LINEHAN: Looking around the room, I think we mostly understand how this works. I'm Senator Lou Ann Linehan, and I chair the Revenue Committee. And today, we are going to hear first from Senator Vargas, and he's going to do both the first two bills, which is LB697 and LB756. I am going to introduce the Revenue Committee staff. Ly-- Lyle Wheeler, Charles Hamilton. At the end is Tomas. We have-- Weekly. Sorry. Tomas Weekly. We're out of regular--

TOMAS WEEKLY: I just [INAUDIBLE] on here.

LINEHAN: Oh, you did? OK. Because the next call will be from the Speaker. What are you doing? You're not following [INAUDIBLE]. OK. The committee will take up the bills in the order they're posted outside the hearing room. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation for us today. We do ask that you limit the number of handouts. If you are unable to attend a public hearing and you would like your position stated for the record, you may submit your position and any comments using the Legislature's website by noon, 12 p.m., the day prior to the hearing. Letters emailed to a senator or a 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's Legislature's website to submit written test-- written testimony in lieu of in-person testimony. To better facilitate today's proceedings, I ask that you follow these proceging-- procedures: please turn off cell phones and 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, which is Tomas Weekly, when you come up to testify. If you have written materials you would like to distribute to the committee, please hand them to the page to distribute and we will introduce them shortly. We 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 first and last name for the record. Please be concise. It is my request that, today, we limit testimony to five minutes. We will use the light system. You have four minutes on the green light and one minute on the yellow. And when it turns red, I will ask you to stop. If there are-- we'd ask If your remarks were reflected in previous testimony or if you would like your position to be known but do not wish to testify, please sign the white form in 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. Introduced the staff. So now we will have the committee members introduce, introduce themselves, beginning at my far right.

KAUTH: Kathleen Kauth, LD 31.

MURMAN: David Murman, Legislative 38. Represent eight counties along the southern border and the middle part of the state.

BOSTAR: Eliot Bostar, District 29.

von GILLERN: Brad von Gillern, District 4.

BRIESE: Good afternoon. Tom Briese, District 41.

ALBRECHT: Joni Albrecht, District 17.

DUNGAN: George Dungan, District 26, northeast Lincoln.

LINEHAN: And our pages today, if they would stand up, are Amelia, who's at UNL, senior studying political science. And Kaitlin [PHONETIC], who is at UNL, a junior studying political science. Please remember that senators may come and go during our hearing as they have other bills to introduce in other committees. Please refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and, and are a critical part of our state government. And with that, we welcome Senator Vargas.

VARGAS: OK. And thank you very, very much, Chair Linehan and members of the Revenue Committee. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s, and I represent District 7, which include the communities of downtown and south Omaha here in the Nebraska Legislature. Today, I'm here to introduce LB756 and LB697. Just a little bit of background here before I get into more of the written testimony. Senator Conrad and I both introduced extremely similar legislation with, like, very minor changes, and the minor changes really being on the outset-- sunset date of the program. And that is really the main substantive difference between these two bills. This is an act that existed in the past that sunsetted last year. Some of you that have been on the committee know this from the past. So for new people, this is a new subject matter in terms of something that has been in existence. So, just wanted you to know that. This will change the provisions of the Nebraska store tax credit on the Nebraska Job Creation and Main Street Revitalization Act, basically restarting it. NHTC. The program sunset in December of 2022 as no legislation was passed to extend it. This committee and our Legislature in general have plenty of lengthy conversations about tax credit incentive programs like this one. The NHTC is actually one of our more successful and has a huge impact on the health of our economy and the historic significance and beauty in our communities. NHTC Project, which have included low-income housing, courthouses, downtown areas seeking revitalization have had a tremendous impact on our local economy and workforce. And in the packet, you have a one-pager. And included in that are examples of many of these projects that have received credits in the past that have-- are in districts all over the state, some of which you'll recognize are in some of your districts. Since the project's inception in 2015, we have a experienced a total economic impact of $207 million, representing more than 700 percent return on the state's investments. This includes a direct economic impact of $138.5 million, an indirect economic impact of $68 million and $8.6 million in local and state sales taxes. NHTC is also responsible for a total workforce impact of 2,700 local jobs and $93 million in new wages. This includes direct employment of about 1,735 full-time workers and indirect employment of 1,021 full-time workers. As you can see, it is critical that we ensure that the store tax credit program continues. LB756 and LB697 will ensure the continuation of and seek to make improvements to this incredibly successful and impactful program. There are three major changes to the NHTC in these bills. The first is that, currently, all qualifying NHTC projects are eligible for a tax credit of 20 percent of eligible expenses. These bills seek to create incentives for both rural and urban counties in spe-- by increasing the credit to 25 percent for projects located in Douglas and Lancaster counties and 30 percent for projects located in all the counties outside of those major, major county areas. The second change to the program in both of these LBs is that maximum credit for each project, regardless of the project's location, will increase from $1 million to $2 million. This is being nimble to what we have seen to be more effective and what has been a hindrance for certain projects to, to be more successful would be increasing the maximum credit. And the third is a new requirement that Nebraska State Historical Society and the Department of Revenue jointly issue an annual report to the Legislature about the program. This wasn't something that was originally included. I think more transparency and more accountability in that reporting is necessary and needed. The last thing I'll note is that the NHTC projects take place in small towns and big cities across the state. I know that an important priority for our Legislature is ensuring that these types of programs are available not just to big developers in big metropolitan areas like Omaha. Over the past several years, NHTC projects have taken across the state in areas in need of revitalization, including neighborhoods in my district, which you could see from the KETV news station, as well as Chadron, Columbus, Fairbury, Friend, Grand Island, Hastings, Lincoln, Pender, Red Cloud and many others. You should all have in front of you a list of the projects that are in progress or if you've seen some examples, which shows the geographic diversity and the wide distribution of NHTC funds. There will be people behind me testifying that have worked on this program for years. You'll also hear from our historical-- our state historical, you know, program, from our new interim director and, and others that can talk about the economic benefits and what this has done for years for Nebraska. My hope is we can renew this program that has sunsetted and better leverage the both historical tax credit programs that's at the federal level and do as much as we can to leverage the state historical tax credit program. With that, I'm happy to answer any questions. And there will be people behind me that will be able to answer some of the ins and outs of the tax credit if you have not heard about this program.

LINEHAN: Thank you, Senator Vargas. Are there questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. Senator Vargas, why the increase from $1 million to $2 million per project? Is that-- can you go over that again?

VARGAS: Yes. And other people will speak to this, but very high level, there-- this was a hindrance to many projects that could have utilized up to $2 million. It would have made their projects more sustainable, would have-- it would have actually allowed even more projects to even apply. Some didn't apply because it wasn't a significant economic impact for them, which is important because it's not just $1 million to $2 million for just projects within Omaha, right? This is one to-- this is increasing it to $2 million per project allowable outside across the entire state. So that's the answer.

KAUTH: Thank you very much.

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

VARGAS: Thank you very much.

LINEHAN: First proponent.

JILL DOLBERG: That always surprises me.

LINEHAN: I know. They put that one really low and this one really high.

JILL DOLBERG: Good afternoon, Chairperson Linehan and members of the Revenue Committee. My name is Jill Dolberg, J-i-l-l D-o-l-b-e-r-g, and I'm the interim director of History Nebraska. I'm speaking in favor of LB697 and LB756, which would extend the job-- Nebraska Job Creation and Main Street Revitalization Act. I'm so excited I get to talk to you about tax credits again. Historic preservation is an inherently patriotic act. The first federal incentives for preservation were enacted in the year of America's bicentennial. Instead of deciding that preservation should be primarily a function of government, Congress decided that we should encourage the private sector to preserve buildings that reflect our character and values. That said, the tax credits also make financial sense. We've already given you statistics. Thank you, Senator Vargas, for all those great numbers. But preservation tax credits make a sound economic development strategy as well. The projects create jobs and have long-term benefits that are primarily local in nature. The majority of the investment comes from the private sector, making the most of local assets and promoting community development. There's a nice balance between the carrots of incentives and the sticks of regulation. And as we have pointed out, incentivized development spurs additional activity or redevelopment within an area. We've seen this in Hartington Kearney, the Blackstone neighborhood in Omaha, lots of different places where-- in communities large and small, where some development spurs additional development, whether they're historic in nature or not. Plus, 86 percent of Nebraska projects have occurred in economically distressed areas that could use the support. The Nebraska Historic Tax Credit pairs nicely with the Federal Historic Preservation Tax Credit, which provides a 20 percent tax credit on certified rehabilitation costs. Both programs use the same set of standards, and one review provides the oversight for two different programs at two different levels of government. Being able to use both programs makes preservation projects that much more attractive to developers and sometimes provides the profit margin that developers need to make the extra effort worthwhile. Time and again, when you look through our list of completed projects, you'll see projects that took advantage of both, doubling the benefits. Renovating existing buildings is environmentally sustainable, and it keeps construction debris out of expensive, solid waste landfills. Preservation maintains a sense of place and connection to our past. Historic buildings are often near city centers, and investment in them maintains vibrant downtowns and creates housing for workers. The credits pair beautifully with low-income housing tax credits and help rehabilitate existing building stock into much-needed housing in our communities. We've seen the reincarnation of some old hotels and breweries, warehouses and hospitals and housing in Pender, Hastings, Lincoln, Omaha, and one's just getting started in Grand Island. We also have seen the state tax credit used as a tool for local governments to rehabilitate their county courthouse-- houses in Sherman, Hall, Jefferson and Saline counties. And four more counties have filed paperwork in 2022 to do new projects in Box Butte, in Hamilton, Howard and Sioux Counties. So it spreads across the state. I'd love to thank Senators Conrad and Vargas for introducing these bills and being advocates for historic preservation. I hope you'll consider moving LB697 or LB756 forward. And I would be happy to answer any questions you might have.

LINEHAN: Are there questions from the committee? Senator von Gillern.

von GILLERN: Yeah. Thank you for being here today and for your testimony, Ms. Dolberg.

JILL DOLBERG: Yes.

von GILLERN: The-- I'm just curious to the rati-- rough ratio. You don't need to give exact. But commercial versus residential, you said that there was a, there was a, a good impact on low-income housing and--

JILL DOLBERG: Oh.

von GILLERN: --affordable housing.

