von GILLERN: --the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We'll be using a five-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining. And when the red light-- and-- red-- and the red light indicates you need to wrap up your final thoughts and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It's just part of the process, as senators may have bills to introduce in other committees. And by the way, as you can see, we do have some other senators that are presenting bills in other committees right now. A few final items to facilitate today's hearing. If you have handouts or copies to-- of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committilee-- committee procedures for all committees state that written position statements on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I want to have the committee members with us today introduce themselves, starting on my left.

SORRENTINO: Good afternoon. I am Senator Tony Sorrentino, Legislative District 39, which is Elkhorn and Waterloo.

KAUTH: Kathleen Kauth, LD 31, which is the Millard area.

BOSTAR: Eliot Bostar, District 29.

MURMAN: Dave Murman, District 38, I-- from Glenville, represent eight counties, mostly along the southern tier in Nebraska.

IBACH: Teresa Ibach, District 44, eight counties in southwest Nebraska.

von GILLERN: Thank you. To my left-- immediate left is legal counsel Charles Hamilton, and to the far left is committee clerk Linda Schmidt. Our other committee counsel, Sovida Tran, is at reserve training, so we thank him for his service to our country. Do we have one page today-- we have two pages. Would you please stand and introduce yourselves?

LAUREN NITTLER: Hi, my name is Lauren. And I'm from Aurora, Colorado. I'm in my second year at the University of Nebraska-Lincoln. And I'm studying agricultural economics.

JESSICA VIHSTADT: My name is Jessica. I'm a sophomore at the University of Nebraska-Lincoln. I'm from Omaha. And I'm studying political science and criminal justice.

von GILLERN: Great. Thank you, Lauren and Jessica. Appreciate you being here today. With that, we'll begin today's hearing with LB209. Please welcome Senator Brad von Gillern.

SORRENTINO: Welcome.

von GILLERN: Senator Murman will take the chair in my absence.

MURMAN: Welcome again, Senator von Gillern.

von GILLERN: Thank you, Senator Murman. Good afternoon, members of the Revenue Committee. For the record, my name is Senator Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. And I represent Legislative District 4, including west Omaha and Elkhorn. I'm here today to introduce LB209, a cleanup bill I brought to the Legislature on behalf of the Department of Revenue. This bill is simple. It contains very little new language and is meant to remedy two issues arising from ambiguities currently on the books regarding property tax exemptions-- first for both nonprofit and for-profit nursing and assisted-living facilities, and secondly for disabled veterans. First, Section 1 of LB209 is necessary to provide clarity and distinguish between nursing homes and similar facilities that operate for profit and those that operate on a nonprofit basis in order to properly determine property tax exemptions. Prior to passage of LB1317 in 2024, nonprofit nursing and assisted-living facilities were completely exempt from property taxes whatsoever. This is right and makes good sense considering the tremendous service they offer to Nebraskans. Facilities that operate for profit also provide a public service by treating and caring for Medicaid beneficiaries and often do so at significant loss because of Medicaid reimbursement rates. According to LB1317-- accordingly, LB1317 provided a property tax exemption for facilities of this kind equal to the share of their patients and/or residents who are Medicaid beneficiaries as a percentage multiplied by their property tax liability. Unfortunately, as written, last year's bill fails to distingli-- distinguish adequately between for-profit and nonprofit facilities. This leaves open the door to certain interpretations at the county level in which property tax exemptions for nonprofit facilities could be calculated at the same-- in the same manner as exemptions given for for-profit facilities. Plainly speaking, this would mean a tax increase for nonprofit nursing and assisted facilities which otherwise would have a total exemption for property taxes. Such an interpretation is entirely contrary to the intent of the Legislature when it passed LB1317: to lower taxes on nursing facilities providing a crucial public service. Accordingly, we have a responsibility to get out in front of this misrepresentation with revisions in LB209. Similarly, Section 2 of LB209 intends to clarify provisions providing homestead exemptions for disabled veterans. I know that two of my colleg-- colleagues, Senator Dungan on this committee, as well as Senator Anderson have both brought bills to modify the same section of Nebraska tax code-- namely Nebraska Revised Statute 77-3506-- to substantially expand homestead exemptions for disabled veterans. These proposals notwithstanding, LB209 is important in itself because it ensures that a special class of disabled veterans are able to retain homestead exemptions that currently occupy a kind of statutory gray area. Currently, Nebraska law clearly provides a total homestead exemption to veterans with a service-connected disability rated at 100% by the Department of Veterans Affairs. Federal provisions governing disability ratings by the VA allow for the department to classify veterans as totally disabled in instances where they are, quote, unable to secure or follow a substantially gainful occupation as a result of service-connected disabilities, unquote, even if their disabilities do not amount to a 100% disability rating per se. Nebraska has a number of veterans who fall into the category described above who are curtin-- currently utilizing the much-needed and well-earned homestead exemption. These exemptions can make the difference between these individuals keeping their homes or losing them. Unfortunately, as stated before, these exemptions occupy a gray space due to a lack of specifici-- specificity in the relevant provisions of the Nebraska tax code. My bill supplies the specificity needed to ensure that these homestead exemptions are secure in the future. To close, I want to emphasize the primary objective of LB209 is to provide clarity, to ensure consistent, uniform implementation of the will of the Legislature regarding homestead and property tax exemptions at the local and county level, and to mitigate any misinterpretations of bills we've passed. Property Tax Administrator Sarah Scott will be testifying behind me, as will Cindy Kadavy, representing Nebraska Health Association. And I know they'll be happy to provide further clarification. Thank you for your consideration. One final note: the fiscal note I don't think got published or turned into your-- into any of your packets, but the fiscal note did come back with zero impact. Just wanted to share that today, so. With that, happy to take any questions.

MURMAN: Thank you. Any questions for Senator von Gillern at this time? If not, thank you very much.

von GILLERN: Thank you. I'll stay to close.

MURMAN: OK. Proponents for LB209.

