although sometimes you might not think that, I actually take my obligations to this committee seriously enough that I try to also not just identify problems, but also work on solutions and logistics. And I-- to be completely honest, if I thought the state was actually going to step up and cover the total additional costs of TEEOSA, I would be a lot more comfortable with this. But I think based on the past track record of the state, you can see why I might be a little skeptical. So I'd like to see something that's a lot more clear in terms of how we do this because in my feeble mind, the way I look at it is I look at a lot of levy limit that's left in a lot of rural districts. And so if you get rid of the ag land portion of it and you shift the rest of it to just residential, there's a lot of levy limit left before you hit TEEOSA, and so as you raise that up, then what is the practical reality of a lot of the rural districts that I represent compared to the urban districts that we represent? And there's a lot less income in those rural houses and if you raise those levy limits up to that

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

point, then you get us to the point where we struggle with the population. And, you know, I mean, at the end of the day, I don't really represent land. I represent folks who own land and folks who live in rural communities. And the last thing I want to do is to do something where we inadvertently accelerate the rate of depopulation and there is a thing called critical mass and it is real. And when you finally get rid of enough of the right folks in your community and you don't have the wheels and the brains to reg your community anymore, then you're in trouble. And that's what 32 years of doing this has taught me over and over again, and that's why we get to neutral. Good luck on this issue and thank you very much.

**LINEHAN:** Thank you very much. Any questions from the committee? Seeing none. Anybody else want to speak in a position of neutral? We had-- you can come on back up, Senator Murman, to close. We two proponents, no opponents and one neutral.

**MURMAN:** Thank you, Chairman Linehan and committee members. We did do some modeling during the-- the interim study, and it didn't change the way taxation would occur in urban areas very much at all. But of course, it did drastically in the rural areas, and I think that 1.2 billion is pretty accurate, actually. But-- and we could replace it, but in this 60-day short session, just didn't have enough time to try and do that right now. But I thought it was important to bring this bill forward now and at least have the discussion and appreciate your attention at this late hour and appreciate it if you'd move it out of committee.

**LINEHAN:** Thank you. Are there questions from the committee? Are you saying that they wouldn't change valuations in Omaha? I would think Omaha School Districts would be a pretty big hit unless it's all TIFed to take it off-- take off of commercial business. A lot of it is, I know, but--

**MURMAN:** I'm trying to think in the interim study, did we take it off commercial. I don't remember for sure, but.

**LINEHAN:** All right.

**FRIESEN:** They're at the lid already.

**LINEHAN:** Yeah, that's true.

**MURMAN:** Inside the formula I guess it would be the same, right?

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Revenue Committee February 3, 2023  
Rough Draft

**LINEHAN:** Yeah, that's what the fiscal note says. It's just some draft here that they didn't, you know. Anyway, go back to Fiscal and ask them.

**MURMAN:** We didn't get that until pretty recently, so.

**LINEHAN:** Right. OK, any other questions? OK, thank you very much.

**MURMAN:** Thanks a lot.

**LINEHAN:** With that, we bring the hearing on LB1242 to a close. Thank you.

**von GILLERN:** --information to me. I did not realize that--

**JEREMY EKELER:** Yeah.

**von GILLERN:** --that was required to be contracted that way so thank you for adding clarity there. And it sounds like from what you've described and maybe five or six or maybe even seven other testifiers, that there is a healthy partnership between many of the private schools and the public schools when it comes to particularly the special education. Would you describe it that way?

**JEREMY EKELER:** It's an absolutely beautiful thing. I was principal for six years. The teachers in our buildings, for public schools, nonpublic schools partnering up to help kids, which is the law but it's also the spirit of an educator, right? It's what teachers do. It's incredible. We get into the politics. We get into the arguments. We get into these battles. You go into a school, you see something else. You see harmony. You see the focus on the kid. That's why IDA was created. That's the purpose. It's not about dependency. It's about the kid.

**von GILLERN:** So if the Opportunity Scholarship program was passed, would, would that, would that promote this idea of partnership or would it in some way inhibit it?

**JEREMY EKELER:** I think Dawnell did a good job talking about the fact that Grand Island Central Catholic has built a program. Last year, we had two hearings on special education and we had something like six nonpublic schools come in talking about their special education programs. My wife is running 15 directions right now as a special education teacher. Why we wouldn't want more engagement from nonpublic schools in the special education world is beyond me. We should want to

be building these programs. Yes, scholarship taxpayers would help with that.

**von GILLERN:** Very good. Any other questions? Thank you for being here, Mr. Ekeler. Any of the proponents? Good afternoon.

**ELIZABETH DAVIDS:** Good afternoon. My name is Elizabeth Davids, E-l-i-z-a-b-e-t-h D-a-v-i-d-s, and I am just a mom. I'm especially honored to be here speaking on behalf of my dear friend, Teesha [PHONETIC] today with her full permission to share her story. Teesha, as a proud member of the Lakota Sioux tribe, made the difficult decision to move her family to Lincoln a few years ago, away from lifelong friends and family on the Rosebud Reservation because she wanted a better life for her children and grandchildren. Teesha, who is at work right now, is one of the hardest-working people I know. Rising before five every morning to work long hours in a management position at a local factory, coming home to tenderly and lovingly care for her four school-age children and three school-age grandchildren. That's right. Teesha is caring for seven school-age children on a single mother's income. You can imagine how tight her budget is and she would be correct. As much as Lincoln is a safer city than the Rosebud Reservation, her oldest son, a teenager, has had difficulty in the public schools here. The public middle school he attended here with hundreds, if not thousands of students, was overwhelming, frightening and caused anxiety, which led to behavioral issues. In the specialized public school, which provides a small, safe, structured setting for kids who struggle is always full and has not been available for him to attend. He has been on the waiting list for that school for three years and he will soon age out of childhood. If Teesha were here today, well, honestly, she wouldn't want to ask for help. She's used to working incredibly hard to provide for herself and for her children and she's used to being self-reliant, but she would ask for their sake. She would plead for her children so they don't become another statistic among the stereotype of native people. She wants better for them. She believes they are worth it. Do you, Nebraska lawmakers, believe her kids are worth it? Are you for children like Montana [PHONETIC] who need a different school setting than the government schools can provide, but whose parents in no way can afford to pay \$7,000 per child per year to provide it? I know there's a lot of pressure from huge organizations around our state to keep things status quo, to keep unions in power with total control, and to leave everyday citizens stuck with what they've got. There's pressure on you to continue the white flight where affluent families can afford to move, and they do move into the neighborhoods with the

safest and highest-achieving schools. That leaves the rest of us with neighborhood schools like the one closest to me, Northstar High School, with a 38 percent proficiency rate for reading and math. Our current system leaves white families who tend to make more than those who are black and brown and native getting the best education options for their children and people of color in lesser means being left to get what they get. I have far less prowess as a speaker than Senator Justin Wayne, but I'll do my best to reiterate what he said two years ago already. The only people who are opposing school choice today are the same people who have choice and many of them exercise that choice. What we're doing is not working. And if it's about dollars, I sat on a conference call when OPS said they don't need any more money. They have more money than they know what to do with this year. So if it's about dollars, then in the next two years, the achievement gap should be gone because they have more money now than what they know what to do with. It's not about that. Senator Wayne boldly continued, at the end of the day, we've passed multiple hundreds of millions of dollars of tax credits for corporations. But when it comes to scholarships that mainly benefit kids that look like me, we're going to oppose it. I have to stop saying-- we have to stop saying everything is fine. Just wait a little longer. This is a very, very small pebble thrown at a big stone, but it's a start to empower the parents and the kids in my community to make that choice--

**von GILLERN:** Ms. Davids--

**ELIZABETH DAVIDS:** --a real choice.

**von GILLERN:** --I need you to wrap up.

**ELIZABETH DAVIDS:** Yes.

**von GILLERN:** Thank you so much for your testimony. Questions from the committee? Thank you for--

**ELIZABETH DAVIDS:** May I speak to two of Senator Dungan's questions? You, you--

**DUNGAN:** I don't have any questions right now.

**ELIZABETH DAVIDS:** Oh. OK, I was going to speak to LPS choice and--

**von GILLERN:** You can drop him an email later if you'd like.

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Revenue Committee February 3, 2023  
Rough Draft

**DUNGAN:** I will listen to it. Please come talk to me afterwards. Yeah. I just know we've a lot of people--

**von GILLERN:** Great. Thank you.

**DUNGAN:** --and I've been talking a lot. I'm trying not to as much, so.

**von GILLERN:** Thank you for being here.

**DUNGAN:** Thank you. Yeah.

**von GILLERN:** Never just a mom, by the way. Next proponent.

**SHANNON PAHLS:** Good afternoon. My name is Shannon Pahls, S-h-a-n-n-o-n P-a-h-l-s, and I represent Yes. Every Kid. We are a nonprofit dedicated to creating an environment where every child has access to an individualized learning experience. You've heard from a lot of the proponents before me here today so I will keep this extremely brief for you all this evening. We are supportive of LB753, the Opportunity Scholarships Act, because it would provide families with the flexibility to choose the best path for their child's education. I think we can agree that no one understands the individual needs of their children better than parents and therefore, they should be the ones making their decisions, regardless of their socioeconomic status, for their child. So for those reasons, we ask for your favorable support of this legislation. Thank you.

**von GILLERN:** Thank you. Ms. Pahls. Questions from the committee? Seeing none, thank you for being here.

**SHANNON PAHLS:** Thank you so much.

**von GILLERN:** Any other proponents?

**JESSICA SHELBURN:** Good afternoon, Vice Chair von Gillern, and members of the committee. I promise this is the last time I'll be up here this week. My name is Jessica Shelburn, J-e-s-s-i-c-a S-h-e-l-b-u-r-n. I am the state director of Americans for Prosperity Nebraska. Over the five years that I've been state director of AFP Nebraska, we have been very supportive of Senator Linehan's efforts with the scholarship tax credit bill. We have seen various forms of the bill over the years. I would say she has worked incredibly hard this year to bring a bill that has addressed a lot of the concerns that we have seen over those many years. Every child in Nebraska should have access to quality education, allowing them to discover, develop and apply their unique

talents and find lifelong fulfillment and contribute to their community. This should be available to all students, regardless of their income or their zip code. We encourage all of you to work on solutions that will extend educational opportunities to all families in our state. When families are equipped with diversity of tools, they can make the best decisions regarding their children's education. LB753 is an important step forward in this effort. I'm going to step back for just a second. We've heard a lot of amazing stories today and the former educator in me is overflowing with joy and hope, especially after listening to the students that have had these opportunities. I'm also speaking as a parent who had a child who dealt with IEPs. And during that process, it was very challenging and we didn't-- I promise I'll wrap up soon-- and I, I was in a position where the school could not meet the needs of my child. And after working with the Lincoln district office, I actually moved to get my child into another school that could better help them. I looked at private schools. At the time, I was not in a position to afford the tuition, even with some of the scholarship opportunities. But I was able to make moves to assist my child who still continued to struggle until the point that he was in high school and was able to take classes that were better suited to meet his needs. And it wasn't just a problem for him and for me, but it was a problem for his teachers and the classroom setting because he was bored and so he talked and disrupted the entire class the whole time. So any opportunity that we have to give students and parents that chance to find the situation that best suits their needs is going to be a win for all Nebraskans. So with that, I'll answer any questions.

**von GILLERN:** Thank you. Questions from the committee? Seeing none, thank you, Ms. Shelburn.

**JESSICA SHELBURN:** Thank you.

**von GILLERN:** Any other proponents? Good afternoon.

**ALEX STEPHENS:** Good afternoon. My name is Alex Stephens, A-l-e-x S-t-e-p-h-e-n-s. I am here today both as a student of economics, as a person who has personal stories relating to what opportunities this could have provided me, and then a couple of corrections of the record on the nature of LB753. Well, actually going to go in reverse order of that with corrections first. The nature of, of this bill does not mean that money will actually be taken from anything in the public school systems of any district and then be allotted towards private actors. It creates a separate scholarship fund for that effort. It-- so then



we can find is we have to ask ourselves why then would there be so much opposition if there's no actual money being moved? And the answer is the fact that it creates competition, which leads us to our argument from an economic perspective on the nature of monopolies, especially those that have no real means to be prevented. Public schools are a monopoly in which they are both the only person who has-- or group that is provided money and the only group that actually can choose how it even gets allotted because they get to decide the rules of exactly how that money is allotted in a manner prescribed by the Unicameral. So what we end up with is a system in which in reality, the only checks and balances towards the behavior and excellence of the school system is the goodwill of the school system. And what you'll find is no matter how good people are, no matter how great people are, systems fail when they are monopolistic. We see this again and again and it is why in general, within private systems, we forbid the existence of a monopoly and decide on alternative free-market systems. With education, this does not need to be any different. There are lots of countries that have something equivalent to school choice, even if it's called by a different name. Britain has more than a half a dozen different school types that it allots money to based off of characteristics that people behind me have expressed interest in from level of discipline to specific areas of expertise they want. Which actually brings me to my last point. I went through LPS as a person who unfortunately has or is on the autism spectrum. We're not necessarily the easiest people to get along with, especially as children. And that resulted in me often getting suspended in a manner that was inconsistent with my ability to actually learn and the ability of those within the public school system to learn. I was more of a threat to them than they were to me. But what this kind of scholarship would enable is a system wherein a person who needs a higher level of discipline but doesn't need to go into a behavioral school program might find assistance in actually acquiring that. Thank you.

**von GILLERN:** Thank you for being here, Mr. Stephens. Any questions? Seeing none, thank you. Any other proponents? OK, we're going to take a short five-minute break and then we will open testimony for opponents. If we can be back here and ready to go at, let's say, 3:50.

**Unidentified:** [BREAK]

**von GILLERN:** OK. We will now begin opponent testimony to LB753. Catch the doors, please. Thank you, sir. Good afternoon.

**JOEY ADLER RUANE:** Good afternoon, Vice Chair von Gillern, and members of the Revenue Committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r R-u-a-n-e, and I am the policy director at OpenSky Policy Institute. I'm here today to testify in opposition to LB753. While we appreciate that the bill has some improvements from previous bill introductions, we nonetheless oppose this legislation for several reasons, including that it will give preferential treatment to specific types of charitable donations over others, would fail to create any savings for the state and likely won't improve educational outcomes. First, scholarship tax credits enhance the tax benefit of donating to scholarship-granting organizations as opposed to tax deductions for other types of charitable donations. LB73-- LB753 makes it possible for an individual, couple or business to receive a 100 percent credit up to 50 percent of their income tax liability. A 100 percent credit for such a donation can result in a dollar-for-dollar reduction in the amount of taxes owed. All other charitable donations reduce taxable income through deductions. So the tax benefit is worth the amount of the deduction multiplied by the tax rate in the tax bracket in which one's income would have fallen prior to the deduction. Under LB753, there aren't any limits on the donation amounts. This means that as long as there are enough credits available, a corporation with an income tax liability of \$1 million can make a donation to a private scholarship-granting organization of \$500,000 and receive a \$500,000 tax credit. Or if a couple has an income tax liability of at least \$20,000 and they make a donation to a private scholarship-granting organization of \$10,000, they receive a tax benefit of \$10,000. On the other hand, if the same couple makes a \$10,000 donation to a nonprofit, private or public school foundation, the potential value of their tax benefit will be the amount of their donation multiplied by their tax rate in the bracket in which that income would have fallen. If that income falls in the state's top income tax bracket of 6.64 percent, the tax savings would be \$664. This couple's tax benefit for donating to a scholarship-granting organization would be 14.5 times greater than it would be for donating to the public school foundation. LB753 also is unlikely to result in savings as promised. A report from Florida is often cited as finding that for every \$1 of lost revenue, the state saves \$1.49. However, the authors of that report state in their appendix that they had no information from which to estimate the percentage of students who would switch from the public to private schools because of the program. They assumed that 90 percent of recipients switched because of the program, which is unlikely, and they admit that the program breaks even at 60 percent and costs the state money at 50 percent or

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Revenue Committee February 3, 2023  
Rough Draft

below. This is important because the credit can only result in savings if a significant number of public school kids transfer to private schools in a way that will reduce public school expenses. Because even if the public school enrollment declined slightly, fixed costs for public education cannot be cut. You still need teachers in the classroom lights, heating, maintenance, etcetera. There's little evidence that the tax credits or tax deductions for scholarships improve educational outcomes. On the contrary, a quasi-experimental study in Louisiana found that students who attended the Louisiana Scholarship Program were 50 percent more likely to have failing math scores. Significant negative effects were also found for reading science and social studies. If better student outcomes are really the goal of this bill, it would be more prudent to invest in evidence-based programs that strengthen public education, such as extended learning, early education and career education. For these reasons, we oppose LB753. Thank you for your time. I'm happy to answer any questions.

**VON GILLERN:** Thank you, sir. Questions from the committee? Yes, Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern, and thank you for being here. So has your-- you talked a little bit about the issues with regards to the tax credits in general. Have you had a chance to review or has your organization had a chance to review the Governor's proposed budget moving forward?

**JOEY ADLER RUANE:** Very preliminarily, yes.

**DUNGAN:** Yes. And there's a lot of question marks, I know, with some of the funds and also the fact that there's this package that we're all talking about. But you've also been privy, I think, to a number of the other hearings that have happened this week, correct?

**JOEY ADLER RUANE:** Sure.

**DUNGAN:** And so you're aware of the fact that the Governor is setting aside, I think, preliminarily, \$1 billion for the Future Education Fund.

**JOEY ADLER RUANE:** Yes.

**DUNGAN:** And then in addition to that, he's also setting aside, I think, \$25 million for the next following three years or so to add to that fund as well, correct?

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Revenue Committee February 3, 2023  
Rough Draft

**JOEY ADLER RUANE:** Yes.

**DUNGAN:** And I think in the General Fund financial status that we received from the Governor, that's all taken into consideration, correct?

**JOEY ADLER RUANE:** I believe so, yes.

**DUNGAN:** And in addition to that, there is an actual line item in that proposed budget talking about opportunity scholarships, correct?

**JOEY ADLER RUANE:** Yes.

**DUNGAN:** And in that budget, as it was originally laid out-- maybe you don't remember exactly, but is it fair to say that the \$25 million is taken into account in regards to lost revenue for both this upcoming biennium and the following biennium?

**JOEY ADLER RUANE:** I believe so, yes.

**DUNGAN:** And that's \$25 million each year, is that correct?

**JOEY ADLER RUANE:** Yes. There's also the growth factor that's in this bill as well.

**DUNGAN:** And so-- well, I'll ask about that in a second.

**JOEY ADLER RUANE:** OK.

**DUNGAN:** But in regards to the proposed budget, it's--

**JOEY ADLER RUANE:** Yes.

**DUNGAN:** --just the \$25 million.

**JOEY ADLER RUANE:** Yes.

**DUNGAN:** And so in that proposed budget, there's not even the escalator factor or the growth factor that we discussed earlier, correct?