JILL DOLBERG: I, I, I would say that the-- a good 75 percent of projects end up with at least some housing involved. And none of those, of course, are single-family dwellings.

von GILLERN: Sure.

JILL DOLBERG: It's all apartments that are-- can be used for low- or moderate-income housing. It could be that one of our developers that's coming who has some experience in this area may have some additional--

von GILLERN: All right. Thank you.

JILL DOLBERG: --information.

LINEHAN: Thank you, Senator von Gillern. Senator Albrecht.

ALBRECHT: Thank you, Chair Linehan. And thank you for being here.

JILL DOLBERG: Thank you.

ALBRECHT: So we're talking about a sunset. So does it go every five years? Did you come before us and ask for a stretch to--

JILL DOLBERG: Well, these would go through either 2030 or 2031. I, I suppose we would be coming back again unless you all decided that it was so effective and so wonderful for our state that you wanted to renew it forever, but.

ALBRECHT: It, it is effective and wonderful. I have-- [LAUGHTER]. But tell me again. Where, where does this money come from? Just the state that you come and ask us for an appropriation or--

JILL DOLBERG: No, it's sort of a gender-- gender neutral. Gosh. It's sort of a revenue neutral-- everything's so political these days. [LAUGHTER]. I'm sorry. So, so what happens is it offsets the tax liability. And much like the, the federal one, it, it either offsets the federal state tax, tax liability or the state tax liabilities. And again, maybe a developer who has actually done the paperwork in that way can help me out with the details. But it-- there's no actual cash that's involved or appropriated to us for this.

ALBRECHT: Because I see a fiscal note. That's what I was wondering.

JILL DOLBERG: Just to have a person who, who helps us administer the program.

ALBRECHT: OK. All right.

JILL DOLBERG: And then there's some-- there's a website that has been created that constantly needs additional storage. So it seems like that's a cost that goes up every year because we get lots of photographs and storage in there, but.

ALBRECHT: OK. Thank you.

LINEHAN: Thank you, Senator Albrecht. Were there other questions from the committee? I understand a developer getting a tax credit, because they're in a prof-- for-profit, hopefully. But how do-- what tax credit do counties get for a county--

JILL DOLBERG: They're able to sell the, the credit to a syndicate for a certain amount of upfront cash that they can then use towards their, their project.

LINEHAN: OK. OK. Other questions from the committee? Seeing none. Thank you very much.

JILL DOLBERG: Thank you.

LINEHAN: Next proponent. Good afternoon.

MICHAEL SOTHAN: Good afternoon. Thank you, Chairwoman Linehan and, and senators here of the Revenue Committee. My name is Michael Sothan, M-i-c-h-a-e-l, Sothan, S-o-t-h-a-n, with Main Street Beatrice. I-- since they've already talked about kind of the, the nitty-gritty of just how this program works, I'm going to talk about it on the local impacts for us. First, if you're not familiar with the Main Street Program, we're a nonprofit organization that serves for economic development, historic preservation and just community engagement within our downtown. And we've been fortunate to have access to this program. Our downtown area has had access since we've been listed on the National Register in 2016. And we've actually got three projects that are currently in progress that had been able to apply before the sunset date. Two of those are owner-occupied. As far as the person-- the young folks that have invested into these properties are living on the second floor, but they've got rental commercial space on the first floor. So they're both mixed use. Another one is going to end up being a, a commercial building that we've got going on; commercial both first and second floor. And then-- actually, the, the-- other one-- the-- is going to end up being a, a church. And so we have a church that has-- seeking some, some support just because they've got a massive renovation project there. But the biggest challenge that the sunset created for us is that we've got a formerly 110-room hotel in the middle of our downtown. It's-- for-- since 1986, it was actually senior living. But due to the variety of different pressures that were on the senior living community, it closed last April. So now we've got this nearly 50,000-square-foot property right at the corner of Highway 77 and 136 right in the middle of downtown Beatrice that is sitting vacant. I talked with about 14 different developers over the last year, trying to find a different use for that. We had two developers that had really strong interest in the project, but both of them needed the Historic Tax Credit to make the project pencil and make sense. This is a, a property that's going to take about $7 million to $8 million to complete the renovation and convert it into housing or maybe back into a hotel, depending upon what we're looking at. And the gap that the tax credit sunsetting-- because they weren't able to get everything done in time to be able to claim that-- was going to create at least $1 million cap-- or, a gap just because of that. Really, the-- this going up to the $2 million would be extremely impactful for this project because it is so large. So here's a town of 12,000 people where that cap going from $1 million to $2 million would be a game changer with this property. $1 million barely was on the edge of it making pencil. Frankly, the inflation since last fall probably doesn't make it pencil anymore. So this is a tool that is so critical to communities like us. We have seen it change properties that, if not for this credit, would not have been renovated. Or at least if they would have been renovated, it would not have been multiple floors. It probably just would have been the first floor, leaving the second floors vacant. Downtown Beatrice right now has a vacancy rate of 70 percent on the second floors. This is unused space that can be used for housing. This is a tool that certainly can help reclaim that space: reclaim it for property tax purposes, reclaim it for just income, for housing, for commercial activity, just general economic activity. These properties for falling into dilapidation. We've had to tear down two properties in the last five years at taxpayers' expense in downtown Beatrice. This-- it has cost us over half a million dollars just between those two. This is some-- this is a tool that helps us be proactive, avoid those issues, and frankly, just makes a lot more economic sense. We have properties that are too far behind the eightball that do not make financial sense to invest in without tools like this. And so we'd definitely encourage your guys' support of both LB697 and of LB756. I know that, earlier, you heard LB13 by Senator Slama. That was similar. It has a different-- a similar tool, but it excluded cities of the first-class, like Beatrice, and anything that's really larger than us. And so, certainly, we see a pathway forward that should include even communities like Beatrice. We are a rural trade hub. And this is going to be extremely impactful. It already has been very impactful when it was in existence for Beatrice. And with that, I'll, I'll take your questions.

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

MICHAEL SOTHAN: Thank you.

LINEHAN: Good afternoon.

TOM McLEAY: It's a hot seat. I'm-- good afternoon. Tom McLeay, M-c-L-e-a-y. I'm here as a proponent of LB697 and LB756. I am a real estate developer based in Omaha and have utilized and worked with the Historic Tax Credit programs for-- probably going on a couple of decades now, starting with the Federal Historic Tax Credit Program, which I think-- it's worth noting. It has been in existence since 1976, the federal program has. And I, I think the durability of it says something about the, the usefulness of the Historic Tax Credit programs, both federal and then I think our formerly state one. I, I did participate in testifying for the inception of this six, seven years ago now as the creation, and at that time testified to the state senators that I believed it would create a 10x investment. And what I mean by 10x is 10 times. Each, each dollar spent on the, the historic tax credits would create 10 times that amount of investment. And I, I think it, it clearly has. I think Senator Vargas had said $200 million in development. I would anticipate that actual number of development is much higher. Myself and my development partners have ourselves done approaching $200 million with the State Historic Tax Credit Program tool. The, the, the importance of it is not, is not just the, the-- that dollar itself. It's not just-- and, and your question, Senator Albrecht, in terms of how is it utilized, it's, it's a credit. So there's no money. There's no, no compensation given to me as a developer. There's no money from the state that is given to me to go spend. I must spend the money to get the, to get the credit to create it. And not only can I create a state historic credit, I can also create the federal credit. And that creation, that expense, the, the expenditure by me is what is the 10x return. If $1 million were granted, you would be able to do a $10 million project. So those $10 million, of course-- most of what those go to are wages. They go to electricians. They go to plumbers. They go to drywallers. They go to painters. That's where that money that's being created. Additionally, particularly with the Federal Historic Tax Credit Program, which you can pair with it, which is an incentive from the federal government. It's not a fiscal note on the state of being, being part of the federal government program. That money-- those, those credits we call syndicate those credits. We bring investors in to purchase or syndicate, invest in the project. Almost always, those are from out of the state. They are New York City. They are Chicago. They are St. Louis. Those, those syndication organizations aggregate money from banks, from lots of different national corporations, and then they invest that in our community. So we are, we are bringing in money from outside the state to, to actually be now utilized here in Nebraska. Then, with that, to create it, you use investment from people like myself, investments from the federal credits, the state credits, and then borrowing money. As, as most real estate projects, you're, you're using the lending capital of, of our local banks here, which is, again, creating more development, creating more, more value to our communities. One-- Ms. Dolberg had mentioned the Blackstone District, and I did a number of projects in the Blackstone District, which I would tell you, not only did the, the state tax credit create the, the programs in the buildings-- the, the buildings we saved and those projects, it spurred countless more development in the Blackstone District. Without the State Historic Tax Credit, the Blackstone District would not exist. It's fairly local. I think Omaha senators and others are probably familiar with it. In particular, what was known as the Blackstone Hotel, which we redid and renamed the Cottonwood Hotel, which was a, a federal trademark issue. So I get a lot of grief about renaming that, but I, I didn't have a choice. That would not exist without this. That-- those-- what ultimately were hundreds of millions of dollars in development, both new construction and saving those old buildings would never have occurred. I-- if-- I-- if I can get a little bit stretching, we have been told by the Med Center the importance of the Blackstone District to the future development of the Med Center of their recruiting of, of their, you know, famous project, NExT, they're working on. Multiple-- billions of dollars. How, how much of an effect do we have? I don't know. But we have been told it has been a positive one. So how far can we stretch this with this? What I would say is a very, very small fiscal note, a very small expenditure is, is at least 10x in the ultimate scheme of things. So I, I, I feel like I got thrown to answer some questions, so I'll give a little bit of time if anyone wants to ask me any questions.

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

von GILLERN: Yeah. Thank you, Mr. McLeay. The-- one of the changes in the, the bill would allow for engineering fees and costs related to protecting the, the historically significant facilities could be allowed. And if you don't know the answer to this, that's fine. But are-- it, it would seem to me that those costs would be at risk because that's prior to the submission and the approval of the application. Is that true?