SARAH SCOTT: Thank you, Senator Murman and members of the Revenue Committee. My name is Sarah Scott, S-a-r-a-h S-c-o-t-t. I'm the Property Tax Administrator at the Department of Revenue. I'd like to thank Chair von Gillern for bringing LB209 on behalf of the department. This bill is one of two pieces of legislation that the DOR will be asking the committee to consider this year. LB209 deals with two areas of property tax administration. The first is to clean up language dealing with LB1217, brought last year by Senator Bostar, which was later amended into LB1317. That bill created a partial tax exemption for skilled, for-profit nursing facilities. The Department of Revenue strictly construes property tax exemptions, as case law has consistently directed us to. Initial interpretation of the plain language of LB1217 suggested that the partial exemption should apply to all nursing facilities, which would have created a tax assessment for nonprofit facilities previously receiving exemption, as the senator explained. After careful review and numerous con-- conversations, the DOR has provided guidance to county officials that LB1217, as implemented, should, should be implemented under the legislative intent. However, these property tax exemptions are ultimately granted by each county board of equalization. In order to ensure that exemptions are consistently granted by the counties, DOR worked with interested parties and Senator Bro-- Bostar to have this language added to the bill. The second issue deals with the homestead exemptions for a specific classification of veterans: this group of veterans classified at the federal level as having individual unemployability. These are veterans with a disability rating that is less than 100% but who receive compensation as though they are 100% disabled because their service-connected disability keeps them from securing gainful employment. Through the administration of the program, it has became clear that the documentation letters that the DOR has received with these applications from the federal Veterans Affairs Office do not differentiate between those veterans with 100% service-connected disability and those receiving 100% compensation because of an individual unemployability rating. The DOR has granted approximately 50 known veterans total homestead exemption based off this unemployability standard, but the standard is not clear in the current law. There is currently a question of fairness to all veterans in Nebraska. It is not known how many other veterans may qualify under univid-- un-- under individual unemployability because the law does not expressly allow it. To ensure the program is administered equitably, it is the opinion of DOR that we either work in-- with the Legislature to add this definition to the Homestead Exemption Program or work with the Department of Veterans Affairs to gather better documentation, which would not allow these veterans to receive the exemption going forward. In fairness to all veterans in Nebraska, it makes sense to clarify the law so DOR can allow these veterans a homestead exemption. And with that, I'd be happy to take any questions.

MURMAN: Thank you. Any questions? Yes, Senator Ibach.

IBACH: Thank you very much. Do you have any idea how many veterans this would affect?

SARAH SCOTT: We don't. We know that there-- like I said, we know that there are 50. We have-- we don't know what the population is for two reasons. One, we have worked with Veterans Affairs to try to figure out how many people have this rating, but we don't know how many of them are homeowners, homeowners. And it is, again, because the federal documentation does not make it clear. But we do not believe from our work with fed-- with the state Veterans Affairs Department that it's a large population.

IBACH: Right now. And that could fluctuate, though, in the future with--

SARAH SCOTT: It could certainly fluctuate.

IBACH: --with veterans. OK.

SARAH SCOTT: Especially-- yeah.

IBACH: Yeah. OK. Thank you very much.

MURMAN: Any other questions? Senator Kauth.

KAUTH: Do you have plans for how to communicate it to the veteran community that this is available?

SARAH SCOTT: Yes. So we have worked the last year clo-- very closely with Veterans Affairs, attending some of their meetings. They are great advocates for the veterans. And so the most effective way for us to get the message out is to work with them, and so we'll continue to do that.

MURMAN: Any more questions? If not, appreciate your testimony. Other proponents for LB209?

CINDY KADAVY: Good afternoon, members of the Revenue Committee. My name is Cindy Kadavy, C-i-n-d-y K-a-d-a-v-y. Senior Vice President of Policy for Nebraska Health Care Association. On behalf of our more than 400 nonprofit and for-profit nursing facility and assisted-living members, I'm here to provide comments on LB209. We appreciate Chairman von Gillern's introduction of this legislation to provide additional technical clarification on the intent of Senator Bostar's legislation from last year. During the 2024 session, Senator Bostar's LB1217 was amended into LB1317 by AM3246. It was voted forward unanimously by the Revenue Committee and passed on Final Reading by a vote of 49 to nothing. This legislation provides a voluntary option for for-profit nursing homes and assisted-living facilities to apply for a percentage exemption from their property tax that would be equal to their three-year average Medicaid occupancy. As the Medicaid rate does not come close to covering the cost of care, this was a way to recognize and encourage this charitable contribution provided by long-term care providers. This percentage exemption was always designed to be in addition to the long-standing total exemption allowed for nonprofit providers, not a replacement for it. However, the language apparently, as you heard, led to a misunderstanding in the interpretation of the intent and how it should be implemented. Through discussions with Senator Bostar's office, the governor's office, and the Department of Revenue, the legislative intent was clarified, but with agreed upon understanding that the statutory language would be cleaned up during this legislative session. As Chairman von Gillern explained, LB209 serves mel-- merely to clarify the original intent of the legislation. We appreciate this effort to provide clarity and transparency to everyone involved and ask for your support to move this legislation forward. Thank you for the opportunity to provide comments. Glad to answer any questions.

MURMAN: Thank you. Any questions for Cindy Kadavy? If not, thank you-- testimony. Other proponents for LB209? Any opponents for LB209? Any neutral testifiers? At this time, I'm going to turn the chair-- the chairmanship over to Senator Jacobson.

JON CANNON: Good afternoon.

JACOBSON: There's a familiar face.

JON CANNON: They're all in different places.

JACOBSON: Yeah, right. They are.

JON CANNON: Vice Chair Jacobson, distinguished members of the Revenue Committee, good afternoon. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the Executive Director of the Nebraska Association of County Officials, also known as NACO. Here to testify in a neutral position on the LB209. Appreciate Senator von Gillern bringing this bill. I, I think it provides useful clarity for county assessors across the state. And, and frankly, I couldn't state the clarity that it provides any more ably than Ms. Scott did, so I certainly appreciate her testimony already in that regard. And when I say that I appreciate the clarity, I, I do want to take a moment to defend the Department of

Revenue. And, and I, I, I've heard some people that have said, both in the lobby and, and elsewhere, that it was a misunderstanding by the Department of Revenue of, of the committee's intent. And, and that may very well be true, that the committee had intended for that exemption to apply in the way that it did, which is now being cleaned up by the clarity that's been provided by this bill. However, in, in Nebraska, exemptions are construed narrowly. Their operation is not extended by construction. And so therefore, when it comes to the Department of Revenue interpreting these sorts of things, they have no choice but to interpret them under the four squares of the, the document that they're presented with. And so I, I, I think that they interpret it the only way that they could. And so providing this is, is the, the, you know, the, the legislative arm exercising its function in providing the necessary clarity. And we certainly appreciate and support homestead exemptions for veterans. We've-- I think we've almost always testified in favor of it, but. By virtue of the fact that we're, we're just asking for clarity, that's why we're in the neutral position. So I'm happy to take any questions you may have.

JACOBSON: Questions from the committee? Senator Bos-- Bostar.

BOSTAR: Thank you, sir. Thank you, sir.

JON CANNON: Thank you, sir.

BOSTAR: I, I think that there are-- I, I appreciate your comments. I'm glad we're addressing it-- that way, you know, no one will fall through the cracks, so to speak. But I-- you know, I think that there are differing opinions about the necessity of this. Obviously, it is necessary due to the interpretations that were derived, but. Whether or not there were other ways of interpreting the law passed-- I understand that you think that this was the only option available, but I'm not-- I don't think that that position is unanimously held.

JON CANNON: I, I tend to agree with you, sir.

BOSTAR: Thank you very much.

JON CANNON: Yes, sir.