**JOEY ADLER RUANE:** Right.

**DUNGAN:** Is that right?

**JOEY ADLER RUANE:** Yes.

**DUNGAN:** OK. Can you speak a little bit more to how that whole budget looks moving forward according to, to sort of the outcomes at the very end when we're looking at the structural receipts versus the expenditures and what impact that additional payment is going to have moving forward in this biennium, the next biennium, and then moving forward? Even taking into account the very large amount of money that we're seeing for that Future Education Fund, what's the overall impact on the budget that we're seeing moving forward?

**JOEY ADLER RUANE:** Well, I think the-- with a factor of all of the different packages that the Governor has proposed so far, that my organization has been here several times in front of you all saying the same thing quite consistently, which is that we have concerns about the overall ability to continue to live up to the state's obligations when it comes to funding. And so I would say that this is-- this could potentially have-- continue to exasperate those problems.

**DUNGAN:** And so I guess one of the things I'd ask you to speak a little bit more to, because I think it's been unclear thus far in the testimony, is what is the interplay between a concern that our General Fund is going to go in the red at some point in the future and how that affects public education, right? Because there's all this questions of we're not taking dollars from public education, we're just reimbursing people with a tax credit for the private donations they make. And then opponents oftentimes have a concern about, well, what about public school funding? And the answer is we're not taking money from public school funding. What's the interplay between potentially going in the red in the General Fund and how that's going to affect public school in the future?

**JOEY ADLER RUANE:** Yeah, I appreciate that question. I think that generally speaking, when the state starts to be in the red, we have to start to look at things to cut. You know, we have a Cash Reserve Fund that we've used to help backfill previously and, and we're very grateful for that and we want to continue to make sure that that is strong and, and exists. However, eventually at some point, the state will have to make some hard decisions if we wind up in another economic crisis like we did previously.

**DUNGAN:** And in the past, has education been something that's been on the proverbial chopping block with regards to what gets cut?

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Revenue Committee February 3, 2023  
Rough Draft

**JOEY ADLER RUANE:** I mean, I think everything was on the proverbial chopping block last time, including education.

**DUNGAN:** Thank you.

**JOEY ADLER RUANE:** Yeah.

**von GILLERN:** Other questions from the committee? I have, I have a few questions. The-- you talked about the, the-- gave a couple of examples of corporations or individuals contributing to the, to the tax-- opportunity tax credit and the impact on that. The-- how much, how much money does that save an individual? In the end, if they've got a \$10,000 tax obligation, they write a \$5,000 check to one party and a \$5,000 check to another party, what's the net impact to them?

**JOEY ADLER RUANE:** Are you talking about, like, to the scholarship-granting organization or are you just talking about generally as it is now?

**von GILLERN:** Well, I'm talking about the scenario we're talking about right here--

**JOEY ADLER RUANE:** Sure.

**von GILLERN:** --about the implementation of LB753.

**JOEY ADLER RUANE:** So if they-- just so I make sure I understand your question correctly, so if they give a \$5,000 donation to the scholarship-granting organization--

**von GILLERN:** Yeah and then they write a check for \$5,000 for their taxes, what's their net savings?

**JOEY ADLER RUANE:** I mean, I guess I'm not following exactly what you're trying to get at here.

**von GILLERN:** You've got a \$10,000 tax obligation.

**JOEY ADLER RUANE:** Sure.

**von GILLERN:** You write \$5,000 to the-- to a-- an organization.

**JOEY ADLER RUANE:** I mean, you still had to pay \$10,000 regardless, right?

**von GILLERN:** Excuse me?

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Revenue Committee February 3, 2023  
Rough Draft

**JOEY ADLER RUANE:** You're still having to pay \$10,000 regardless.

**von GILLERN:** So I have to pay \$10,000. So it's a net-zero difference. So there's really no advantage, no financial advantage. It, it seems like there's a, there's a sense that there's some sort of evil intent, that some corporations are going to come swooping in and write a big check for \$25 million and capture all of this. And there's some, some great advantage to them from that. But there really is no financial advantage, true?

**JOEY ADLER RUANE:** I would say that there is in that it has a different-- it's, it's more generous. This kind of donation is more generous than you would normally get from a different contribution to another nonprofit.

**von GILLERN:** Is this different than any other tax credit program that we have that Senator Linehan outlined in her opening?

**JOEY ADLER RUANE:** I can definitely get back to you and, and let you know about that.

**von GILLERN:** OK. I, I don't believe that it is, but if you can get back to us on that, that would be great.

**JOEY ADLER RUANE:** Sure.

**von GILLERN:** The \$25 million that's in the Governor's budget, again, I just want to make sure we're all on the same page.

**JOEY ADLER RUANE:** Yeah.

**von GILLERN:** None of that, none-- I took enough accounting to be dangerous. There's debits and credits credited to that account. Did it debit the, the public school account in any way? Was there a negative \$25 million--

**JOEY ADLER RUANE:** You--

**von GILLERN:** --entering on the journal for--

**JOEY ADLER RUANE:** I-- yeah, no.

**von GILLERN:** OK.

**JOEY ADLER RUANE:** I can see your point there.

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Revenue Committee February 3, 2023  
Rough Draft

**von GILLERN:** Thank you. Is there more money going towards public education in the Governor's proposed budget now than there was last year?

**JOEY ADLER RUANE:** Yeah.

**von GILLERN:** OK. Thank you. And we're concerned-- I heard several comments about potentially going into the red. I mean, that's kind of always a concern. And you made a good point; everything is on the chopping block at that point, but certainly the Governor has made a commitment that education is a priority to him. Would you agree with that?

**JOEY ADLER RUANE:** I would agree that he's made that commitment, yes.

**von GILLERN:** OK. Thank you. Any other questions from the committee? Yes, Senator Briese.

**BRIESE:** Thank you, Vice Chair von Gillern. Thank you for your testimony here today. Were you sitting in here the other morning when we were talking about LB804 and we heard from Lee Will, Budget Director at the Department of Administrative Services?

**JOEY ADLER RUANE:** Yes.

**BRIESE:** And do you recall me asking him about the sustainability of everything the Governor has proposed?

**JOEY ADLER RUANE:** In that he didn't have any concerns, I believe was his response.

**BRIESE:** Yes, his words were, I think, entirely sustainable.

**JOEY ADLER RUANE:** Sure.

**BRIESE:** That implies to me a considerable amount of cushion, doesn't that to you as well?

**JOEY ADLER RUANE:** I think that we have a slightly differing opinion on what it looks in the out-years.

**BRIESE:** And I was questioning him on the out-years and beyond--

**JOEY ADLER RUANE:** Right.



Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

**BRIESE:** --and looking at many years into the future. And it was his educated opinion that this was entirely sustainable.

**JOEY ADLER RUANE:** Sure.

**BRIESE:** Is that correct?

**JOEY ADLER RUANE:** I-- yeah, I believe that's what he said.

**BRIESE:** OK. Thank you.

**JOEY ADLER RUANE:** Yeah.

**von GILLERN:** Thank you. Any other questions? Thank you, sir, for being here today.

**JOEY ADLER RUANE:** Thank you.

**von GILLERN:** Next opponent. Good afternoon.

**VANESSA CLARK:** Good afternoon, Senators. Thank you so much for hosting this. I appreciate the work and the time that this committee takes in governing our state. I am Dean Vanessa Clark. That's D-e-a-n V-a-n-e-s-s-a C-l-a-r-k. I serve as dean and rector of Trinity Episcopal Cathedral in Omaha and I'm here representing the diocese, the Episcopal Diocese of Omaha-- of Nebraska, excuse me. My sacred book instructs me to teach children. Deuteronomy 6 says, you shall love the Lord, your God with all your heart and with all your soul and with all your might. Keep these words that I am commanding you today in your heart. Recite them to your children. My religion teaches that I am to act towards all children as though they are my own and to nurture them. The Episcopal Church demands that my parish support every child's education. As a patriot, I assert the education of all children is every citizen's duty. I recently moved here from Ohio. Nebraska Nice, let me tell you, has been a welcome difference from the division and mistrust of my former state. Nebraska was settled by pioneers that are carving a new way of living. And Nebraska culture is known for creativity, compassion and neighborliness. We take care of one another. You have the courage, I have found also, to think outside the box to benefit all Nebraskans. This bill, as I understand it, is a dangerous box that you're viewing from the outside. I raised my children in Ohio's public education system and watched how a similar program we called vouchers gutted our public education and abandoned the children most in need of reliable schools. And for my colleagues who believe that private religious schools will benefit long-term from

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Revenue Committee February 3, 2023  
Rough Draft

these state scholarships, I warn you that this system will bleed your funding and endanger the children you hope to help. As a previous testimony explained, this kind of bill opens the door to all kinds of other schools. So it would not be primarily religious schools necessarily, but charter schools and other private entities. And what we saw over the course of the 20 years I was there was the well-intentioned protections were eroded by lobbyists over and over. Private enterprises came in to set up so-called schools, took money away from our children and our system. There was little or no accountability to our citizenry or the curriculum standards of Ohio and it resulted in for-profit schools who failed our children, embezzled money and still took tax dollars away from us. Online options have made that even worse. It is true Nebraska's public schools are not perfect. We can do better.

**von GILLERN:** Ms. Clark, I need to call you on the time.

**VANESSA CLARK:** Thank you very much.

**von GILLERN:** Thank you for your testimony.

**VANESSA CLARK:** Are there questions?

**von GILLERN:** Thank you. Any questions from the committee? Yes, Senator Murman.

**MURMAN:** Yeah, you're speaking about Ohio, how things changed there after--

**VANESSA CLARK:** Yeah

**MURMAN:** You do understand that public funding will not go directly to private schools with this bill?

**VANESSA CLARK:** I understand the public funding that is in the operating budget that is already received does not go, but the kind of tax credits-- and I will oppose other tax credits for all kinds of other reasons as well. I think that we have an obligation to pay our taxes to one another and to your body and the body of the Unicam in order for us as citizenry to work together. To your point, I do understand the difference. I also understand that if the money never gets into the General Fund, we get much closer to having to put public education on the chopping block.

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Revenue Committee February 3, 2023  
Rough Draft

**MURMAN:** Do you agree that giving parents more of a choice of where they educate their, their children is a good thing?

**VANESSA CLARK:** I do not agree with that.

**MURMAN:** So who do you think should make the choice as to where or how children are educated?

**VANESSA CLARK:** I think that our entire community has to lean into caring for the children as though they were our own. Our parish has recommitted our commitment to Central High School in Omaha. We support their marching band. We support bringing kids into our building to supplement what they're not able to offer. We're trying to help them with snacks and all kinds of other things. There are parents who cannot be present to their kids. There are parents who have motivations other than their child's best interest. I don't want a parent who is neglectful and abusive or has a mental illness so deep that they put their child into a situation of danger to make a choice. I have seen all kinds of problems. I have seen homeschooling result in neglect, illiteracy, starving children. No, I don't think that parents always make the best choice and also I don't think parents are fully informed. And so it takes an entire community, a village, if you will, to make sure that our children are getting not only the education, but the protections that they need.

**MURMAN:** I agree with you. Not, not all parents are qualified or involved enough with their children to make the best choices.

**VANESSA CLARK:** Or the education system because private entities will lie.

**MURMAN:** But, but I--

**VANESSA CLARK:** Private--

**MURMAN:** --I'm not sure--

**VANESSA CLARK:** I'm not, I'm not accusing the-- any of the schools that are being represented here. But we saw in Ohio those, those private enterprises creeping in with those schools misrepresenting what they were going to offer. We had an online school that was very popular, claimed all kinds of wonderful things, didn't do their paperwork for two years. And, and kids who had done all their work didn't graduate from high school because an entity didn't do its paperwork. And that's-- it's not this year. It's not the next five years. It's 15, 20

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Revenue Committee February 3, 2023  
Rough Draft

years down the road that you're going to be facing unknown problems. And it's not your intentions or anyone in this room who really wants this to happen. I'm just warning you. When you look down the road, people will take advantage of this and they will lie to parents.

**MURMAN:** I guess we'll have to agree to disagree that I think--

**VANESSA CLARK:** Yes, sir.

**MURMAN:** --an involved parent that really cares about their child will make better decisions on how their child should be educated than the public in general.

**VANESSA CLARK:** OK. Thank you, Senator.

**von GILLERN:** Any other questions from the committee? Seeing none, thank you for your testimony.

**VANESSA CLARK:** Thank you very much.

**von GILLERN:** Next proponent. Good afternoon, Dr. Logan.

**CHERYL LOGAN:** Good afternoon, Vice Chair von Gillern, and members of the Revenue Committee, Senator Linehan. My name is Cheryl Logan, C-h-e-r-y-l L-o-g-a-n. I am the superintendent of the Omaha Public Schools. The Omaha Public Schools is the largest district in Nebraska, serving a diverse population of more than 52,000 students who speak 119 languages. As a matter of fact, during the last year, we have received over 300 students from Afghanistan who are recent arrivals as a result of war in their country. I am here today in opposition to LB753. The community we serve and the staff who deliver each and every day illustrate the incredible opportunities and vital importance of public schools across our state. We oppose LB753, which authorizes the creation of opportunity scholarships for students who attend private schools in Nebraska, granting tax credits to those who attend private schools. If passed, LB753 would annually divert \$25 million from the General Fund by granting tax credits to those who attend private schools. This bill also lays out a structure for additional funds to be diverted in the years to come, depending on participation in the tax credit program. There is one-- this is one of a number of proposals before the Legislature that would make resources scarcer for our future's most important asset, the students and children we serve. And we all know that money and resources are finite. Whether a student arrives at our public schools ready for enriched learning opportunities or needs significant additional supports to first learn

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Revenue Committee February 3, 2023  
Rough Draft

English or even hold a pencil, we meet all students where they are and partner with them and their families to provide those students with the greatest opportunities for success. We work with students who face significant behavioral challenges and those who have special education needs, not because we have to, we-- which we do because we want to. Would students who have been adjudicated be available-- be offered these scholarships or will schools take them? We provide ourselves and offering a wide variety of educational opportunities and innovative ways for parents and students on their journey from elementary school through graduation. The portfolio of our schools includes K-12, dual language programs, choice programs, even at the elementary and middle level, and over 100 career academies and pathways. We strive to meet the Omaha Public Schools model: Every student. Every day. Prepared for success. Public schools have an exceptional opportunity to cultivate a strong future for Nebraska with a skilled workforce, engaged citizens and thoughtful community leaders. That requires a strong foundation and core skills like literacy, with opportunities to pursue their individual interests and explore career opportunities before graduation. Our dedicated staff makes that happen for 52,000 young people every day. It shows that public schools are the best investment to reach the largest number of students. I humbly submit to you that \$25 million it would cost to find LB753 annually would be better allocated to fully fund TEEOSA as it was originally intended or to fully fund special education. For these reasons, the Omaha Public Schools remains opposed to LB753. Thank you so much for your time and we'll take any-- I'll take any questions.

**VON GILLERN:** Thank you, Dr. Logan. Senator Kauth.

**KAUTH:** Thank you. Senator von Gillern. So, Dr. Logan, would you like to get rid of the tax readiness-- the school readiness tax credit?

**CHERYL LOGAN:** I'm going--

**KAUTH:** How about the affordable housing tax credit? How about the Nebraska higher blend tax credit? We have over 30 different tax credits, which for various reasons, take money away from the General Fund. We use those for very specific things. They're never actually money that goes into taxes. Those are credits. So you're saying that all of those credits are also-- they take away from the General Fund, which in turn, could take away from the schools so all of those should be done away with.

**CHERYL LOGAN:** You're extending my thoughts--

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Revenue Committee February 3, 2023  
Rough Draft

**KAUTH:** I am--

**CHERYL LOGAN:** --and my thoughts are--

**KAUTH:** I am because I find it absolutely ridiculous that you would say that you will not allow or you don't support kids getting the best education that works for them. Can you tell me a little bit about your test scores?

**CHERYL LOGAN:** Yes, I can tell you a lot about our test scores. And I just told you, talked to you a little bit about the children that we serve. We don't turn anybody away and so--

**KAUTH:** Was your reading test score 22 percent?

**CHERYL LOGAN:** Yeah, so--

**KAUTH:** And was your science 21 percent?

**CHERYL LOGAN:** Yes they were.

**KAUTH:** And was your math 16 percent?

**CHERYL LOGAN:** Yes, they are.

**KAUTH:** So there are probably kids there who need something different.

**CHERYL LOGAN:** I would say, Senator, respectfully, that the last time we took the standardized tests in 2019, we had the highest performing school in the state and the lowest performing school in the state. It's not-- I agree with you. It's not about systems. It is about children. And so it's easy to generalize for-- about our school district. The reality is that we serve a lot of students that other people don't even want.

**KAUTH:** So, but your--

**CHERYL LOGAN:** Let me just--

**KAUTH:** --but your saying that--

**CHERYL LOGAN:** Let me, let me finish my thought.

**KAUTH:** You're saying that those children shouldn't have the opportunity to go somewhere, to ask to go somewhere else?

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Revenue Committee February 3, 2023  
Rough Draft

**CHERYL LOGAN:** I am not saying that. I'm saying that there are many ways-- and I know people who have taken advantage of having a scholarship to a private school and I don't have any issue with that. They are doing that. There's a some-- there's a donor that provides that opportunity for them and they have the opportunity to do that. There is no public involvement with that at all. So it's not necessarily that-- I don't have an issue with the scholarships for kids to go to private school. I think it's wonderful if there's a-- when a private, when a private person or entity provides a scholarship, not-- don't have an issue for it. The issue that we have-- it's not me, first of all. Let me just make sure I'm really clear about that. I'm representing a school district. I don't want to personalize it--

**KAUTH:** And you're leaving in May?

**CHERYL LOGAN:** OK, I am, I'm leaving in June, yes.

**KAUTH:** Um-hum.

**CHERYL LOGAN:** Yes, after serving my 35 years. The-- with distinction, by the way. But what I want to say is that the most important thing is-- that we see is that if it's going to be a private entity, we don't have an issue with that. We're talking about a-- the public issue. I understand, I understand where you're coming from. I am speaking about one issue here today. I'm not speaking about all the other tax credits.

**KAUTH:** Right, but, but the system is the same. When we have a tax credit set up, people can donate to that tax credit--

**CHERYL LOGAN:** Yes, ma'am.

**KAUTH:** --take it off their taxes. It never goes into the general revenue funds. It's not part of what you would ever see. So I, I fail to see how generous people in corporations providing for poor kids to go somewhere else affects OPS in any major way.

**CHERYL LOGAN:** That's--

**KAUTH:** Thank you.

**CHERYL LOGAN:** OK. You're welcome. Thank you. Any other questions?

**von GILLERN:** Questions from the committee?

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

**CHERYL LOGAN:** Yes.

**von GILLERN:** Yes, Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. I don't want to open this entire can of worms too much.

