

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee August 3, 2024

**LINEHAN:** Welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan. Did you turn it on? I'm sorry. Turn it. Perfect. My name is Lou Ann Linehan, I serve as Chair of this committee, committee, and I represent Legislative District 39. The committee will take up bills in the order-- well, we're actually going to take them all up at the same time, are we not? Yes. Yes. Our hearing today is part of your legislative process. This is your opportunity to express your position on the proposed legislation before us today. So for any testifiers, if you're going to testify on more than one LR, you need to fill out a green sheet for every one of them. So that's just the way the transcribers will have to do it. And also, I'm going to make you be friendly today. Move to the front if you're going to testify, please. We ask that you limit handouts. Limit handouts. If you are unable to attend the public hearing, and would like your position stated for the record, you may submit your position in the comments using the Legislature's website by 8 a.m. the day of the hearing. Letters emailed to a senator's 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 Legislature's website to submit written testimony in lieu of personal testimony. To better facilitate today's proceedings, I ask that you follow these procedures. Please turn off your cell phones and other electronic devices. The order of testimony, the way we've been doing all of these hearings, all the same is we are doing, we're doing, we're rotating proponent, opponent, neutral, and then we go back to proponent, opponent, neutral. The testimony will conclude with closing remarks by the bill's introducer. If you will be testifying, please complete the green form-- I just covered that. The green form for each one of it, and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. You will need ten copies for all committee members and staff. If you need additional copies, please ask a page make copies for you now. When you begin to testify, please state and spell your name for the record. Please be concise. It's my request that you limit your testimony to three minutes, and we will use the light system. You have two minutes on green, 45 seconds on yellow, and 15 seconds on red to wrap up. If your remarks were reflected in the previous testimony, or if you would like your position to be known but do not wish to testify, please sign a yellow form at the back of the room. It will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. I would like to introduce committee staff. To my immediate left is legal counsel

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Charles Hamilton. To my left at the end of the table is committee clerk Linda Schmidt. Josh, would you please stand up? Josh Kester, my new A.A. is going to serve as our page today. Please remember that senators may come and go during our hearing. This isn't quite-- I don't think there's any other committees meeting today, so that won't be a problem. 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, it is a critical part of our state government. With that, we will open on LB-- LR-- LR7CA. Welcome, Senator Slama. Through--

**SLAMA:** LR22CA.

**LINEHAN:** --LR22CA.

**SLAMA:** I learned the numbers so you don't have to.

**LINEHAN:** Thank you.

**SLAMA:** Good morning and happy Saturday, Chairwoman Linehan and members of the Revenue Committee. My name is Julie Slama, J-u-l-i-e S-l-a-m-a, and I represent district one in southeast Nebraska. Today I am bringing to you the Nebraska Taxpayer Bill of rights via LR7CA through LR22CA, a comprehensive legislative initiative designed to ensure fiscal responsibility, transparency, and taxpayer engagement throughout our state. This framework is based upon a highly successful initiative inspired plan passed in 1992 by our neighboring state of Colorado. The Nebraska Taxpayer Bill of rights aims to place greater control over how Nebraskans manage their tax dollars. Our taxpayer Bill of Rights is structured into 16 distinct LRs, each targeting specific tax and spending aspects that are designed to protect taxpayers and promote fiscally responsible policies. The components of the Bill of Rights are designed to safeguard against unanticipated financial burdens on Nebraska taxpayers, and ensure that significant financial decisions made by the government actually reflect the people's will, Nebraska taxpayers foot the bill for government spending, and it is only right that they have a direct say in how their hard earned money will be used. These bills ensure that Nebraskans are involved in the decision-making process for new taxes, tax rate increases, and extensions of expiring taxes. This plan would ensure that new financial burdens will no longer be imposed without

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the people's explicit consent. Now, let me briefly describe each individual LR. LR7CA and LR12CA work together to ensure that any new tax levied by a political subdivision must receive prior voter approval at a November general election, so as to empower voters and safeguard against unexpected tax burdens. LR7CA is the enforcement component. LR8CA, and LR13CA guarantee that any increase in tax rates by a political subdivision can only proceed with prior voter approval, insuring transparency and accountability in tax rate changes. LR8CA is the enforcement component. LR9CA and LR14CA address the extension of expiring taxes, ensuring that such decisions are made with the explicit consent of the voters, and preventing automatic extensions. LR9CA is the enforcement mechanism. LR10CA and LR15CA require voter approval for any tax policy change that directly causes a net revenue gain for a political subdivision, reinforcing the principle of taxpayer consent in significant fiscal decisions. LR 10CA is the enforcement component. LR11CA and LR16CA mandate that any multi-year direct or indirect debt or financial obligation by a political subdivision must be approved by voters and backed by adequate present cash reserves. LR11CA creates the enforcement mechanism. LR17CA and LR18CA require that each governmental subdivision maintain a reserve of at least 3% of its fiscal year spending for use in declared emergencies, thus ensuring financial readiness and stability. LR 18CA is the enforcement component. LR19CA and LR20CA limit the maximum annual percentage increase in state fiscal year spending to the rate of inflation plus population growth unless voters approve otherwise, which would promote sustainable state spending practices. LR20CA is the enforcement component. And finally, drum roll please, LR21CA and LR22CA limit each political subdivision's annual spending increase to the rate of inflation plus local population growth unless approved by voters, in order to encourage prudent fiscal management at the local level. LR22CA creates the enforcement mechanism. The grouping and high number of LRs here is a bit tedious, and I should apologize on the front end, the numbers should have matched each tandem idea I was bringing. I screwed up and didn't double check before I dropped the bills, so that one's on me, so I'm sorry about the numbers ahead of time. But we've had to craft all of these CAs to comply with Nebraska's single subject rule to ensure clarity and focus on individual issues. However, I'm more than happy to combine these concepts where appropriate in order to streamline implementation and enhance the overall effectiveness of these measures. This comprehensive plan was developed to reflect the needs and desires of Nebraska taxpayers. I'm committed to working collaboratively, collaboratively with each of you to refine and improve it. Unlike other proposals that have been presented, presented necessarily

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without concepts requiring votes of the people, I am absolutely open to your thoughts and suggestions. I know this is a slightly unique approach, but I think it brings a unique flavor to the debate. The Nebraska Taxpayer Bill of Rights will establish a transparent, accountable, and fair system of governance that truly reflects the will of our citizens. The best tax policies involve the first participation of our citizens, acknowledging that they are our ultimate bosses. This plan will help build a stronger and more financially secure Nebraska for everyone. Nebraskans work hard for their money, and they deserve a direct say in how it is spent. And before I close and open for questions, I am going to answer one of the FAQs that I have gotten along the way, which is on the private right of actions. What does that mean? What does that look like? And could it lead to an increase in lawsuits, and frivolous lawsuits, against local political subdivisions in any tax increase case? Well, that, takes us back. And Senator Dungan and I actually had a conversation about this a few days back. It takes us back to, like, the first year of law school, you learn how the courts operate. And in civil cases, our question is, how do we make the aggrieved person whole? And that can come through one of two things, either like a pile of money or some variation thereof, which is what most people think of when it comes to lawsuits, or something called equitable relief, which is the courts enforcing an action against the body that's being sued. So the most likely outcome of all of these private rights of actions are simply if lawsuits are brought, the courts will see that in order to make this person whole, the relief necessary is equitable, and it will likely be injunctive, an injunction against the enforcement of the tax being raised. So not lots of frivolous lawsuits and lawyers making money. I don't like those bills either. And with that, I am happy to answer any questions. And thank you again to the Revenue Committee for having a combined hearing. And I think it's probably the best and most efficient use of everybody's time on a Saturday.