TOM McLEAY: Yeah. The-- there, there was a, a gray area in the, the previous iteration that expired of amounts of money you could expand prior to the filing of what we call part one. And that-- I, I believe this bill is trying to clarify that gray area to make it clear that, yes, if you need to do something or start design work to save these historic structures-- because some of these buildings are on, on their last gasps. They, they really-- they-- it's either you save it or they're going to fall down. I mean, that, that's-- so to, to have kind of an emergency mechanism to get in would be very helpful.

von GILLERN: Thank you.

LINEHAN: Thank you, Senator von Gillern. Are there other questions from the committee? So is the Cottonwood within the streetcar zone?

TOM McLEAY: It is, it is within the streetcar zone, yes.

LINEHAN: You had to be prepared for that question. So it will be TIF'd again if the project goes forward?

TOM McLEAY: If the streetcar goes forward-- we, we did use TIF on the Cottonwood Hotel, so I, I don't believe it would be TIF'd again. I would defer to you, Senator. I, I-- my understanding was is that there would be potentially a, a year-- some, some years, if left over, would be utilized to, to enhance the, the streetcar development.

LINEHAN: OK. One of my concerns about is-- it's obviously a great project. And I haven't been to Cottonwood, but everybody says it's lovely. And I'm sure [INAUDIBLE] it is wonderful. But part of my concern on this is how many of these things you can stack together. So, it's TIF'd. I get it. OK. And then you have the historical tax credits. Are there other tax credits you can use too?

TOM McLEAY: If-- you, you could-- low-income housing tax credits to create affordable housing or low-income housing, which I didn't point out. I, I think some of the other folks did talk about, which, which has been a, a, a, an emergency crisis is what you're hearing more and more. Construction pricing has exploded, so it's virtually impossible to create something affordable. Senator von Gillern can probably tell you more about construction pricing than I can. But from my standpoint, affordable housing is impossible to build at this moment because construction is now so expensive, along with everything else. So the-- if you were to use the Low-Income Housing Tax Credit Program, you could use that with historic tax credits as, as well. But the Federal and State Historic Tax Credit, you would often pair-- most, most folks. You don't have to, but that would be useful. So in, in terms of, as you described, putting them together, that, you know, this would-- this, this, this is, I think, fairly well tailored, the Historic Tax Credit Program. And again, I'm going to say this federal program has been around since 1976, because I think it, it, it creates a efficiencies in my mind. I'm not a legislator, so I, I-- take, of course, my opinion with a grain of salt. In my mind, it creates a very efficient way to use government dollars because it's forcing someone like me to, to spend a whole lot more money to just create that. And as a private actor, I am pushing to keep all of my costs down across the board. I am not just being given money as a perhaps a government actor and just spewing it out there. I have an, an incentive and, and a, a, a private party's interest to use it as efficiently as possible. The Low-Income Housing Tax Credit Program, the federal program-- which I've frequently pointed out, was passed very bipartisan in the mid-1980s and signed into law by Ronald Reagan-- I would say is the most efficient public-private partnership program in the history of the United States. I mean, we're pushing over 3 million housing units developed under that program. And again, it's because we were able to, to bring in the, the private parties' incentive to be as efficient as possible with the credit to create as much housing as we could. And I think that's why the historic program is likewise is, is efficient use of those, those, those tax dollars or the government dollars.

LINEHAN: OK. Thank you very much. Any other questions from the committee? Oh. Senator Briese. I'm sorry.

BRIESE: Thank you, Chair Linehan. Thank you for your testimony here today. So the right project, the right location between the federal credit and the state credit, the government's ponying up close to half the cost of the project?

TOM McLEAY: No. So you could only get what are called QREs: qualified rehabilitation expenditures. Not everything qualifies as, as a QRE. So the overall project cost is going to be a lot more than just what is QRE eligible or, or a qualified rehabilitation expense. So it's going to be a subset of a subset of that.

BRIESE: With the right project, the right location, it could be-- reach up into that 50 percent area, couldn't it or not particularly?

TOM McLEAY: No.

BRIESE: OK.

TOM McLEAY: No, because you, you can't do a project-- you can't-- if, if it's a $10 million project, not all $10 million are QREs. You have lots of expenses in the project that are not eligible for the tax credit. So you're probably [INAUDIBLE] all net-net. I, I would anticipate you're less than-- well, I'll use [INAUDIBLE] as an example. You were-- we were less than 10 percent on that project.

BRIESE: What, what was less that 10 percent?

TOM McLEAY: The, the amount of government money that, as you described it, was less than 10 percent of that project because--

BRIESE: And then-- so in that situation, the state's credit might have been 5 percent?

TOM McLEAY: The-- so the, the, the state's credit is, is 20 percent of the qualified rehabilitation expenditures. Those qualify rehabilitation expenditures were not 100 percent of the expenditures. They might have been, in that circumstance, maybe 60. So you're 20 percent of 60-- so you're 12 percent, maybe. And, and that's, you know, depending on, on a variety of things.

BRIESE: But, but you said that the tax credit, the government, the state and federal, I thought you said on that project totaled 10 percent of the total cost, correct? I, I thought you said that.

TOM McLEAY: So-- and that-- it-- I, I don't have, I don't have that in front of me. I'm trying to think about it. And it was a long, arduous project. But I, I would say if, if, if you're, if you're trying to assume that it's upwards of 50 percent, it is never 50 percent of a project. That, that's-- never gets that high.

BRIESE: But on your earlier example, if we split half and half in federal state tax credits, that suggests to me that the state tax credit might have ponied up 5-- close to 5 percent of the overall cost and--

TOM McLEAY: Well, the, the state tax rate was only $1 million maximum. So now it's up to $2 million. So it, it, it couldn't, you know-- it can, can never gets you-- you, you, you spend more than $5 million, none of it's eligible for the state tax credit. In this case now, if it went to $2 million, you're never-- you can't get more than-- if you just spent $10 million, the max you could get would be $2 million. So you'd only be at 20 percent. And that's on a $10 million project. If you have a project that runs up in the $30, $40, $50 million and you have $2 million of the $50 million--

BRIESE: OK. I, I guess I'm trying to decide how critical this tax credit is to development of these projects.

TOM McLEAY: It's, it's hugely critical. And, and the, the, the reason is, is that, you know, you-- every-- all of these type of projects, particularly when we're trying to save a historic building, you're, you're, you're constantly running into unknowns and, and things-- and, and efforts to, to preserve a historic structure. And the problem with historic structures is the unknown. The unknown is your, is your, your killer. Because if you go into a private use-- if you're building new construction, you say, well, here's this piece of land. I put a stick in the ground here. I do this and I do that. I know exactly what I'm dealing with. When we open up these old buildings or start tearing apart walls, we have no idea oftentimes what we're dealing with. So you need that, that cushion to, to really make it happen. And on top of it, your, your lenders want to see that-- other investors on, on the project-- you know, just private money, my own money. Oftentimes, we bring other investors in. All of the, the, the-- having an additional source of money to make sure you can get these projects done, more often than not, pushes it over the top to actually have them happen. I have a project that I was planning on doing. But last year, when the program expired, it screeched to a halt. So it will not occur now.

BRIESE: The existence of these credits, does that help put a floor on to the market for these older, historically significant properties?

TOM McLEAY: That's a good question. I, I don't know how to-- I haven't really thought of whether it puts a, a floor on them, as you're using the, the phrase. It could, but I--

BRIESE: Increases the demand for them, it would seem.

TOM McLEAY: It, it, it makes redevelopment of them possible. You know, what, what really-- I, I, I would say I-- and, you know, people probably would sometimes pooh-pooh or question my-- the Blackstone Hotels example would have been torn down. If we did not have the state historic tax program, that building would have been torn down and just new construction build on it.

BRIESE: OK. Thank you.

LINEHAN: Thank you, Senator Briese. Are there any other questions from the committee? Seeing none. Thank you for being here. Appreciate it. Next proponent.

LYNN REX: Thank you. Senator Linehan, members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. I'm also representing today the United Cities of Sarpy County at their request. What's being handed out to you are two letters, a letter from the United Cities of Sarpy County, one in support of each bill. We're here today and strongly support these measures just because of the effort to try to preserve historic buildings and downtowns and also add to the economy. I'll just read a couple sentences here from this letter. As members of the United Cities of Sarpy County, we support LB756-- and they also support the other bill-- which would make changes to the Nebraska Job Creation and Main Street Revitalization Act to reinstate the Historic Tax Credit. The Historic Tax Credit provides assistance for the rehabilitation of historic buildings, which is a priority for our cities. Our historic downtowns and cities benefit from the utilization of these funds, and preserving our history provides economic growth for our cities and ultimately our state. So we really appreciate anything this committee could do to reinstate the tax credits. We think that they do provide a gap, a financial gap that makes projects more doable. It's our understanding that from-- even from the previous testifier, but even before he testified, that, from some of our cities, that there have been projects that were-- that just basically came to a halt when the tax credit went away. So, again, I'm happy to answer any questions you have. I know David Levy will be following me and can answer specifics about any detailed financial packages that are put together. But we think that this is a very part-- important part of the leveraging that can help save important buildings and our history throughout the state.

LINEHAN: Thank you. Are there questions from the committee? Seeing none. Thank you--

LYNN REX: Thank you very much.

LINEHAN: --for being here. Next proponent.