JACOBSON: Other questions? I would just maybe-- my question on-- if you would confirm that. So the fact that it's a homestead exemption, the counties would, would basically administer it accordingly. But the dollars lost from the, from the counties would be reimbursed by the state. So the counties really aren't going to lose any revenue from passing this bill that basically the state picks up-- picks up any of the homestead exemption costs for the counties, correct?

JON CANNON: That's absolutely correct, sir.

JACOBSON: See, I entered with a question. I always like to do that.

JON CANNON: I, I am not going to comment because I am going to be appearing in front of this committee way more times.

JACOBSON: Thank you for your testimony.

JON CANNON: Thank you, sir.

JACOBSON: Anyone else who wishes to testify in the neutral capacity? All right. See none. Senator von Gillern, do you want to-- wish to close? You're waiving close. And with that, that will end-- let me see. Charles, what did we have for comments? I'll turn it back over to-- well, actually, I'll-- we'll close the hearing first. OK. We had, we had 2 proponents that sent in testimony, no opponents, and no one testifying in the neutral capacity. With that, we'll close the public hearing on LB209. And I'll turn it back to over to Chair von Gillern.

von GILLERN: Thank you, Vice Chair Jacobson. We'll open on LB200. Welcome, Senator Sorrentino. Second day cannot go as smoothly as your first day.

SORRENTINO: I would assume not. Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Tony Sorrentino, T-o-n-y S-o-r-r-e-n-t-i-n-o. And I represent Legislative District 39, which is Elkhorn and Waterloo in Douglas County. I bring to you today LB200. Overwhelmingly, I'm sure your constituents, like mine, make it clear that taxes are too high in the state. Because of these conversations we've all had, part of my platform was a commitment to work to find solutions to help lower the tax burden facing Nebraskans. As a long-term member of Nebraska's business community, I understand the importance to have a reasonable business tax plan that, one, keeps currently established businesses leaving the state and, two, does not deter entreper-- entrepreneurs from wanting to start and be able to grow a business. Tangible personal property. Tangible personal property includes machinery, equipment, fixtures, and supplies that businesses use in their business operations. Unlike real property, which includes the land and its improvements and structures, tangible personal property includes equipment that can be moved between locations. Taxation of this type of property imposes a significant burden on Nebraska businesses. In addition to imposing taxes on items deemed necessary for business operations, simply calculating tax liability and complying with required paperwork incurs significant compliance costs. I can attest as a former practicing CPA that oftentimes the cost to calculate this tax sometimes exceeded the actual tax for small businesses. LB200 proposals to reinstate-- with the emphasis on reinstate-- the $10,000 de minimis exemption on tangible personal property that was repealed in 2020. It's time to have a conversation about a prior action by the Legislature that perhaps was counterintuitive, a decision potentially deterring Nebraska businesses from investing in their own growth. Because of the signicifan-- significant impact of major statewide industries like agriculture and manufacturing, as well as the impact to many small business owners across the state, I bring this bill to add another dimension to the conversation about ways we can reduce Nebraska's tax burden. I believe it is the committee's interest to re-explore the $10,000 de minimis exemption on tangible personal property that was previously repealed. Please note-- and I think it should be in all of your packets-- there is a substantial physi-- fiscal note attached to this bill of approximately $16 million for the next revenue cycle. Having said that, this amount is roughly 3/10 of 1% of the taxes garnered by the state of Nebraska. I thank you for your time. And I am happy to answer any questions you may have.

von GILLERN: Thank you, Senator Sorrentino. Any questions from the committee? Senator Jacobson.

JACOBSON: Thank you, Chairman von Gillern. So-- Senator Sorrentino, I, I, I'm just curious. So-- on the $10,000 de minimis. So if you start out with, let's say, $100,000 and this is going to amortize down the pers-- the, the personal property tax--

SORRENTINO: Right.

JACOBSON: So if we amortize down to under $10,000, does it just-- you don't file then or, or is it only the initial amount? Because that's going to change, obviously, as you add equipment and so on.

SORRENTINO: Thank you for the question, Senator Jacobson. And we kind of get into the weeds on accounting here. The tax is assessed on deprecia-- depreciated value. So if you had $100,000 of assets-- and this is where it can get complicated. There's a lot of different depreciation methods you could use. But if and when you eventually get below the $10,000 threshold for the net value after depreciation, there would be no tax because it would be exempt.

JACOBSON: All right. Thank you.

SORRENTINO: Thank you.

von GILLERN: Any other questions from the committee members? Seeing none. Thank you, Senator Sorrentino. We'll invite up our first proponent testimony. Good afternoon.

NICOLE FOX: Good afternoon, Chairman von Gillern, members of the Revenue Committee. I'm Nicole Fox, N-i-c-o-l-e F-o-x. And I'm Director of Government Relations for the Platte Institute. I'd like to thank Senator Sorrentino for carrying LB200 on our behalf, as we are very interested in starting a conversation about the taxation of tangible personal property here in Nebraska. LB200 would reinstate the $10,000 de minimis exemption for tangible personal property that was repealed in 2020 with the passage of LB1107. Tangible personal property taxes are a type of tax on business inputs. Property such as machinery and equipment are required to produce goods and provide services. Businesses pass along the tax in the form of higher prices charged to consumers. The Tax Foundation ranks Nebraska's property tax 45th in the nation overall for competitiveness, and the fact that Nebraska levies taxes on TPP with no exemption negatively impacts that ranking. Nebraska is one of 26 states that taxes the full value of TPP. Ten states do not tax TPP. And then there's 14 states that have an exemption. Our neighbor, Colorado, has a $50,000 de minimis exemption. And last year, Wyoming proposed a $20,000 de minimis exemption. Nebraska is actually the only state in the country who has ever re-- repealed their de minimis exemption. So they stand out there. Ideally, tangible personal property is part of the property tax base that should not be-- that should ideally be phased out from taxation altogether. But a great step in the right direction would be for Nebraska to remove as many small businesses from the TPP tax rolls as possible at the lowest possible cost, and that would be by destroying the $10,000-- restoring the $10,000 de minimis exemption. Real property, which is land and its fixtures, is assessed and taxed in a passive manner. Assessors estimate the value of your land and structures based upon similarly situated property, and then we receive a tax bill. Conversely, TPP is taxpayer active. Taxpayers must assess their own tax liability. And as Senator Sorr-- Senator Sorrentino mentioned, it is very burdensome administratively, and the burden is often disproportionately higher for those small businesses. As a general principle, we should avoid levying a property tax on property that can easily move. Land and structures cannot move, but machinery and equipment can. TPP taxation incentivizes businesses to move their property out of the state and to more tax-friendly jurisdictions. TPP taxation is antiquated and it predates income and sales taxation when property tax was the only revenue source for state and local governments. By today's standards, it's economically and administratively inefficient. In Nebraska, current TPP taxation is non-neutral. Property used in the production of wind energy was completely exempted in 2010. And then later in 2012, dat-- data centers were also completely exempted. Why are these industries completely exempted when industries such as agriculture and manufacturing, some maj-- Nebraska's major drivers not? I do know that there is a bit of a, an exemption for beginning farmer-- beginning farmers through the Beginning Farmer Tax Credit Act. But still, I think, you know, this is an important question to ask. Businesses pay approximately $250 million total in TPP taxes annually. And Senator Sorrentino mentioned the fiscal note. So-- very similar to the one in, in-- for LB1107 and 2020, approaching about $17 million in 2029. This would be about a 7% tax reduction for Nebraska businesses currently subject to the tax. And it potentially moves-- removes many small businesses from the tax rolls altogether. This is significant because small businesses can least afford this taxpayer-active burden. The Legislature passed LB1023 last year, Senator von Gillern's ex-- expensing bill, and this was definitely a step in the right direction to becoming more business-friendly. And so we would like to add to that momentum with LB200. We think it's important that we, you know, have a tax environment where we have businesses that are-- instead of paying taxes and disincentivizing investment, we're doing things that incentivize businesses to invest in themselves. So as the state seeks to reduce property taxes by replacing local taxes with state funds, completely replacing TPP should be a high, long-term priority. So with that, I conclude my testimony. And I'm happy to take any questions.