**LINEHAN:** Well, thank you for letting us-- or letting us, encouraging us. I appreciate it.

**SLAMA:** Encouraging. Begging.

**LINEHAN:** Do you have-- do we have questions from the committee? Senator von Gillern?

**von GILLERN:** Thank you. Thanks for being here today.

**SLAMA:** Hey, thank you for being here.

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**von GILLERN:** I'm smiling on the outside.

**SLAMA:** We're all dead on the inside, that's fine.

**von GILLERN:** The, the Colorado Taxpayer Bill of Rights by many, many organizations has been seen as a great success. Would you like to talk a little bit more about that, why, and what that has done, what that's prevented, what-- how that's positively impacted the people in Colorado?

**SLAMA:** Absolutely. Since 1992, when this was first passed, Nebraska, I mean, not Nebraska, Colorado taxpayers have benefited greatly. If you look up TABOR online, you'll see, not only have certain lawmakers tried to repeal it over the years, they failed miserably because it's very popular, because also, when revenues received by the state of Colorado exceed a certain amount, people get a check for the difference. So the thought of a program in which people are actually getting refunds on their excess amounts of taxes paid to the government, you can probably see why it's a very popular concept. But also, I think the larger thing for the state of Nebraska is, is that in the wake of explosive population growth in Colorado, this has kept kind of a steady, a steady cap on the rate of tax growth, especially for lower income people. You've seen revenues be stabilized, and all of the opponents, and I know we have some opponents here from Colorado. I'm very grateful they came in from out of town to testify on this. But you have to look at the numbers and where Colorado remains ranked. I-- in public education, U.S. World News & Re-- U.S. World News Reports [SIC] ranks them as the fifth state overall in education offerings. And part of that can be due to the fact they have a really strong school choice program. But also, in the face of TABOR, they've still been able to fund their schools and provide first class quality education to their kids. So overall, I think TABOR is a win-win-win for Nebraska taxpayers, government entities and our state's future as a whole.

**von GILLERN:** So, one other question. Again, you talked about the, the, the legal reasons for having the multiple LRCAs--

**SLAMA:** Yes.

**von GILLERN:** --and it's cumbersome at best. But I understand the, the reasoning behind that. Is the only way to do this through LRCAs versus an LB, or is this a strategic-- do you think it's the most strategic way to get it done?

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**SLAMA:** Yes. If you want to do the constitutional amendment approach, you would need an LRCA. To streamline that. You could take the approach, and I, I've gone back and forth with a few different lawyers on this, and there's mixed opinions as to whether or not you could combine the tandem eight parts with their respective private rights of action into one to where you only have eight rather than sixteen. That would streamline the process. Otherwise, you might be running into some pretty serious single subject violations. But you could do it through an LB, you just wouldn't have the constitutional amendment mechanism in there, and it could be far more easily repealed.

**von GILLERN:** The permanence wouldn't be there.

**SLAMA:** Yes.

**von GILLERN:** Yeah. OK. Thank you.

**SLAMA:** Thank you.

**LINEHAN:** Thank you, Senator von Gillern. Other questions? Senator Kauth?

**KAUTH:** Thank you, Chair Linehan. Senator Slama, how would this apply to property tax?

**SLAMA:** So this would apply to all taxes levied in the state of Nebraska. And that's been a huge boon for Colorado because they have the third lowest property taxes in the country.

**KAUTH:** OK. So, so for immediate relief, does this impact immediate relief? Or I'm just trying to figure out--

**SLAMA:** Sure.

**KAUTH:** --with all the bills we've heard, how does this fit in? Or is this we figure something out and then put this in as well?

**SLAMA:** I see this more as looking-- I see it more as the latter.

**KAUTH:** OK.

**SLAMA:** I see this more as looking towards the long term. How do we on the front end? Yes, bills to implement and get short term relief. But TABOR really goes and looks towards the long term. How do we prevent having to come back to this year, after year, after year? How do we stabilize this system in which we're pouring billions of dollars in

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already? So for me, this is more of the long term component of anything we consider.

**LINEHAN:** Thank you, Senator Kauth. Other questions? Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan, and thank you for being here on a Saturday. Senator Slama, we're all very happy, I'm sure, to be here. No, you've done a lot of work on this, and you and I did speak about some of the legal aspects behind that. And I appreciate some of the information you've given about that. I had a similar question to what Senator von Gillern was asking about education.

**SLAMA:** Absolutely.

**DUNGAN:** You know, understanding that they, as you said, currently rank, I think, fifth in offerings for education.

**SLAMA:** Yes.

**DUNGAN:** Since TABOR's gone into effect, there have been other metrics where they've declined, right? I mean, so since 1992, they've gone down in per pupil spending per person, which I know is not the only metric for success. They've also declined in teacher salary. You know, they've ended up in the bottom ten in a number of metrics when it comes to commitment to education financially. And so, you know, when we're talking about whether or not our really robust and I think, generally lauded public education system here in Nebraska is going to continue to be funded, do you have concerns, I guess do you share my concerns, that this, this sort of plan is going to ultimately lower the amount of spending that we're giving towards public education, and potentially putting us in peril. Because I know in Colorado there have been certain other laws that have been implemented as recently as the last ten years or so in order to sort of offset some of the concerns that people there have had about education spending. Do, do, do you see this as potentially harming public education and putting us in a situation where we don't have a financial commitment to those schools?

**SLAMA:** So I see-- I see where you're coming from in your concerns. I think that simplifying it to since TABOR passed, blank has dropped-- like they've also in this time frame legalized medical cannabis, which is-- legalized all cannabis, actually, which they consistently pointed to, this will solve all of our state's funding problems when it comes to education. Well, at the end of the day, you have education having to spend far more simply on enforcement, keeping the vape pens out of kids' hands, dealing with the societal ills that come from that. So to

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say that because TABOR passed, you had all of these other metrics go down. I understand that it's part of the debate. I think you have to zoom out and look at the other really, really large changes that have happened in Colorado in the-- in the meantime. But I, I absolutely see where you're coming from. And I think that's definitely a valid policy concern.

**DUNGAN:** Thank you.

**SLAMA:** Thank you.

**LINEHAN:** Thank you, Senator Dungan. Are there other questions from the committee? I tried to take-- I did take notes, but I, I have not studied this. Which one of these-- I think what you said is if they build-- we can't get around to bonding for building something.

**SLAMA:** Yep.

**LINEHAN:** Which one is that?

**SLAMA:** That would be LR--

**KAUTH:** 11? It's halfway down the--

**SLAMA:** Yeah. No, the debt one is, thank you, Senator Kauth, LR11CA, and LR 16CA.

**LINEHAN:** OK. Could you repeat for me, please, what that one does?

**SLAMA:** Yes. So LR16CA, and then LR11CA is the private right of action that's attached to it. That mandate that any multi-year, direct or indirect debt or financial obligation by a political subdivision must be approved by voters and backed by your adequate present cash reserves.

**LINEHAN:** So you're going to give us some examples.

**SLAMA:** Yep.

**LINEHAN:** The streetcar in Omaha would have had to have a vote.

**SLAMA:** Yes.

**LINEHAN:** The Juvenile Justice Center would have had to have a vote.

**SLAMA:** Yes.



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**LINEHAN:** Beatrice grade school.

**SLAMA:** Yes. That would be your standard bond issue.

**LINEHAN:** So there's no, like, two entities going together and having enough levy authority that they can build something.

**SLAMA:** No.

**LINEHAN:** OK. Do you have-- because when we've talked about this before, and would you consider there, there probably should be some exemptions. The one that I remember very well is you need-- you need module rooms for a school that's got a bump up. So is there any-- do you have any exceptions-- now, whether that's the building or not would be-- right, but--

**SLAMA:** I'm absolutely willing to come to the table to massage this into a way that really works. If, if you want an exemption in there about street cars, I might have an issue about that. But I'm absolutely willing to work with the committee.

