

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 27, 2024

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fifty-first day of the One Hundred Eighth Legislature, Second Session. Our chaplain today is Bill Ferrero, Church of Christ, Bayard, Nebraska, in Senator Erdman's district. Please rise.

BILL FERRERO: Let's pray. Father God in heaven, we approach your throne, the throne of grace with gratitude during this Holy Week when we can enter in and find the grace that we need at the foot of the cross. And Father, in this great Chamber, I'm reminded of your plan of representative government. Ever since the time of Moses, when Jethro came to him, told him the work was too hard for one man, and to appoint people who would oversee thousands and hundreds and fifties and tens in order that the work-- workload might be lightened. But they needed to be godly men who would stand before you with integrity. And that plan is carried out throughout the centuries, where you have required the same thing within your church, godly men and women to step up into roles of servanthood that would set the example for all those around them. And Father, it's my prayer that these people that have been sent forth by the citizens of this great state would have a servant's heart, not to come into this Chamber to be lords and ladies, but to come in willing to serve just as your son served when he took the towel in the basin. And to realize that they are serving multitudes, not just themselves. And so, Father, when we come before your throne this morning, we ask for servant hearts, servant attitudes, and a servant smile, knowing that in this thankless job we will one day stand before your throne and we will hear the only gratitude that we want to hear, and that's from your lips. And now to him who is able to strengthen you according to my gospel and the preaching of Jesus Christ, according to the revelation of the mystery that was kept secret for long ages but is now been disclosed, and through the prophetic writings has been made known to all nations according to the command of the eternal God to bring about the obedience of faith to the only wise God be glory forevermore through Jesus Christ. Amen.

KELLY: The Pledge of Allegiance today is from Corporal-- led by Corporal Dustin Guzman, Marine Corps, Omaha, Nebraska, in Senator McDonnell's district.

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

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

ASSISTANT CLERK: There is a quorum present, Mr. President.

KELLY: Thank you. Are there any corrections for the Journal?

ASSISTANT CLERK: I have no corrections for the Journal.

KELLY: Are there any messages, reports, or announcements?

ASSISTANT CLERK: The Health and Human Services Committee will hold an Executive Session at 10:30 a.m. in Room 2022; the Health and Human Services Committee in Room 2022 at 10:30 a.m.; the Government Committee will hold an Executive Session at 11:00 a.m. in Room 2022; Government Committee in Room 2022 at 11 a.m. That's all that I have, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Erdman would like to introduce a guest under the south balcony, his wife Cathy Erdman. Please stand and be recognized by your Nebraska Legislature. Senator McDonnell would like to recognize a guest seated under the south balcony, Eric Martin, representing the American Legion. Please stand and be recognized. Senator Lowe would like to recognize the physician of the day, Dr. John Jacobsen of Kearney. Please stand and be recognized by the Nebraska Legislature. Please proceed to the first item on the agenda, Mr. Clerk.

ASSISTANT CLERK: Thank you. Thank you, Mr. President. General File, LB71A, introduced by Senator Sanders. A bill for an act relating to appropriations; to appropriate funds to aid in carrying out the provisions of LB71. The bill was first considered on March 26. It was placed on General File. I have no amendments, Mr. President.

KELLY: Senator Sanders, you're recognized to open.

SANDERS: Good morning, Mr. President. Good morning-- good morning, members of the Legislature. LB71A bill is the appropriations bill that came with Senator Conrad's AM2589 amendment. The General Fund is not impacted by this bill. It is from the cash funds for automation. Thank you and I ask for your green vote to move this bill forward.

KELLY: Thank you, Senator Sanders. Seeing no one else in the queue, you're close to-- you're recognized to close. Senator Sanders, you're recognized to close and waive closing. Members, the question is the

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advancement of LB71A to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 34 ayes, 0 nays on the advancement of the bill, Mr. President.

KELLY: It is advanced. Senator McDonnell would like to recognize two guests under the south balcony, Trevor Towey and Chris Wicker, both of Omaha. Please stand and be recognized by your Nebraska Legislature. Mr. Clerk, next item on the agenda.

ASSISTANT CLERK: LB1344A, introduced by Senator Wayne. It's a bill for an act relating to appropriations; to appropriate funds to aid in carrying out the provisions of LB1344. The bill was first considered on March 26. It was placed on General File. I have no amendments, Mr. President.

KELLY: Senator Wayne, you're recognized to open.

WAYNE: Thank you, Mr. President. Good morning, everyone. Let's have a productive day. Thank you.

KELLY: Thank you, Senator Wayne. You're recognized to close and waive. Members, the question is the advancement of LB1344A to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 31 ayes, 0 nays on the advancement of the bill, Mr. President.

KELLY: LB1344 A is advanced to E&R Initial. Mr. Clerk.

ASSISTANT CLERK: Mr. President, General File, LB1092. When the Legislature last discussed LB1092, the Judiciary amendment was being-- was under consideration. The motion to bracket the bill had failed. There's now a motion from Senator Machaela Cavanaugh to reconsider the vote to bracket the bill until April 11, 2024.

KELLY: Senator Machaela Cavanaugh, you're recognized to open on your motion to reconsider.

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. So there-- this is such a fascinating bill and I was really interested in the conversation last night and I appreciate Senator Murman. I believe that there are some amendments that he would like to get to. So I think that for now I will pull my motion to reconsider and not put up

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any of my other motions so that we can get to the amendments. So does that make-- OK, Carol, Carol says yes. So, Senator Murman, I'm going to pull my motion now so we can get to your amendments. Thank you, Mr. President.