**CHERYL LOGAN:** That's OK.

**DUNGAN:** And I apologize.

**CHERYL LOGAN:** That's all right.

**DUNGAN:** It took us a long time, I think, to get to TEEOSA.

**CHERYL LOGAN:** It did.

**DUNGAN:** And you mentioned that you think a better way to fund things would be to fully fund TEEOSA. Can you give me, like, the Twitter version of what you mean by that? Just very short because that can be an entire session. But when you're saying that it would make more sense to fully fund TEEOSA, how would you explain that simply to what you think would be a better way to do that?

**CHERYL LOGAN:** Well, there are a lot of provisions in TEEOSA that, quite frankly, there isn't money to fund. I will go all the way back to-- and you mentioned this earlier because I recalled it-- was some of the evidence-based things are. One of them is early childhood. If we go back-- because I went to-- when I talked about the school that had the-- I was very intrigued by that because it was my first year here-- that had the highest test scores and the lowest. I went all the way back because I'm an academician and looked at who attended pre-K. Now that school also happens to be high socioeconomic and kind of made the nexus from high socioeconomic to probably why their third graders are knocking it out of the park. And I think that those are-- we have some provisions in TEEOSA that are not fully a part of what we're doing. And I think that those are some of the things that we need to go back and perhaps take a look at. And as Senator Kauth just said, that will be for my successor and those that will carry on the legacy of the Omaha Public Schools.

**DUNGAN:** Thank you and thank you for your years of service. I appreciate that.

**CHERYL LOGAN:** Thank you. You bet.



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Revenue Committee February 3, 2023  
Rough Draft

**von GILLERN:** Other questions from the committee? Just a few, Dr. Logan, please. You use the word that-- I think you said the fund-- that funds would be diverted, but I think you added more clarity to that in, in-- through Senator Kauth's questions.

**CHERYL LOGAN:** Well--

**von GILLERN:** It's actually not diverted. It really never goes into the General Fund.

**CHERYL LOGAN:** I understand that. I'm going to just stay with my statement that--

**von GILLERN:** OK.

**CHERYL LOGAN:** --money and resources are finite--

**von GILLERN:** OK.

**CHERYL LOGAN:** --and that it, it is my nature to go up to 50,000 feet and to look at all systems and how they work together. And that when you have money that you may, may collect or not collect or tax credits, it does come from somewhere. I could-- I mean, I'm-- like I said, I, I do not really understand it really at a deep level, but I don't want to-- we don't have time for me to go into--

**von GILLERN:** That's fine.

**CHERYL LOGAN:** --into all of that. But that, that is what I'm, that's what I'm talking about.

**von GILLERN:** OK.

**CHERYL LOGAN:** If we look at all systems together and how money doesn't exist in one, one pot or it's all connected and I think that that's what I'm talking about.

**von GILLERN:** So, so let's go up to 50,000 feet and I'll ask you the same question I asked Mr. Adler Ruane and that is, is there more money through the Governor's global programs, a global presentation regarding education and education funding, is there more money going to education today under-- not today--

**CHERYL LOGAN:** Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

**von GILLERN:** But if the, if the Governor's plan was implemented than in previous years?

**CHERYL LOGAN:** I think that the Governor's intention and plan certainly reflect his commitment to have additional special education funding for our children all over the state and he is committed to making sure that every child in the state receive foundation aid. That's what's in his package and it certainly--

**von GILLERN:** OK.

**CHERYL LOGAN:** --is what he has-- what he is committed to.

**von GILLERN:** OK. I think I asked a math question. Is it more money or less money?

**CHERYL LOGAN:** It is, it is more.

**von GILLERN:** OK. All right, thank you.

**CHERYL LOGAN:** It's more money than, than the--

**von GILLERN:** And particularly with, with special education, with funding for special education--

**CHERYL LOGAN:** Abs-- um-hum.

**von GILLERN:** --dramatically more money.

**CHERYL LOGAN:** Absolutely.

**von GILLERN:** OK. Thank you. Then my last question, I think you were here when Mr. Williams spoke from the Street School.

**CHERYL LOGAN:** Yes.

**von GILLERN:** And he-- because you used-- you, you mentioned that OPS cares for sometimes students that have been adjudicated. I think Mr. Williams indicated that he also does that.

**CHERYL LOGAN:** He does.

**von GILLERN:** So there are institutions out there, private institutions that do that, correct?

**CHERYL LOGAN:** Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

**von GILLERN:** OK.

**CHERYL LOGAN:** We probably-- we have more than 2,000 students that have been adjudicated--

**von GILLERN:** OK.

**CHERYL LOGAN:** --that are, you know, currently involved.

**von GILLERN:** OK.

**CHERYL LOGAN:** And we work-- we actually work closely with his-- with the-- with Omaha--

**von GILLERN:** Right--

**CHERYL LOGAN:** --Street School.

**von GILLERN:** --and understand that's a great partnership and thank you--

**CHERYL LOGAN:** Yes

**von GILLERN:** --for doing that. Thanks for all you do. Any other--

**CHERYL LOGAN:** You bet.

**von GILLERN:** --questions? Thank you, Dr. Logan.

**CHERYL LOGAN:** You bet. Thank you.

**von GILLERN:** Good afternoon.

**DANIEL BYRD:** Thank you for being here. I'm Daniel Byrd, D-a-n-i-e-l B-y-r-d. How do you follow up a cool one like that? Man, I'm just-- I'll just read a little bit from my text. I'd have to-- truncated it because I rewrote the law for you, but you might not listen to it. I'll just say I am vehemently opposed to LB753 and the untoward consequences it poses to Nebraska's educational system, Nebraska future and Nebraska contribution to the United States of America. I am a public school-educated citizen, raised in the Christian tradition with deep convictions in the commandments of love your neighbor as yourself and do unto others as you would have them do unto you. We all have our biases, our influences and our agendas. My bias is that private schools are private. My influences are public schools, private education through personal hard knocks and a Jesuit university. Many

more hard knocks followed that. My agenda is to speak up for something I believe in. I'm not a lawyer. I've never done anything political other than vote. I really don't know how to reach out to a group of people, let alone Legislature, who have more than likely already made up their minds. My powers of persuasion in the past have been best described as polarizing. I hope you can hear with an open heart and a rational mind. I confess I've never read a legislative bill before, but I read LB753. I would say it could be formatted better on the website in order to have the indentations proper. Opportunity Scholarships Act. Gaslighting, maybe. Hogwash comes to mind for me. OK, I'm not going to read you my rewriting of the first sections of the law, but as Section, Section 2, subsection (4)-- or actually extends from (3), I would say that parents and legal guardians of limited means are less able to choose among quality educational opportunities. Every effort will be made through the executive branch to inform those of limited means and all Nebraskans that they understand with documentation the opportunity that the law provides. A continuation making it possible for more parents and legal guardians to be able to choose the best educational system opportunity available. It is in the best interest of the state of Nebraska and its citizens to encourage individuals and businesses to support our public schools. Private schools are private for a reason. Give tax credits to any funds donated, provided-- slash provided to the people-- to the public schools. OK, I will defer to former president of education-- former Secretary of Education, Betsy DeVos's explanation for negative voucher results. The program was, quote, not very well conceived, unquote, LB753 is not well-conceived. Years from now, it will be shown that the divide between the educated and the uneducated, the haves and the have-nots, will have consequences. This will be the legacy you leave your grandchildren. Please act on the fact that vouchers--

**von GILLERN:** Dr. Byrd, I need to call you on the time.

**DANIEL BYRD:** And the tax credits that are more-- that they're more able to take advantage of overwhelmingly fund those who were or already are in private schools. Thank you.

**von GILLERN:** Any questions for Mr. Byrd? Yes, Senator Murman?

**MURMAN:** Yes. Are you aware the last-- I'm not sure-- five or six years, has there been a public school student that's won the National Spelling Bee?

**DANIEL BYRD:** I'm not aware.

\_\_\_\_\_: Oh, my gosh.

**MURMAN:** OK. Thank you.

**DANIEL BYRD:** I bet he wasn't black, right?

**MURMAN:** I think many were-- some were a person of color.

**DANIEL BYRD:** Was he?

**MURMAN:** But they weren't.

**DANIEL BYRD:** Was he? Do you know that?

**MURMAN:** They weren't always he either.

**DANIEL BYRD:** OK.

**MURMAN:** Yes, I do know that.

**DANIEL BYRD:** OK.

**MURMAN:** And they weren't public school students.

**DANIEL BYRD:** Very good.

**von GILLERN:** Thank you.

**MURMAN:** Actually, homeschool.

**von GILLERN:** Thank you for your testimony today.

**DANIEL BYRD:** I love your questions.

**von GILLERN:** Next in opposition. It's a short chair. It's not, it's not just you.

**TOBA COHEN-DUNNING:** Dear God. OK. Good afternoon--

**von GILLERN:** Good afternoon.

**TOBA COHEN-DUNNING:** --Vice Chair von Gillern and the Revenue Committee. My name is Toba Cohen-Dunning, T-o-b-a C-o-h-e-n-D-u-n-n-i-n-g, and I am the very proud executive director of the Omaha Public Schools Foundation. Our organization is the 501(c)(3) nonprofit of the Omaha Public Schools that raises funds beyond the district's general budget for our 52,000 students who have an average

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 3, 2023  
Rough Draft

free and reduced price lunch membership of 76 percent. I'm testifying today in opposition to LB753, but I'm asking you to please take a moment to look at this bill through the lens of a nonprofit organization. This is my 16th year at the foundation and the needs of our public school children over the last decade, let alone the last two years, have changed drastically. Philanthropic dollars are imperative. There are many donors who make gifts because of tax benefits, not always because of the cause. This bill incentivizes donors to divert their gifts away from nonprofits who can't provide the same tax benefits. I think we all understand that a tax credit is not the same as a tax deduction. And I'm, I'm here representing nonprofits who are worried about this concept. We fill in the gaps in a multitude of ways, but I would like to share just a few. We secure emergency assistance for our students to stay in their homes. Our mission is to give students the opportunity to be ready to learn. And without these funds, our kids don't have the same chance of succeeding. We do a lot of one-time rental assistance, utility assistance. We help with food insecurity. In the last three weeks, we have paid for three funerals where parents could not bury their own children. That's what we do at the Omaha Public Schools Foundation. We're all different. All of our K-12 ed foundations are different, from Omaha to Gering. We provide innovative educational opportunities for students in the form of classroom grants, out-of-school field trips and so much more. We have a motto in our organization as one of the 11 Omaha metro districts. We work to level the playing field with our suburban counterparts. The reason we have a significant number of not-for-profits in our society is because they provide a net where the government can't. This bill treats some not-for-profits differently than others. I respectfully request that this bill not move forward. We are all working to fill in the gaps for our kids and we so appreciate the work of the Unicameral and thank you for your time today.

**von GILLERN:** Thank you, Ms. Cohen-Dunning. Any questions from the committee? Yes, Ms. Kauth-- Senator Kauth.

**KAUTH:** So when you donate to a nonprofit, is that a federal deduction or state election or is it both? Do you know-- like, for yours.

**TOBA COHEN-DUNNING:** It's a federal deduction.

**KAUTH:** OK. So when you donate to opportunity scholarships, they cannot take that off their federal taxes. It's only for state taxes. Does

that change how you calculate, you know, who may or may not donate to you?

**TOBA COHEN-DUNNING:** We've had very, very long discussions, not just our K-12 ed foundations, but other nonprofits, and perception is always part of reality, right? The perception is, is that what this bill will do is encourage donors to get a tax credit instead of a tax break. So if you're donating \$100,000, you get about 30 percent of it. If you're getting a tax credit, you get \$100,000 in tax credits. So for us, where the philanthropic dollars are so imperative, what our concern is, is that there will be an incentive for people to give over here and not--

**KAUTH:** Instead.

**TOBA COHEN-DUNNING:** --over here,

**KAUTH:** And it's only a 50 percent match so it would be at \$50,000, but I, I see your point that it would be-- they, they might make that judgment, so thank you very much.

**von GILLERN:** Any other questions? Thank you for being here today.

**TOBA COHEN-DUNNING:** Thank you.

**von GILLERN:** Next opponent.

**T. MICHAEL WILLIAMS:** Good afternoon, everyone. I am Pastor T. Michael Williams, T M-i-c-h-a-e-l W-i-l-l-i-a-m-s. Thank you for allowing me to share with you today. I serve as pastor of Mt. Moriah Baptist Church in north Omaha. I'm president of the Omaha branch of the NAACP and I'm also leader in three separate church organizations totaling more than 40 congregations. The NAACP and those congregations oppose LB753. It was six years ago when one of those church organizations, the Baptist Pastors and Ministers Conference, released a statement opposing scholarship tax credits and affirming our support for the public schools that teach, feed and care for the vast majority of the children we see in our pews on Sunday mornings. And yet, ever year since then, this so-called opportunity scholarship bill has been introduced. I'm sure some of you all remember seeing me. I remember seeing Senator Briese especially because three years ago, I asked in the Omaha World-Herald, opportunity for whom in relationship to this? Because no matter what supporters say, these scholarships programs will not help all low-income kids the way public schools can. These scholarship tax credits will help some kids, but not all. Six years

later, why are we still talking about the same policy that's failed to pass half a dozen times? Why are we weighing the merits of a bill that would give money to private schools that is allowed to deny admission to some children? And if we want to help kids, why do we continue considering a policy that's proven to hurt, not help all kids in other states? With respect, if you want to make policies to help kids, you can. You have the power to close the opportunity gap in our neighborhoods to make early childhood care affordable for all Nebraskans, to expand students' access to financial literacy and vocational training, to ensure no kid goes hungry, no parent has to choose between rent and healthcare, and that all families have the mental and behavioral health services they need. If our Legislature is serious about helping children, we need to consistently and fully fund the public schools that serve 90 percent of the young people in our states. Public education is not only a public good, it's a moral good. Only public schools offer opportunities to all kids without exception and know they are not perfect, but they are tried and true solutions to improve public schools and student outcomes. LB753 is not one and it won't be next year or the year after that, no matter what number is on it. Because the simple truth is these opportunity scholarships aren't about opportunities for all kids. Public schools are. I'll stop there.

**von GILLERN:** Thank you, Pastor Williams, for your testimony. Questions from the committee? Yes, Senator Dungan.

**DUNGAN:** Thank you again, Vice Chair von Gillern, and thank you for being here today, sir. I appreciate your testimony. There's been conversations in past years and again already this year regarding, to put it frankly, the fact that there is a concern that the people who are harmed the most by the public school system's inadequacy to serve certain folks are people of color. And I know there are certain folks in the-- in certain communities who say, you know, poor black kids are the ones who are hurt the most by not being able to go to private schools. How would you respond to that?

**T. MICHAEL WILLIAMS:** There are so few students who would be able to go to the schools. My emphasis and I-- this-- you know, I think it was three years ago when this bill was presented or a bill like this. There were a few people from other states who came, children from other states, and they talked about how the scholarship tax credit helped them. They were African-American, most of them, as I recall. And what struck me at that point was you get the tax credit, but I bet your brother or sister doesn't. And so the issue is a system that



addresses all kids, not just a few. And I think the challenge is beyond what the school-- I think the schools do well for our kids, African-American kids, kids of color. I volunteered 12 years in one of our schools. They do well. The issue is there are other economic influences and other situations that diminish the ability for families to support their kids so kids start off at a disadvantage. It's, it's not about, you know, what public school provides in my, in my expectation and experience.

**DUNGAN:** Thank you, sir. I appreciate that.

**von GILLERN:** Other questions from the committee? Pastor Williams, thank you for being here today.

**T. MICHAEL WILLIAMS:** Thank you

**von GILLERN:** Next opponent.

**BARBARA BAIER:** Good afternoon, distinguished members of the Revenue Committee. Thank you for letting me speak. My name is Barbara Baier, B-a-r-b-a-r-a B-a-i-e-r. I'm a member of the Lincoln Board of Education. I'm offering testimony in opposition to LB753. While you have heard a wide range of testimony, I am focusing my testimony on how the bill, as written, cannot accomplish its stated goals in Section 2, subsection (1) that opportunity scholarships will improve the quality of education available to all children. First, LB753 makes these funds available to qualified schools defined as private schools that are allowed to discriminate in their enrollment practices based on any grounds other than race, identifying that enrollment be available for all students. So, for instance, the state would define private schools that discriminated against children based on their religious beliefs as qualifying schools and eligible to receive those scholarships derived from tax credits from the state of Nebraska. Other qualified schools may have enrollment practices that discriminate against a student having insufficient family funds to pay the difference between the cost of tuition and the amount of the scholarship or based on a child's disability. Qualified schools could even discriminate against a student's continued enrollment based on past behaviors and expel students who are receiving scholarships back to public school at any time during the school year for which they have received the scholarship funding. These scholarships are not intended for all Nebraska's children. Second, the bill prohibits the state from requiring financial or academic accountability measures to ensure that funds are improving quality of educational opportunities,

generating better educational outcomes, or being used for educational purposes. This makes it impossible to measure any changes in quality. So that part of the goal, improving the quality of education, cannot be measured so it cannot be achieved. Improving quality education opportunities for all children is a goal that we all share, but we believe that it is impossible for LB53 to assist in reaching it. On the other hand, nondiscriminatory enrollment practices and financial and academic accountability measures are hallmarks of public schools, are in place and are being continuously monitored by schools, parents, community members, taxpayers and school boards. For these reasons, we ask the Revenue Committee to not move LB753 out of committee. I'd be happy to answer any questions.

**von GILLERN:** Thank you for your testimony. Any questions from the committee? Yes, sir.

**MURMAN:** We've heard that-- from many private schools today that special education students have done well in the private school. When a special ed student wants to option into another public school district, is that possible?

**BARBARA BAIER:** It certainly is. It is possible here in Lincoln. We accept option-in students from all over the state and we often get students from across the state that have disabilities. And because we are in the state's capital, we do have a wide variety of options for them and we do welcome them.

**MURMAN:** Do all public schools accept option students that are disabled?

**BARBARA BAIER:** I do believe that that's a requirement of state law.

**MURMAN:** Even if they say that their special ed program is full?

**BARBARA BAIER:** I don't think that's excuse. I've never heard that you can go and not serve a special education child because of financial constraints. That's not allowed by the IDA legislation on the federal level.

**MURMAN:** Yeah, I didn't ask about financial constraints or the-- I'm asking about the school if their special education program is full.

**BARBARA BAIER:** Well, that would be implying that there are financial constraints because you said it was full. That's not excuse that's allowed under federal law.

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Revenue Committee February 3, 2023  
Rough Draft

**MURMAN:** OK. I'd like to have a little more clarification on that if that's possible from someone from the public schools. Thank you.