**LINEHAN:** I think that, that streetcar's gone, I think we're too far on that. But I'm just-- and I'm sure there's other ones, but those are--

**SLAMA:** Absolutely.

**LINEHAN:** OK. All right. I'm not sure, but hopefully staff is listening. I, I think almost all schools, all grades, all test scores have went down across the country, most, mostly because of COVID.

**SLAMA:** I'd say that's an accurate assessment, yes.

**LINEHAN:** Yeah. So I think we'd have to look at the long term. I don't know what-- I haven't looked at Colorado's scores or their lately, but I do remem-- we lived there for a while. It was very-- they have pretty good outcomes unless that's changed drastically, and I don't think so.

**SLAMA:** It really hasn't.

**LINEHAN:** I didn't think so. OK. Any other questions from the committee?

**SLAMA:** Thank you.

**LINEHAN:** Thank you. So proponents? Any proponents? Any opponents?

**JON CANNON:** Madam Chair Linehan, distinguished members of the Revenue Committee. Good morning. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify today in opposition to LR7CA, LR8CA, LR9CA, LR10CA, LR11CA, LR12CA, LR13CA, LR14CA, LR15CA, LR16CA, LR17CA, LR18CA, LR19CA, LR20CA, LR21CA, all the way through LR22CA. I appreciate Senator Slama bringing this. I've said this before, I'll say it again, I always enjoy having conversations about tax policy, and this really does get to the heart of tax policy. NACO ordinarily does not take positions on constitutional amendments. But for this one, actually for this one, we were originally going to monitor it. But it was-- it was suggested to us that we should perhaps take a position. And this really gets to the heart of, of what a republic is, right? A republic is a representative form of democracy where we elect our representatives to make decisions about things, things that the ordinary person probably doesn't want to have to take up their time with, dealing with things like budgets, how many body cams should be issued to the to the police, how many school teachers should we have on the payroll? I mean, the list goes on and on. And, and to the extent that we elect people to undertake these sorts of things, much like this committee does on, on tax policy, for instance, that has been kind of the foundation of our, of our form of government for almost 250 years. I, I think it's interesting to make some comparisons. There, there have been discussions about rankings, and how Colorado ranks since they implemented TABOR. And I think I heard that they're third in property taxes. I just went to the Department of, of Local Governments, or the, I'm sorry, their property tax administrators' page. Local spending on just property taxes alone last year in Colorado was \$15.25 billion, compared to \$5.3 billion in, in Nebraska. And so obviously there's a little bit different metric, because everyone knows that Nebraska is 43rd in terms of, in, in terms of one ranking at least. We've talked about what those rankings mean. The National Tax Foundation has us at 43rd because they take our total taxes levied, not net taxes paid, but our total taxes levied, they divide by the total amount of value that's in the state, and they come up with a ranking. They say that our effective tax rate is 1.69%, and that puts us at 43rd. If they went off of the amount of taxes paid, actually paid, we would probably be closer to 33rd, 34th or so. When you look at another way of, of looking at the numbers, Nebraska's-- Colorado's GDP is \$428 billion, local spending is \$15.25 billion. The percentage of tax to GDP is 3.56%. In Nebraska, with \$179.2 billion of GDP, local spending property tax of \$5.3 billion, that's a percentage of 2.9%. I think the people in Colorado would kill for that. They would say that we're wildly successful in how we're controlling taxes, but we all know that it's not the perception in Nebraska. I think

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it's, it's important for us to consider how all these numbers work together. And, and we can, we can look at one particular ranking in partic-- in specifically. But that's not always going to tell the entire story. Senator Dungan, to your point, Colorado is 42nd in per people spending. They're-- I'm out of time and I'm happy to take any questions you may have.

**LINEHAN:** Thank you. Hit all my buttons. Any questions from the committee? Senator Bostar.

**BOSTAR:** Thank you, Chair. Could you finish your thoughts, please?

**JON CANNON:** Well, thank you, Senator Bostar, much appreciated. Colorado's 50th in teacher wage competitiveness. They lagged the national average in every subgroup for all their schoolchildren. 58%, 104 out of 178 school districts are on, or have some of their schools on a four-day school, school week. So, and I can tell you, my, my parents live in Colorado Springs. The roads are horrible every time I go to visit them. Specifically getting to some of the particular constitutional amendments, LR 7CA, the levy-- a levy has to be approved in November. Colorado's fiscal year is January 1st, a little bit different from ours. Their stat-- by the way, they have a statutory property tax revenue increase of-- a limit of 5.5%. I'll tell you what, we would kill for that. They also have a thing called the Gallagher Amendment, which works with TABOR in, in ways that probably affect a lot of what we're talking about. But I'd like to give an example of here in Nebraska, the 2019 floods, those occurred in March of that year. And if we'd had a general election in November of that year in order to pay for the match or pay for cleanup, we would have had that increase approved in November of 2019, it would have-- it would have been put into the budget for FY '20-21. Property taxing would have gone out of December of 2020, and they would, would have been payable in April of 2021, and September of 20-- or, yeah, September of 2021. As far as being responsive to a-- to a local need, that certainly isn't going to cut it. I had a question about LR 10CA that you can't have a change in tax policy. That would really need to be defined, and of course, the Legislature gets to define these things all the time. But just as a-- as a question if, if all of a sudden Lancaster County said we're going to devote one FTE to handling delinquent tax statements, is that a change in tax policy that requires a vote of the people? And I know that Senator Slama had said that, you know, she would not want to encourage frivolous litigation, but that is a legit question. LR11CA requires cash reserves of 3% unless there's a vote. I'm curious how that affects TIF. I'm sorry.

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**LINEHAN:** At some, some point yes.

**JON CANNON:** I'll, I'll, I'll just-- I'll leave it at that. Thank you, Senator Bostar, I appreciate it.

**LINEHAN:** Are you going to do it for everybody? I mean--

**BOSTAR:** I would do it for everybody.

**LINEHAN:** Well, yeah.

**JON CANNON:** I will stop right there then.

**LINEHAN:** Senator Kauth, do you have questions?

**KAUTH:** No.

**LINEHAN:** Are there any other questions?

**von GILLERN:** I do.

**LINEHAN:** Yes, Senator von Gillern.

**von GILLERN:** Thank you. Thank you, Mr. Cannon. Again, my, my-- the research I've done on this, other individuals I've talked to, some, some national economic input said that by many measures, again, this is wildly popular in Colorado. Lots of things, as has been noted, have happened in Colorado societally over the past 5 to 10 years. COVID, legalization of marijuana, those kinds of things which might weigh into some of these other things. It's hard to say that the people shouldn't have a greater voice in their tax policy. So my-- I am getting to a question. My question is, is there anything in this that you like?

**JON CANNON:** I like the, the part that affects the state government. They're the one CA that talks about what state government is obligated to do. Everything else is--

**von GILLERN:** Did you say city or--

**JON CANNON:** --state government.

**von GILLERN:** State. OK.

**JON CANNON:** Lynn Rex is right over there, I'm not going to direct anything [INAUDIBLE] in particular.

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**von GILLERN:** I just -- I wanted to make sure I heard you properly.

**JON CANNON:** Yeah, yeah. You know, I mean, and that's a, that's a good point, Senator. I mean, I guess COVID affected everybody. So, you know, the fact that they lagged the national average in every subgroup, I think is worth noting because that's, that's not a societal thing, right? I, I will tell you, wh-- I was, I was 21 years old, the very first election I got to vote in was in Colorado in 1992. Amendment X was on the ballot. I-- frankly, I recall, you know, I was more interested in, in Clinton versus-- President Clinton versus President Bush at the time. I don't even know if I voted for Amendment X or not. I may very well may have. But I will tell you that when my daughter decided that she wanted to go to Colorado for school for, for her undergraduate education, I told her not to stay there. And I said, you know, the schools there are, are not good. The roads, the infrastructure, everything like that is not good. And her report when she came back, was, yeah, there's, there's no way I'm going to live in Colorado, I'm going to come back to Nebraska. So, you know, and of course, she came back to the good life, and, you know, Dad's here. But her grandparents are in Colorado Springs. So, you know, she had a pull there too.