DAVID LEVY: Good afternoon, Chair Linehan, members of the Revenue Committee. David Levy, D-a-v-i-d L-e-v-y, Baird Holm Law Firm, here today testifying as a member of the board of directors of the Nebraska Association of Commercial Property Owners, which is a group that has over 500 members who own millions of square feet of commercial property and thousands of apartments, mostly in the Omaha and Lincoln areas, as well as Omaha by Design. As a chairman of the board of directors of Omaha by Design, which is a nonprofit urban policy group based in Omaha and focused on the Omaha metropolitan area, I'm sort of batting cleanup here today, and I think the testifiers who came before me did a great job of answering the questions you had. So I do want to emphasize a couple of points, and then I'll be happy to take any further questions that you might have, especially if they're easy ones. So one, one thing I wanted to mention: I want to thank Senator Vargas and Senator Conrad for bringing these bills. I also want to thank Senator Slama for bringing LB213, which was referenced earlier, which reinstate the program really as is but limit it to cities of the second-class and villages. One, one thing that I think is important to note is that the current law has a carve-out of $4 million of the $15 million cap for the first four months of any given year of the allocation for projects in cities of less than 100,000 in population. So if the concern is that the entire program is going to Omaha and Lincoln, there already is a mechanism in the current law to try and ensure that that doesn't happen. With all respect to Senator Slama and LB213, I think that's a better way to ensure that smaller cities have a shot at this than completely cutting off cities of the first-class, which includes, you know, Norfolk, Beatrice, Grand Island, Scottsbluff, lots of cities around the state that are not major metropolitan areas, as well as Omaha and Lincoln. And certainly, if the committee was interested in bringing down that 100,000-person threshold or making that $4 million carve-out permanent throughout the year, something like that, I think that's something that we'd be happy to work with the committee to do as a way to achieve I think what is an important goal of making sure that the program is available to cities and villages of all sizes across the state. I also wanted to point out that, that LB697 and LB756 are essentially copies of AM972 to LB194 from 2021, which this committee or a previous Revenue Committee in 2021 advanced to General File on a 5 to 0 vote. So that bill made it out of committee-- or, that amendment made it out of committee. That was an amendment, again, reflected almost exactly in these bills that I negotiated with members of, of this committee that we worked on and came to enough agreement on that that amendment made it out of committee to General File and then ran out of time, essentially, as many bills, of course, do. So this is, in that way, an extension of that effort that was at least partially successful. And I appreciate members of the committee who are here today and who were here then who worked with us to mold that compromise and get that out of committee. Again, as I've mentioned before, I certainly would be happy to work with the committee on any other amendments. I've been on this journey with this program since 2012. The, the Legislature first passed the program in 2014. It had a couple of other sunset dates that were avoided. Of course, sunset at the end of last year. I think, as you've heard, there's no question it's a great and valuable program. The dollar that the state forgoes in tax revenue is-- has been shown to be paid back to the state or start to be pad-- paid back to the state after only five to seven years. These projects, though, are there for 50 years, 100 years as property taxpaying projects and, and buildings and uses in our cities and villages that employ people or provide places for people to be employed and, and to live, pay income taxes, sales taxes, keep people in our cities big and small. With that-- again, would really encourage the committee to advance one of these bills or LB213, some combination to General File. Would be happy to work with you to mold that. And happy to answer any questions you might have.

LINEHAN: Thank you. Are there questions from the committee? So I have a couple. Why-- the-- it says it-- '26-27, $5 million. And I remember looking at this last year. Why is it capped $15 million if the program never got anywhere close to that, right?

DAVID LEVY: So the cap has always been $15 million. In the compromise that we worked on two years ago, the agreement was to lower the cap after a couple of years further at $15 million to $12 million. And again, there's that $4 million carve-out of that for smaller cities, at least for part of the year that could become permanent. But as part of these bills and as part of that compromise, that cap would go down to $12 million. The first couple of years of the program back in 2015 and 2016, it actually did get to the $15 million, and there were requests for even more as some of those projects came to fruition and used the program. It-- there were not requests, as you point out, for the full $15 million.

LINEHAN: So I know you do a lot in Omaha. So this-- how do I ask this question? So the way I understand the streetcar payment-- or maybe you don't know anything about the streetcar. But they're going to continually TIF three blocks north and south the streetcar development until the streetcar's paid for. Is that how you understand it?

DAVID LEVY: No, Senator. That's not quite correct. And I, I have worked a lot on the streetcar. I don't know if I should admit that, admit that in this room, but I'm happy to, to talk about it with you.

LINEHAN: [INAUDIBLE] do that. Yeah.

DAVID LEVY: Yeah. You can find a lot of things out, so. No, it's not going to be continually TIF'd. All TIF, as this committee probably knows, is subject to the constitutional and statutory limits of either 15 years or 20 years for TIF in extremely blighted areas. So you can't continually TIF. And you can't re-TIF a project-- like, you, you asked about the Cottonwood Hotel. You can't re-TIF that unless some additional improvement is made to the project. TIF, like the Historic Tax Credit Program, requires a private investment in the project that, in the case of TIF, creates additional incremental property, additional incremental real property valuation for the purposes of property tax. So if I do a project-- let's set aside the streetcar and the Cottonwood Hotel and all that, and I go do a TIF project. And I get TIF on that project that are-- that lasts for 15 or 20 years. I can't then go back after 15 or 20 years and, and re-up my TIF there-- unless I do a new project that creates additional value that creates additional increment that I can finance. I've already used the increment I created. So the way it [INAUDIBLE]-- if that property is worth $100,000 today-- and for easy math, I do a $900,000-- I do a project on it that increases the value for real property tax purposes by $900,000. So now I've got $1 million of value. I-- the, the TIF payment over the 15 or 20 years is on that $900,000. But my property is now worth $1 million. In year 16, my property is still worth $1 million. Unless I go do another million dollar project on that site, I don't have any more increment to generate any more TIF, so I can't re-TIF that project.

LINEHAN: Unless I add to it.

DAVID LEVY: Unless you what?

LINEHAN: Unless I remodel or add to it, add to [INAUDIBLE]--

DAVID LEVY: I have to add enough valuation.

LINEHAN: But if you add the value, you could?

DAVID LEVY: You could. Absolutely. But you have to add that value.

LINEHAN: OK. Well, I'm not going to bore the whole committee with this. All right. Any other questions? Thank you very much for being here.

DAVID LEVY: OK. Thank you all.

LINEHAN: Any other proponents? Any opponents? Anyone wanting to testify in the neutral position? All right. Senator Vargas, would you like to close? And do we have letters?

TOMAS WEEKLY: I think so, yes. You should have them on the paper.

LINEHAN: I have to put my glasses on. OK. Let me see what we have for letters, Senator Vargas. [INAUDIBLE].

CHARLES HAMILTON: LB697, there.

LINEHAN: With LB697, we had 12 proponents, 1 opponent and 0 neutral.

CHARLES HAMILTON: LB756.

LINEHAN: And in LB756, we had 6 proponents, 1 opponent and 0 neutral. Yes, go ahead.

VARGAS: OK. Great. Hoping you don't ask me about a streetcar. Just lay that out there for everybody. Members of the committee, Chairwoman Linehan, I appreciate you taking the time. Just a couple of things I wanted to touch on. I believe this might be the only bill I bring to Revenue this year, so that's one thing. You know, the previous Revenue Committee, as was mentioned by Mr. Levy, kicked out a version of this bill as part of a compromise to move forward, lower the cap, continue the program and follow through on, on its intent. Now it's sunset. And now I think what is before us is-- I don't think wildly different things, but there's a, there's a mix of two things that can happen. It can happen between Senator Slama's bill and, and my bill and then Senator Conrad's bill because there's just overlap. One thing to remember is-- I know we have a Federal Historic Tax Program. We often talk about tax credit programs as incentivizing something: economic development, jobs. Sometimes we ask ourselves whether or not if we didn't have it, would that thing be built? Would that company stay? Would they be retained? In this instance, we clearly see an economic benefit. But what we've also heard is people won't do these projects because they're economically not advantageous. Think about all the other tax credits we get where we often-- they will still do it, but it's helpful to them. It makes it easier. In this, we heard from Beatrice. They're not going to do a certain project. We heard from an Omaha developer. They're not going to do a certain project. And we are in competition with how other states are utilizing these programs. There's 37-- third-- about 37 states that utilize and have a state-- additional State Historic Tax Credit Program in some way, shape or form. And the majority of states around us in the Midwest, including Iowa, including Kansas, have a program also. And if we need to figure out a way to make it more effective, lower the cap, demonstrate the need-- you know, in the version that we have, make a little bit more of an incentive for places outside of Douglas and Sarpy but still maintaining that ability, I think that is a worthwhile use of, of our resources in the form of a tax credit program. And what I'll do as a follow-up, I will send you a list of all of the Historic Tax Credit programs we've seen over the years. And I think it'll remind you that this is-- you know, I'm an Omaha senator coming here and advocating on behalf of tax credit-- historical tax credit projects that have been done in Chadron, in Columbus, in-- all over and different places. And in-- and even what History Nebraska mentioned is, 2022, there was paperwork filed for new projects in Hamilton and Howard and Sioux Counties. This is going to help our entire state, and I want to make sure it's both done equitably and in honor of what we've been working on for the last several years. So I ask your support to work on something that we can put together with many of these bills and to re-establish this program. Thank you.

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

VARGAS: Thank you.

LINEHAN: And with that, we'll bring the hearing on LB697 and LB756 to a close. And we will start the hearing on LB524. Good afternoon, Senator.

FREDRICKSON: Good afternoon.

LINEHAN: Go ahead.

FREDRICKSON: We're good? All right.

LINEHAN: Yeah. We're good.