**BARBARA BAIER:** Sure, definitely.

**von GILLERN:** I just have one quick question. I think-- I, I wrote this down. I'm not sure-- I want to make sure I heard you correctly. I think you said improving the quality of education cannot be measured. Did I hear you correctly?

**BARBARA BAIER:** Yeah, when you don't have the same accountability measures for private schools as you do public schools, then you don't have any baseline to be able to go and compare apples to apples and oranges to oranges. So because this bill does not have accountability for private schools, you're not going to get the data to be able to see who's doing the good job and where we need to fix things.

**von GILLERN:** OK. So your point is that the, the data would not necessarily be made public, not that it can't be measured.

**BARBARA BAIER:** You're not-- in this bill, you're not asking private schools to give you any data.

**von GILLERN:** OK.

**BARBARA BAIER:** And so that's a problem.

**von GILLERN:** OK.

**BARBARA BAIER:** Us--

**von GILLERN:** But there--

**BARBARA BAIER:** --us in the public sector, we provide data and we run our schools based on data.

**von GILLERN:** Got it. Thank you. Any other questions? Thank you for your testimony.

**BARBARA BAIER:** Thank you for having me.

**von GILLERN:** Um-hum. Can I ask how many other individuals plan to testify today? OK Thank you. I would just ask if you-- if your testimony is going to be repetitive of someone who has testified prior, if you could indicate that, that would be great, but we'll squeeze everybody in.

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Revenue Committee February 3, 2023  
Rough Draft

**JACK MOLES:** I won't be repetitive.

**von GILLERN:** I look forward to it.

**JACK MOLES:** Good afternoon, members of the Revenue Committee. My name is Jack Moles. That's J-a-c-k M-o-l-e-s. I'm the, the executive director of the Nebraska Rural Community Schools Association, also known as NRCSA. On behalf of NRCSA, as well as for the Nebraska Council of School Administrators, Schools Taking Action for Nebraska Children's Education, and the Greater Nebraska Schools Association, I'd like to voice our opposition to LB753. Today, you have heard and are going to hear from many who are in opposition to LB753. The groups listed above agree with most of the points that are being made today by others in opposition. Today, though, I'd like to focus in on one outcome of LB53 that is not as discussed, although it's been raised by Senator Dungan today, and that is that the bill will not provide suitable opportunities to scholarships for all students in the state of Nebraska. I've often heard the expression that it should not matter what your zip code is in reference to some bills. We've heard it today several times. This is especially glaring, though, in LB753. A student's zip code does play a huge factor in this bill. What I did is I looked at which current public high school students would be excluded from these opportunity scholarships because of geography. I looked at the proximity of the public high schools in Nebraska to the nearest Nebraska-approved private high school. Using simply Google Maps, I determined the quickest suggestive route. I tabulated every public school that was at least 20, 40 and 50 miles from the nearest private school. I then tabulated the number of students currently enrolled in those public high schools. And what I found was shown in-- is shown on the table that I have there. For schools that are 20 mile-- public schools that are 20 miles or more away from a private school, there are 156 of them, 21,000 kids-plus enrolled in those schools. At 40 miles, it was 84 schools; 50 miles, 60 schools. I then looked at the idea of, OK, what-- at what distance would a student not travel to attend another school? And using the thought that the premise behind this program is to offer scholarships to students who are in need with the first qualification listed being living in poverty, would such students drive 20 miles to the nearest private school. Or would they actually be in a financial situation to have transportation of 20 miles a day one way? I had assumed that most of them would not be able to do that. At 40 and 50 miles to the nearest private school, I just made the assumption that those students at that distance simply would not make that daily trek. I did not do

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Revenue Committee February 3, 2023  
Rough Draft

elementary and middle schools in this. I just used high schools and I guess I'm at the end of my time so I would--

**VON GILLERN:** Thank you for being courteous on that. Appreciate that. Any questions from the committee? Yes, Senator Albrecht.

**ALBRECHT:** Thank you. Well, thanks for being here.

**JACK MOLES:** Thank you.

**ALBRECHT:** Thanks for doing some work on this. I, too, did some work and I have several schools in my district that would be able to accommodate people if they choose to

**JACK MOLES:** Right, you do.

**ALBRECHT:** So, so to say that many of them do not, that's not, I don't think, there because I do think there's an ability for a parent-- that parent, where I live, they might drive 50 miles just to go to work every day. And they might send their school-- their child to a school that is 50 miles away. So do you think it really harms public school for them to be able to have that option if they so choose? Based on-- I mean, I can give you some examples of, of where my grandchildren go that some of the opportunities at other schools-- very close, within a lot less than 50 miles-- would be beneficial to them, so.

**JACK MOLES:** What-- all I was doing in this study was, was I kept hearing this is for all students. It's not for all students and--

**ALBRECHT:** But--

**JACK MOLES:** --we've got so many students that would not have access to this. And again, I just listed the high school level. The number of schools that are available grow when you look at elementary and middle schools, you know, so--

**ALBRECHT:** But--

**JACK MOLES:** But if you look west of Kearney--

**ALBRECHT:** OK.

**JACK MOLES:** --there's only one high school west of Kearney.

**ALBRECHT:** Um-hum. But again, we have several schools and we have several counties and we have several students that could have an

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Revenue Committee February 3, 2023  
Rough Draft

opportunity depending on if they're military, if they, if they have a problem with bullying, if they have a problem with just being able to read. You know, we have a law now that says you need to read before you leave the third grade. And if that parent doesn't have that ability or opportunity to find something more than what they have, I mean, the parent is the one that should have that option. And if, if there are people out there that want to contribute, I think it's a fair way to do business. And, and thank you for what you've brought today.

**JACK MOLES:** Thank you.

**von GILLERN:** Thank you. Senator Kauth.

**KAUTH:** Thank you, Senator von Gillern. So if I understand you correctly, if not every single student in the state can do it, no one should get to do it. Is that correct?

**JACK MOLES:** I'm, I'm just fighting the-- what I'm going against is the--

**KAUTH:** What you're saying--

**JACK MOLES:** --statement that--

**KAUTH:** --is that because every single student who can't do this or doesn't choose to do this, no one should have the option. And then I have another question. About--

**JACK MOLES:** OK

**KAUTH:** --how far do students in rural districts drive to their public schools?

**JACK MOLES:** Some of them drive quite a ways.

**KAUTH:** OK. So how far would someone drive to do open enrollment optioning into a different school?

**JACK MOLES:** Some of them would drive more than they would to their local schools.

**KAUTH:** So they're making a choice based on what's best for them, but you want to deny kids the opportunity to do that to a different type

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Revenue Committee February 3, 2023  
Rough Draft

of school because it's not available to every single solitary student in the state.

**JACK MOLES:** Senator, they're not denied now that opportunity.

**KAUTH:** Say that again?

**JACK MOLES:** They're not denied that opportunity now as far as--

**KAUTH:** They're denied the access be--

**JACK MOLES:** --to, to a private school.

**KAUTH:** You're saying that they shouldn't have access to a scholarship like this because every single kid couldn't have access to the scholarship. But-- and again, the scholarship is based on the poorest kids first, so--

**JACK MOLES:** Right.

**KAUTH:** --we're talking about those kids who have the least ability to have any other options. And you're saying because every single kid doesn't get it, these poorest kids first, should not have access to generous people who decide to divert their tax dollars to this. Is that correct?

**JACK MOLES:** Right now, we have people who are able to give scholarships for those kids.

**KAUTH:** OK. So the-- but I'm asking about this. So it's a yes or no question. You don't think they should be able to fund the opportunity scholarship because not every kid can have access to it?

**JACK MOLES:** No, Senator, I'm not saying that.

**KAUTH:** You did say that.

**JACK MOLES:** What I'm saying is that one of the arguments we hear frequently is it's for all kids and it shouldn't matter where your zip code is. That's not a true statement.

**KAUTH:** It-- how is it not true? Can you explain how that's not true?

**JACK MOLES:** Those opportunities are not available to a kid in, let's say, Dundee County--

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Revenue Committee February 3, 2023  
Rough Draft

**KAUTH:** OK--

**JACK MOLES:** --to attend a private--

**KAUTH:** --so there's no--

**JACK MOLES:** --school in--

**KAUTH:** --private school anywhere in Dundee County?

**JACK MOLES:** I don't know if there's not an elementary or middle. What I'm saying, the high school then your--

**KAUTH:** OK, so now, now we're just talking about the high school. Again, it's--

**JACK MOLES:** That's what I, that's what I did in my report.

**KAUTH:** OK. OK. So you're not talking about any kind of, of school?

**JACK MOLES:** No. In fact--

**KAUTH:** It's just the high schools.

**JACK MOLES:** --fact, I said the chances of somebody being able to have access to a private school in the elementary and middle school--

**KAUTH:** Is greater.

**JACK MOLES:** --levels does grow.

**KAUTH:** OK. OK. Thank you.

**JACK MOLES:** You're welcome.

**von GILLERN:** Yes, Senator Murman.

**MURMAN:** Yeah. I've just got a quick question. I agree with you. Geography is a real challenge in rural Nebraska sometimes in accessing the school. But do you not agree that with this to-- with this scholarship to pay for the tuition, it would be helpful for a student or for parents that want their student to go to a private school further away to-- that they would be able to pay for gas more easily?



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Revenue Committee February 3, 2023  
Rough Draft

**JACK MOLES:** Well, with, with the scholarship, yes, they might have money that would be available to pay instead of paying for, for tuition.

**MURMAN:** Thank you.

**JACK MOLES:** Yes, I would agree with that.

**von GILLERN:** Any other questions? Yes, Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. So to clarify something that I think I often conflate-- and this is a confusing piece of legislation, but am I correct that LB753-- want to make sure I say it right for the record-- it doesn't create new scholarships, correct?

**JACK MOLES:** No, it does not.

**DUNGAN:** This doesn't make up a new pot of money that creates scholarships, right?

**JACK MOLES:** I'm sorry, I shouldn't say that it does not create new scholarships.

**DUNGAN:** OK.

**JACK MOLES:** The opportunities are already there for scholarships.

**DUNGAN:** OK and that's my point. I guess what I'm trying to get at and what I'm asking is the students that exist in the districts that you represent, right, they could still get scholarships to go to private schools currently today.

**JACK MOLES:** Yes.

**DUNGAN:** And the legislation that we're looking at doesn't mandate any additional scholarships be created, correct?

**JACK MOLES:** No.

**DUNGAN:** So we're not depriving anybody in the areas that you're talking about the opportunity to have access to scholarships, correct?

**JACK MOLES:** I think-- yes.

**DUNGAN:** OK. Yeah, I worded that poorly. But I guess, I guess what I'm getting at here is, you know, if the people that exist in your

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Revenue Committee February 3, 2023  
Rough Draft

districts want to drive 40, 50 miles to a parochial high school, possibly less for an elementary or a middle school, and they can't afford that on their own right now and so they apply for a scholarship and they're granted that scholarship, they can accept that scholarship and then drive however far they want, correct?

**JACK MOLES:** Yes.

**DUNGAN:** OK. And nothing about that changes if we don't pass this legislation.

**JACK MOLES:** Not the way I see it.

**DUNGAN:** OK. Thank you.

**von GILLERN:** Any other questions? Thank you, Mr. Moles, for being here today.

**JACK MOLES:** Thank you.

**von GILLERN:** Thank you. Next opponent. I got to now start saying good evening.

**LISA ALVERS:** Yeah. You're about right. Good afternoon still, members of the Revenue Committee. I am Lisa Alvers, L-i-s-a A-l-v-e-r-s, a member of the Grand Island Public Schools Board of Education, speaking on behalf of GIPS and the Nebraska Association of School Boards in opposition of LB753. Thank you for your time and consideration today, as well as your service to the state of Nebraska. The public school system in Nebraska works collaboratively with private schools as dictated by law. We don't oppose private schools. We understand that they serve an important purpose in our state. Having the option of nonpublic schools in any city gives a family their school choice. Their private choice should not be funded with public money without full accountability and transparency. Transparency is a popular buzzword currently. Area political subdivisions are very focused on transparency, as are our constituents. Private schools are not required to have the same transparency as public schools. They are able to usurp these requirements, such as conducting business in public view via the Open, Open Meetings Act, because they are private institutions. If these schools start to receive public funds, even through a tax credit mechanism, perhaps they should also have to follow public schools by accepting every student that wants to enter their doors. This includes openly gay and trans students. If nonpublic, if nonpublic schools receive public funds even through a

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Revenue Committee February 3, 2023  
Rough Draft

tax credit, they should be required to have published nondiscrimination policies. In closing, if nonpublic schools are getting a preferential tax treatment through tax credit scholarships, they should be subject to the same requirements as public schools. I again thank you for your time, attention and service and I'm willing to answer any questions.

**VON GILLERN:** Thank you. Questions from the committee? Seeing none, thank you for being here today.

**LISA ALVERS:** I got off easy. Thank you.

**WENDY VAN:** Good almost evening.

**VON GILLERN:** Good evening.

**WENDY VAN:** My name is Wendy Van, W-e-n-d-y V-a-n, and I've been the president of the Foundation for Lincoln Public Schools for the last nine years. I've worked in philanthropy for over 22 years. I understand and applaud you for thinking about access to education, but this is just not the right approach. This is a philanthropy issue. It's not about choice. It's not about value of public over private. It's about philanthropy. I believe that LB753 as written will make the work of supporting students even harder and it'll hurt the most valuable of our students all across the state. And here's why: It's not easy to raise money for public school kids. And it's not because our communities don't believe in our public schools, it's because our community believes that taxes stretch a heck of a lot further than they actually do. And why? Because the needs of our students is-- are getting more complex and the opportunities for knowledge are much higher. Have you done seventh-grade math lately? Here's what I can tell you I've seen in my work. Despite the fact that we all have a right to K-12 education in our state, whether you're at public or private, all educational experiences are not equal. All means all comes with a cost that our public schools simply can't cover on their own and I think that's what you're seeing in the public sector as well-- or the private sector as well. At LPS, 47 percent of our students qualify for free and reduced lunch. That's over 22,000 students who can't afford things like dance uniforms, band camps, AP exams, cleats. My foundation does fund private school kids. We have dual-credit scholarships so they can participate in our focus programs like the Career Academy. I fund national competitions because many private school students participate in public school competitions and we send them nationals. High poverty means that families who need help

with rent and utilities and transportation need that support. And we do all of these things so that kids can feel safe and fed and get a good night's sleep and have the resources to maximize their opportunities at school. Philanthropy is the magic in the margins of education and of the public school model. It's the harmony to the public schools' melody. The difference between a tax deduction and a tax credit is huge and frankly, it's unfair. In my organization, we've already felt the decline in donations due to the increase in the standard deductions and the donations are down to the-- down because of the volatility of the markets. There is so much stacked against nonprofit success and efforts like this don't make my job any easier. Giving USA reports that it used to be 75 percent of American households gave to philanthropy. That's now down to 50 percent. It's very difficult to compete for dwindling resources and I don't believe private school donors need a weighted incentive to give. They already give generously. LPS and my foundation opens our enrichment ops to all students like I talked about earlier. If you're like me, you're really proud of the education we offer our kids and we want to incentivize more investment in education, I want you to think about making the contribution to K-12 education qualify for a tax credit across the state, draw attention to the ways--

**von GILLERN:** Thank you, Ms. Van.

**WENDY VAN:** --that we all can enrich that heritage that we have. Make in an education tax credit.

**von GILLERN:** Thank you for your testimony. Questions from the committee? Seeing none, thank you for being here today.

**WENDY VAN:** Thank you.

**von GILLERN:** Next opponent.

**DEENA CURTIS:** Honorable chairperson and members--

**von GILLERN:** Good evening.

**DEENA CURTIS:** --my name is Dr. Deena Curtis, D-e-e-n-a C-u-r-t-i-s, and I'm here representing the Boys and Girls Club of Lincoln/Lancaster County and speaking against LB753. As a nonprofit, we object to the legislation based on the tax incentive it gives to donors that far exceeds the standard tax credit given to donations to valuable nonprofit organizations in Nebraska. Nonprofit organizations such as the Boys and Girls Club provide valuable public services to a wide

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Revenue Committee February 3, 2023  
Rough Draft

variety of constituents. In order to fill our-- fulfill our mission, nonprofits rely to a great extent on the generosity of our donors. This bill disincentivizes said donors from making contributions to these worthy organizations, thus threatening to diminish the quality and breadth the programs provided to the public. The proposed tax breaks in LB753 are unsustainable and put undue pressure on the state General Fund that will inevitably cause spending cuts to public services. The state General Funds shortfall in the next ten years is estimated to be \$250 million. Those dollars are vital to providing public services to a constituent of the state. The shortfall will put undue pressure on nonprofit organizations to fill this gap. The ability of nonprofits to fill this gap will be virtually impossible if charitable giving to these organizations drops significantly. This is a gamble that the state cannot afford to take. It is then, on behalf of the-- without hesitation, on behalf of the Boys and Girls Club of Lincoln/Lancaster County, that I respectfully ask for this bill to be defeated. It does not adequately serve all citizens of Nebraska and in fact does irreparable harm to a large constituency of citizens. Thank you for your time and consideration.

**von GILLERN:** Thank you for your testimony. Questions from the committee? Quick question: did I hear you correct? Did you say that there's a projected state shortfall of \$250 million?

**DEENA CURTIS:** That is the estimation of the Nonprofit Association of the Midlands.

**von GILLERN:** Oh, OK. That's their estimate.

**DEENA CURTIS:** Yes.

**von GILLERN:** OK. Nothing that came from government's-- the state PRO Office or the Budget Office.

**DEENA CURTIS:** No, no.

**von GILLERN:** OK. Thank you for your testimony.

**BRENDA COUNCIL:** Kiddie chair.

**von GILLERN:** It's not just you.

**BRENDA COUNCIL:** Good evening, Senator von Gillern--

**von GILLERN:** Good evening.

**BRENDA COUNCIL:** --and members of the Revenue Committee. My name is Brenda Council, B-r-e-n-d-a C-o-u-n-c-i-l. I am a proud product of the Omaha Public Schools, OPS, and a lifelong resident of the OPS district. I earned a degree in secondary education from the University of Nebraska-Lincoln and I had the privilege of serving on the Omaha Board of Education for 11 years, four of those years as president. During my tenure on the OPS Board of Education, I also had the privilege of serving as the president of the National Council of School Board members of Black Descent. I was also privileged to have been elected to serve the 11th Legislative District in this body. My legislative committee assignments included the Education Committee. It is with the knowledge I've gained through my experience and background that I submit my testimony in opposition to LB753. Public schools are a cornerstone of the communities of our great state. They bring together all students, regardless of their economic status, their disability, their religious background, their race, ethnicity, English fluency, or any other personal characteristic. Yet Nebraska has consistently ranked nearly last in the nation when it comes to support of K-12 education. As a result, Nebraska has some of the highest property taxes in the nation. Now while professing to provide property tax relief or seeking to provide property tax relief, the Legislature has neglected to take logical steps to provide real property tax relief like substantially increasing state aid to K-12 education. Instead, the Legislature entertains measures like LB753, which actually divert future revenue that could be allocated to the public schools that educate nine out of every ten Nebraska child. I do not understand why \$25 million in public funds should be given to private schools when year after year, we have not fully funded our existing public schools according to the original intent of TEEOSA. So in anticipation of the question about the Governor's current budget, I think it's great that he's providing the kind of money, but it does not diminish the fact or the cumulative effect of underfunding for decades after decade after decade. I do not understand why \$25 million in public funds should be given to private schools while we've underfunded special education decade after decade. I respectfully submit to you that the 25 million it would initially cost LB753 annually should be allocated to the schools that you have a constitutional duty to take care of and that of the common schools, K-12. Finally, I just want to briefly say that I'm troubled by the impression that LB753 is designed to enable large numbers of low-income children, many of whom are children of color, to transfer to private schools when the data shows that such scholarship tax credits in other states only affect a small number of such students,

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Revenue Committee February 3, 2023  
Rough Draft

most of whom are already enrolled in those private schools. With that, I urge your-- this committee not to advance LB753. I'll answer any questions you may have.