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

**JON CANNON:** Yes sir. Thank you.

**LINEHAN:** Thank you, Senator von Gillern. Senator Albrecht, and then Senator Dungan.

**ALBRECHT:** Thank you. Because we have so much here and you probably have a lot to say, and you have an extra day tomorrow if you'd like to prepare whatever you were going to say for us, I'd be happy to take a look at that.

**JON CANNON:** Thank you. Ma'am. I actually was at-- pretty close to the end, but thank you, ma'am, I appreciate that.

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

**DUNGAN:** Thank-- thank you, Chair Linehan. And thank you again, Mr. Cannon. I, I was interested a little bit by your testimony with regards to the responsiveness to natural disasters and things like that. Based on my sort of cursory analysis of these, it does look like these require political subdivisions to keep certain cash reserves at certain levels and things like that. Is that not, in your mind, adequate for the potential, you know, economic downturns or potential

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natural disasters that could come? I mean, the 2019 floods are a good example, but it does sound like these do take into account some level of reserves. Do you think those are adequate to answer to situations that may arise?

**JON CANNON:** No, I don't think they're adequate. 3% reserve is pretty minimal. The GFOA, which is the Government Finance Officers Association, recommends a reserve of 16%, which is enough operating cash on hand to be able to operate for at least two months out of the year. So the 16% is, is probably what would be more adequate a reserve, frankly.

**DUNGAN:** OK. Thank you.

**JON CANNON:** Yes, sir. Thank you.

**LINEHAN:** However, what is the state's minimum reserve?

**JON CANNON:** I do not know that, ma'am.

**LINEHAN:** It's 3%.

**JON CANNON:** OK.

**LINEHAN:** We do have a cash fund at 16%, but the minimum is 3%.

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

**LINEHAN:** And I think that's-- so it sets there that we're never flat broke. That's not what we depend on for emergencies. I think-- staff brought me something that I think is correct. And I will give it to Senator Slama. She can make sure it's correct, but, I think Colorado's scores, according to the-- their-- the national test, they have improved.

**JON CANNON:** I was not aware of that.

**LINEHAN:** So I-- you'll find very few studies, actually, in education that shows money is the biggest contributor to outcomes. Go back and help me understand what Senator von Gillern's, please-- von Gillern's question about what you do like?

**JON CANNON:** Oh, I'd like that there's at least one of the amendments is, is devoted to the state instead of just the locals. And one of the things that, that occurred to me, going back to Senator von Gillern and what he had said about how it's popular. Part of TABOR in Colorado

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is the state sends a check to its citizens every year. And I'll tell you what, that, that would be popular with me, too. I'm, I'm not sure I necessarily saw that in this collection of constitutional amendments.

**LINEHAN:** OK, I'm gonna go back to Colorado because I've been going to Colorado for 35 years. And I know the chamber used the same kind of-- we're not that different. Were hugely different when it comes to homes.

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

**LINEHAN:** So that's a little misleading, when we say we collect-- where Colorado gains a lot of their property taxes from business, I think they have business at 100% and a different rate, and have homeowners much less and a different rate.

**JON CANNON:** So the, the Gallagher amendment that I referenced earlier, it has a-- it, it says that the, the total valuation for residential property can't exceed 45% of the statewide total. And so what that creates is a ratcheting down effect. Back when they-- when they first implemented Gallagher in, I think, 1982, the, the different-- everyone had this-- had a-- it, it was a reduced rate. Everyone was taxed, I think, 29.7%. And then by virtue of how Gallagher works, it got ratcheted down, and ratcheted down, and right now residential homeowners their, their assessed value is 7% of their actual value. And so that, that's had a huge effect on, on what residential homeowners pay. And by virtue of doing that, though, it shifts everything over to ag and commercial, and, and ag and commercial are just kind of considered everything else.

**LINEHAN:** Well, I don't know about ag, but we also have a situation where we have 5.8 billion people in Colorado-- million people, excuse me, million people in Colorado versus 2 million in Nebraska. So their tax collections are going to be higher.

**JON CANNON:** Yes, ma'am. That's, that's absolutely true. And we're still, we're still going to beat them in football this year.

**LINEHAN:** And-- we will see. I hope so. So I'm just-- throwing numbers and statistics around drag me a little.

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

**LINEHAN:** And I'm-- this-- you're, you're picking up some of my stress from the whole week. Because the Colorado number of property taxes

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keeps coming up, and since I have friends in Colorado that have a house almost exactly like mine, and I know what they pay and I pay. Yeah. OK. Any other questions? Seeing none, thank you very much.

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

**LINEHAN:** I'll be right back. Go ahead.

**LYNN REX:** OK.

**LINEHAN:** I'll be right back. Go ahead.

**LYNN REX:** OK. 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. And today, I've also been asked to testify on behalf of the Nebraska Association of School Boards. First of all, really appreciate Senator Slama bringing these issues forward so we can have this important discussion. Because I think there's been a lot of misunderstanding about what TABOR is and what TABOR isn't. And I'm not necessarily an expert, but I can share with you information that I've gleaned from my colleagues and doing some research. So I think it's important to note that, I mean, I know that there have been issues about, well, their economy's boo-- you know, just booming. Why is that? And as we've talked before, municipalities are a huge economic driver in this state. That's because the infrastructure is around municipalities and in municipalities. The workforce, though not enough, is in municipalities. So what's happened in Colorado? To-- over 230 of 274 municipalities have opted out of TABOR with a vote of the people. 51 of 64 counties opted out. 177 of 178 school districts opted out with a vote of the people. So yes, their economy is booming because otherwise, as it started to take effect and folks understood what it meant, it meant it impacted programs, it impacted quality of life issues. Earlier, and Senator Dungan, you and I had this discussion, one of the testifiers on a different bill referenced shiny objects. Those shiny objects are swimming pools, parks, libraries, things that people care about. We talk about what does it take to keep people in Nebraska, and people with families. Your kids, especially if you don't belong to the country club, if you can't afford to belong to the YMCA, they're going to public parks, public swimming pools, things like that. So in any event, those kinds of things are extremely important. This obviously has some huge impacts in terms of the state itself. One of the things that I think is really important is that this-- the voters have not taken it off of state government. I will usually always agree with my colleague Jon Cannon. I do not agree that there's anything good about having the state of Colorado subjected to



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this. Because what they've done is while they're giving those checks back to individual taxpayers, that has had a dramatic impact on their ability to assist and address some other issues along the way. In addition, obviously, the bonding elements are important. And I appreciate what Senator Slama said. We hope if something like this would pass, there would not be a lot of frivolous lawsuits. But, one of my colleagues said, in Colorado, virtually, this is the right to work act for attorneys. If you have any doubt, there's always something you could do if you want to do that. So whether or not they can find a client to pay for that is probably something different, but that's an important consideration. So again, I think it's really important-- it's very hard to make-- and now I agree with you, Senator Linehan, to make comparisons between Nebraska versus Colorado. Clearly they have mountains. They have a booming tourism industry. We have tourism here. But when you consider what it is in Colorado, it is significantly different. And I was recently to somewhere in Colorado around the Grand Junction area and coming back, as John said, there are roads and types of amenities that we would not tolerate in this state. And I have one final thought if anyone would ask me a question. If not, I understand.

**LINEHAN:** Yes, would you give us your one more thought?

**LYNN REX:** My one thought is this. Because of headhunters, Nebraska lost two outstanding city administrator managers to then run two municipalities in Colorado. They report that their employees, municipal employees, cannot afford to live in their cities. The city pays for apartments for their city employees during the week because they can't afford to live there. So we've got some great things going here in the state of Nebraska. There's no other place I would rather be. I'm happy to answer any questions.