FREDRICKSON: Good afternoon. Thank you, Chair Linehan and members of the Revenue Committee. For the record, I'm John Fredrickson, J-o-h-n F-r-e-d-r-i-c-k-s-o-n. I represent District 20, which is in central west Omaha. I'm happy to be here today to introduce LB524, which establishes a tax credit for grocery store, retailers and restaurants who donate excess or unused food to food banks or pantries. I also have an amendment to this bill which makes ag, ag producers eligible for this credit. I will discuss that amendment shortly. So, first, I want to say how excited I am about this bill. This is actually my most excited bill this year, which is a surprise to me, but it has become a very fun journey how this bill came about. So this came through an initial discussion I had with Ansley Fellers, who's the executive director with the Nebraska Grocery Industry Association. Ansley told me about the large amount of food that gets thrown out by grocery stores because it is oftentimes more cost effective to simply throw the food away than to donate it to charity. With 1 in 10 Nebraskans facing hunger and 1 in 7 Nebraska children facing hunger, according to the Feeding America's "Map the Meal Gap" study, it seemed to us both that a tax credit to incentivize donations to food charities could help with this problem. So I reached out to the food banks and they were completely on board. I then looked at our own statutes and found a comparable food pantry tax credit program in Missouri. So we used that program as a model for the tax credit established in LB524. I have passed out information on this program for your information. So, specifically, LB524 provides that any grocery store retailer or restaurant that donates food to a food pantry or food bank during the taxable year shall be eligible for a credit against the income tax imposed by the Nebraska Revenue Act of 1967. That-- the credit is in an amount equal to 50 percent of the value of the food donations made during the taxable years, not to exceed $2,500. The bill also includes various other provisions consistent with other established tax credits under Nebraska law. After introducing the legislation, a pretty remarkable thing happened. I was approached by the Nebraska Pork Producers Association about opening this credit up to agricultural producers as well. They obviously have a strong ability to meet this need, so I thought this was a great idea. The other stakeholders were also on board, so I had an amendment drafted to include them. I am very happy that this idea has given such steam, and I'm very excited to have all this additional support. In 2012, the Nebraska Legislature established the Hunters Helping the Hungry Program, which allows hunters who donate whole deer participating processors for charitable organizations and food pantries. So adding ag producers to LB524 is another good way to incentivize the donation of protein, which our food charities are oftentimes in need of. AM902 puts a process in place for producers to be included in the credit. Qualifying agricultural food donations shall be valued at prevailing market value in processing costs under the amendment, whereas food donated by a grocery store retailer or a restaurant shall be valued at its wholesale value. The amendment also makes food recovery organizations eligible to receive donations under this credit. Food rescue organizations are neither food banks nor food pantries, but they are also 501(c)(3)s. They distribute food directly from a donor to a food pantry. Like food banks and food pantries, they play an important role in addressing food insecurity. In addition, the amendment makes a few minor changes to accurately reflect the types of goods that these charitable organizations accept. This bill is a win-win-win situation. It's a great way to utilize existing resources to address food insecurity and also to reduce food waste. It provides incentives for businesses to partner in greater numbers with our important food-providing organizations. It also allows those organizations to receive more resources to get food in the hands of those who need it. According to the Feeding America's "Map of the Meal Gap" study, people facing hunger in Nebraska report eating more than $89 million more por year-- per year to meet the food needs of our state. So the need is there, and testifiers behind me will also be able to attest to this need. Finally, I just want to say that I recently had the opportunity to tour the Food Bank of the Heartland. I learned a great deal on this tour about the amazing work that food banks do. The Food Bank of the Heartland has a very large service area that covers the majority of Nebraska and parts of Iowa, providing unique challenges in food distribution, particularly to rural areas. I would encourage all of you to visit the Food Bank of the Heartland or the Food Bank of Lincoln. I might even organize a senator's volunteer day if anyone will take me up on it. And they, along with our food pantries and food rescue organizations, do really great work. So with that, I would ask you advance LB524 to General Fire-- File with AM902. And I'll be glad to answer any questions you might have for me unless they have to do with the processing of pork, because I do not have an expertise on that.

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

FREDRICKSON: All right. Thank you.

LINEHAN: Proponents.

ANSLEY FELLERS: Hello. Thank you, Chairwoman Linehan and members of the Revenue 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, Nebraska Hospitality Association, and the Nebraska State Chamber testifying in support of LB524, Senator Fredrickson's bill to provide an income tax credit for food donations. We thank Senator Fredrickson for bringing this bill to help address ongoing food need across Nebraska. NGIA represents a variety of food industry stakeholders, but our primary purpose is to provide a voice for our state's independent grocers from Omaha to Scottsbluff and everywhere in between. Nationwide, grocery stores and all types of restaurants account for about 28 percent of food waste, but I can tell you they all want and are trying to do the right thing. While most of our stores and restaurants participate in local food programs, we know we have more work to do, especially in rural areas. It is, in many cases, as you heard, less resource intensive and costly for retailers, especially small ones, to discard product than it is to find another outlet. In some cases, they literally don't have enough staff or hours in the day to find a home for quickly expiring products. Federal incentives, labeling changes and liability protection, along with the state credit, we believe could help address some of these barriers, especially with new small store owners. We know food needs are great and donations are down. While grocery donations have stayed higher than many other sources since 2020, supply chain disruptions and inflation mean most stores have kept-- have been keeping less inventory on hand. Typically, food nearing its sell by date goes to local food banks or other food rescue organizations, but less inventory and increasingly tighter margins, especially for independents, means less product to donate. While LB524 won't immediately address all these issues, this tax credit does represent another tool to help retailers and restaurants overcome some of the cost and labor challenges which result in food waste. I want to quickly mention, though, it's not in your jurisdiction, there has been a bill prioritized which would keep SNAP-- formerly food stamps, food stamps-- eligibility, eligibility at 165 percent of federal poverty. Allowing SNAP eligibility to revert back to the-- back this year means less purchasing power, which would be another blow to families and local retailers, and it will put even more pressure on emergency food assistance providers. For every one meal provided by a food bank, SNAP, SNAP assistance can provide nine. Thank you again to Senator Fredrickson, to everyone working to alleviate hunger in the state and to the committee for your time. With that, we'd ask you support LB524. And I'd be happy to answer any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Senator von Gillern.

von GILLERN: Thank you for your testimony this afternoon, Ms. Fellers. The-- I'm curious. There has been a lot of conversation-- I'll just use that term-- about tax credits this year. I'm curious. Is this, is this not viable if it was a tax deduction? Is it already available as a tax deduction if these organizations choose to donate that food? Could you, could you talk about the reason we're looking-- talking about a tax credit versus a tax deduction?

ANSLEY FELLERS: Yep. I don't know necessarily that there was a reason other than we have a neighboring state in Missouri that uses the credit. I know Iowa and a state like Oregon, they might have a deduction. And then, federally, there is a deduction that was actually expanded in 2015.

von GILLERN: A deduction or a credit?

ANSLEY FELLERS: A deduction, actually.

von GILLERN: OK. OK. Thank you.

ANSLEY FELLERS: Um-hum.

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

BRIESE: --Chair Linehan. Thanks for your testimony here today. Did I hear you say that, currently, most grocery stores donate products that are soon to expire to local food pantries anyway?

ANSLEY FELLERS: They try. It's a challenge, especially in rural areas. And I know the food banks are, are trying to get someone to the retailer that can take the product. So the food rescue organizations that were mentioned, they actually kind of are the, the transport, I would say, in a lot of cases, folks that go to the ret-- go directly to the retailer and then to the food bank or the pantry. So they're kind of-- instead of distributing to the people that need the food, they're distributing to the places where people get the food.

BRIESE: So we're talking about a practice that generally is already occurring, probably.

ANSLEY FELLERS: I would say-- so, we haven't necessarily polled our members on this. And we can. We will. And we'll get that information to the committee. I would say-- and restaurants especially, it's getting, it's getting harder now, right? It's getting harder with fewer staff and, and costs going up that-- I think most do, I would say.

BRIESE: Yeah. Thank you.

ANSLEY FELLERS: Thanks.

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

ANSLEY FELLERS: Thank you.

LINEHAN: Next proponent. Good afternoon.

AL JUHNKE: Good afternoon, Madam Chair and members of the committee. My name is Al Juhnke, A-l J-u-h-n-k-e, and I'm the executive director of Nebraska Pork Producers. I'm here today to testify on behalf of the Pork Producers, the Nebraska Soybean Association and the Nebraska State Dairy Association. And my testimony is, is on the AM795, I believe. The-- I think it's a delete everything amendment that hopefully will come out of the committee. So, again, we thank Senator Fredrickson for bringing this. I have to admit, as, as we were looking at early introductions of bills, my eyes hadn't focused on this until I got a call from one of my producers. And they said, hey, this looks like a great idea. What about adding farmers that actually produce the product to the credit that-- that's available? And so one thing led to another. And again, we, we appreciate the grocers, retailers and Senator Fredrickson for being open to that. And of course, some more people you can get to support a bill, the more likely it may move forward. Donating product isn't anything new. Concern about food shelves and the hungry isn't new to our farmers. You know, as we're lobbying right now in D.C. on the federal farm bill, 75 percent of that bill is food programs, a food [INAUDIBLE]. And we lobby on behalf of that too because we feed those people. And the food that goes into our schools or the food banks or overseas and, and, you know, and, and aid packages all comes from our U.S. farms. And in this case, from our Nebraska farms. So we do donate product now. You'll see us over the holidays or Christmas or Easter or other times of need, not only from our internal budgets but from a lot of our farmers. They will donate hams or pork loins or ground pork. But what this bill will do is incentivize more of that and incentivize us to really go out and promote to our producers that you can do even more, and here may be a benefit for doing it. You know, we, we all need, need a little carrot once in a while, speaking of food. So if there's carrot producers in the state, they can do it, Apple producers and them. You know, in the fall, when the apples come in, why not donate the excess product you have? We have potato growers. Beef, dairy, cheese, milk, yogurt, all those products are produced with Nebraska farmers taking their products, getting them processed and then hopefully distributing them out. So we think this is a good bill. We think it's, it's the least we can maybe do. There has been a lot of pressures. I think we all are aware. Hopefully most of you have visited pantries or food banks or heard from them in your districts. There's a lot of pressure out there right now, especially since COVID. They're, they're always looking for food and donations. But since COVID, I think it's even been more stressful out there. And anything we can do as producers to team up with the Legislature and use our tax dollars-- it's our tax dollars too. We think this is a good way to utilize those funds. So, with that, again, strong support for this bill. Big thank-you to Senator Fredrickson for putting it. And a thank-you in advance for your consideration as a committee on the delete everything amendment.

LINEHAN: Thank you very much. Are there questions to the committee? So what percentage of your-- of the ag producers' donation would get the credit? Is it a 100 percent credit?

AL JUHNKE: It's-- in the bill, I believe it's 50 percent, 50 percent, if I read it right on the delete every--

LINEHAN: 50 percent of, of the retail costs or--

AL JUHNKE: Of the, of the, of the cost of the processed product that they buy. So, for example, what we do many times is we might go into the Smithfield plant down in Crete and buy cases of hams. So it'd be that wholesale cost of the hams, not a retail cost at the, at the grocery store. By the way, we, we think it's a good idea too because if, if Ansley's grocery stores would order even more hams at Easter and Christmas, not fearing having leftovers because they can donate them, that helps us too, so.

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

AL JUHNKE: All right. Thank you, Madam Chair and members of the committee.

LINEHAN: Good afternoon.