**von GILLERN:** Thank you, Ms. Council. Questions from the committee? Yes, Senator Dungan.

**DUNGAN:** Thank you, Vice Chair von Gillern. I know we're getting late in the day so I'm trying not to ask too many questions. But you did hit on something here that I think has not been talked about much yet and that's the notion of does providing this tax credit lend itself towards more people moving from public school to private school, right? That switcher rate that we always talk about-- in here about. And I think you touched upon that. Can you elaborate? Do you have any data or information?

**BRENDA COUNCIL:** Yeah, no, the-- well, in fact, that's, that's the problem. There is no data to support the suggestion that low-income students, particularly students of color, will move in large numbers to private schools. In fact, in other states-- Florida has come up a couple of times. The data from Florida shows that the low-income students there who take advantage of the scholarship tax credit program were already enrolled in private schools. So it's not-- you're not seeing a mass movement of young people. There are also questions about capacity to accept. I live in north Omaha. I know the gentleman was here from CUES. That's one school that-- one elementary that's east of 72nd Street. There's one other. So we talk about transportation. The gentleman from the rural schools, we're talking about 20 miles. There are people in my district that can't go two miles, can't afford to transport themselves or their children. So I'm concerned about the opportunity for young people to receive a quality education. I believe that the Omaha Public Schools has been providing that education for all the children that enter into its doors. And the fact that we have not fulfilled our constitutional obligation to fully fund public education in this state, we have, we have experienced this cumulative effect of underfunding. And, you know, I would wish that Omaha Public Schools could have the student-teacher ratio that the Omaha Street School has or some of the other private schools have. But due to the funding that has not been present over the years, we haven't been able to do that.

**DUNGAN:** No, I appreciate that and thank you for illuminating that a little bit more. I appreciate your testimony. Thank you.

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Revenue Committee February 3, 2023  
Rough Draft

**BRENDA COUNCIL:** Are there any other questions? Thank you again for your time.

**von GILLERN:** Thank you, Ms. Council.

**TIM ROYERS:** Good evening, members of the Revenue Committee, Vice Chair. I will be glossing over some of my written testimony in honor of your request to help streamline the process a little bit. For the record, my name is Tim, T-i-m, Royers, R-o-y-e-r-s. I am the president of the Millard Education Association and I am speaking on behalf of the Nebraska State Education Association in opposition to LB753. First, let's be clear. Every time the state adopts a large-scale privatization program, it fails to deliver for kids. According to a November 2022 report by the University of Indiana, as privatization schemes grow in size, quote, the results turn negative, often to a remarkably large degree virtually unrivaled in education research, quote. Second, contrary to the claims of the committee chair, the proposal would absolutely negatively impact the funding for public education. The growth provision for this bill means that LB753 will progressively eat larger and larger chunks of the state's revenue. K-12 education is one of the largest components of the state's budget. It is fundamentally impossible for this to not negatively impact our, our schools. Third, LB753 will funnel public dollars to private schools that will not welcome all students. Whether it is denying students with special needs based on lack of staffing or refusing to admit LGBTQ students because the school actively discriminates, this bill offers no protections to guarantee equal and open access. The bill provides the facade of addressing nondiscrimination when it says that all schools must comply with an old and narrow federal statute, 42 U.S.C. 1981, but a recent 2020 Supreme Court case acknowledged that the law Senator Linehan cites is much more difficult to utilize than the motivating factor test that is required under Title VII of the Civil Rights Act. The language in LB753 is a facade. The truth is that there is zero protection against discrimination in this bill. Set aside differing views on education for a moment and let's focus on the bigger issue with the bill. LB753 is not primarily about serving kids. It's primarily about enriching certain individuals and corporations under the guise of serving kids. By establishing a tax credit rather than a deduction, it provides wealthy individuals and entities with a means to drastically reduce their tax obligation to a level unheard of compared to other forms of charitable giving. I had some examples, but our nonprofit members here today did a much better job than me in describing that. So let's make no mistake, this bill is not about helping kids. It's about money. We all know that businesses want a



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Revenue Committee February 3, 2023  
Rough Draft

return on their investment. The American Federation of Children, which is a dark money group that pushes school privatization, spent more than \$800,000 in Nebraska legislative races this past election cycle to try and get votes for bills like this. And Senator Dugan, based on their mailers, I'm shocked you're wearing a shirt today based on how they described you in those campaigns. But with that kind of investment, with that kind of investment, they expect a massive payout and they're going to get it under this proposal. With the way this bill is structured, in a matter of years, LB753 will cost the state hundreds of millions of dollars in revenue, all for a scheme that will not help kids, will worsen educational outcomes and will enrich already wealthy individuals and corporations. I urge this committee to vote no on LB753. Thank you for your time and consideration.

**von GILLERN:** Thank you for your testimony. Questions from the committee? Senator Albrecht.

**ALBRECHT:** I don't really have as many questions and I don't talk as fast as you so I'm trying to just--

**TIM ROYERS:** I apologize, my, my debate background is--

**ALBRECHT:** Do you-- but do you really think that this bill would hurt children?

**TIM ROYERS:** 100 percent.

**ALBRECHT:** Tell me why.

**TIM ROYERS:** Because that's-- and I would love for you-- I put in the footnote the specific URL for the study that I cited. So the University of Indiana has a policy program that, that looks at education programs. And what they've noted is that in states that have scaling up privatization programs, which this essentially would be with the escalator piece that we've talked about extensively, the larger those programs get, the outcomes actually get worse for kids on, on assessment measures. And in some cases, on statistically significant orders of magnitude. So I'm saying that because we already have examples in states like Louisiana, Indiana and Florida where they try and measure outcomes on an apples-to-apples basis, it's net worse for kids as those programs get larger.

**ALBRECHT:** Wow. OK. So how many kids are in the Millard school district?

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Revenue Committee February 3, 2023  
Rough Draft

**TIM ROYERS:** Roughly 23,000 students.

**ALBRECHT:** 23,000?

**TIM ROYERS:** Yes.

**ALBRECHT:** I'm just going to look at something here. And how many special education would you say in that 22,000?

**TIM ROYERS:** I don't have that percentage off the top of my head, I apologize.

**ALBRECHT:** Do you have any idea how much the estimated increase in support for your school is going to be with the special ed and the--

**TIM ROYERS:** Are you referring to under the Governor's proposals?

**ALBRECHT:** The Governor's, yeah.

**TIM ROYERS:** Roughly \$9 million better.

**ALBRECHT:** OK and the state aid to your school?

**TIM ROYERS:** We lost \$300,000 this year.

**ALBRECHT:** You lost \$300,000--

**TIM ROYERS:** Yeah.

**ALBRECHT:** --with the new, with the new proposal coming?

**TIM ROYERS:** We're not-- sorry, when I said \$9 million, that's the overall net impact of the combined proposals. It would be the first time in five years that we've seen an increase in state aid.

**ALBRECHT:** Really? OK. Thank you for your testimony.

**TIM ROYERS:** Um-hum.

**von GILLERN:** Other questions? Yes, Senator Murman.

**MURMAN:** You cited the University of Indiana study--

**TIM ROYERS:** Yes.

**MURMAN:** --several times. Is the University of Indiana a private college or a public?

**TIM ROYERS:** Well, I would encourage you, Senator Murman, to look at the methodology. They didn't actually initiate a study themselves. What they did was called a-- it's called a meta analysis, where they looked at all available studies of privates-- of, of private voucher or private tax credit programs. And what they concluded was that if the programs are small, there are moderate to, to, in some cases, notable positive academic benefits. But then all of the more recent studies, which study the large scale, that's where you see the balance shift. And, and the part of the conclusion that it comes to is they noted that all of the studies that are available, the reason why the smaller case studies are more successful is because many of the proponent testimony that you heard today, smaller class sizes, things like that. But what the more recent studies indicate is when you scale it up, those schools lack the scalability to maintain the unique, attractive elements of their environment as they try and expand their doors to more kids.

**MURMAN:** So even though they're a public university, it wasn't a biased study at all. Is that what you're saying?

**TIM ROYERS:** No, no.

**MURMAN:** OK. And then you mentioned about-- I don't know the exact wording, but businesses-- rich businesses or companies--

**TIM ROYERS:** Sure.

**MURMAN:** --corporations would save money by donating to the scholarship fund.

**TIM ROYERS:** Yes.

**MURMAN:** OK, how, how do they save money by doing that?

**TIM ROYERS:** Right and this is-- and Vice Chair, you alluded to this dilemma of if it's \$10,000 total obligation, what's the difference? However, that question is presuming the idea that currently they're contributing nothing in the status quo. Think about all the proponent testimony we heard today. What did you hear? There's already existing scholarships. There's already existing contributors. There's already existing donations that take place. So they're already contributing in the status quo, plus they have their existing tax obligation. In the world of the bill, that doesn't become true anymore so they come out net ahead.

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Revenue Committee February 3, 2023  
Rough Draft

**MURMAN:** I didn't follow that, but--

**TIM ROYERS:** OK.

**MURMAN:** --you know, if they're contributing to a fund instead of paying taxes--

**TIM ROYERS:** What I'm saying, sir, is they're, they're already--

**MURMAN:** --either way--

**TIM ROYERS:** --they're already making donations in the status quo, correct? Like, there's already people contributing to private school scholarships in the status quo. The credit doesn't exist yet. So if they're already contributing and planning on continuing to contribute, the credit kicks in. Then suddenly they're seeing an advantage in terms of their accounting books relative to the status quo.

**MURMAN:** It's an advantage to the past, rather-- but they aren't really saving money while they're doing it because--

**TIM ROYERS:** If, if I pay my current taxes this year and contribute to private school scholarships and then next year, I don't have to-- I have a 50 percent reduction in my tax obligation, I'm absolutely saving money.

**MURMAN:** Yeah. Not, not this year, though, but-- compared to last year, you are but not this year. It's still costing you.

**TIM ROYERS:** Yes, but as soon as the first taxable year kicks into effect, I'm going to be seeing a benefit.

**MURMAN:** Thank you.

**TIM ROYERS:** Yeah.

**von GILLERN:** Other questions? I think I'm following you. The-- I want to make sure, though.

**TIM ROYERS:** Yeah.

**von GILLERN:** So you're saying if I gave \$100 as a tax deductible contribution this year and then next year, I gave that same \$100 as a tax credit contribution, if I go from 30 percent to 50 percent--

**TIM ROYERS:** Correct.

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Revenue Committee February 3, 2023  
Rough Draft

**von GILLERN:** --whatever it is. OK--

**TIM ROYERS:** Yes.

**von GILLERN:** --got it. But, but your math is totally based on the presumption that this is a net-zero gain, that, that currently contributed funds will be diverted--

**TIM ROYERS:** Sure.

**von GILLERN:** --and no additional funds will be given--

**TIM ROYERS:** Sure. Can, can--

**von GILLERN:** --which

**TIM ROYERS:** Would you--

**von GILLERN:** Is that a fair assumption?

**TIM ROYERS:** Would you permit me to slightly bird walk on this one to get to the larger issue to avoid kind of the circle?

**von GILLERN:** I asked the question.

**TIM ROYERS:** Here's, here's going to be my answer, sir. No, this, this is going to be my answer. That, that question inherently presumes that this bill is the extent of the efforts that want to be accomplished relative to access to private schools. That's fundamentally not true. Now, I want to commend Senator Linehan as a former debate coach. She gives great arguments. Her opening was, was awesome. However, the Governor then got up right after and said, oh, no, this isn't-- this is a step. That was his direct quote. This is a step. This is a step towards a voucher-like program in Iowa. We can't let Iowa beat us, Senator von Gillern. That's what the Governor said. So the bigger concern about the future of funding of public education is not just the fact-- is not just the debate between tax credits and tax deductions. It's that the Governor admitted on the record that this is a first step towards moving towards a massive multibillion dollar voucher system in our state. That's the bigger danger. This is the foot in the door.

**von GILLERN:** Questions from the committee? OK, thank you for your testimony.

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Revenue Committee February 3, 2023

Rough Draft

**TIM ROYERS:** I sincerely appreciate all of you staying late this evening to hear everybody.

**von GILLERN:** Good evening.

**MARYLEE MOULTON:** Good evening, Vice Chair von Gillern and members of the committee. Thank you for staying. We appreciate it. The League of Women Voters of-- oh, I'm sorry. My name is Marylee Moulton, M-a-r-y-l-e-e M-o-u-l-t-o-n. I'm the president of the League of Women Voters of Nebraska. The League of Women Voters in Nebraska firmly believes in public-- that public dollars must have public oversight to ensure they're not-- they're used transparently, accountably and according to all state and federal laws. Education is not only a parent issue, it's also a community issue. Education is supported by all taxpayers, not just parents. Therefore, consistent with our opposition to prior scholarship bills, we do not support diversion of public dollars to private and parochial schools through tax credits. LB753 would deplete the General Funds available to fund critical programs and services that benefit all Nebraskans, including our public schools. Tax credits have been limited by statute and a tax credit that benefits only private and parochial schools disadvantages Nebraskans who make other charitable choices. Rural school districts, as they said, have fewer alternatives and would be-- could potentially be particularly disadvantaged by loss of general education revenue, general fund revenue under such a tax credit program. Any program that takes tax dollars away from already underfunded rural schools is bad for Nebraska. In reviewing the bill, several other issues stand out. By using the anti-discrimination provisions of 42 U.S.C. 1981, students are only protected against racial discrimination as it pertains to contracts. They are not protected against discrimination based on religion, national origin, ancestry, citizenship status, gender, sexual orientation, gender identity, disability, or special education status regarding admittance or continued attendance. While purported that-- while the purported reason behind the bill is to provide options for disadvantaged students, the program eventually allows for students participating regardless of household income, undermining the reason for the program. Since there is no financial caps on funds to the program, it could potentially lead to major diversions from a general and publicly funded gen-- the general revenue fund in publicly funded schools. In states like Arizona and Indiana, funds diverted away from public education have climbed into the hundreds of millions of dollars. Taxpayers who elect to donate to the programming can further carry forward any unused portion of their tax credit for up to five years, further disadvantaging other

charitable giving. There is no language in the bill regarding specific auditing for compliance with priorities for student family incomes, nor is there any, any auditing for spending by the receiving private or parochial institution. Finally, the final issue is how were funds redirected to public schools if students leave the private school and return to public schools during the year? This is not addressed in the bill. For these reasons, the League of Women Voters of Nebraska urges the Revenue Committee not to advance LB753. Thank you. Any questions?

**von GILLERN:** Thank you for your testimony. Any questions from the committee?

**MARYLEE MOULTON:** OK.

**von GILLERN:** Thank you, Ms. Moulton.

**MARYLEE MOULTON:** Thanks.

**ABBI SWATSWORTH:** Chair von Gillern and members of the Revenue Committee, thank you so much for your patience as we listen to testimony. Really appreciate your service. My name is Abbi Swatsworth, A-b-b-i S-w-a-t-s-w-o-r-t-h, and I am representing OutNebraska, a statewide education and advocacy organization working to celebrate and empower LGBTQ Nebraskans. OutNebraska is in opposition to LB753. The majority of nonpublic schools in Nebraska are parochial schools at this time, parents can freely choose these parochial schools to support their faith choices. However, many parochial schools are not safe spaces for LGBTQ students. Private and parochial schools are, of course, free to act, teach and discipline in accordance with their religious beliefs. However, many religious schools believe that LGBTQ+ people need to be saved, fixed, or need to live some sort of celibate life in order to be loved by God. A scan of policies from parochial schools illustrates these beliefs. Recently, we see in Omaha the adoption of guidelines that require students to, quote, conduct themselves in accordance with their God-given biological sex. These guidelines hurt young people. Policies that require young people to deny their orientation or gender identity, identity actually increase the poor mental health outcomes of LGBTQ students. Policies or guidelines that do not expressly protect and affirm LGBTQ students mean that the rights of LGBTQ students are at risk of being violated without recourse. And as we have heard, the nondiscrimination in this particular law does not include gender identity, sexual orientation and so it is indeed a farce. We do not believe that tax credits should be given to support schools that essentially harm young people. For

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Revenue Committee February 3, 2023  
Rough Draft

these reasons, we respectfully ask that you not advance LB753 and I will try to answer questions.

**von GILLERN:** Thank you. Questions from the committee?

**ABBI SWATSWORTH:** Thank you.

**von GILLERN:** Seeing none, thank you for being here this evening.

**ANGIE PHILIPS:** Hello. My name is Angie Philips, A-n-g-i-e P-h-i-l-i-p-s. I came down from Omaha today to testify in opposition to LB753 as one of the people who keeps using-- who keeps getting used as an example of somebody it will help. I'm the mother of three children. We qualify for free lunches. We're low income. My oldest is on scholarship at UNL. My youngest daughter just started at Florence Elementary in Omaha. She's doing fantastic over there. And my son is autistic. He's eight years old and I now homeschool him after determining that public school setting was not safe for him mentally or physically and after being turned in for truancy last year for keeping him home while advocating for his safety to be provided and his IEP to be followed. So I very much understand the frustration of the parents who testified earlier in support of the legislation. I understand the desperation to keep your child-- to get your child the education that they deserve and that they are entitled to. I feel the frustration of your child being othered. But these folks have been lied to or misled because this bill will not help our children. It will not help my low-income children, it will not help disabled children like my son and it will not help the predominantly low-income, predominantly black schools like the one I had to pull my son out of in Omaha over in Senator Wayne's district. And the more time that's spent in pushing for this, the more time it will take to actually provide what public school parents, students and staff need in order to actually be successful. While this legislation does prioritize poor kids and kids on IEPs to get scholarships, it doesn't force any of these private schools to actually accept our kids, nor does it guarantee that they'll be better served once they're in them. I'd also like to address the idea that special education services can be served in collaboration with private schools. That idea is incredibly simplified and doesn't acknowledge the needs of the children you are speaking of in regards to consistency and structure and environmental needs. Nor does it take into consideration that you're saying that we should send our kids to private school because the public schools can't serve them and then saying we should send them back to those same public schools for those same services that



just failed us. Private schools are inherently unequal and there will always be more hoops for low-income people to jump through when private funding is involved. Even the extra steps we would have to take to get scholarships makes this process unequal. The idea that we can gain equality for low-income students, disabled students or students of color through a system that begins through inequality is just absurd to me. And at best, this bill may help a handful of students, but it leaves many more behind. If you want tax breaks for wealthy people and organizations who donate to religious schools, just say that. Do not manipulate and use marginalized people like myself as your excuse. Thank you.