von GILLERN: Thank you for your testimony. Questions from the committee members? Senator Jacobson.

JACOBSON: Thank you, thank you for testifying here today. You said something that kind of struck a nerve with me. So when you're talking about exemptions, that the, the Legislature has exempted data centers, I'm assuming that also would include Bitcoin miners.

NICOLE FOX: Well, I wouldn't-- I, I can't-- I do not know the answer to that question. I mean, all I know is that it was, it was done back in 2012. And I mean, I don't think Bitcoin was a big thing then. I'm--

JACOBSON: I'm guessing it would fall under that same category. They--

NICOLE FOX: Yeah.

JACOBSON: Yeah. So to be clear, they, they pay no personal property taxes. They generally don't own any real property, so they don't pay any real property taxes. They don't hire employees, for the most part, so they don't pay any employee taxes or create revenue. So-- yeah. I just-- it, it, it kind of underscores my concerns over the Bitcoin mining operations and, and again the inconsistencies of how the personal property taxes are assessed. And I would agree with you. Long term, we ought to be at zero on everything. But it's going to be it looks like an expensive way to get there. But, but that's something that should be a goal of ours.

NICOLE FOX: Yes. Thank you, Senator.

JACOBSON: Thank you.

NICOLE FOX: Yep.

von GILLERN: Thank you. Questions? Senator Bostar.

BOSTAR: Thank you, Chair. Thank you, ma'am. My understanding is that for the wind energy generation, it was exempted when we implemented the nameplate capacity tax. So we, we basically-- my-- the way I understand it worked for that is we-- yes, we exempt them out of the personal property tax, but we put in place this other tax structure on energy generation for nameplate capacity, which was a net. I, I think that the-- the way the calculation worked out at the time was that it was actually net more in taxes, but-- so I will-- I'll flag that, but it wasn't like we just removed them from a tax thing. It seems like we did with some other stuff. But I think on, on energy generation, it's-- I think it's different. We-- we're-- we switched the tax.

NICOLE FOX: Yeah. Tax swap.

BOSTAR: Could you-- I know you said it, but I, I just missed it or I can't remember, the total amount paid for personal property tax.

NICOLE FOX: So, yeah. In, in both 2022 and 2023, it was approximately $250 million. One year, it was $249 million. The other year, it was $251 million. So very, very-- I, I actually wrote it down here, like, 4%, 4%-- yeah. 4.7% of the $5.3 billion that was levied in, in, in, in terms of all--

BOSTAR: Yeah.

NICOLE FOX: --property taxes.

BOSTAR: Because the states that have de minimis exemptions, I saw I'm here, are they-- is it consistent across the board that it's basically $10,000. Does it range?

NICOLE FOX: Yeah. There-- I-- there's a range. I, I would say most states are in the $10,000 to, to $50,000 range. And so-- I didn't really mention this in my testimony. I mean, first of all, well, we think a first step would be to get the $10,000 back. Ultimately, obviously, repeal it. One question we had-- and we weren't-- we, we were trying to do some digging but couldn't find the answer. And I don't know, there might be somebody here that can testify to it or we might just have to continue to do some research. But-- I mean, the big question would be, what is that sweet spot that really, you know-- that targets a lot of these small businesses and gets them completely off the tax rolls? And I know in his question, Senator Jacobson kind of alluded to, you know, does-- would a $10,000 de minimis potentially get some small businesses off the tax rolls? The answer is yes. We don't-- we just don't know what the sweet spot i-- sweet spot is if we're going to target, you know, trying to get as many of them off as possible.

BOSTAR: Because it seems like $10,000 is frankly not very much for, you know, personal property equipment being held by a business. You could still be a very, very small business and the de minimis exemption not actually cover you.

NICOLE FOX: Correct. Depen-- yeah. I mean, depending on the type of business that you--

BOSTAR: Sure.

NICOLE FOX: --are engaged in. Correct.

BOSTAR: Well, thank you very much.

NICOLE FOX: Yeah. Thank you.

von GILLERN: Other questions? Had a quick question. The-- it was eliminated when LB1107 was put in place.

NICOLE FOX: Yes.

von GILLERN: Was it-- similar to Senator Bostar's question-- about a little bit of a tax swap? Was that seen as a, we're going to give you a more in LB1107 than you were going to get with the de minimis so you no longer need the de minimis? Was that-- I wasn't here then.

NICOLE FOX: Yeah. Very--

von GILLERN: I know you were hanging around then, so.

NICOLE FOX: Very good question. And I don't even know that I can answer. That's part of-- another part of the reason why we wanted to bring this bill forward. What I can tell you is LB1107 was the bill that created the income tax credits for school property taxes paid, but it was also a compilation of a lot of other stuff, that there were a lot of incentive bills wrapped into that. I think that's when ImagiNE Nebraska initially passed. And all I know is it was some sort of pay for. There was no bill that was proposed that year, you know, in terms of, you know, getting rid of the de minimis exemption or any-- or, you know, any of that stuff. So I just-- all I know is it was some sort of negotiation of how to, you know, cover the fiscal note. And again, I don't know if there's anyone else in here in the room that can answer that better. I've, I've asked several people, but because of things like term limits and retirements and just, you know, the, the issue of lack of institutional knowledge, we haven't really been able to get a clear answer on that just other than generic pay for.

von GILLERN: Then one, one other question. The-- this is a-- the de minim-- the, the exemption would be equally ben-- I mean, farmers-- ag, ag producers pay a lot of personal property tax, as do small businesses of all types. So this is pretty broad, broad brush impacting not just small businesses but also farm and ranch--

NICOLE FOX: Yeah.

von GILLERN: --operations. OK. Thank you. All right. Any other questions? Seeing none. Thank you.