**LINEHAN:** Thank you. Again the comparisons, but anyway, questions from the committee? Housing is a lot more expensive in Colorado.

**LYNN REX:** I'm so sorry?

**LINEHAN:** Housing is a lot more expensive in Colorado than it is here. And we have school-- we have school teachers who can't live in the districts they teach in. At least can't buy a house. I'm not saying they can't get an apartment, but they couldn't buy a house. I, I appreciate, as I told you, Mr. Kenny [PHONETIC] yesterday, I appreciate all your hard work this week and how much you've done. I appreciate it very much. And I appreciate you being here this morning.

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So I don't mean to sound grouchy. Is there any other questions? Thank you very much. Thank you very much.

**LYNN REX:** I appreciate the hard work of this committee, not just the last week, but for the years. And certainly you folks have made a fundamental difference in terms of providing state property tax relief. We support those efforts and appreciate everything you're doing in that regard. So thank you very much.

**LINEHAN:** Thank you. And just-- I will mention that we actually do send checks to people if they file. We do need you to file.

**LYNN REX:** I appreciate that. Thank you very much.

**LINEHAN:** Are there other opponents? Any opponents? Yes. Don't be-- don't be shy. If you're an opponent, get up here. Unless you want to spend, you know, more time here today on Saturday. You're an opponent?

**BRAD YOUNG:** An opponent, yes.

**LINEHAN:** OK. All right. Maybe this isn't-- we'll have-- we can check up-- check in later, but if you're-- you need a green sheet for each one of them, right, Linda?

**LINDA SCHMIDT:** Yes, for each one he's opposed to.

**von GILLERN:** He's got it.

**LINEHAN:** OK. OK. All right.

**BRAD YOUNG:** I also have a, a, a handout that I was just going to say, if you take, take, take this one, I don't think anybody needs to keep a copy of it.

**LINEHAN:** Well, we need a copy if you're going to hand it out. Josh can go make--

**BRAD YOUNG:** I was just going to see if the committee would like to take a look at it.

**LINEHAN:** Well, he'll-- he can go make copies. Do you need it, though, when you're testifying?

**BRAD YOUNG:** No.

**LINEHAN:** OK.

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**BRAD YOUNG:** Thank you, Madam Chairman, members of the committee. I feel especially honored to have the privilege of speaking to you on this subject of TABOR in Colorado. Or on TABOR in Nebraska. I spent 11 years in the Colorado legislature. I was for four years chairman of the House Appropriations Committee and the Joint Budget Committee. Being a bicameral state, there are two bodies, and they have three members from each chamber that get on the Joint Budget Committee, which, which is responsible for passing a budget for the state of Colorado. And I was honored to have the opportunity -- to be there. I have one major.

**LINEHAN:** I'm sorry, sir, I should have caught this right away. Can you state and spell your name?

**BRAD YOUNG:** Oh, yes. Brad Young. That's B-r-a-d Y-o-u-n-g.

**LINEHAN:** Thank you very much, sir.

**BRAD YOUNG:** Yes. So, I was asked to come here and testify by a national organization that deals with fiscal issues in, in many states. And I wrote a book about TABOR in Colorado when I figured out what it did. And I have a handout that shows what the impact is. The, the primary thing that it does that, that I'm opposed to, is it sets a limit of population plus inflation. And inflation does not keep up with the economy, it does not keep up with wages. And as a result, as a percentage of statewide spending on, on just anything, it is meant to shrink state government relative to the economy, which means you can't pay teachers, health care workers. Colleges and universities have suffered in Colorado. I know personally teachers who found out what their wages were going to be, and they left. And we have seen that happen across, across the state. And the thing that was done to try to rectify part of that was to rescind TABOR at the local level. And I appreciate the opposition, the other opposition, that pointed out that the local governments have indeed, most of them have rescinded Tabor at the local level so that they did not lose employees and the necessary funds to, to just keep administration. And that's the primary thing. Population plus inflation does not keep up with the economy. And as a result, you wind up with a constant shrinking of state govern-- of government relative to population.

**LINEHAN:** Thank you very much for being here, Mister Young. I need you to state which CRs [SIC, LRs]-- I know this is--

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**BRAD YOUNG:** Oh, OK. Well, that was on the sheet that, that I had there. It's, it's the one that limits-- it's LR19CA, and I'm opponent to that LR. LR19CA.

**LINEHAN:** LR19CA, constitutional amendment to prohibit the state. Yes, it is. That's right. hum. How-- Ms. Rex had this, and I would ask her to give it back to the committee. But how many-- you said school-- I think she said schools, and cities, and counties, have opted out of TABOR.

**BRAD YOUNG:** That's correct.

**LINEHAN:** Do you-- the percentage?

**BRAD YOUNG:** I don't know, I would, I would guess 90%, 85%.

**LINEHAN:** So they opt out of TABOR, but then they-- the, the per-- the valuations of what a home's value, versus commercial, versus ag, they don't opt out of that, right?

**BRAD YOUNG:** I'm not--

**LINEHAN:** Is the tax taking anything? But we can look at--

**BRAD YOUNG:** It's, it's a local property tax thing?

**LINEHAN:** It's tax taking. It's very confusing to compare states to states. It's too hard. Are there other questions from the committee? Senator Kauth?

**KAUTH:** Thank you, Chair Linehan. What was the national organization that asked you to come testify?

**BRAD YOUNG:** Oh. Let's see. It's, I think-- can you tell me the name?

**LINEHAN:** You can get it--

**BRAD YOUNG:** It used-- it used to be called the Colorado Fiscal Institute, and they had connections with a national organization. I don't-- I don't recall, I just got a request.

**KAUTH:** With OpenSky? Is that-- did you come here with the OpenSky? That's fine.

**BRAD YOUNG:** Yes, yes.

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**LINEHAN:** All right. Thank you, Senator Kauth. Other questions from the committee? Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan. And thank you for coming here. I appreciate your subject matter expertise in this, and also your personal expertise. Do you still live in Colorado?

**BRAD YOUNG:** Yes.

**DUNGAN:** OK. What is-- can you describe this opt out mechanism that you talked about? Is it a vote of the people that they have to opt out? Or how are these local political subdivisions choosing to remove themselves from part of what we're talking about here?

**BRAD YOUNG:** It, it is done at the local level and they have to have a vote. And what will happen is, is they'll have to have, I think by Colorado law, they have to go, get a certain number of signatures. And once they have the signatures, then it goes on the ballot for that local entity, and county, state.

**DUNGAN:** OK.

**BRAD YOUNG:** Not state, but county, or city, or school district.

**DUNGAN:** Mm hmm. And you say that you were the chair of the House Appropriations Committee--

**BRAD YOUNG:** Correct.

**DUNGAN:** --when you were in the, the state legislature?

**BRAD YOUNG:** Yes.

**DUNGAN:** What-- in that role, what direct effects did you see of TABOR, or the negative-- any negative ramifications of TABOR with regards to your spending ability, or your spending power as a state?

**BRAD YOUNG:** Thank you for the question. The primary thing that, that, that happened was, there, there was a proposition that, that passed that allowed a five year delay of the implementation, during which time-- and the governor of the state of Colorado actually supported it, that over that time, revenues would go up and it was set at the highest point over a five year period. And after that, then it would go at the TABOR limit. And that delayed considerably the-- what, what would happen in terms of TABOR refunds. And there, there still-- I got a-- I got a check last year, for, for part of the TABOR refund in

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Colorado. But as was pointed out, Colorado has suffered under that. The community college system, the schools, Medicaid, health systems, and particularly, as was pointed out, transportation. If you go into Colorado, you'll find a-- you know, the, the roads are just not maintained nearly as well as is what they were, prior to this. So there, there is-- there has been significant impact. And, like I say, when I found out what it really did, it does not keep up with the growth of the economy. So it's a constant government shrinking device. And, by a vote of the people, which, I think, you know, we're supposed to be a republic where we have people like yourselves representing the people.