ALICIA CHRISTENSEN: Good afternoon, Chairperson Linehan and members of the Revenue Committee. I'm Alicia Christensen, A-l-i-c-i-a C-h-r-i-s-t-e-n-s-e-n, and I'm testifying in support of LB524 on behalf of Together, an organization committed to ending homelessness and hunger in our community. And I, I swear we didn't coordinate it, but it worked really well because I can invite you all to tour, tour our pantry at Together if you need a specific invitation, whether you if you prefer that to the food bank. So I have included a handout with my testimony, and some of it rehashes what has been discussed here today, mostly highlighting the fact that even though the U.S. produces enough to eat, there's so much food waste and people are going hungry where these facts shouldn't coexist. And this bill gives us an opportunity to address this from both sides, helping emergency food providers like Together in their efforts to alleviate food insecurity and promoting decreased food waste. So our choice pantry in Omaha, we offer participants a selection of fresh produce, meats, dairy and other items from-- that they pick from the shelves, just like they're in a grocery store. And over the past few years, we have dramatically increased our capacity to meet the unprecedented need from the pandemic. But while the pantry traffic has decreased since the peak of the pandemic in 2020, the economic and social challenges remain, and these challenges impose the greatest hardship on lower income households who have very little wiggle room in their budgets. Wages haven't kept pace with inflation, and it has caused and-- sorry-- dramatic price surges have happened with a lot of life's essentials. So this means a family spending the same percentage of their earnings at the grocery store will bring home less food than they used to. So, in short, the sustained growth in pantry traffic that we've experienced may be rooted in the pandemic, but there's no indication that the demand for emergency food supplies will return to pre-COVID levels any time soon, if ever. Last year, Together's pantry served more than 90,000 individuals and families. Now, thankfully, that's much fewer visitors than at the peak, but still, it's more than double the number that we saw in 2019 and years prior. So all signs indicate that this is the new normal. Along with the increase in demand, the supply chain disruptions and the spike in food prices, among other factors, have made it difficult for emergency food providers like Together to consistently keeps our-- keep our shelves fully stocked, even with support from local businesses that already make food donations. And to your question, Senator Briese, I think some of the, the inclination to donate excess food is there. I think the transportation costs and getting it from one place to the other can be cost prohibitive. And so what is great about these tax incentives is that it makes it more cost effective and economically beneficial to make these donations. So, in that way, LB524 sort of comes at this from both sides, addressing this problem of simultaneously not having enough food and having too much food. And so the evidence from different-- the federal programs and other versions of this shows that there-- these kind of incentives are very successful in motivating food donations. So, in short, Together urges this committee to support and advance LB524 because it provides a proven solution to address hunger and food waste in Nebraska. Thank you. I can take any questions if you have them.

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

ALICIA CHRISTENSEN: Thank you.

LINEHAN: Other proponents.

BRIAN BARKS: Good afternoon.

LINEHAN: Good afternoon.

BRIAN BARKS: Chairperson Linehan and members of the Revenue Committee. My name is Brian Barks. Spelled B-r-i-a-n B-a-r-k-s. I am the president and CEO of Food Bank for the Heartland, which covers 77 counties in Nebraska. I am also representing our friends at the Food Bank of Lincoln, which covers 16 counties in southeast Nebraska. I thank you for this opportunity to speak in support of LB524. And thank you to Senator Fredrickson for introducing this bill. The Food Bank for the Heartland and Food Bank of Lincoln distribute food to over 625 different pantries, schools, churches and other nonprofit organizations across Nebraska's 93 counties. Our partners, including those in your district, then distribute the food to food-insecure families, children, seniors and veterans in the local community. Combined, the two food banks will distribute enough food for over 23 million meals this fiscal year. Food insecurity resides in every county and every community in Nebraska. It's an urban, suburban and rural problem. According to Feeding America, the number of food-insecure Nebraskans can fill Memorial Stadium more than twice. 1 in 7 Nebraska kids are considered food insecure, and that has dire ramifications on their health and education. Food banks receive food from retailers, wholesalers, manufacturers and farmers, along with food from the USDA. Because the amount of donated food and food received from the USDA has never been enough to meet the need for food assistance, the food banks also purchase food. This fiscal year, ending in June, Food Bank for the Heartland will spend approximately $6 million purchasing food. This amount of spending on food is not sustainable. Prior to the COVID-19 pandemic, our food purchasing budget was approximately $1 million. The current level of need for emergency food assistance is at any point-- right now-- at-- higher than at any point in my 14-year career at the food bank. Nebraska's two food banks anticipate serving 40 percent more households this fiscal year than we did in 2020 when the pandemic started. Why? Inflation. Low-income families and seniors simply cannot afford the skyrocketing food prices, so they turn to food banks and our network of partners for help. LB524 is an outstanding tool to assist Nebraska food banks and other hunger relief organizations to feed our neighbors in need. Food banks, grocers, farmers, growers and manufacturers are all in the same line of business. We want to feed people. Food Bank for the Heartland currently produces-- purchases bulk food from 15 Nebraska businesses and receive donated food from almost 200 other various retailers, manufacturers and processors. This bill would incent those companies to continue to support our work as well as grow new business partners to donate food in support of local communities and our neighbors in need. I urge you to advance this bill to the floor for debate, and I thank you for this opportunity to speak today. And I'm happy to answer any questions you might have.

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

MURMAN: You said you normally spend $1 million per year? And how much are you spending now?

BRIAN BARKS: This fiscal year, we're going to spend $6 million.

MURMAN: Thank you.

BRIAN BARKS: Um-hum.

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

BRIESE: Thank you, Chair. And thank you for your testimony here today. How, how are you funded, then?

BRIAN BARKS: We're funded generally through philanthropic giving.

BRIESE: OK.

BRIAN BARKS: We do receive government reimbursements from the federal government for the USDA product that we distribute. We receive a, a portion of the cost of what it takes to store and distribute food that we receive from USDA. But for the most part, it is philanthropic giving.

BRIESE: OK. So your testimony is that you are at risk. You said $6 million was unsustainable.

BRIAN BARKS: Correct.

BRIESE: Your testimony is that you are at risk of not being able to meet the need without some help.

BRIAN BARKS: Yeah. Senator, right now, we are not meeting the need. We-- and-- yeah. And we never have, so.

BRIESE: Thank you.

BRIAN BARKS: Um-hum.

LINEHAN: Thank you, Senator Briese. Are there other questions from the committee? You said you distributed to schools?

BRIAN BARKS: Correct.

LINEHAN: Public schools?

BRIAN BARKS: Correct. For programs like the BackPack Program, where we distribute food-- we purchase food for that program--

LINEHAN: Not for their lunch or breakfast programs.

BRIAN BARKS: No, no, no. Correct.

LINEHAN: OK.

BRIAN BARKS: Correct.

LINEHAN: So the BackPack Program.

BRIAN BARKS: Correct.

LINEHAN: OK. Got it.

BRIAN BARKS: We also do programs such as-- what we do-- like a-- a school called us-- it's, it's, it's a mobile pantry. It's a school-based mobile pantry where we will partner with the school. I believe we do this in 13 schools from Omaha to Lexington, North Platte, where we will go to a school, provide the food, the school provides the volunteers and whatnot and then distributes food to the families.

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

BRIAN BARKS: Thank you.

LINEHAN: Appreciate it. Are there other proponents? Any other proponents?

BETH OSTDIEK SMITH: Good afternoon. And thank you, Senator Linehan and committee and Senator Fredrickson for introducing this bill. I am Beth Ostdiek Smith. That's B-e-t-h O-s-t-d-i-e-k S-m-i-t-h. And I am the CEO, president and founder of Saving Grace Perishable Food Rescue. You've heard a little bit about food rescues. We are-- I am here testifying in support of adding food rescue to LB524. This would help encourage more food donations from food vendors across the state. Right now, we are serving in the Omaha-- Greater Omaha area. So what are we? We're a unique professional logistics and distribution solution by providing a dedicated, perishable food rescue service. We have refrigerated trucks that go out daily. We've talked about it a little bit earlier that it's the distribution issue. We don't have a food production problem. We have a food distribution problem. That's where Saving Grace comes in. So we started with one refrigerated truck. We now have five that go out daily. We have professional drivers with food safety license. We pick up both fresh and prepared foods from grocery stores, caterers, event centers, even QuikTrips, Kum & Go's, all those little fresh fruit cups and, and so forth. We redistribute it the same day. We started out with three food donors and we were taking it to three pantries. We now have over 70 food donation locations, and we're taking it to over 40 nonprofit. And that includes pantries, shelters, afterschool programs, senior centers. If they're a 501(c)(3) and they're feeding the hungry, they can apply. And if we're getting enough food donations, we will take it to them. You know, when I go out to recruit food businesses to see if they'll donate their excess, which we're trying to keep-- did you know up to 35 to 40 percent of food produced ends up in our landfill, turning into methane gas? We believe in feeding people rather than landfills. So we're bringing that to them. So I give them five business reasons why they should be donating. The first one, I always say, is a tax incentive, which has been the federal tax, but it would sure help on this other part. The other would be to save on their dumpster fees to suit their green initiatives, whatever their sustainability initiatives are. Four is the employee engagement. Because anyone that has worked in the food service is sickened by how much food is thrown out. And five, it's helping the community. We're trying to create food rescue. And why we feel like it's important to be in this bill is because we're making a simple process for them. We're a professional organization that sets up a time with them each-- how many times a week they want us to or on call if they get an extra shipment of pallets of something. And we redistribute it same day, no warehousing. So that's the logistics piece of this. So we-- I would really appreciate if you would include food rescue on this bill because I think it's something that needs to grow and we'd like to spread it throughout the state. Any questions?

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

BETH OSTDIEK SMITH: Thank you.

LINEHAN: Appreciate it. Next proponent. Good afternoon.