NICOLE FOX: All right. Thank you.

von GILLERN: Next proponent.

JERRY STILMOCK: Thank you, Mr. Chairperson, members of the committee. My name is Jerry Stilmock, J-e-r-r-y S-t-i-l-m-o-c-k. Testifying on behalf of our clients at the Nebraska-- excuse me, the National Federation of Independent Business. And I've been asked as well to sign in on behalf of Nebraska Chamber of Commerce and Industry, as well as the Greater Omaha Chamber. Thanks to Senor-- Senator Sorrentino for bringing this legislation. You know the history. You know the background. We just believe it's a burden on small businesses, particularly with the NFIB representation of our client. You know, there's the-- there's a, there's a belief that, that, that independent business person has the burden not only to bring in income, but then to turn around and try to-- perhaps are trying to do their own reporting for personal property that they use in their business. Most importantly though, maybe they have to go out and hire. And for a startup, for example-- let me give you the example that I thought of and-- I'll let you judge whether or not it's relevant or not in your lives and how you might assess the policy considerations in this legislation. Young adult man, he goes out, he has a pickup already, but he wants to start a mowing business. So he's going to-- he's going to start a mowing business. He has-- buys a mower. He [INAUDIBLE] a trailer. He uses a ramp to get the mower on and off. July and August are a little dry. Can't generate the income. He sees other landscaping business-- businesses and they slap a blade on in the winter. So I'm not talking about a troop of, of vehicles going out. I'm talking about an individual trying to make a go. So he slaps a-- goes out and buys a blade in order to push snow. So he's had a terrible July, August. Now he goes into where we're at right now and he's thinking, well, maybe I can make some money as a small business person to, to help out where I'm at in life because I, I tried working for a company. I tried working for others, and I want to be my own boss. And if we're trying to invigorate small businesses, here's a person that-- he's, he's trying to-- he's trying to make a go. He's tried it with mowing. It's been a little off. He's trying it with pushing snow, and that's off. Obviously, where we're at maybe someone would praise that because he's out pushing snow. But just an example of what this does to a small business person having to try to keep things going to be entrepreneurial in nature and yet being faced to do this. I mean, it's not an easy calculation. You have to determine what year of depreciation you're going to choose, three, five, seven, ten, whatever that number may be, work it out each year, and, and do the computation. So for-- to mo-- promote small business, we're asking you to give your consideration to this bill. And again, thanks to the senator for introducing it. Thank you.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Seeing none. Thanks for being here today.

JERRY STILMOCK: Very good Thank you all. Good afternoon.

von GILLERN: Next proponent.

BRUCE BOHRER: Good afternoon, Chairman von Gillern, members of the Revenue Committee. Bruce Bohrer. For the record, that's B-r-u-c-e B-o-h-r-e-r. Registered lobbyist for the Lincoln Chamber of Commerce. My pleasure to be here this afternoon on behalf of the Lincoln Chamber in support of Senator Sorrentino's LB200-- as you've already heard, the de minimis exemption, bringing it back. Most of what I was going to say has already been covered very well by the open-- opening from Senator Sorrentino and Ms. Fox's testimony and Mr. Stilmock's. I, I would try not to repeat too much, but I just want to stick with that last point that Mr. Stilmock was on about the, the burden on small businesses. I attended a conference earlier this year, and this, this was a topic that was brought up, came back and talked to some of our forums about it. Unanimously, all of our small businesses say, we-- why, why did we ever do away with this? You know, we've already talked a little bit about it was probably part of a package in LB1107, so there were probably some things that benefited us all too. But I hear a lot from small businesses about, why can't we get some kind of de minimis exemption? And, and we have in the past, as the Chamber of Commerce, also supported efforts to completely do away with the sale-- or, tangible personal property tax as well. If you look at that-- I think you've got this in your packet, maybe the, the map of the states that have de minimis or complete exemptions. You'll see-- I think it was probably about 15 years ago, the Upper Midwest-- Wisconsin, Minnesota, Iowa-- all started doing this as a way to improve the competitiveness of their tax system. That-- it kind of goes all across the Upper, Upper Midwest, all the way over to New York. But those are a lot of the states that we compete with on manufacturing issues. You know, our, our workforce base is very similar, very hardworking people, very productive. So those are kind of our competitors too on, on some projects. With that, I'm going to conclude my comments and try to answer any questions you might have.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Seeing none. Thanks for being here.

BRUCE BOHRER: Thank you.

von GILLERN: Any other proponent testimony? Is there any opponent testimony? Anyone who'd like to testify in the neutral position? Good afternoon.

JON CANNON: Good afternoon, Chairman von Gillern, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the Executive Director of NACO. Here to testify today in the neutral capacity in-- on LB200. Appreciate Senor-- Senator Sorrentino bringing this bill. Any opportunity we have to discuss a little bit of property tax history and how we got to where we are is always welcome. Tangible personal property tax has been an issue that the state has been wrestling with for a long, long time. I mean, going back decades. You know, we, we've, we've seen this bef-- things like this before. You know, how we want to nibble around the edges. And, and I certainly appreciate the, the attempt. We used to exempt a lot of tangible personal property way back in the day. You know, through the '70s and the '80s, we started kind of really reducing that tax base and-- without a, by the way, a, a, a, a compensation like we have in LB200, which we certainly appreciate. And through that exemption, there, there was a-- kind of the white whale that was out there, the,