**DUNGAN:** Thank you. Thank you again for coming here today.

**BRAD YOUNG:** My pleasure.

**LINEHAN:** Thank you, Senator Dungan, are there other, other questions from the committee. Does Colorado have a gas tax?

**BRAD YOUNG:** Yes, we do have a gas tax.

**LINEHAN:** You can increase that, right? There's no TABOR on gas tax, is there?

**BRAD YOUNG:** I'm trying to think. I think we can-- I think we can increase the gas tax.

**LINEHAN:** OK. This is the chart you handed out?

**BRAD YOUNG:** Yes. One thing I might suggest is ask your legislative economist to go back, and that's what this is. If you go back and say, if Tabor had passed 20, 30 years ago, where would we be now? And what the-- what would the consequences be? And that's what that chart is. Looking back in time, and you can see, over a multiple year period, government shrinks relative to the economy, relative to wages. You can't keep up with teacher pay. Community colleges-- the college system was particularly impacted by Colorado. I know people who left the state of Colorado because of what happened as a consequence of the reducing of money that was available for higher ed and K-12.

**LINEHAN:** OK. You're very kind of be here, so I don't want to be at-- I don't want to--

**BRAD YOUNG:** Beat me up, I like it.

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**LINEHAN:** No, I don't-- I want-- I have questions, though, because-- Chart 2, revenues as a percentage of statewide personal income. So revenues, total revenues, not just income taxes. But it's statewide. So this--

**BRAD YOUNG:** Yeah.

**LINEHAN:** If-- without knowledge, this makes it look like in '76-77, almost 9% of a person's income was going to taxes. Is that--

**BRAD YOUNG:** Ooh, let me see. Correct.

**LINEHAN:** And so there's ups and downs here, but-- I don't-- how many-- how many-- your population. Do you remem-- recall, it's fine if you don't, what your population was in '76-77?

**BRAD YOUNG:** I, I don't recall what the population was. No, I don't. But that's why I use percentage, percentages. Actual TABOR revenues versus the TABOR limit. Those are just looking back. And I just went to the legislative economist and asked what would happen if TABOR would have passed back in 1976, and the revenues-- and, and that is-- and that's general fund taxes collected by the state, that chose what the revenues would have been versus if the TABOR limit had passed 1976, what would Colorado have been allowed to keep? And you can see that. And of course, in, in 1999, 200-- I think it was 2002, there was a big revenue drop.

**LINEHAN:** Yeah. Well, we all had that in 2002.

**BRAD YOUNG:** Yeah. We all had that.

**LINEHAN:** Yes. That's-- Thank you for being here. Are there any questions from the committee? Senator von Gillern.

**von GILLERN:** Thank you. Thank you for your information. I just want to make sure we get the whole chart that you brought, because this date is through 2004-2005. So there's, there's 20 years of relevant data since then that we don't have. Does that-- I just want to make sure we got everything that you brought.

**LINEHAN:** That's a question, you can respond.

**BRAD YOUNG:** That, that, that's what I brought. And--

**von GILLERN:** OK. Right.

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**BRAD YOUNG:** --and I, I-- this came from a study I did back in 2006.

**von GILLERN:** OK.

**BRAD YOUNG:** When I-- when I got out of office and I thought, well, I wonder, wonder what would have happened--

**von GILLERN:** So this would not be reflective of some of the things we've talked about already this morning, like the impact of COVID, and the impact of legalization of marijuana, and school choice. Those kinds of things would not have-- none of those things that have happened in the last 20 years would be reflected in here.

**von GILLERN:** No, no, no they're not. The, the main point that I'm trying to make is, is if you pass a limit that shrinks government relative to the economy, I think-- you know, and I-- and I just had these done a long time ago, obviously.

**von GILLERN:** OK, that's, that's fine I follow your logic. Thank you.

**BRAD YOUNG:** I think-- I think if you. You would see the same trend since TABOR limits to population plus inflation, and the economy grows 2 to 4% faster than that on an ongoing basis, according to the economists that I, that I talked to.

**von GILLERN:** Thanks for being here today. Appreciate it.

**BRAD YOUNG:** Thank you. I appreciate the opportunity.

**LINEHAN:** So, I don't-- anybody else have more questions? Seeing none, thank you very much. Did you drive or fly?

**BRAD YOUNG:** Well, I flew, and, and I made a mistake and flew into Omaha.

**LINEHAN:** It's easy to do that.

**von GILLERN:** Works out about the same.

**LINEHAN:** Yeah, it does.

**BRAD YOUNG:** I got an hour drive each way to Omaha to get to the airport.

**LINEHAN:** Yeah. Did you Uber or drive from Omaha?

**BRAD YOUNG:** Oh, I rented a car.



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**LINEHAN:** Yeah. OK. That's another way. OK, thank you very much.

**BRAD YOUNG:** Thank you.

**LINEHAN:** Safe trip back.

**BRAD YOUNG:** Thank you.

**LINEHAN:** You're welcome. Any other opponents? Good morning.

**CHRIS STIFFLER:** Good morning, members of the Revenue Committee. I'm here in opposition to LR19CA. My name is Chris Stiffler, S-t-i-f-f-l-e-r, senior economist, living-- visiting Nebraska's Legislature today from Denver, Colorado. Voters in Colorado passed the TABOR amendment in 1992, and I'm here as a TABOR expert to point out what I perceive as flaws in TABOR. The world of 1992 is way different in the world of 2024, yet we locked in our funding levels to the world of 1992. That's two years before the movie Dumb and Dumber came out, by the way. Look at what it's done to our K-12, roads, and higher education. We're dead last in starting teacher salary. We're 48th in higher ed. Of our 178 school districts, 115 of them are on four day school weeks. We've struggled for decades to update our gasoline tax to fund our roads, since even adjusting the gas tax for inflation requires a vote of the people. I wanted to point out the folly in locking in a tax code that doesn't allow you to adapt to changing economic conditions. Capping government to grow by only inflation plus population, population growth sounds good on the face, but it doesn't allow government to keep up in real terms. Look at inflation. It's measured by the Consumer Price Index or CPI. That measures what consumers buy. So picture an economist with a giant shopping cart buying toasters and toothpaste and t-shirts and telephone bills. That's what the CPI measures, the cost of toothpaste. But the shopping cart of what government buys isn't toothpaste or toasters. It's mostly teachers, roads, and medical care. If you look at the inflation components of the education, asphalt, and medical care, they all grow faster than the regular CPI. So think teachers not toasters. So tying government to grow-- to grow to inflation plus population won't allow you to keep up in real terms. I'd also like to highlight the folly in imposing local government revenue restrictions. In Colorado, we fund our firefighters and our EMTs with local property taxes. And I'm gonna give you an example of needing the ability to adapt. Just partially making fun of Gen Z, but they aren't volunteering like the older generations have. So the model for volunteer run fire departments isn't working, which means we need to pay for our firefighters more than we have in the past. Restricting fire districts will only

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handicap fire chiefs' ability to provide concurrent emergency call volume. Another problem with fire-- let's skip ahead. I also want to point out the following local revenue growth formulas specifically for local property taxes. The problem is that they don't do well with sporadic increases. So if a big business moves into our district, it causes local governments to lower their taxes. And if that business would leave, we're suddenly left with only homeowners paying lower rates who still need EMTs and teachers and libraries. It's a big problem we've dealt with for local governments in Colorado. Thanks for your time, and I'm glad to answer questions about Colorado's TABOR landscape.

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

**KAUTH:** Thank you, Chair Linehan. Thank you for being here. I appreciate that you came from Colorado. Who invited you to give testimony today?

**CHRIS STIFFLER:** I work for the nonprofit called the Colorado Fiscal Institute, and we keep track of statewide, nationwide tax, tax and spending limits like this.