TOM VENZOR: Good afternoon, Chairwoman Linehan, members of the Revenue Committee. My name is Tom Venzor, T-o-m V-e-n-z-o-r. I'm the executive director of the Nebraska Catholic Conference. The Catholic Church in Nebraska runs two major social service agencies: Catholic Charities of Omaha, which serves in the Archdiocese of Omaha, and that covers Omaha and 23 counties throughout northeast Nebraska; and Catholic Social Services of Southern Nebraska, which serves the Diocese of Lincoln, which covers all of Nebraska south of the Platte River. This is in addition, of course, to the countless charitable works that are done at the parish school and family level. The next paragraph of my testimony lists out a variety of services that CSS and Catholic Charities provide. I won't go into that at this moment. But the largest charitable work that they do offer is supportive and emergency food services. And to provide some context for Catholic Charities: in 2019, their food programs served 55,000 people. In 2020, they served 134,000 people. In 2021, they served 222,000 people. And in 2022, they served over 289,000 people with 2.1 million pounds of food in that year. So in just three short years and a handful of years there, the number of people who've been served has grown by nearly 400 percent. As for Catholic Charity-- Catholic Social Services of Southern Nebraska, in the fiscal year '21-22, CSS provided 306 tons of food throughout Lincoln, Auburn, Hastings and Imperial offices. And specifically, the Hastings office runs five different food routes each week throughout south central and southwestern Nebraska communities, ensuring food access to rural Nebraskans. And the Hastings office alone distributed over 200 tons of food during that fiscal year. In the provision of food-- of-- in the provision of all this food, as we see in other areas of the charitable work that we do, the demand outweighs the supply. More families are coming to us for food than we have food available to distribute, and LB524 would provide a way to help alleviate this problem by creating an incentive for grocery stores or restaurants or, as you heard, other pork and ag producers to make food donations to food banks and food pantries. This bill provides a modest but meaningful tax credit to achieve this end while also respecting the food banks' or pantries' ability to decline a donation. While we may not often think of food in moral terms, provision of food is a moral issue. As the U.S. Conference of Catholic Bishops have noted, food sustains life itself. It is not just another product. Providing food for all is a gospel imperative and not just another policy choice. This gospel imperative, provide food to the hungry-- as we hear in the 25th chapter of the Gospel of Saint Matthew-- is ultimately rooted in the dignity of the human person. And again, to draw from the U.S. bishops' teaching on food access, the dignity of every person must always be respected because each person is a precious child of God. In light of our commitment to the right to life of every person, we believe all people have basic rights to material and spiritual support, including the right to food, which are required to sustain life and to live a truly human existence. This clear commitment to the dignity and value of every human life must be reflected both in individual choices and actions in the policies and structures of society. So the imperative of meeting the needs of the hungry, of course, is a responsibility that falls not only to each and every one of us as individuals, but it's also a responsibility for other forms of community and society, such as the family, religious organizations, private associations, as well as governmental entities. Each of these sort of cells of society play a complementary yet unique role in addressing what Pope Francis has called the "'scandal' of hunger." Being confronted by this scandal should challenge our personal and social conscience in order to achieve a just and lasting solution to hunger. So, LB524 provides a means for putting these moral principles regarding food access into practice and just deals with the practical shortcomings of food assistance supply and demand that we see. And so we thank Senator Fredrickson for this bill and just encourage you to advance it to General File. Thank you very much.

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

TOM VENZOR: All right. Thank you.

LINEHAN: Are there other proponents? Any other proponents? Are there any opponents? Is there anyone wanting to testify in the neutral position? Do we have letters? We had 3 proponents, 0 opponents and 0 neutral. Senator Fredrickson, would you like to close?

FREDRICKSON: Yes. Thank you. All right. First of all, I want to thank the committee for listening and engaging on questions on the penultimate day of hearings. I can appreciate the-- where we're at at the session, so thank you for taking the time to listen to this. I also am really appreciative to everyone who came out today to testify in support of the bill. I think it was a smorgasbord, as folks can see. I don't know. If you told me a few months ago, I'd have the grocers, the Chamber, the Catholics, the pork folks all in one bill, so that-- [INAUDIBLE]. Thank you all for being here. I-- you know, one thing I wanted to just highlight: when I toured the food bank, something that really kind of-- one of the stats-- and, Mr. Barks, correct me if I'm remembering this incorrectly-- but one thing that really struck me is-- one question I asked was sort of, can you tell me a little bit about, like, the typical person that, that visits a food bank? Of course, you know, there's there's no typical person that visits a food bank. But one thing that really surprised me is that the majority of folks that they do see are folks who, who are working and who are intermittently using the service because they just aren't able to make ends meet that week for-- to feed their families. And, you know, the BackPack Program that I mentioned, I, I was able to actually see some of the things that they sent home with families. And the part that really amazed me about that is they told me that, you know, this, this actually enables parents to eat. And I thought to myself, well, that's interesting because this is kids' food. But, you know, you're seeing oftentimes parents go hungry themselves so that their kids could eat, which, you know, as a parent myself, I could understand that being the case. So that was, that was a really moving. Senator von Gillern, you had asked kind of about, like, a credit versus the deduction thing. And so, you know, that's-- you know, that's a conversation that I'd be open to. I mean, I think if the committee would deem, like, a deduction would be a more appropriate way to sort of navigate this, I would certainly be open to a conversation with the stakeholders on that if that would make sense. I had initially proposed a credit just because it seems to be a bit of a, a better incentive. But, but if we think that a deduction is more appropriate, then that's a conversation I'd be open to having as well. So any additional questions? I am happy to answer.

LINEHAN: Thank you very much. Are there questions from the committee? I think they can deduct it now, can't they?

FREDRICKSON: On the federal level. I don't think on the state level, though. We don't have that in the state. But maybe you would, you would, you would actually probably know than I would on that.

LINEHAN: I, I don't know. But your people behind you are going [NODDING].

FREDRICKSON: Oh, they [INAUDIBLE]. My people, the smorgasbord.

LINEHAN: They can't talk. Well, our people change every day.

FREDRICKSON: Yes. That's true.

LINEHAN: Yes, Senator Dungan.

DUNGAN: Thank you, Chair Linehan. And thank you, Senator Fredrickson. One thing I-- first of all, I think this idea is fantastic. One thing I just had a quick question about, which I legitimately just want to make sure I understand. So in the original copy of the bill unamended, it allowed-- or, it said that food that was past its expiration date was not eligible for this. And then that seems to be amended in the amended copy, saying that you can reject food for any reason, but that expiration date's taken out. I have talked to some folks, and I understand that there are concerns maybe sometimes that expiration dates are misnomers to a certain extent and that limits the-- can you speak a little bit more as to why that modification was made?

FREDRICKSON: Yeah. That's a good question. So we, we took that out because what we learned is that-- so food banks kind of use their discretion on what they accept based on their own policies and procedures. So some food products might-- they might accept beyond sort of best by date, per se. Others, they will not. And so we thought, like, kind of putting in statute that specific thing when we would just kind of defer-- think of it as like local control, but, like, in a way of, like-- kind of like-- kind of deferring to the specific pantries on what are their policies and procedures in place to sort of make that determination.

DUNGAN: That makes sense. We had a lot of arguments in my house about whether we could eat something or not [INAUDIBLE] suggestions or not. I tend to adhere to them. But, no. I, I do appreciate the answer.

FREDRICKSON: I've definitely eaten some questionable things myself.

DUNGAN: According to the internet, they are not always accurate, so I appreciate that clarification.

FREDRICKSON: So it must be true.

LINEHAN: Thank you, Senator Dungan. Are there other questions? I think it depends on how hungry you are.

FREDRICKSON: Listen. I know that well.

LINEHAN: OK. Thank you very much. That's it.

FREDRICKSON: All right. Thank you so much.

LINEHAN: Thank you. So we'll closing the hearing on LB524 and open the hearing on LB-- [INAUDIBLE] LB747. Welcome.

TANNER DeBOER: Thank you. Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Tanner DeBoer, T-a-n-n-e-r D-e-B-o-e-r, and I'm the-- I'm the AA for Senator Machaela Cavanaugh, who represents west central Omaha and Douglas County. LB774 would implement a refundable tax income credit for renters of a home or residence within the state of Nebraska. The proposed refund would fall between the minimum of $200, or 4 percent of the total amount of rent paid during a taxable year and a maximum of $500. Should this legislation pass, the tax credit would begin in the fiscal or tax year of 2023. There's a growing fear that property tax credits given to the owners of these properties are not being passed down onto the renters. We can no longer give large credits to these owners without certainty that the renters will also see some form of benefit. This sort of tax credit is nothing groundbreaking and is meant to be in lieu of property tax credits already widely available to the owners of these properties. Senator Cavanaugh is willing to work with the Revenue Committee should they see any need for an amendment to this legislation. And she asks that you please support this on to the General File. Thank you.

LINEHAN: Thank you very much. We can't ask you questions.

TANNER DeBOER: Awesome. Thank you. I don't know if anybody is here for this bill, so--

________________: [INAUDIBLE].

TANNER DeBOER: OK. Perfect.

LINEHAN: Are there any proponents? Yes, you do. Good job. Hi.

ALICIA CHRISTENSEN: Hello.

LINEHAN: Go ahead.

ALICIA CHRISTENSEN: Thanks. Good afternoon, Chairperson Linehan and members of the Revenue Committee. I'm sorry. I don't-- it must be the end of the hearing portion of the session because I can't seem to get through a sentence without-- so, thank you for bearing with me. My name is Alicia Christensen, A-l-i-c-i-a C-h-r-i-s-t-e-n-s-e-n. Still nailed that part, so that's good. I am the director of policy and advocacy at Together, and we support LB747 for two main reasons. First, because a renters tax credit offers an effective approach to address poverty, homelessness and high rent burdens. Second, this bill will make an important step towards a fairer distribution of government-housing-related assistance. So through our work assisting participants facing housing instability or homelessness, we have firsthand experience with the pivotal role that safe housing plays in both individual well-being and community stability. The state and federal government also recognize a significant connection between housing and strong communities, so they make considerable investments in a variety of programs to help Americans buy or rent their homes. However, the overwhelming majority of this housing-related assistance, including tax breaks and guarantee loans, go to high-income households, even though low-income renters' needs are most acute. About 60 percent of federal housing assistance goes to-- goes toward tax benefits for homeowners earning over $100,000 a year, and 30 percent on top of that goes to those with incomes of over $200,000 or more. Very little of this money goes to people with lower incomes. In practical terms, this means that households with less money must spend more of their earnings on housing. These families have less money for rent, food, healthcare and other necessities, and they're also more, more likely to experience eviction and even homelessness. This, in turn, creates a ripple effect, putting people at a disadvantage in other areas of life and creating financial and social pressures for the larger community. Our current housing assistance policy, both state and federal, gives the least help to those who need it most. This clearly needs an adjustment. In recent years, the benefits of a tax credit for renters have been highlighted by elected officials as well as a range of organizations that range from the Center for American Progress to the Mortgage Bankers Association. This attention is partially because a renters tack credit-- renters tax credit is well-suited to the circumstances of many low-income households who don't have a tax liability, and then that makes the credit an effective tool for reducing their-- the economic inequality. Over-- in sum, we urge this committee to support and advance LB747 because a renters tax credit will be a productive antipoverty measure that also makes things more fair by ensuring that Nebraskans with the lowest incomes enjoy a greater share of tax breaks and housing assistance benefits. Thank you. I'll take any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Is the income levels in-- I'm sorry. This is [INAUDIBLE]. I haven't read the bill. Do you know if the income levels are in the bill?