the big fish were the railroads. I can tell you that the railroads, roughly 60% of their, their valuation is in real property. The way that we do the valuation for railroads is, is on a unit basis. We determine from their book accounts what is the valuation of, like, a Union Pacific or a Burlington Northern. And from those book accounts, we say, what is the split between real and personal? And then there's a allocation factor that comes out of the state of Nebraska, and then that's distributed throughout the, the counties that have rails in them by-- mostly by miles of track. And when you do anything with personal property or any kind of, of property tax and it affects the railroads, there is a federal statute-- it's called the 4R Act, the Railroad Revitalization and Reform Act. I believe it was signed in the '70s by Pre-- President Carter, that says that you cannot discriminate against railroad property, especially when it comes to taxation. And what happened at the end of the-- at the end of the '80s is there was a case-- it was Trailer Train versus Leuenberger, where a car line came along and they said, you know, because we file everything with the Surface Transportation Board, we know down to the last brass widget exactly how much personal property we have-- not just in Nebraska, but everywhere. And you guys have exempted so much personal property that we are-- basically, we want to be equalized with, with everyone else. And so they, they sued under the 4R Act. A lot of lawyers got involved, so that was a great day for the, for the legal profession. Goes all the way up to the Eighth Circuit Court of Appeals, as I recall. And, you know, the, the judgment was, yeah, they're right. You can't con-- discriminate against real personal property. And so there was a massive reduction in the, the property tax base of the-- of each of the railroads and the car lines. And then the very next year, Northern Natural Gas-- Enron-- they said, hey, we're pipelines. We're centrally assessed as well. We want to be equalized with those guys. It goes all the way up to the Nebraska Supreme Court. The Nebraska Supreme Court says, yep, they get it. And then there's a massive reduction in the pa-- the property tax base for pipelines. And so you can see where the-- this whole thing goes. I mean, all of a sudden everyone says, well, us too, please. And so what ended up happening is we had a special session in the early '90s because we essentially lost personal property tax-- that base in the state of Nebraska. The Legislature met in special session, I think, at least a couple times. Cut a massive check to the local political subdivisions to, to essentially subsidize them for the loss of, of their tax base. And then from there, we said, you know what? We're going to tax everyone on a [INAUDIBLE] value basis, which is how we got to the, the, the regime of statutes that we have today. You know, when we first started looking at the Personal, Personal Property Tax Relief Act, the, the original act that, that was-- I think, I think it was enacted in 2015-- one of the things that we talked about was we wanted to do this de minimis exemption. I believe it was Senator Glor that had brought the bill. And there was a reminder that came over from the Department of Revenue that said we got to make sure we take care of central assessment. When-- whatever you, you exempt from taxation at the local level, you have to make sure that you're-- have a corresponding exemption for centrally assessed property. And so that's why you see 77-1238 and 77-1239 where you have the compensating exemption factor. There are other factors in the 600s and the 800s for per-- public service entities and railroads. And that's how we get to the, the taxation regime, where you ha-- we have-- where there is that compensating exemption factor. Whatever is lost in taxes-- in tax base is compensated to the, the, the counties and the local political subdivisions. And so-- anyway, I just wanted to provide that background. You know, it, it's certainly kind of a, a long and winding road as far as how we got to where we are. Anyway, just wanted to make that available and ask-- answer any questions if I may.

von GILLERN: Thank you. Questions from committee members? Senator Jacobson.

JACOBSON: Thank you, Chairman von Gillern. So, Mr. Cannon, I guess-- I just want to clarify that this bill really is dealing with a $10,000 de minimis level, which-- I'm not quite sure how that's going to be-- how that's going to impact railroads and centrally assessed folks because their number's going to be well north of $10,000 on-- in de minimis. So I, I'm, I'm a little confused as to how that would-- how that would im-- how this bill would impact that situation.

JON CANNON: Sure. There's a provision-- and it's, it's resurrected from the original Personal Property Tax Relief Act that we had back in, I, I think it was 2015-- which says that we're-- there's going to be an abstract of assessment of personal property filed by every county assessor. And it's going to say here's how much personal property was exempted as a result of, of this act, and here's the percentage-- and, and that all gets translated to the Department of Revenue. And then the property tax administrator says, here's the total percentage of personal property assessed at the local level, which has been assessed statewide. I, I want to-- I'm not sure-- please don't-- I, I guess it's a good thing I'm not under oath, but-- so don't quote me on this, but I, I believe that first year was the exemption fact-- it was, like, 91% of the personal property was being taxed. And then-- so about 8-- you know, 89% was being exempted. And so that exemption factor has to be applied equally to the property ta-- the, the personal property for centrally assessed properties like railroads and pipelines and, and telecoms. And so, so that, that's how it gets from, from the local level to the railroads. And, and for what it's worth, when you look at the railroads, Grant County, which-- I, I don't think that's in your district, but--

JACOBSON: It's not.

JON CANNON: --it's just, just north of you-- Grant County, about 25% of their total value comes from that Union Pacific line they-- that runs through the county. And, you know-- and when you think-- 40% of, of their total value of, of Union Pacific is in personal property, that's roughly 6.25% of-- the total tax base in Grant County is, is in personal property the-- that-- from-- just for the, for the railroads that they would end up, you know, potentially, the, the further along you go, they end up losing. I mean-- so that, that's the reason that we care about this, is because of the fact that it has these, these effects as you go on down the line.

von GILLERN: Thank you. Any other questions, committee members? Thank you for your testimony.

JON CANNON: Yep. Thank you.

von GILLERN: Any other neutral testifiers? Seeing none. Senator Sorrentino, would you like to close?

SORRENTINO: Thank you. Just a very short close. We need to consider lessening the tax burden from both a tax and administrative standpoint for these small businesses. So I would urge you to consider this bill.

von GILLERN: Thank you.

SORRENTINO: Thank you.

von GILLERN: Any questions from committee members? Senator Bostar.

BOSTAR: Thank you, Chair. Thank you, Senator. Just real quick. So-- I mean, obviously, $14-plus million is--

SORRENTINO: It's a lot.

BOSTAR: It's not nothing, right? We'll say that.

SORRENTINO: Yeah.

BOSTAR: Is there-- is it, is it an acceptable idea or a terrible idea if we were to try to phase in and up to the $10,000-- I mean, trying to account for our fiscal position, right? If we wanted to set up something where we could get to where we want with an exemption, would, would we be making things worse by phasing it in over time? Or do we, do we really just need to hit a number and figure out how to do that?

SORRENTINO: It's, it's a great question, Senator, and I guess we'd call it step therapy. You know, 25,000, 5,000, 75. The burden with that as far as compliance for business to keep up and accountants, et cetera, might be a little bit more than they, they would enjoy, as I believe Ms. Fox testified, that there are some, some states that actually are up to $25,000, exceptions.

BOSTAR: And I, and I actually think the $10,000 is-- seems low. I'm just trying to think about-- how do we start making progress on something from the, from the position that we're currently in?

SORRENTINO: I would, I would certainly not be opposed to a low-- a nower-- lower number to start with, with the idea that we could eventually get to the $10,000 and beyond, but in-- baby steps, sort of step therapy. Some would be better than none.

BOSTAR: Thank you.

von GILLERN: Thank you. Any other questions? Seeing none. Thank you, Senator Sorrentino.

SORRENTINO: Thank you.

von GILLERN: We had 2 proponent letters and 2 opponent letters and 1 neutral letter and written testimony. That closes our hearing on LB200. We'll open on LB116. Welcome, Senator Ballard.

BALLARD: Good afternoon.

von GILLERN: Excuse-- I have to excuse myself for a bit. I'll hand over to Senator Jacobson the chair.

JACOBSON: All right. Well, we'll move on to a, a hearing on LB116. And Senator Ballard is here, so. Senator Ballard, go ahead.