**KAUTH:** OK, so you just watch other states and swoop in when they are about to make the same mistake according to you. OK.

**CHRIS STIFFLER:** Yeah, because we're the only one with TABOR.

**KAUTH:** What, what would you use versus CPI? If CPI is the wrong indices to use, what is a better one?

**CHRIS STIFFLER:** Thanks for the question. Yeah. Other states-- as an economist, I would tie it to what you're actually buying. So like, Utah's gas tax is tied to a producer price index, which actually measures the cost of steel and asphalt and cement. So you want to tie it to something where you're actually buying. Another-- and the other states also do personal income. So instead of using inflation plus population, they do a measure that the BEA measures is personal income growth. So it's a better, more accurate measure of how wealthy and how big the economy is growing. You see personal income growth several points higher than inflation plus population formula.

**KAUTH:** Thank you very much.

**LINEHAN:** Thank you, Senator Kauth. Senator von Gillern.

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**von GILLERN:** Thank you for being here today. The-- you mentioned the four day school weeks, and I wasn't gonna ask this question, but you used the term teachers multiple, multiple times. Weren't the teacher's a big driver in going to four day weeks?

**CHRIS STIFFLER:** Yeah. Yeah, depends on how many school districts went to four days after, basically, the Great Recession. The ones before the Great Recession are small, rural districts that needed time to travel for their sports. So what they do is they rearrange their sporting events mostly for Friday.

**von GILLERN:** Yeah, but let's talk in current times.

**CHRIS STIFFLER:** Yeah. So I would s-- I don't know the number, but a majority of the ones that went to four day went to four day after the Great Recession, when the state cut about \$1 billion from our state funding because we hit the recession, lost 13% of our budget. We don't have a very good rainy day fund in Colorado. So we cut \$1 billion from our schools. A lot of the districts responded to those massive cuts from the state in 2009 by going to four days.

**von GILLERN:** And then post-COVID, that number probably increased.

**CHRIS STIFFLER:** Several, yes.

**von GILLERN:** OK.

**CHRIS STIFFLER:** And several of the bigger districts went-- yes, after COVID.

**von GILLERN:** So it wasn't simply an economic decision.

**CHRIS STIFFLER:** Correct. Of 114, I'd say half probably went as a response to the significant cuts we made during the Great Recession.

**von GILLERN:** Thank you.

**LINEHAN:** Thank you, Senator von Gillern. Other question? Senator Dungan.

**DUNGAN:** Thank you, Chair Linehan. And again, thank you for being here. We've had conversations over the last week that I'm sure you weren't watching, because it was about other things, with regards to ratchet down effects on local subdivisions, and how during times of economic downturn, if you have really, really strict limits on the growth of political subdivisions, it can sometimes hinder their recovery after

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those economic downturns. Does TABOR have that kind of effect, where during the Great Recession, you see this bottoming out, and then it's difficult to kind of make your way back up over a long period of time? And if so, what other kind of solutions do you have to, you know, limit local spending, but also, you know, not have this ratchet down effect during times of economic downturn?

**CHRIS STIFFLER:** Yes. I'll give you a history of TABOR. It passed in 1992. When it passed, it said that, that your, your, your limit grew by last year's collections. So if you had a year where we dropped, think of it as a term of a bar on a graph. Your new cap that grew by inflation plus population grew off that lower, lower drop. So that's the ratchet you're probably referring to. Voters in 2005 passed Referendum C that said, let's not grow off last year's drop, let's grow off last year's limit. So that would be a learning-- a learning moment. If you wanted to look at something similar here, would always be grow the limit off last year's limit, not last year's collections. I'll also speak to what I think is a folly of locking tax policy at the statewide level and applying it to local levels. We had a thing called the Gallagher Amendment, which was referenced earlier in the committee. It basically really harmed local firefighters because the growth in Denver's homes caused cuts for the rates for rural districts that didn't see the property tax breaks. So it was very, very uneven cuts because there was a broad base cut in the rates statewide. But like if you're a rural district that only grew by 2%, and you're Denver grew by 40%, you can absorb that cut. The rural, rural firefighters and school districts could not. And so I want to point the folly in doing overall statewide constitutional restrictions like that.

**DUNGAN:** OK. Thank you. And then the one thing we've clearly all been touching upon here is education, and whether or not, you know, TABOR or other things like this have a negative impact on education. Can you speak just a little bit more to the correlation or the nexus between TABOR passing and teacher pay? Because one thing that our Governor's talked a lot about is trying to increase teacher pay, and I think we all agree that's an important thing to do. But I think we, you know, have concerns about things that are being implemented and how that would affect it. So what is that relationship between Tabor passing and the reduction in teacher pay in Colorado?

**CHRIS STIFFLER:** If you look at per pupil rankings, we were 23rd in the early 80s when the Gallagher Amendment passed. Ten years later, we got TABOR. Now we're in the bottom ten of ranking and per pupil. Starting teacher salaries, we're last in competitiveness. You can make more as

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a Starbucks manager than a starting teacher. I think if-- you can throw around rankings, I think one of the more poignant rankings is our-- is our disparity in at-risk students and lower income students versus the whole student body. I think we do really well, overall, because we're a very wealthy state, and a very educated state, with really smart parents. I think we do a very poor job at educating at-risk, lower income, and students of color.

**DUNGAN:** Thank you very much.

**LINEHAN:** Other questions from the committee? Would you be surprised if you knew Nebraska had the largest gap between white middle class kids and low income--

**CHRIS STIFFLER:** Really?

**LINEHAN:** --kids of color? The largest gap in the country.

**CHRIS STIFFLER:** The dispar-- achievement gap, I think, is the-- yeah, wow.

**LINEHAN:** Also, what is the beginning teachers pay in Colorado?

**CHRIS STIFFLER:** I think it's, oh I don't-- 38? I'm not sure. I could get that number.

**LINEHAN:** It probably differs between districts, right?

**CHRIS STIFFLER:** Yes.

**LINEHAN:** So how many school districts are there in Colorado?

**CHRIS STIFFLER:** There's 178 school districts.

**LINEHAN:** So 115 of them have gone to four days.

**CHRIS STIFFLER:** Yes.

**LINEHAN:** So I thought-- what-- when does school start in Colorado?

**BRAD YOUNG:** Generally second week of August.

**LINEHAN:** And it goes till when?

**CHRIS STIFFLER:** Oh. Mid-May, I believe?

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**LINEHAN:** OK. Because I thought it. I have a lot of contact with Colorado. I thought one of the reasons-- yes, I think it was teacher union, but also I thought part of-- in Colorado, there's a lot of things to do in the winter, weekends, skiing.

**CHRIS STIFFLER:** That's why I'm there.

**LINEHAN:** And kids like to go skiing with families. And if you live in Colorado, you can get pretty good lift rates, can't you? If I remember right? A lot better than \$200 a day.

**CHRIS STIFFLER:** Oh, well yeah, yeah.

**LINEHAN:** Yeah, it's a yearly pass. What's it cost?

**CHRIS STIFFLER:** \$800?

**LINEHAN:** \$800. And you ski every day.

**CHRIS STIFFLER:** You can.

**LINEHAN:** And almost everywhere except Vail.

**CHRIS STIFFLER:** Yeah.

**LINEHAN:** What is the gas tax in Colorado?

**CHRIS STIFFLER:** Yeah, the gas tax is-- so it's per gallon. And this is an interesting question. It's a legal question of TABOR, what you can do with a fee versus a tax, which is another thing you might consider here. TABOR says we can't raise taxes, got to go to the people. Legislators can raise fees. So then the legal fight is, what's a quack like a tax, what's a fee? For a long time, they thought the gas per gallon was a tax. We've recently raised it by \$0.02 per gallon, and they'll probably be sued on that. I don't know where the lawsuit is, determining whether it's a fee or tax, whether the Legislature could actually do that. The problem-- it's been \$0.22 since 1991. And if you actually look at the cost of asphalt since '91, it's like tripled. But since it's per gallon, it doesn't keep up with inflation. So I was trying to indicate that, you know, requiring a vote of the people just to adjust stuff for inflation is, is silly. I think you should at least be able to adjust stuff for inflation without going to a vote of people.