**von GILLERN:** Thank you for your testimony. Any questions from the committee? Seeing none, thank you for being here this evening. Next opponent.

**SARAH ZUCKERMAN:** Good evening. My name is Sarah Zuckerman. That's Z-u-c-k-e-r-m-a-n like Charlotte's Web. I live here in Lincoln and I'm represented by Jane Raybould. I'm a faculty member in the education administration department at the University of Nebraska-Lincoln, but I am representing only myself today and not speaking on behalf of the university. However, in doing so, I speak on behalf of my 16 years as a public school teacher, educator of public school leaders and private school leaders and a researcher. I strongly oppose LB5-- LB753-- I am also dyslexic-- which would establish a scholarship tax credit. And these tax credits, or sometimes known as neo vouchers, represent privatization of our public education system. The driving forces behind these vouchers is not research because, as you've already heard, the research shows negative impacts to students. And I want to say that is incredibly unusual in the field of educational research for an intervention to show negative outcomes. Usually, if we do anything, just by the fact that we did something, we will see a gain in student learning. And so the fact that this has negative impacts on students in multiple states is astounding. And it's astounding that you all think that we should race Iowa to this bottom. And so I would also say, as I would tell my research students, that anecdotes are not data. And so we heard from people who were well served by their private schools that they attended. But those are just stories and they don't fully capture all of the experiences of our children and so being swayed by that alone, I think, is, is problematic. Although I live in Lincoln, my research is focused primarily on rural schools and communities. And seeing this bill come forward again, I was really concerned because taking money away from our rural schools that are already underfunded, the lowest level of funding to rural schools is

in the state of Nebraska. We're 25 cents of state aid to every dollar of property tax. So hearing-- taking more money out of state aid and also we're moving students from those schools increases the cost of education. Going from a class of seven to six really raises how much money it's going to take to pay for that teacher. So threatening rural schools in closure is really problematic because rural schools are the heart of their communities and research has shown that there's a positive relationship between economic vitality of a community and having a local school. So just in closing, I think if we are truly concerned about workforce development-- workers. This is not a bill that should be supported. It's going to hurt students. It's going to hurt communities. And for that reason, I suggest it not make it out of this committee.

**von GILLERN:** Thank you. Questions from the committee? Seeing none, thank you for being here this eve--

**DUNGAN:** Senator.

**von GILLERN:** I'm sorry. Senator Dungan.

**DUNGAN:** I apologize, I raised my hand too slow. Thank you, Vice Chair von Gillern. And thank you for testifying today. I apologize, I know it's getting late and I keep saying that, but I might have missed your, I guess, explanation. Could you go into a little bit more detail just briefly about what the negative impacts we've seen in other states of this are and how abnormal that is? You were saying it's atypical to see negative impacts with intervention. And so the negative impacts, is that with regard to testing scores?

**SARAH ZUCKERMAN:** Right. So as was stated previously, in Indiana and Louisiana, statewide voucher programs have been shown. So in comparing a student who took the voucher and a similar student who stayed in the public school system, the public schools student grew and the other student did not or made negative growth, which is regressing. That's incredibly unusual in educational research, as I was saying.

**DUNGAN:** And obviously what we're talking about here, and you acknowledge this too, in your first part, is we're not talking about a straight voucher system. So this is different than some of those other schools. Do you share a concern that we'd see similar impact here, despite the fact that it's not a straight voucher system as we've seen in other states?

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Revenue Committee February 3, 2023  
Rough Draft

**SARAH ZUCKERMAN:** I mean, that's, I think, a technicality, right? Whether it's a tax credit or a voucher, the intent is the same, which is to provide funding to nonpublic schools based, I mean, you can say that it's not taxpayer money, but that would have been money that people would have paid to taxes. And so--

**DUNGAN:** Thank you. I appreciate that clarification.

**SARAH ZUCKERMAN:** Any-- anyone else?

**von GILLERN:** Thank you for your testimony.

**SARAH ZUCKERMAN:** Yes.

**CINDY MAXWELL-OSTDIEK:** This chair is very short.

**von GILLERN:** It is. It's been short for everybody.

**DUNGAN:** It's an ongoing problem.

**von GILLERN:** It's not biased.

**CINDY MAXWELL-OSTDIEK:** Hi, I'm Cindy Maxwell-Ostdiek, that's C-i-n-d-y M-a-x-w-e-l-l-O-s-t-d-i-e-k. And I want to thank you, Vice Chair von Gillern and the members of the Revenue Committee, especially for holding this hearing open for all that came to testify today. That has not taken place all the time during this session this year. And I think it is important that everybody that comes to testify had the opportunity to share our views with you so you can make the best laws for all of us. I would like to tell you that I'm a mom and a small business owner. I'm a taxpayer, volunteer and a concerned community member. And my three children are in eighth, ninth and tenth grade in Millard. They go to Millard North Middle and Millard North High, and we're pleased they offer the IB Baccalaureate program there. When we were in elementary school, we opted our children into the Montessori program at Montclair Elementary, and I'd like to give a shout out to all the teachers and staff that work so hard for every child here in Nebraska to help them learn and grow. My husband and I choose to send our children to public schools. We appreciate the variety of options available within Nebraska's public schools. However, all of our nieces and nephews attend private and parochial schools, and I support all of them, too. We want all of our children to have excellent education for their future. I strongly believe, though, that our public dollars belong with public schools. I have many concerns that our tax dollars will be reduced to favor schools that discriminate against any

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Revenue Committee February 3, 2023  
Rough Draft

Nebraska student or family. In fact, I'm concerned about public school funding in Nebraska and disappointed our schools are regularly underfunded. There are areas for improvement in many of our public schools, and the fact that we rank near the bottom of state funding for our public schools is a testament to our legislators' priorities. I'm keenly aware of how that can impact the ability of local school districts to operate at the level of excellence when we're unable to meet the needs of the budget. The Millard community voluntarily raised our property taxes in 2017 to meet the needs of the schools, and it's currently in the process to override the levy limit for the next five years. I have more to say, but I see the yellow light. I would just like to say that we would want you to focus on the priority of appropriately funding our public schools and education in Nebraska, not creating credits to promote private schools at the expense of overall revenue, which does harm public schools. Thank you.

**von GILLERN:** Thank you. Any questions from the committee? Seeing none--

**CINDY MAXWELL-OSTDIEK:** Thank you.

**von GILLERN:** --thank you for being here this evening.

**RITA BENNETT:** Good evening. Thank you for the opportunity to be here. My name is Rita Bennett, R-i-t-a B-e-n-n-e-t-t. I appreciate this chance to participate in our legislative process. I'm here as a citizen who cares deeply about the issues that affect our quality of life in Nebraska. I'm also a proud public school teacher, having retired after a 30-year career. I am a parent, and as of just a few weeks ago, I'm also a grandparent. That has given me new reason for concerns about the future in Nebraska. I voice my strong opposition to LB753 and I urge you to look past the smoke and mirrors and window dressing and to recognize the harm that this bill would do to quality of life for all Nebraskans for decades to come. Despite what is being claimed, this bill would make Nebraska less attractive for economic development. It will significantly deplete the revenues that we rely on to support public safety, health and human services, higher education and critical state aid to schools. Despite what supporters of this bill claim, those are essential quality of life issues that will be put at serious risk. One has only to look at facts to know this is true. Over 60 percent of general fund revenues come from income taxes. From state revenues, over 64 percent goes to support public safety, health and human services programs, higher education and state aid to schools. It's simple math. If through this bill's

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Revenue Committee February 3, 2023  
Rough Draft

planned tax credits, you divert \$1 billion in the next decade from our revenues, every one of those areas are going to suffer. And in turn, all of Nebraska will suffer. As a lifelong educator who cares about all Nebraska's children, I am particularly focused on the tremendous harm his bill would cause to our public schools. The claim that this bill does not harm or take funding from public schools is laughable, because that's exactly what it would do and that's what has occurred in other states where similar legislation has been enacted. LB753 is a boilerplate school privatization scheme. In other states where similar legislation has happened, it didn't take long to see proof that it's unaffordable, lacks all kinds of accountability, is inequitable and ineffective. I understand there are organizations that want more privatization. One of those is one that Senator Linehan's daughter, I believe, still works for. The term "opportunity scholarships" is, in fact, lipstick on a pig. This program will give away \$1 billion to mostly wealthy individuals and companies, and in doing so, will harm all of us. Please don't fall for the rhetoric that it's about choices. We already have that. It's about making the rich richer while doing intentional harm to public education, diverting money to private schools. Don't fall for the claim that it's through some sort of altruistic desire to serve kids with the highest needs, because that is in fact not what will happen. Public dollars should be used for public good, not for privatization schemes, nor would it serve students with the highest needs, despite the claims. There's plenty of proof in other states that that is not what happens, as I mentioned. So I urge you to stand for the truth, to stand for all Nebraskans, to turn away from an irresponsible bill that betrays your duty to make sound financial decisions for our state and to turn away from LB753.

**BRIESE:** Thank you. Thank you for your testimony. Any questions? Seeing none, thank you again.

**RITA BENNETT:** Thank you so much.

**BRIESE:** Next opponent testifier. Welcome.

**BROOKE GIVENS:** Thank you very much. I'm a newbie at this, so. My name is Brooke Givens. I'm a mother of three in Nebraska, and I've worked as a pediatric health care provider for--

**BRIESE:** Go ahead and spell that for us, if you would.

**BROOKE GIVENS:** Oh, B-r-o-o-k-e, Givens, G-i-v-e-n-s.

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Revenue Committee February 3, 2023  
Rough Draft

**BRIESE:** Thank you.

**BROOKE GIVENS:** I have worked as a pediatric health care provider for the entirety of my career, but I'm here today as a mother. I know the stated intent of this bill is to provide alternate educational options to some children, and we are entrusted to make policy affecting children based on honest evidence when deciding how to allocate limited resources. When you look at the STOs that administer the scholarships in Arizona, many schools have linked letters suggesting how you can convince other family, friends, neighbors or others to allocate their allotted tax credit to your child. Despite the bill saying it can't be given to a specific child, it is clearly stated in many instructions that you can recommend a child, and that the child who leveraged the program most successfully are those who spend time explaining the benefits of the program to others and asking them to participate. This begs the question if the stated intent is to help the underserved and low-income children, are children in poverty really going to have a fair shot at obtaining them when statistically people tend to aggregate with others of similar means? Will the dollars really go to children in poverty, or is this a financial loophole for those who are already going to go to private school to divest from the public good at the very expense of the children at risk? I say this because in places the bill provides a dollar-for-dollar remittance of taxes owed the state to provide a second educational option at income levels where our state doesn't even provide basic food, child care, or health care support. In multiple media sources, you find articles and interviews from Chris Syler [PHONETIC], a former highly paid lobbyist from Arizona, that details his work for the Goldwater Institute. In an interview from July of this last year by the Tennessee Holler, he details working in the realm of school privatization, known under the label of school choice. He details his background as an evangelical Christian, having attended George Mason University, studying economics with strong influences of Milton Friedman and free markets. He goes on to detail his lobby work and how he was tasked with bringing in people to lobby for the bills he helped craft that often use children of disadvantaged backgrounds to front for them and really believed he was doing good. He details how bills like the one before you today, other vouchers and educational savings accounts are written to find the legal loopholes around many states' [INAUDIBLE] amendments, and details also how many of the people paying to craft the bills and for the lobbying are billionaires looking to cut their legal tax liability and in many instances profit off privatizing K-3 education. One of the many known

lobby groups active in Arizona is the Betsy DeVos organization American Freedom for Children, where one newspaper article highlighted that Betsy DeVos got what she paid for, detailing how the organization spent heavily in state legislative seats to primary Republicans that didn't align with their heavily privatizing agenda. This same organization lobbied to use over \$800,000 in their latest local elections, and last year, Betsy DeVos tried to call senators, getting them to pass the same bill. Chris goes on to detail how he tried to get data on these programs and prove that he was benefiting people. He was met with no interest in tracking any metrics or any meaningful transparency or accountability. After a while, he realized that it wasn't actually about improving education for the disadvantaged, but privatizing the K-12 education system for the benefit and control by a few, relaying that the end goal is to-- is no public education and a pay-your-own-way free market where many times the most disadvantaged have the fewest and poorest quality choices.

**von GILLERN:** Sorry. I'm going to call your attention to time.

**BROOKE GIVENS:** I apologize.

**von GILLERN:** Thank you, and thank you for your testimony. Thank you for allowing me to step out for a moment. Any questions from the committee? Seeing none, thank you for being here this evening.

**ALLISON KINNEY-WALKER:** Hello, my name is Alison Kinney-Walker, A-l-l-i-s-o-n K-i-n-n-e-y-W-a-l-k-e-r. I'm here as a parent of four children in the Millard Public Schools, and I'm here simply because I love our public schools. I love public schools because I believe passionately in their purpose and mission. I recall learning about the origins of public education while completing my doctorate in educational administration. And I was and continue to be inspired by the mission and vision of public schools to provide a free, quality education for every student in every community across this country, regardless of race, gender, income, sexual orientation, ability, level, religion, etcetera. As a society, since the 1890s, we have recognized the importance of public education as a public good that should be financed by public dollars for the betterment of society. As a parent, I sought out public schools in Nebraska for our family because I knew they were strong schools, not just because of test scores, but because of the excellent teachers and administrators, excellent services and resources for both students who struggle academically and for those who are academically gifted. I wanted a strong school that serves students from a variety of backgrounds. I

wanted there to be racial and socioeconomic diversity in my public schools, and I was attracted to our school in particular because of its strong English language learner program so that my kids would meet children and families from all over the world. Lastly, I wanted a school and school district that would affirm in value my children, regardless of what their sexual orientation or gender identity may be. And this simply is not the case in many private schools. This bill will provide tax dollars to support private schools which do not have the same mission of public schools. Private schools are, by nature, exclusionary. They get to pick and choose the type of student they want in their schools. I believe families should have this choice, as they always have had, to send their children to private schools. But they should not receive taxpayer assistance to do so. Lastly, I'm against this bill because it will take millions of dollars that could be invested in other services that would improve the quality of life for all Nebraskans, as you've heard about today. We could do so much with this money to address poverty, poverty being one of the key indicators of why students are unsuccessful in education. Forty-four percent of students in Nebraska public schools live in poverty, and they have a lot of challenges that our public schools are trying to, to meet. I urge this committee to oppose LB753. Let's not become a state where we give tax credits for the wealthy in order to fund exclusionary education at the expense of fully funding and supporting public goods that are available and accessible to all Nebraskans. Thank you.

**von GILLERN:** Thank you. Questions from the committee? Seeing none, thank you, Ms. Kinney-Walker.

**MARY McKEIGHAN:** My name is Mary McKeighan, spell that M-a-r-y M-c-K-e-i-g-h-a-n. many of you here may be surprised, but my children all went to private schools for high school, and three of them went to private schools for grade school and three went for-- to public schools. I oppose LB753. I'll tell you why. A few years ago, I started helping kids with scholarships at a public school that is quite poor. In fact, I read about kids who were so glad to find a can of green beans to eat. There are kids that are sleeping under the school steps at night. This is in our state of Nebraska. And I also would like to remind you that at a homeless presentation I went to three years ago, the fastest growing group of people in this state are children in the third grade. We should be ashamed. We should be ashamed. So I oppose this bill because I think where we would get good bang for our buck is to make sure that our public schools are well-funded and we can get quality education in those schools.



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Revenue Committee February 3, 2023  
Rough Draft

**von GILLERN:** Thank you for your testimony. Any questions? Thank you, Ms. McKeighan.

**GARRET SWANSON:** Hi. In the interest of time, I've also cut my speech so we can keep it moving along. Vice Chairman von Gillern and members of the Revenue Committee, my name is Garret Swanson, G-a-r-r-e-t S-w-a-n-s-o-n, and I'm here on behalf of the Holland Children's Movement in opposition to LB753. Senators, in October, our sister organization, the Holland Children's Institute, polled Nebraskans on whether or not they believe taxpayer dollars should be used to subsidize private and charter schools. A massive 67 percent of Nebraskans opposed or strongly oppose public funds for private schools, while 32 percent supported using public funds for private schools. Senators, there-- across several polls, the institute has found that there's simply no mandate for giving public money to private schools in Nebraska. If people believe their local public school isn't providing children the best opportunity to succeed, the solution is to give that school better tools to aid students. One of the great benefits of public schools is that Nebraskans can go to their local school board to lobby for changes they want to see and represent their child. There's nothing stopping us from taking techniques and lessons that work in private schools and implementing them in our public schools. Consistently, our polling has shown that Nebraskans take pride, great pride in their-- in the state's public school system. And we hope to have more up-to-date-- more up-to-date data soon to show the committee on how Nebraskans feel about private and charter schools. Thank you. And also, our poll is on our website. Please feel free to go look. And other than that, I'm open for questions.

**von GILLERN:** Thank you, Mr. Swanson. Any questions from the committee? Seeing none, thank you for being here this evening.