BALLARD: All right. Good afternoon, Vice Chairman Jacobson and members of the Revenue Committee. My name is Beau Ballard. For the record, that is B-e-a-u B-a-l-l-a-r-d. And I represent District 21 in northwest Lincoln, northern Lancaster County. I'm here today to introduce LB116, which amends the Nebraska Visitors Development Act in order to empower counties to reinvest lodging tax dollars in county-owned projects that are central to their local tourism economies. As a member of the committee tasked with developing the convention center, our world reroun-- in Lincoln, our world-renowned team of exp-- experienced development experts and architects has driven home the strategic importance of immediately planning for the next improvement and expansion project will-- that will ensure our convention center remains competitive in the future. Our team of consultants also has stressed that although convention centers are dynamic economic engines that reverberate energy and economic development opportunities throughout their communities, the internal revenue of even the most successful convention centers typically cannot be counted on to support the type of improvements and expansions that are needed. Under the Nebraska Visitor Development Act, counties collect lodging tax on hotel occupancy with the proceeds that, that tax split evenly between two local establishment funds: the County Visitor Promotion Fund and the County Visitor Improvement Fund. The County Visitor Improvement Fund currently is utilized exclusively to improve non-county-owned visitor attractions within the county. However, the convention center project will be a major visitor attraction owned by the county that will attract visitors to our community from across the state, region, and nation, greatly expanding lo-- local hot-- hotel occupancy, benefiting statewide tourism across the board, and ultimately increasing lodging tax revenues. By permitting counties to reinvest these expanded lodging tax revenues from the County Visitor Improvement Fund into county-owned projects like the convention center, LB116 will allow economic activity generated by project, projects like the convention center to fund their own future expansion and improvement, securing the future viability of these pivotal projects and the local tourism economy for our next generation. In sum, this just gives a little more flexibility to the counties on how to utilize these funds for maintenance and possible expansion. The second portion of LB116 is, is basic cleanup lang-- language to the Convention Center Facility Financing Assistance Act for projects within the Capitol District. In addition to the cleanup language, including eliminating outdated statutes related to project improvements prior to 2016. LB116 also proposes a fair and commonsense provisions by limiting the applicant of the Capitol Digi-- District Project into designated retailers within the territorial boundaries of the applicant-- where the applicant resides and not statewide for the purpose of mapping the Capitol District turnback tax. Under the amendment, Lancaster County, as the applicant, could designate retailers only within Lancaster County for the purpose of the turnback tax application. With that, I urge the advancement of LB116. And I'd be happy to answer any questions that you might have.

JACOBSON: Questions for Senator Ballard? I just have one. I, I notice there's no fiscal note--

BALLARD: Yes.

JACOBSON: --on this bill. But aren't-- what-- isn't the state giving up revenue if this were passed?

BALLARD: It-- not under this piece of legislation. It would just be how they-- it gives them more flexibility on how they allocate those funds.

JACOBSON: That they-- that, that, that are going to be county funds.

BALLARD: From-- yes. From last year.

JACOBSON: Gotcha. OK. Thank you. Any other questions? If not, thank you. You going to stick around for close?

BALLARD: I have to open up in Judiciary, so I'll probably waive closing.

JACOBSON: All right. All right. Thank you. I'll ask for opponents-- or, excuse me, proponents. Proponents. Just trying to trick you here. Welcome.

JASON BALL: Thank you, Senator Jacobson and members of the Revenue Committee. I'm Jason Ball. That's J-a-s-o-n B-a-l-l. I'm the President and CEO of the Lincoln Chamber of Commerce. Also appearing with a subhat of our organization on-- and that would be the organization called Visit Lincoln-- it's actually a division of the Chamber of Commerce-- and they're the lead agency in Lancaster County for promoting tourism and visitation in Lancaster County. And that's led to, to great success by Jeff Maul, our Executive Director and also Vice President within the Chamber. Very pleased to be here in support of LB116. Senator Ballard did a great job of explaining the, the two components, and so I, I won't belabor that explanation. He's done a great job with it. I do want to thank Senator Ballard for both bringing this bill and his role in, in leadership with the Assemble Lincoln Group. I also want to thank Senator Bostar, who's chairing the Assemble Lincoln Group, as well as Senator Carolyn Bosn is also a part of Assemble Lincoln. This team of people has done an amazing job working with external consultants to help determine things like location, governance, you know, the details of what a convention center in downtown Lincoln would look like. And-- so our, our interest in this bill also comes from that project being part of the Vitality Lincoln Strategic Plan. You know, I, I think one of the worst things that we could do is set ourselves up in a situation where we are able to succeed in building what we envision with this project, a world-class facility that does draw in tourism. And then, you know, five or ten years go by and we need a new HVAC system and we don't have the resources to keep it functioning at a world-class level. And so those components of the changes to the Nebraska Visitors Development Act we find important. Likewise, the clarification to the Convention Center Facility Financing Assistance Act, limiting that designation we think is just kind of a commonsense step to take. You know, for this project, it would only allow us to use that recapture area within Lancaster County. I don't think our, our friends in Seward or Count-- Kearney, for example, would want us to, you know, capture sales tax dollars from those areas and fund our own convention center. We think that's reasonable. And so we would just ask for your support in LB116. I will be happy to attempt to answer any questions you might have for the Chamber or Visit Lincoln.

JACOBSON: Questions for the testifier? Yes, Senator Bostar.

BOSTAR: Thank you, sir. Thank you. Just to, to-- for clarity, I think for the purpose of-- so that everybody understands on the committee, there's nothing in this legislation that expands how much money would be going out through the Convention Center Facility Financing Act or through the, the county funds. It's-- I-- because it was brought up that there, there's a-- it's-- there is no fiscal note with--

JASON BALL: Mm-hmm.

BOSTAR: --a cost attached. Is that your understanding as well that we're not-- we're in no way expanding the scale or scope of the turnback tax structure with this bill?

JASON BALL: The-- that is my understanding, and I, I believe that's consistent with the intent.

BOSTAR: And if anything, we're putting in guardrails so that some of these things couldn't be abused. Because when we created it, there were-- for example, the, the opportunity for a project in Lincoln to take the retailers from North Platte to fund it, or something like that.

JASON BALL: Yeah.

BOSTAR: And that seems in poor taste. And so this would fix that. Is that also your understanding?

JASON BALL: The Lincoln Chamber of Commerce would have some questions if a project was proposed in another city that would be using a capture area within one of our retail centers. We think the opposite scenario is fair, and, and this is just clarification language, is my understanding.

JACOBSON: I, I would suggest that the North Platte Chamber has some issues with that as well.

BOSTAR: Thank you.

JACOBSON: Other questions from the committee? If not, thank you, Mr. Ball, for your testimony.

JASON BALL: Thank you very much.

JACOBSON: Other proponents?