**LINEHAN:** Do you have a wholesale gas tax in Colorado? Do you know?

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**CHRIS STIFFLER:** Is that. I'm not sure what that--

**LINEHAN:** Wholesale is when you buy it from a wholesaler, the big oil company, and it goes t o--

**CHRIS STIFFLER:** Oh, I believe it's only a charge on the purchaser of-- per gallon.

**LINEHAN:** Because in Nebraska we have-- so that might be something you look at for your notes.

**CHRIS STIFFLER:** That's why it's harder to rank--

**LINEHAN:** Yeah.

**CHRIS STIFFLER:** --stuff.

**LINEHAN:** I think that's all I have. Any other questions from the committee? Senator Kauth.

**KAUTH:** Thank you, Chair Linehan. What has been the population growth of Colorado over the last ten years?

**CHRIS STIFFLER:** I don't know the number. It's been slowing down because we don't have as many kids, but we've got a lot of influx of people into the state.

**KAUTH:** So, so you have people deliberately moving into Colorado. Do you know what that number is?

**CHRIS STIFFLER:** I do not. It's, it's, it's significant in particular, particularly the Denver metro area. I think Denver is getting 50,000, 60,000 new people into Denver every year. But I don't know the numbers.

**KAUTH:** OK, so even with TABOR in there, you mentioned that, you know, people are leaving because of TABOR, but yet you have scads of people moving in. So I would-- I would just like to kind of know what that balance is.

**CHRIS STIFFLER:** Yeah. I think you point to the fact that everyone love to ski, everyone loves sun-- sunshine, people are flood-- moving away from California, coming to the lower tax states.

**KAUTH:** So they're deliberately coming to lower tax states, which is we struggle with population issues, that makes it seem pretty appealing.

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**CHRIS STIFFLER:** Yeah, I, I would say people more likely than Denver be cause of our acc-- our acc-- access to the outdoors and skiing. If it was only tax related, there'd be a lot more people moving to Wyoming.

**KAUTH:** OK. Thank you.

**LINEHAN:** Can you get us the population, 1992, for Colorado, and then what it is today?

**CHRIS STIFFLER:** Sure, I can follow that. Yeah.

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

**CHRIS STIFFLER:** And I flew to Lincoln, so.

**LINEHAN:** Other opponents? Are there any other opponents? Are there any wanting to testify in a neutral position? Seeing none, we have letters for the record--

**CHARLES HAMILTON:** you're one by one.

**LINEHAN:** One by one. So LR7CA had two proponents, four opponents, zero neutral. LR8CA had one proponent, three opponents, zero neutral, LR9CA had one proponent, two opponents, neutral, no neutral. LR10CA had one proponent, three opponents, zero neutral. LR11CA had one proponent, three opponents, and one neutral. LR12CA had one proponent, three opponents, zero neutral. LR13CA had one proponent, three opponents, neutral. LR14CA had one proponent, three opponents, zero neutral. LR15CA had one proponent, three opponents, zero neutral. LR 16CA had one proponent, three 3 opponents, zero neutral. LR 17CA had one proponent, three opponents, zero neutral. LR18CA had one proponent, two opponents, zero neutral. LR19CA had one proponent, two opponents, zero neutral. LR20CA had one proponent, two opponents zero, neutral. LR21CA had zero proponents, three opponents, and zero neutral. LR22CA had one proponent, three opponents, and zero neutral. We should have put these all together. Yes. Senator Slama, welcome back.

**SLAMA:** Thank you very much, Madam Chairwoman and members of the committee. I really do appreciate today's discussion. I do want to take some time to just counter some of the claims made by the opposition, to answer some of the questions raised. The 1976 Colorado population was 2.632 million. The 1992 population of Colorado was 3.46 million people, and this year it's estimated to total out at about 5.878. So given all of the things we've heard about the terrible



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things of TABOR turning Colorado into a post-apocalyptic hellscape, they really haven't gotten the messaging out on that, too well, if people are still, you know, running to Colorado. To touch on the four day work week aspect of the claims of the evils of TABOR, I do want to push back on that. Yes, Colorado has many school districts going to four day work weeks. That's overwhelmingly for teacher recruitment. If you're going to claim it's for budget savings, those school districts are probably extremely misguided in what they're doing because the largest study on four day school weeks was conducted in 2022 by the Economic Commission of the States, found that, four day work weeks only had a cost savings of between 0.4% and 2.5% in school district budgets, so the savings are minimal at best. So if you're making that decision to save your taxpayers money, it's just really kind of misguided. The big takeaway that I have from the opponents is they really like the concept of TABOR, so long as it doesn't apply to them. And a lot of the downsides that we've seen be claimed about Tabor could have been stopped, or prevented by making a case to the people, convincing them to support whatever thing you were trying to fund. The key part about TABOR for me is it empowers the people. We have a democratic republic. I know there was a claim that we're just a flat republic. We're not, we're democratic republic, which means the people have a say, and the representatives have a say. I think this is a very empowering proposal, and I, I'm more than willing to work with the Revenue Committee on whatever we need to do to get this in the shape that Nebraska needs it to be in. With that, I'll take any questions.

**LINEHAN:** Thank you, Senator Slama. Are there questions? Senator Kauth.

**KAUTH:** Thank you, Chair Linehan. Senator Slama, is there a reason to put the ability to sue in versus having to say shall?

**SLAMA:** So there, there is. Having a clear, private right of action kind of makes the process far more clear. Again, it's not set in stone though, so we could have that discussion. And that that brings me back to another point the opposition raised of things you could be doing here or there to account for emergencies, that type of deal. That reminds me of the discussion we had on voter ID. The Legislature would be left with filling in the blanks on the implementation language after the LRCA has passed. So we as a Legislature would be putting the meat on the bones of the CAs, would they-- would they pass?

**KAUTH:** Thank you.

**LINEHAN:** Thank you, Senator Kauth. Other questions from the committee? Senator Dungan.

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**DUNGAN:** Thank you, Chair Linehan. And thank you, Senator Slama. I actually really enjoyed talking about this, and I liked our conversation about the legal rights of action previously. I think you mentioned it a little bit in your closing with regards to local political subdivisions opting out, but still benefiting from sort of the statewide effects of TABOR, but then opting out of it. Sounds like the spending limits, essentially. It sounds like that combination of things, though, is what works-- what seems to work for Colorado, right? It's opting out of these hard limits locally, but still having some confines on property tax valuation. Do you think that sort of adopting that solution in moving forward would make more sense if so many of the political subdivisions have found it necessary to opt out? Or do you think that that won't happen here, I guess?

**SLAMA:** I would avoid blanket statements that that structure is the thing that's worked best for all of Colorado, because, as we heard before, there's a decent number that just follow strict TABOR. I'm flexible. If through a vote of the people, the people decide to opt out, I'd be open to an opt out. Again, that's empowering the people. Take a vote. Do you want to be part of this, do you want to be voting on every issue that comes before you, or do you want to opt out? Again, it comes down to empowering the people to make that decision.

**DUNGAN:** Thank you.

**SLAMA:** Thank you.

**LINEHAN:** Thank you, Senator Dungan. Any other questions? With that, we draw the hearing LRCA7 [SIC] through LR22CA-- did I say that right--

**SLAMA:** [INAUDIBLE].

**LINEHAN:** --to a close. Thank you all for being here. Senator Slama.

**SLAMA:** Yes, ma'am.

**LINEHAN:** I can't figure this out, but maybe-- I think [INAUDIBLE] in Colorado is still--