**GARRET SWANSON:** Thank you.

**EDISON McDONALD:** Good evening. My name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d, representing the Arc of Nebraska. We are Nebraska's largest membership organization, representing people with intellectual and developmental disabilities and their families. I want to start by thanking Senator Murman, Senator Linehan and Governor Pillen for their leadership on special education funding. We truly are in a special education crisis right now, and we need to take significant action to address it. However, we oppose LB753 because we are concerned it will hurt students with disabilities. While we have members with

disabilities who are in private schools, we have to look to protect all students with disabilities. We see consistently, private schools take students with lower needs but struggle with those children with far higher needs. So I wanted to share the story of one of my members who has experienced that. My name is Matt McNiff, and I oppose LB753. I oppose this on several reasons. First, I'm a parent of a child with a disability: autism. My son Ben is 15 and has classic autism. Because of his communication needs and his disability, private schools will not accept him as a student. This is the reality of countless students across Nebraska. Private schools get the luxury of picking and choosing who gets to come to their schools and who gets to stay. Because of stories like these where many-- many students with disabilities may not be able to access private schools, we believe in protecting public school education programs. Remembering that really, special education in Nebraska has only been around for a comparatively short time. It was only in 1978 when Revised Statute 79-3315 passed. It wasn't until 1991 that Public Law 99-457 passed, which was the amendment to an expansion of the Federal Education for All Handicapped Children Act. Our members are highly concerned that based upon programs in other states, that this may impact our special education programs that, again, are already in crisis. With that in mind, here are the conditions that need to be fully complied with to properly protect students with disabilities straight from our policy statements. Charter schools and private schools that accept public funds through a voucher or voucher-like system must comply with IDA, the Americans with Disabilities Act, Section 504 of the Rehabilitation Act. Specifically, they must provide zero reject and free appropriate public education in the least restrictive environment, including nondiscriminatory evaluation, individualized appropriate education plans, access to the general curriculum, procedural safeguards and parent participation. I know that earlier there were some comments about IDA and how it applied. I just want to read some 2022 guidance, because I think there's some confusion. While IDA provides no individual entitlement to children with disability whose parents have placed them in private schools, when faith is not at issue, the law does require that a school district spend a proportionate amount of its IDA Part B funds to provide equitable services to this group of children, which could include direct and or indirect services.

**von GILLERN:** Thank you, Mr. McDonald. I need to call your attention to the, to the time.

**EDISON McDONALD:** Yeah. Any questions?

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Revenue Committee February 3, 2023  
Rough Draft

**VON GILLERN:** Any questions from the committee?

**KAUTH:** [INAUDIBLE].

**VON GILLERN:** Yes.

**KAUTH:** So how are kids doing in general with-- kids with disabilities--

**EDISON McDONALD:** Yeah.

**KAUTH:** --in the public schools, in the bigger cities, the Omaha, Lincoln.

**EDISON McDONALD:** It--

**KAUTH:** How are they in rural?

**EDISON McDONALD:** It's all in crisis. Currently, OPS has 50.2 percent of their special education positions vacant, which is a staffing issue which funding will fix part of. Hopefully we'll move on 80 percent funding-- or moving to 80 percent state funding. And hopefully we'll see other things, like Senator Linehan's bill to provide SPED teachers' \$5,000 retention bonuses. But I guess our concern overall is that, you know, as we see those struggles, we don't want to see those dollars even potentially moved away, which I'm not enough of an expert in TEEOSA to say that is the case. You all can run circles around me on that.

**KAUTH:** So but, and you did-- when you first started speaking, you did acknowledge that part of the Governor's plan is to increase the special education funding--

**EDISON McDONALD:** Yes.

**KAUTH:** --from 50 percent, correct?

**EDISON McDONALD:** Yes.

**KAUTH:** Will that help significantly?

**EDISON McDONALD:** Lots.

**KAUTH:** OK. Thank you.

**EDISON McDONALD:** I saw.

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Revenue Committee February 3, 2023  
Rough Draft

**KAUTH:** Thank you.

**von GILLERN:** Any other questions? Thank you, Mr. McDonald, for being here this evening.

**EDISON McDONALD:** Thank you.

**APRIL JORGENSEN:** Hello. My name is April Jorgensen, A-p-r-i-l J-o-r-j-- J-o-r-g-e-n-s-e-n. I come speaking as my own-- on my own. My son has a medical diagnosis and has received special ed services since age two through our public school service. When he was in preschool, my family's financial stability, job stability and mental health was always nearly in threat because he was nearly removed from preschool. You see, we don't offer free mandated preschool to all kids, and so we were constantly worried that he would be removed and we would have nowhere to enroll him. And how would I keep a child? The school did keep him, luckily, but it was not because they had to. They chose to. They could have chosen not to. And I would have nowhere to send him. Nowhere. It was a huge relief when he aged into public schools, where he's guaranteed enrollment and the services he needs. You can't tell me that all kids can use this scholarship fund, because students like my son would not be accepted into these private schools. We even investigated a nonreligious private school, and they were told me that they could not accept him and his needs. How do I know this further? I attended Catholic schools, and I am not Catholic. My parents took me there because it was convenient. My dad still works there. I was an easy, good student. My brother was dyslexic, they couldn't handle his needs. He had to leave. I interviewed for a job at a Catholic school in Nebraska, and I was offered the job. It was a good interview. But they told me they wouldn't hire me. They wanted to offer me the job, but I needed to stop living with my fiancée. Because they can discriminate against anyone they want in terms of employment and children. And they do every day, and I'm living proof of it. My dad still works at that Catholic school. And to this day, they still have virtually no special needs students in their school. Public schools can always improve, but funding an unaccountable parallel school system, i.e. public schools, will not help all students like mine. The school right now, as they said earlier about special ed staffing, the school can no longer provide my son a one-on-one para that he had before because they don't have the funding to pay a living wage to attract qualified applicants. But we're going to take money out of state coffers to give to the rich and corporations? And I'm going to have to explain to my son that he can't have his needs met? Lastly, I am really astounded that most people on this committee are

disingenuous, unprepared and unqualified to legislate on this bill. Two senators I listened to here tonight had to ask a testifier to explain the negative tax implications of this bill. That's astounding. Lastly, there is a senator on this committee, Senator Kauth, say all these people say we want a school choice, parent choice, parent choice. Senator Kauth doesn't want parents to make medical decisions about their children.

**von GILLERN:** Ms. Jorgensen, I need to call your attention to the time. Any questions from the committee? Thank you for being here this evening.

**JESS PARKER:** Good evening, now, at this time. Good evening, Vice Chairperson von Gillern and the Revenue Committee. My name is Jess Parker, spelled J-e-s-s P-a-r-k-e-r, I live here in Lincoln in District 30. I'm here today on my own personal capacity in opposition of LB753. I'm very confused on where the line of, of parents know what's best for their child changes from being a positive thing when it's associated to education, to parents absolutely do not know what's best for their child when it comes to extracurricular entertainment choices. But regardless, here we are. Let me tell you about my family. I have three kids who attend LPS, they're in first grade, seventh grade and ninth grade. One of my children identifies as transgender. With that being said, I am so wholeheartedly thankful that my kids attend a school district that's protected by an equal protection clause. They can't kick out my transgender kid if they get upset, and they can't kick my kid out for simply being themselves. Without anything set in private schools' bylaws, it leaves an incredibly gray area that can be used to the private schools advantage to rid the nonconforming students from enrollment or scholarship revocation without an outlined due process. The next reason why I'm so relieved at this point that my kids attend public school is because two of my children have extra support put in place by an IEP and a 504 plan. I know there is a staff shortage. This is not only happening strictly with public school districts across the state, but also with private schools and universities. Yes, your child might have to wait a couple of extra weeks to get services lined up and implemented through the public school system, but at least those services are provided and guaranteed through the free, appropriate public education law. This law was enacted to ensure schools are required to provide special education to meet the unique and individual needs of a child. Private schools currently do not have to adhere to this federal law because the government isn't funding them. Many private schools aren't even equipped to enroll children with disabilities. They lack the proper

staffing and proper equipment. I'm not sure where all of the paras, therapists and special education teachers will come from in order for private schools to adequately support students with disabilities. Another opportunity that public schools offers my kids is access to school libraries filled with books reflecting a wide range of subjects, including diverse characters, science, gender identity and history told through a different lens other than your own. Books that are not censored to fit a certain skewed partisan narrative. The last reason today why I'm thankful my kids attend public school is to keep them safe from the horrific sexual abuse that continues to occur without any prosecution or repercussions within the city of Lincoln and within two other Catholic dioceses. The Attorney General's web-- website states there were credible allegations of sexual abuse and misconduct-- conduct from 258 documented victims in 2021. I certainly do not want my tax money contributing to that. I urge you to keep public schools funded and oppose LB753.

**von GILLERN:** Thank you for your testimony, Ms. Parker. Any questions from the committee? Thank you for being here. Thank you for your testimony. You don't have to move each time. It's OK. You can just go in order. It's all right.

**DUNGAN:** It's [INAUDIBLE].

**von GILLERN:** It's not fair. It's not fair, you're getting to stretch your legs. Good evening.

**MELANI KNIGHT:** Good evening. My name is Melani Knight, M-e-l-a-n-i K-n-i-g-h-t, and I am here today to oppose LB753. I am a resident of District 38. So, Senator Murman here. I am the mother of two grown children, both that attended public schools and received special services and accommodations covered and ensured by IDEA, the Individuals with Disabilities Education Act of 2004. Both of my children had IEPs and the schools had the legal obligation to follow it at no cost to me and my family. Private schools in Nebraska are not legally obligated to follow IDEA. Students do not have an individual right to receive the same special education and related services such as speech or occupational therapy as they would in public school. Instead, they are entitled to equitable services. This is based on the funding available for those private schools, which can vary greatly from year to year. Private schools are only responsible for providing modifications, accommodations and access to educational opportunities, such as a ramp for a child in a wheelchair. Private schools may offer special services, but they are not legally obligated to do so. And as

I know from much experience, we as humans more often than not take the easy way out. I'm not saying that any or all private schools intentionally deprive any student of an appropriate education. In fact, I'm sure that every school, whether it be public or private, and every educator, has the best intentions. However, we tend to do what is easy rather than what is right. Intentions are meaningless without action, and action does not happen without accountability. I had to advocate and then often fight for both of my children to receive the free, and more importantly, appropriate education that they were legally entitled to. Because public schools have to follow and adhere to IDEA, I had recourse. Private schools offer no due process nor recourse. In addition, there is no requirement or oversight, nor accountability, much less transparency, something we've all heard about this last week. Both of my children are now productive citizens that are gainfully employed, participate in their local community and pay taxes. I truly believe that this is due to them receiving the appropriate services each needed. Here's the deal. All chil-- all parents want the best for their children. All parents. This bill is not it. Too many families and kids, especially those with challenges, whether it be physical, cognitive, emotional, psychological-- psychological, behavioral, are going to partake in this, hoping for something better, just to find out that they are not receiving the services that they need. Not want, but need. So they will soon find out that what they have left for something better is now less than. This bill is not for everyone. Public dollars should be kept for public schools. Thank you.

**von GILLERN:** Thank you for your testimony.

**MELANI KNIGHT:** Any questions?

**von GILLERN:** Your questions from the committee? Thank you, Ms. Knight. You hit the timer right on the dot.

**MELANI KNIGHT:** Public speaking.

**von GILLERN:** Well done. Good evening.

**JACOB CARMICHAEL:** Those are making their way around. Good afternoon, Senator von Gillern and members of the Revenue Committee. My name is Jacob Carmichael, J-a-c-o-b C-a-r-m-i-c-h-e-l-- h-a-e-l, d\*\*\* it. I'm an alumnus of St Patrick's and Elkhorn High School, and I come today in opposition to LB753. First, I will point out that I am wearing this sweater as a recent graduate of Columbia University to show how public

schools are just as extraordinary as private ones. Second, I would like to commend Senator Linehan. This bill was detailed, thought through, and provides clear definitions for every term in process, something I am disappointed to say that we have not seen from all bills this week. However, whether we're calling it school vouchers or not, this bill is incredibly misguided and dangerous. As a few of you, I think four of you were here for, Senator Linehan, Senator Murman, Senator Briese and Senator Albrecht, I'll refer to my testimony from Wednesday. The carefully crafted conservative curriculum I endured before high school resulted in two years of me being suicidal and wondering when God would simply smite me for my existence. Public high school and the diversities I encountered saved my life. Sadly, situations like mine are not even the largest issue in Catholic schools. Pedophiles are. I will now list the parishes that have had substantiated claims of clergy sexual abuse and misconduct per the Archdiocese of Omaha: Aloys, Saint Aloysius; Amelia, Saint Joseph; Atkinson, Saint Joseph; Battle Creek, Saint Patrick; Beemer, Holy Cross; Belden, Saint Mary; Bellevue, Saint Bernadette; Blair, Saint Francis Borgia; Boys Town, Immaculate Conception; Butte, Saints Peter and Paul; Cedar Rapids, Saint Anthony; Central City, Saint Michael; Clearwater, Saint Teresa of Avila; Clyde, Saint Patrick; Clarks, Saint Peter; Coleridge, Saint Michael; Constance, Saint Joseph; Creighton, Saint Lugdger; Deloit Township, Saint John; Dixon, Saint Anne; Dodge, Saint Wenceslaus; Duncan, State Stanis-- Saint Stanislaus; Elgin, Pope John XXIII High School; Elgin, Saint Boniface; Emmett, Epiphany; Ewing, Saint Peter of Alcantara; Fordyce, Saint John; Fremont, Saint Patrick; Fullerton, Saint Peter; Genoa, Saint Rose of Lima; Hartington, Cedar Catholic High School; Hartington, Holy Trinity; Hooper, Saint Rose. I'll skip ahead. Omaha, Saint Patrick's, mine. And I will skip to the end of my testimony because this list goes on for another page and a half. Not every parish on this list is associated with the school, but I would like to ask the senators to consider the relationship the Catholic Church has with education and the roles that clergy often plays-- and the roles that clergy often plays in children's lives, as Governor Pillen even noted in his speech yesterday, this bill enables funds and exposes more vulnerable children to abuse. Thank you.

**von GILLERN:** Any questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Vice Chairman von Gillern. And Mr. Carmichael--

**JACOB CARMICHAEL:** Yes.



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Revenue Committee February 3, 2023  
Rough Draft

**DUNGAN:** --going back to the very beginning of your testimony. I know it's a late day. I'm not going to go on and on. You saying you were suicidal for a couple of years, it takes a lot of courage to come here and talk about. I want to let you know that you're sitting here today and we see you and we hear you and we appreciate you. So thank you.

**JACOB CARMICHAEL:** Thank you.

**von GILLERN:** Thank you. Any other questions? Thank you for your testimony tonight.

**MOLLY DAVIES:** Hi.

**von GILLERN:** Hi, there.

**MOLLY DAVIES:** My name is Molly Davies, and I am a proud resident of Legislative District 5.

**von GILLERN:** Could you spell it?

**MOLLY DAVIES:** Sorry. M-o-l-l-y D-a-v-i-e-s. South Omaha girl, proud resident of LD5. I'm an Omaha Public School parent, I have two Jackson Jaguars in the dual language program. They are thriving. If you look up the school on GreatSchools, you won't think so. But they're wrong. And I am a proud public school teacher. For the last 11 years, I have been teaching in public schools. I am a refugee and migrant specialist. I teach children who would not be included in the opportunity to apply for these scholarships because they come to the United States when they are teenagers and they are learning English. Additionally, I used to teach in Catholic schools, so I've been a teacher for 23 years and I spent the first half of my career in Catholic education. If this bill passes, we will have diverted \$1 billion to private schools which have zero public accountability, and they don't take the accountability to graduate all of the students that they matriculate. At the risk of sounding disorganized, I'm going to spend my time addressing some of the things that I have heard rather than read my comments. One thing that I heard was from the woman who testified at Grand Island Central Catholic, about having a public ed-- public school special educator come out to her school. That 15 minutes a month is per student. So it's four students per hour. That means maybe they could hit 16 in a day. So if you had a program that had 30 SPED students, that would be two days a week, plus 30 IEPs, all of the meetings, all of the corresponding data collection and all of the corresponding paperwork that special educators do. And

the vast majority of private schools do not have a dedicated special education teacher or program, and none are required to. And as the gentleman stated from Arc, we have a SPED teacher crisis and that is not going to be solved in the next moment. When you take a special, special educator out of a public school and you send them to other schools, you stretch a system where you have a person who has already got an overstretched caseload. If you really cared about this and you cared about OPS schools and you wanted our score to increase, you would fund early childhood, you would find more vocational training, you would fund more support for their parents. We would have a fully funded infrastructure for public transportation so they could get where they wanted to go. We would have fully funded health care. We would make sure that they are able to afford their housing. If every private school is the Omaha Street School, if every private school was Cues, some of these arguments might carry water, but it's not.

**VON GILLERN:** Thank you, Ms. Davies. Any questions from the committee? Yes, Senator Dungan.

**DUNGAN:** Thank you again, Chair von Gillern-- Vice Chair von Gillern. And thank you for being here. You also offer the unique perspective that some other folks have had here, I think, where you've taught in both private and public schools.

**MOLLY DAVIES:** I did, yeah. Most of my, my teaching career has been in Catholic education.

**DUNGAN:** So there was somebody earlier who had asked a question to, which it was a long time ago. So I apologize if--

**MOLLY DAVIES:** I've been here since the beginning. Go ahead.

**DUNGAN:** OK. It was regarding expulsion in private schools--

**MOLLY DAVIES:** Yeah.

**DUNGAN:** --versus public schools. Can you elucidate a little bit more sort of the differences there? I mean, I think the testimony--

**MOLLY DAVIES:** Sure.

**DUNGAN:** --we heard was that there's really not expulsions from private schools. Was that your experience?

**MOLLY DAVIES:** No. So I taught in a couple of Catholic high schools, and then I also taught in an environment, I was a professor at Creighton and I ran a program that served underresourced and fully resourced Catholic schools. And I trained teachers and recruited him for those schools. So I got to see actually a lot of schools. And it's pretty common for, for expulsions to happen, especially when we're talking about drug and alcohol use, fighting, some behaviors. Sometimes it's not necessarily an expulsion, as much it's a recommendation to a family that the child can't handle the academic environment or that the school that's matriculated the child can't handle the child's disability, even though the tuition has already been paid. Typically that's not refunded.

**DUNGAN:** Thank you.

**MOLLY DAVIES:** So and I also have the experience being at a high school now that receives those students. I teach a high-performing inner-city downtown high school in Omaha, and we have wonderful programs and we serve every type of kid that you could possibly imagine in our walls. And we do it with pride and we do it with sensitivity to all children, no matter who walks in. Some of those children that walk in are the children who are expelled from Catholic schools. And we love them back to healing. We love them back to reconciliation with themselves. Some of the kids that walk in are the kids who leave Catholic schools, much like Jacob, who come in traumatized because they're trying to be themselves in an environment that's telling them they can't.