BRENT SMOYER: Good afternoon, Chair Jacobson and members of the Revenue Committee. My name is Brent Smoyer, B-r-e-n-t S-m-o-y-e-r. And I appear as a registered lobbyist on behalf of the Nebraska Travel Association today, or NETA as we like to call them, in support of Senator Ballard's LB116. NETA consists of representatives of the travel and tourism industry from across the state. Over the last decade, the success of Nebraska's travel industry-- which I will note is the third largest industry in the state-- has been record setting. Even through the COVID years, it continues to reach new heights year over year. This consistent growth and success could not be achieved without leadership and support provided by the governor, the Tourism Commission, and you here in the Legislature. We appreciate your support and the innovative ideas like LB116 that have been introduced to give the industry tools to continue to build a, a tourism industry that Nebraskans can be proud of. We thank Senator Ballard for introducing this bill and agree with our friends from Lincoln. This is an important tool in the toolbox to help develop large-scale projects to draw people to the state. While our membership does stretch from border to border, is not strictly confined to the communities of Lincoln and Omaha, they do appreciate that a rising tide truly raises all boats and the growth and improvement in Lincoln tourism and the coinciding new developments like convention centers is beneficial in drawing people to Nebraska that would likely stay to visit other parts of the state. In addition to piquing visitors' curiosity about other parts of the state, new large-scale projects help expand local hotel occupancy, which benefits statewide tourism across the board. And I just lost my spot. And by ultimately increasing related lodging tax revenues at the state level and feeding the State Visitors Promotion Fund that benefits all of the Nebraska communities in their efforts to grow local tourism. Finally, we appreciate the included modification of the turnback tax language to ensure that communities like Lincoln only draw their turnback from Lincoln and Lancaster County. NETA appreciates the opportunity to share our perspective in support of LB116. I'd encourage this committee to advance it to the floor for consideration and hopefully for passage by the entire Legislature. Thank you for your time. And if I may, as a, as a former Lancaster County Commissioner and-- in another life, I will say this, that I credit Jeff Maul for doing amazing work here in Lincoln. The stewardship that he provides for any and all funds, whether hotel tax or otherwise, has been spectacular throughout the years that I've had a chance to work with him when I was on the VPC. And I would just say that this is a, a very worthwhile project-- again, as somebody who used to wear that hat. But I would happily take any questions on your behalf.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you for your testimony. Other proponents?

JOE KOHOUT: Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. You can strike that part about Chairman von Gillern on the prepared te-- remarks that you're going to see, so. My apologies. And members of the Revenue Committee. My name is Joe Kohout, K-o-h-o-u-t. And I'm appearing before the committee today as registered lobbyist for the Lancaster County Board of Commissioners. I'm here to testify on behalf of the county in support of LB116. LB116 empowers Lancaster County to position its convention center for long-term success. As Senator Ballard described in his introduction, the county's development consultants have stressed the importance of preparing for future modernization of this county-owned facility from day one. In anticipation of these future development needs, LB116 smartly harnesses the convention center's economic impact on the local tourism industry-- local tourism economy, excuse me, allowing the convention center to support its own future improvements through strategic investment of expanded revenues in the County Visitors Improvement Fund. By providing Lancaster County with this additional flexibility to keep the convention center attractive to the next generation of convention planners and attendees, the amendments in LB116 will ensure that our residents and businesses can continue to enjoy the benefits of having a cutting-edge facility at the center of a vital and expanding economic landscape. We would like to thank Senator Ballard for introducing this forward-thinking legislation and would ask the committee to advance LB116. Thank you. And I would be happy to try to answer any questions that you might have.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you for your testimony.

JOE KOHOUT: Thank you.

JACOBSON: Any further proponents? Anyone else wishing to speak as a proponent? If not, anyone wishing to speak as an opponent? Opponents? All right. Seeing none. Anyone wishing to speak in a neutral capacity?

JON CANNON: Good afternoon.

JACOBSON: Welcome back.

JON CANNON: Good afternoon. Thank you. Vice Chair Jacobson, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the Executive Director of the Nebraska Association of County Officials, sometimes referred to as NACO. Here to testify in the neutral capacity on LB116. Appreciate Senator Ballard bringing the bill. This is something that we are generally supportive of. You know, as, as you might expect, we have a Lancaster County Commissioner that sits on our board, and he was very supportive of the bill. There were a few questions that came up when we were discussing this this morning, actually, as part of our, our position meeting that we were taking as a board about some potential unintended consequences. We don't want to be registered in opposition just because we have a few questions. We'll take those up with the stakeholders and Senator Ballard as well. Happy to take any questions you might have.

JACOBSON: Questions from the committee? Could you elaborate at all on your reservations?

JON CANNON: No reservations of mine, sir, but there were a few questions about well, you know-- there's, there's a provision in there that says-- that expands what, what we can spend some of the improvement funds on to include expansion and main-- maintenance. The question is is, what does that mean? What kind of obligations could have put on-- and, and not in Lancaster County. That wasn't voiced by anyone from Lancaster County. But there was that question as to what, what exactly that would mean, what kind of obligations it'll place upon the county board that's, that's sitting in judgment of these.

JACOBSON: Thank you. Senator Bostar.

BOSTAR: Thank you. Thank you, sir.

JON CANNON: Thank you, sir.

BOSTAR: Trying to understand-- this legislation-- because it, it, it's surprising to hear that there would be reservations. This legislation would give a county board more flexibility about what they could use these funds for. It wouldn't force them to do anything. So if a county, for example, didn't want to use funds for maintenance, they wouldn't have to.

JON CANNON: I, I tend to agree with you, sir, on-- and-- as far as that interpretation's concerned. Again-- and I, I, I wouldn't go so far as to re-- refer them as reservations-- more as we've got a couple questions that we'd just like to have answered.

BOSTAR: What counties raised the questions? That way, we, we can be sure that we talk to them directly.

JON CANNON: I can't share that with you, sir. I, I apologize.

BOSTAR: But you can come here-- I don't understand. So you can show up to a bill that's a-- basically a cleanup bill that will help us get a project done, that doesn't cost any money, and, and effectively sew doubt in it for unclear reasons. Because I don't really understand what the problem is. And we don't even get to understand where the questions are coming from? That's the system?

JON CANNON: As far as how the NACO Board conducts its business, sir, that's, that's something that, that has to be within the NACO Board. As far as--

BOSTAR: I think there were questions-- there was, there was interested in legislation previously, if I recall. I think it was our previous chair of this committee that was looking at exploring having some of these boards operate as, as public, right, entities. And I didn't get it then, but maybe I get it now. Anyway, thank you very much. I don't have any further questions.

JACOBSON: Any further questions for the testifier? If not, thank you for your testimony.

JON CANNON: Thank you, sir.

JACOBSON: Anyone else wishing to speak in a neutral capacity? All right. If not-- there were no online comments. So at this point, we'll-- this will conclude the hearing on LB116. And I'm guessing that Senator Bost-- or, Senator von Gillern would just as soon I don't go into executive session, have us exec on [INAUDIBLE].

KAUTH: I, I'd pay good money to see that. I, I think that would be real interesting.

JACOBSON: So we're adjourned.