ALICIA CHRISTENSEN: I don't think that there are. I think it is that-- it-- their-- the amount is capped at a certain amount and the, the individual can take 4 percent of their total rent paid or $200, whichever is greater.

von GILLERN: It's capped at $1,000.

ALICIA CHRISTENSEN: $1,000? Is that-- I'm sorry. I, I'm sorry.

LINEHAN: OK. All right. But it's not-- there's no income.

ALICIA CHRISTENSEN: There's no income base. And that's because-- when they're-- a lot of times, when they're adjusted for income, when you don't have any tax liability or you're lower income, then it kind of-- it gets skewed when you're trying to directly help people at that sort of very low-income end of the spectrum.

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

ALICIA CHRISTENSEN: Thank you.

LINEHAN: Are there other proponents? Are there any other-- are there any opponents? I'm sorry. Are there anyone wanting to speak in the neutral? Letters? We had letters?

TOMAS WEEKLY: Yes.

LINEHAN: We had 3 proponents, 3 opponents and 1 neutral. Would you like to close?

TANNER DeBOER: Thank you. Yeah. Just to address the $500. It's actually $1,000. Thank you, Senator von Gillern, for saying that. So, yeah. And then we know the fiscal note is pretty small on this one. So if you have any questions-- Senator Cavanaugh just told me to-- that she's open for whatever, so.

LINEHAN: OK.

TANNER DeBOER: Yeah. Thank you.

LINEHAN: And am I correct, there's no income tax?

TANNER DeBOER: From my understanding, yes.

LINEHAN: OK.

TANNER DeBOER: But I was handed this binder, like, an hour ago, so.

LINEHAN: That's all right. I hand mine just before I sit down, so. Any other questions from the committee? Thank you very much for being here.

TANNER DeBOER: Thank you.

LINEHAN: And that brings us to our final bill for the day, LB239. Senator Wayne.

WAYNE: [INAUDIBLE] good. That's the best pep talk you gave me all year. Oh. [INAUDIBLE].

LINEHAN: Good afternoon, Senator Wayne.

WAYNE: Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha in northeast Douglas County. I said that was the best pep talk my staff ever gave me because he said, this is your last one of the year. Make it good. So, I don't know if I'll make it good. LB239 would eliminate income tax on the first $55,000 of an individual income. This is a broad, far-reaching and equitable relief, a rare form of tax relief that reaches pretty much all Nebraskans. Part of this bill was drafted when-- for our staff. We have staff members who don't make a little bit much more than $55,000 and we tax them. And so I thought this would be a great intro-- a way just to have a conversation to help them out. And then when we started digging into it, we, we started looking at how it could affect a lot more things, and I'll walk through that. We spent a lot of time, a lot of time in the last five years talking about reducing people's property taxes. And the reality is that doesn't benefit everyone. I have yet to see in Douglas County somebody get a check from property tax relief credit fund and say, we're going to lower people's rents. In fact, it still goes up. And so what we're trying to do is figure out how to help a little bit of everyone. And so I'm going to walk you quickly before I go through the rest of this-- through this-- these charts that I just handed out. So this is Douglas County. And, and I would submit to you, I think this can apply to anywhere in the state, including rural Nebraska, and to say that the incomes and renters, there's a correlation no matter where they are in the state. So in Douglas County, if you look pretty much east of 72nd, you start seeing significant drop-offs in income level for the median household. And I want to target that $45,000 or less. And if you were to turn the page, you will see ownership. And what this is talking about is people who own their homes. You see how that directly correlates to income. And the last one is the inverse of this middle one, which is renters. And you see also that, pretty much in east Omaha, you have 80 percent renters and you also have some of the lowest income, from the $69,000 all the way down. So there's a correlation, clearly. And we all know that, but this map gives you-- these three maps give you demonstration of why property tax relief, while it's important-- particularly in Florence. I have a lot of retirees in my district-- it doesn't reach everyone because a lot of the individuals east of 72nd don't own property. And again, I think that would apply no different than in Sidney to Ogallala to North Platte. The income and the renter ratio is the same. So as we continue to fight for property tax relief, which I support, I think we also have to figure out how to help those who don't own property. And that's where I look at the income tax as ability to help do that. So if you look at the fiscal note-- I, I'm proud to say now that I have three bills that will be over $1 billion this year, but that billion dollars really comes from the people, and it's the people's money. And we hear that all the time on income taxes, income tax credits and income tax breaks that we provide on the floor. But I think, arguably, the most important $55,000 for most of these people is what we need to, we need to focus on. There have been sessions where we have had a, a lot of money on the floor and we haven't addressed what I would say that lower income level and those individuals who don't have property tax. So if you think about somebody who's doing $40,000 a year-- which, honestly, is some of our staff, $40,000, $45,000 to $50,000 a year-- $2,000 to $3,000, if not $4,000, sometimes goes to taxes. That's a significant portion of their income. So what we're trying to do is make sure we lower that. I think it's just more practical. People who make $55,000 a year are paying into a system with sales tax, gas tax, license fees, registration fees and their rent, all of that. $40,000 to $50,000 does not go far when you think about the number of taxes that they have to pay in this-- in Nebraska. So I am very opening-- open to changing the threshold. Maybe it's only $30,000. But I do think we have to figure out how to deal with this lower income bracket or lower income and provide them such relief that we're also trying to do for our higher inners-- or, earners. Oftentimes, we think of child tax credits. We think of daycares and, and things like that. But many of these individuals who are living 55 to 65 don't have kids. They're retirees. So they won't benefit for any of those tax breaks or tax credits. And that's really a lot of my district. When you look at the old Florence area, there are a lot of retirees who don't have kids who are paying high property taxes, which are great, but many of them are also renters. If you drive down 30th Street, you will see duplexes and you will see small rental homes that are along that Florence area that-- they don't get any breaks. And most of our tax packages we pass have not gave them any breaks. Still in favor of them, but this is the year we focus on them getting some breaks too. And with that, I will answer any questions.

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

ALBRECHT: Thank you, Chair Linehan. And while you're still, you know, kind to think about your staff, is there anything you can do for 49 senators that-- on this particular [INAUDIBLE]?

WAYNE: I am all in favor of that. I think we up our per diem two times the IRS rate. That's the easiest way to fix it and not have to have a constitutional challenge.

ALBRECHT: Thank you.

WAYNE: Yeah, I've thought about that quite a bit, as you can tell.

LINEHAN: That's probably doable.

WAYNE: It's very doable. I already got enough negative mailers for doing three terms. I don't need that one too.

LINEHAN: Nobody would even notice that. OK. So are there any other questions?

WAYNE: So I mentioned that. So we can now-- we-- have a hearing on it. See that? I mentioned-- we can do it now.

LINEHAN: Yeah. We can have a hearing. OK. Excellent. OK. So what the committee kicked out-- [INAUDIBLE] fiscal [INAUDIBLE]. The committee has sent to the floor is the top rate [INAUDIBLE] 399.

WAYNE: Um-hum.

LINEHAN: So that would bring the cost of your bill down considerably.

WAYNE: Correct.

LINEHAN: The problem when you try to do this, which we ran into last year, is everybody pays. I don't care if you make $1 million a year. You still pay the 2.46 percent.

WAYNE: Correct.

LINEHAN: So that-- I don't know if there is a way if the fiscal office-- I would think they could give this to us. How many-- well, I think we have a [INAUDIBLE] sheet somewhere. How many people actually-- what would it cost if you actually only did the first 2.46 percent? Because I think you get into a lot of costs when you go to the 3.51 percent and the 5.01 percent.

WAYNE: Again, I'm, I'm fo-- as much as I--

LINEHAN: Are, are you following--

WAYNE: Yeah, I am. This-- I'll leave it up to the, the committee to help figure that out over the-- on the floor.

LINEHAN: But we already kicked out the tax package break.

WAYNE: Everything's amendable on the floor. So, however I can help do that, I-- as much as I try to get onto Revenue, you guys have drafted me to other places so I couldn't be here to, to know that knowledge, so I rely on you on the tax stuff. I didn't, I didn't volunteer.

LINEHAN: OK. Any other questions? We're going to be done early unless you have people here that I don't--

WAYNE: Yeah. They're waiting outside.

LINEHAN: Better not be.

WAYNE: No. It just does what it say, though. There is-- and I hope these maps are helpful. There is a direct correlation of income and ownership. And so when we talk about property taxes, it appears to be around that $70,000 or below-- I mean, $69,000 or below where you start to see the fade of, of renters versus owners. And I think we have to figure something out for that group.

LINEHAN: Can you-- so your slide 28--

WAYNE: Page 28.

LINEHAN: Yeah.

WAYNE: Yeah.

LINEHAN: So all that light area in west Omaha is also renters?

WAYNE: No. These are, these are the percenters of owners. So if you want to look at-- so this is the percenter of ownership. So the, the-- yeah. Some of those light areas are renters. And if you think about it, that's I-80, right-- I mean, 80 on, on there. Then next to it is a very light area. That is-- they have some subsidized housing there and they have some-- a lot of apartments there. You think about 108th and Fort, there's apartments on both sides of that area. So, yeah. And so I just don't want that lower group to get left out of the conversation on the tax package.

LINEHAN: OK. Any other questions? Letters. Do we have letters?

CHARLES HAMILTON: Yes. Right there.

WAYNE: Our last hearing. Forever.

LINEHAN: We have 1 proponent, 1 opponent and 1, 1 neutral.

WAYNE: This is a light year for me. I only had, like, 39 or 40--

LINEHAN: There are no-- you have no opponents or no--

WAYNE: No.

LINEHAN: Nobody's here to testify?

WAYNE: No.

LINEHAN: Do you want to close?

WAYNE: I'll waive.

LINEHAN: Thank you.

KAUTH: Congratulations.