**DUNGAN:** Thank you. I appreciate your background and--

**MOLLY DAVIES:** Yeah.

**DUNGAN:** --your being here today. Thank you.

**von GILLERN:** Any other questions from the committee? Thank you for your testimony.

**MOLLY DAVIES:** Thank you.

**von GILLERN:** Thank you for what you do, with particularly the refugees and migrant children.

**MOLLY DAVIES:** It is the best job in the universe.

**von GILLERN:** It's a huge--

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Revenue Committee February 3, 2023  
Rough Draft

**MOLLY DAVIES:** But we need to be paid more money.

**von GILLERN:** Huge impact, thank you.

**MOLLY DAVIES:** Yes.

**CAROL WINDRUM:** Good evening. Thank you, thank you, thank you, thank you for tirelessly listening to people who are concerned about our kids. My name is Carol Windrum, C-a-r-o-l W-i-n-d-r-u-m, I'm United Methodist clergy. The church is a huge part of my life, and I understand the ministries of, of faith communities. I am not here to, to bad mouth parochial schools at all. But being a church person, if my church chooses to offer a school opportunity, then as a church person, I put my moneys into that church-- that school opportunity. That is my choice. My other hat is a taxpayer. My tax dollars should not be going to support my church's school. That's our thing. It's not up to the taxpayers. For me, this is such a separation of church and state issue. The woman who testified from the Catholic school in Grand Island, she talked about the importance of their faith-based curriculum. My faith is very important to me, but I will not impose that on other taxpayers who may not be walking the same spiritual path that I am. I just think that public dollars go into public schools. Church, church contributions on my part can go to a church school. If we just-- taxpayers represent atheists and Muslims and Hindus and Jews and Christians, all of us. To think that my tax dollars are going to go to a school that's going to promote a certain faith, it just doesn't sit well with me. And I am a person of a particular faith. So thank you for listening to me. Brenda Council-- I mean, I used to be a teacher. The money ought to go into our public schools so that we can get that that low student teacher ratio. Oh, my gosh, that would be fantastic. So thank you for listening to me. And I keep hearing that parents should have a choice. Parents do have a choice. They do have a choice. So it's not like they don't have a choice. So thank you.

**von GILLERN:** Thank you. Any questions for Ms. Windrum? Thank you for being here.

**CAROL WINDRUM:** Thank you.

**JARED WAGENKNECHT:** My name is Jared Wagenknecht, J-a-r-e-d W-a-g-e-n-k-n-e-c-h-t, that always takes up half of my time. I'm going to-- I have a footnote to a study that's already been referenced, so I'm going to skip that. A lot of information was shared here today. And, and within that, it's easy to lose the plot. And so what I want

to do is clarify a few of the objections and talking points that have been heard on this bill today. So, first off, the question is not about whether kids can have scholarships. They can. It's also not about whether wealthy folks can donate all their extra money to help those in need. They can do that, too. The unanswered questions for this bill are, one, why is it that millionaires and billionaires need tax credits before they're willing to donate all their extra money to help those in need? And two, if we do choose to offer those tax breaks, what will the consequences be for other public services? If we choose to give wealthy folks back the money they donate, this will mean less revenue in the General Fund. We know that the yearly cost of this program will balloon to over \$200 million in the next 10 years. We know costs for similar programs around the country have also grown exponentially over time. Make no mistake, giving tax credits to provide scholarships for some will leave less for the majority of kids who are still served by public schools. It will mean less for those who are unable to go to private schools and often need significantly more resources than the average student. It means less for those without their own transportation to a school of their choice. It means less for kids in the 48 Nebraska counties without a private school, that is more than half. It means less for LGBTQ students and families. It means less for students whose families are unavailable or unaware of the program. It means less for English language learners and special education students. These two groups combined make up nearly 40 percent of the students at the public high school that I work at in Omaha. Make no mistake, there are also lots of English language learners in rural Nebraska as well. These students will be almost entirely unable to utilize opportunity scholarships. Rather than fixing things, this bill will provide a way out for some and even less for those that the market has historically left behind. I also want to address the warped view of parental choice that the proponents of this bill use to talk about school funding. You don't pay taxes to educate your own children. You don't just pay taxes to educate your own children. That's why you don't stop paying taxes when your kids graduate and you don't stop paying taxes-- and you don't get a tax refund for not having kids. We fund public schools because we all benefit from an educated society. Regardless of the choices that you make for your kids, you benefit when the people you work with, the people you buy stuff from, the people who vote on your leaders are educated. That's why the Nebraska Constitution requires us to provide a free, nonsectarian education to everybody under age 21. Taxpayers don't get to sidestep their contributions to public services simply

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Revenue Committee February 3, 2023  
Rough Draft

because they don't personally intend on using them. And I see the light, so I'll finish up.

**von GILLERN:** Thank you for respecting the time, sir.

**JARED WAGENKNECHT:** Yeah.

**von GILLERN:** Any questions? Thank you for being here this evening.

**JARED WAGENKNECHT:** Yep.

**WES JENSEN:** Thank you, Revenue Committee. Wes Jensen, W-e-s J-e-n-s-e-n, I reside in the LD7, Senator Vargas. However, I was grown up in Senator Murman's district. Good to see you. Thank you for the time. I want to echo what Cindy said earlier. Thank you for making this a committee hearing where all voices can be heard. That has not been the case, and so I appreciate that decision. I am here as a public school teacher. I have taught for 15 years. However, nine of my years were at a previous school that did testify as a proponent to this bill. I am here in opposition, and there's a big reason why. As I said, I am a proud public school graduate, but I also attended a private school as well. And there's a reason why we left. We left because my sister had a reading struggle. And the decision that school chose to make, that private school, put her in the hall, have her read to a grandma. We know that doesn't work. So we went to a public school. My sister is now also a proud public school teacher in the district Senator Murman represents. So when we say private schools accept all students. Sure, they may come, but they can't live to be their true self and neither can adults. In 2008, I had to call the founder of the private school I was going to work for to ask for permission to live with two females. In 2008. I'm also a gay man, but I didn't accept myself, and working at a private school for nine years didn't allow me to be my true self. And it didn't allow all students to be their true self. There was a student I fondly remember at that school, decided to participate in the National Day of Silence. She was punished. The National Day of Silence is an opportunity to honor LGBTQ+ members, their humanity. And she was forbidden to do that and punished for it. Do not tell me private schools do not discriminate against students or adults. I have a minute left. I haven't even looked at my phone anymore because I'm livid to hear that people think private schools do not discriminate. They do. I teach in alternative ed, I forgot to mention that. I also taught in Minnesota for two years at a priv-- a public charter school that did get to hand-select their students as well. If you were a behavior issue at my private school

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Revenue Committee February 3, 2023

Rough Draft

here in Nebraska or at those charter schools, they were turned away. They were kicked out. They were expelled. There is no process. It is just simply a decision. In my public school now, an alternative ed public school in Omaha, we have processes that we have to abide by. Do not keep giving public dollars to entities that discriminate and get to choose who they do or do not serve. And that is why I oppose LB753. I'll take any questions.

**von GILLERN:** Thank you. Any questions from the committee?

**WES JENSEN:** Thank you.

**von GILLERN:** Seeing none, Mr. Jensen, thank you for being here this evening.

**MOLLY GROSS:** Good evening. My name is Molly Gross, M-o-l-l-y G-r-o-s-s. Thank you for the opportunity to speak. And I know it's been a really long day. I come as a representative of Nebraska PTA, National PTA and a graduate of Bellevue Public Schools. I have four kids who have all gone through Bellevue Public Schools, and two of them had IEPs. I've been on the PTA and served in various committees on the state board. I'm the federal legislative chair. I go and lobby in Washington. For over 125 years, PTA has been the largest volunteer advocacy group in our nation. Today's PTA is a network of millions of families, students, teachers, administrators, business and community leaders. The National PTA and Nebraska PTA oppose any private school choice proposal or voucher system. Essentially, that's what this is. Public dollars carry the responsibility for providing public access, governance and accountability. We believe that public support for any school must not be allowed to detract or to divert money from the continued operation of the national public education system. Voucher programs, however, weaken our nation's public schools by diverting desperately needed resources away from the public school system and fund education for a few select students in private and religious schools. Voucher programs have proven ineffective in improving students' academic achievement, they lack accountability, deprive students of rights and protections that they would receive in public schools and failed to provide adequate services for students most in need. Funding for voucher programs does not-- does not increase equitable access for resources that many students need, and weaken public schools which are responsible for providing access to educational opportunity. In conclusion, Nebraska PTA and National PTA urge you to strengthen the state's public schools, oppose private school scholarship programs, and any other mechanism to funnel public

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Revenue Committee February 3, 2023  
Rough Draft

dollars away from the public schools to private-- private schools.  
Public dollars for public schools. Thank you.

**von GILLERN:** Thank you. Any questions from the committee? Seeing none, thank you, Mrs. Gross.

**SARAH SMOLEN:** Hey, all.

**von GILLERN:** Hi, there.

**SARAH SMOLEN:** This is fun. So my name is Sarah Smolen, S-a-r-a-h S-m-o-l-e-n. I was a student in private schools in various states throughout my education. I also taught in private and public schools. And I'm the mother of a public school student. I'm going to cut it short because a lot of people have made really great and compelling points, but I just wanted to share some of my experiences as a student in private school and then also as a teacher, particularly in my high school. I did go to a private high school in Iowa, which is the state that we are allegedly competing with now. So perhaps this will add some weight to that. The school that I attended, a private Christian school. Definitely, you know, we when we hear private education, a lot of people have just assumed that it's better. I would argue that in many cases it is not. For example, the school that I attended did not provide enough academic support for high-achieving students or low-achieving students. We didn't have an ELL program, so students who English was not their first language just simply could not attend. Students who had special needs, whether that was ADHD, OCD, or maybe something that required more support, could not get the adequate support they needed. Students like myself, who perhaps should have-- would have benefited from AP courses, they weren't offered, so didn't get that as well. And it was also simply not-- especially Wes talked about how private schools can be very discriminatory. It was not a safe space for LGBTQ students. Many of my former classmates have since then come out of the closet, and understood that for that time in high school it was terrifying. It was nightmarish. It wasn't safe to be who they were. They would not be supported, and in fact would be treated as if something was wrong with them. And frankly, that's unacceptable. I did teach at that same school after I'd completed high school-- or not high school, college. That's what you do. And at that time, I was one of, I believe, two qualified teachers on staff in the high school. Other teachers had been there many, many years. They did not have college degrees. They did not attend any kind of teacher qualifying programs. They were just people with textbooks who knew how to read. And that was alarming. We had essentially underqualified people



teaching other kids who then would continue to be underqualified. So as we're considering this and as we're looking at this, I want to just indicate that it's-- there's no oversight. There was no governing body to ensure that there were qualified educators, that we were meeting certain academic benchmarks. It was essentially a free-for-all. And that would be my main concern and why I would ask you to oppose LB5-- LB753.

**von GILLERN:** Thank you for your testimony. Any questions from committee? Seeing none, thank you, Ms. Smolen. Appreciate you being here.

**NANCY MEYER:** Hello, I'm Nancy Meyer, N-a-n-c-y M-e-y-e-r, and I submitted some written testimony ahead of time which addressed my concerns about special education because I was a public school special educator for 44 years, first as a teacher, then as an administrator. And given that, I appreciate Governor Pillen's proposal for increases in education spending and especially special education. They're both long overdue and very welcome. And after listening to the testimony and particularly the introduction, I understand that the intent is to not reduce public school funding. I certainly hope that's the case. However, the experience in other states, particularly Wisconsin, Arizona and Indiana, have shown that the more money that is funneled toward private education, it ultimately does harm public education. Because as the amount increases for private, the amount of money left for public diminishes. Perhaps the reason people have said so many times today that they don't want public education harmed is because over time we have seen it chronically on the chopping block, and it has been underfunded for ever since I was a little kid. And we are always on the alert for cuts. Now the last thing I want to say is to say that we're not really using tax dollars for private schools is disingenuous as far as I'm concerned. It's a shell game. To say that because it never went into the General Fund, it really isn't public money, well, it was going to be public money. It was intended to be public money. It was calculated to be public money when the person filled out their income tax return. And so to say it's really not public money going to private entities, like I say, is disingenuous. That's what I wanted to say.

**von GILLERN:** Thank you. Any questions? Seeing none, Ms. Meyer, thank you for being here.

**ABBY BURKE:** Good evening. Senator K--

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Revenue Committee February 3, 2023  
Rough Draft

**KAUTH:** Kauth

**ABBY BURKE:** Kauth, my-- I am a constituent in your district. It's nice to meet you face to face. My name is Abby Burke, A-b-b-y B-u-r-k-e. I'm not the kind of doctor you come to for a medical emergencies. I have an EDD, not an MD. But my loving husband would say, if you want something researched to death, call Dr. Burke. I'm testifying in opposition to LB753, I'm here as a proud parent and an educator. I have two children that have gone through public schools in Nebraska. Our son will be completing a schooling in May. Our daughter is enrolled at UNL and will graduate with a degree in secondary mathematics. She's planning to be a high school math teacher and is contemplating leaving Nebraska due to policies such as this, which is rather unfortunate considering the Nebraska Department of Education recently put out a report that we had 1,251 unfilled in vacant positions for this current school year, and it's projected to increase. So as a mom, saying goodbye to my daughter is heartbreaking. But knowing that you're going to be losing a secondary math educator in an area where there is a shortage is rather unfortunate. I'm a lifelong educator. Some of my professional positions have included classroom teacher, curriculum specialist, university instructor, state agency reading specialist. My expertise is in reading development and reading acquisition. I teach students to read. Every decision that I make in my role as an educator is grounded in one question: Is this what is best for students? And when I ask myself this question, it's-- and it's not answered based on personal experience, anecdotal stories, what my daughter thinks, what my neighbor thinks, or what my best friend thinks, although they're great stories-- it's always grounded and informed by research. We heard lots of really, really interesting anecdotal stories that were not grounded in research today. Lovely stories. True, but not based in research, based on an-- a study, a study, and of one. Research findings indicate that LB753 is not what is best for students. In fact, that research informs us that states that have implemented laws that mirror LB753 have not led to increase in math and reading scores for students. I included a hard copy of a testimony and a link to the report published by the Economic Policy Institute, which is an independent, nonbipartisan organization where you can read a summary of an analysis of 25 years of research, a meta analysis on scholarship or voucher systems. And it resoundingly found that this system does not improve student achievement. Private school scholarships or vouchers are not the key to unlock educator potential. Please contact me if you wish for me to provide you policies and practices that research does indicate that lead to student

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Revenue Committee February 3, 2023  
Rough Draft

achievement, because that's my jam. That's my game. And I will find that research for you and share it with all of you.

**VON GILLERN:** Perfect.

**KAUTH:** Perfect timing.

**VON GILLERN:** Thank you. Any questions for Ms. Burke?

**ABBY BURKE:** Anything you want me to find out?

**VON GILLERN:** Dr. Burke.

**ABBY BURKE:** I can find it out.

**VON GILLERN:** We've got your contact information, so. Thank you so much. Appreciate you being here.

**ABBY BURKE:** And again, the report down at the bottom.

**VON GILLERN:** Appreciate it.

**ABBY BURKE:** Helpful research.

**DUNIXI GUERECA:** All right. Long night. Do not be intimidated by the big packet. For the sake of time, we're going to move along quickly. And I apologize for the typo, Senator von Gillern. I demoted you and promoted Senator Briese on this, so my apologies. And I'm not going to read the--

**VON GILLERN:** This time, he can have it.

**DUNIXI GUERECA:** I'm not going to read all of it, but I'm going to read a part that to me is important. Thank you, Vice Chair von Gillern, members of the Revenue Committee. My name is Dunixi Guereca, D-u-n-i-x-i G-u-e-r-e-c-a, I am the executive director of Stand for Schools, a nonprofit dedicated to advancing public education in Nebraska. Stand for Schools is here in strong opposition of LB753. Nebraskans have many things to be proud of, and their history of supporting public education is at the top of that list. Nebraskans have long known that educated citizenry is crucial for the continued functioning of a democracy, and the best way to ensure that all citizens receive an education is to support public education. We oppose LB753 because it does not protect Nebraska's children against discrimination by private schools. As a proud child of two Mexican

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Revenue Committee February 3, 2023  
Rough Draft

immigrants, this is especially important to me. Unlike public schools that are open to all, page 3, line 16 to 17 of the bill states that private schools under LB753 must comply with 42 U.S.C. 1981, which only prohibits intentional discrimination based on race. That means students will not be protected from discrimination based on religion, national origin, special education needs, English language learners status, refugee status, sex, gender identity, sexual orientation, pregnancy or disability. Moreover, even this protection is insufficient to protect against discrimination based on race. The Supreme Court has held that Section 1981 does not allow plaintiffs to demonstrate discrimination by analyzing the disparate impact policies such-- take a second. Policies on different racial groups. Meaning that unless a school can be shown to be intentionally admitting, punishing or expelling students based on their race, an extraordinarily high legal bar to meet, LB753 as written will not protect minority students. Section 12 states that the bill should not be construed as granting the state more authority over participating private schools. Stand for Schools does not believe taxpayer dollars should be used to support schools that may be closed to some children, and that does not meet the same accountability requirements of public schools. As Governor Pillen told us this week, public dollars come with public responsibilities. And for the sake of time, we'll leave it at that, and I'm open to any questions.

**von GILLERN:** Any questions from the committee? Seeing none, thank you for being here this evening.

**DUNIXI GUERECA:** I was going to say hopefully the light is still out, but no. It's dark out.

**von GILLERN:** Do we have any others wishing to testify in opposition? Seeing none, any neutral testimony? Seeing none, I will note that we have letters that were emailed in. For the record, we had 231 proponents, 262 opponents and 4 neutral testimonies. And with that, we will close the hearing on LB753. No, we won't. We will hand off to Senator Linehan for closing. Oh, I was so close.

**LINEHAN:** And I got 30 minutes.

**von GILLERN:** Yeah. I'm sure my authority goes that far.

**LINEHAN:** I'm not going to go through all this tonight. We can-- couple of things I want to just say for the public record. There are 48 states that have school choice. Forty-eight. If you're going to go

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Revenue Committee February 3, 2023  
Rough Draft

find a place where they don't have it, you're going to go to North Dakota. That's your option. None of the 48 states that have a school choice program have rolled it back. As a matter of fact, there's quite a march to expand this. We've heard a lot from educators tonight. This is about parents being able to have options for their kids, poor parents, kids. And we have school choice in Nebraska. I used it all the time. I'm from Millard to West Side. I live in Elkhorn now. They can't build houses fast enough in Elkhorn because people want to be in those schools. But you know what? You got to have \$75,000 to buy a piece of dirt in Elkhorn, let alone a house. So to say that, you know, I just-- I don't understand why we wouldn't reach a hand out to help people who are less fortunate than many of us. I don't understand it. And I won't even go into how much you know, this doesn't hurt school funding, but I got lots of reports and lots of studies that I can bury you with next week. I kept my side down. [INAUDIBLE] He said it was your fault.

**von GILLERN:** Are you complete?

**LINEHAN:** Unless you want me to go--

**von GILLERN:** Thank you.

**LINEHAN:** --through it all. I can.

**von GILLERN:** I are you to ask any questions of Senator Linehan. Any questions-- any questions from the committee? We'd be happy to entertain any questions from the committee. Seeing none, we will now close the hearing on LB753.

**LINEHAN:** Thank you all.

**von GILLERN:** Thanks, everybody, for being here.