KELLY: Without objection, the motion to reconsider is withdrawn. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Murman would move to amend the committee amendments with AM3198.

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

MURMAN: Thank you, Mr. Lieutenant Governor. The amendment LB-- or excuse me, AM3198 was brought to us after a couple of different interests reached out in concern that this bill could affect them. This amendment clarifies that only websites in which at least one-third of the content of the website has material harmful to minors need to conduct age verification. The amendment clarifies LB1092 is not applying to any sort of traditional retailers, it is only applying to bookstores, libraries, movie and television services-- or it is not applying to bookstores, libraries, movie and television services, or even social media. With this amendment, we are just making it clear that there is one industry and only one industry that is being affected here, and that is the porno-- pornography industry. It's a simple amendment and the language mirrors the language where similar laws have been passed at least-- in at least 7 other states. Thank you and I will yield my remaining time.

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

J. CAVANAUGH: Thank you, Mr. President. Well, colleagues, we're back on LB1092 and we had a very interesting conversation last night. Senator Blood raised a lot of good points. I appreciate Senator Murman's, you know, good faith efforts to try to actually improve this bill, which I would say this amendment does. It answers some of the concerns. It does clarify that what a substantial portion means is one-third. I'm curious about how we settled on one-third. I did-- when Senator Murman brought up that Kansas, I think it just passed this bill. I went and looked at theirs, theirs was also one-third. So that seems to be a standard. I don't know why we decided on that amount, but the reason that it's important to have some kind of threshold is under the-- as it was written before with just having basically any amount, it could potentially affect some of these other folks who are

just not in this business. But if they, say, Amazon, if somebody was searching something or you could search something that yields, you know, some kind of item that you're purchasing that would be considered inappropriate, then Amazon would have to have this sort of age verification, or Google or somebody like that, and which I know is, you know, not, not Senator Murman's intention on this is the, the sort of accidental part of it. But-- in catching up all this business. So I think that's a really important clarification there. I would say that there's still-- with the other section, the Section 3 clarification does improve Section 3, but there's still this concern about how does the 2 subsections of Section 3 interplay with each other even as amended. So this, this version of Section 3 is better than the other version of Section 3. However, there's still this principal problem of when somebody, somebody has a, a complaint that their information was retained and they go to one of these providers and the provider was, you know, supposed to have destroyed it. They have a claim against them. But if you have a complaint that they didn't do age verification and the provider was supposed to have destroyed the information, then how, how does the, the third-party provider substantiate that? So that's kind of the crux of the problem here, is how do you effectuate this bill and preserve people's, obviously, right to privacy. So-- and I'm-- these are, I think, questions we have to answer, which is I think why Senator Blood's conversation yesterday was so interesting because she proposed some kind of more foundational things that we could do that would make our-- just our whole system stronger to allow us to address these sorts of issues. And sometimes that, that is what you have to do. You have to take the first steps to create a foundation that allows you to solve other problems. And even if you, you have a problem, it's very hard to solve, and this gets us into this-- you know, twisted up on the-- this sort of bill to try to figure out how to actually implement what the idea is, which is, of course, a good one is to keep this material out of the hands of kids and allow parents-- give parents a tool for holding these places accountable. I think there's other concerns like Senator Blood brought up just about the Internet in general, and VPNs, and how people can end-run around these things. I think that, that merits further discussion. But as it stands right now, I would say I support this amendment. I still have my reservations about the bill overall for a lot of those reasons I articulated. So--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- so I hope people continue to have this conversation about this bill so we can figure out what

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other changes if this bill goes forward. Right now, I don't know where we're at or, honestly, I don't know what other people are thinking about it. I only really heard from people who have concerns, not people who support it. So I don't know, other than Senator Murman, and, again, I appreciate his conversation on it. But if it goes forward, what type of changes are realistic to the bill? What can we do to make it work better? Because that should be one of our goals here is if we're going to pass a law, that make sure the law is as good as we possibly can and to take into consideration the constructive criticisms that can be offered. So I look forward to-- I see Senator Blood is in the queue, so I look forward to hearing what she has to say about this. Thank you, Mr. President.

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

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I'm glad to see we have a few more people in the Chamber than we had last night. I hope people are still paying attention and just don't have it in their minds how they're going to vote, but are actually listening to the, the massive amounts of information I've been sharing over the last 2 days. So I don't know if I stand in support of this amendment. I was fortunate enough to talk to Senator Murman about his pending amendments before we started and I'm not sure the amendments really address any of the concerns that I have. I think they've taken 1 or 2 words of sentences that I've said and then tried to craft amendments around it. It's kind of my perception, and I don't mean that to be insulting, but that's my perception. With that, I would ask that Senator Murman yield to a question in reference to this most recent amendment.

KELLY: Senator Murman, would you yield to some questions?

MURMAN: Yes.

BLOOD: Senator Murman, who determines the 30% minimum that's in this amendment, the one-third law?

MURMAN: That is by community standards.

BLOOD: OK, but that doesn't really answer my question. So who's, who's the oversight agency that monitors the site?

MURMAN: Well, this is the definition that is used in several other of the age verification bills that are in other states.

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BLOOD: Which is one of the reasons those bills are in court. Because the way I read this, the only enforcement, it would be civil lawsuits, that there's no real enforcement. Can you show me in the-- I, I don't have the amendment in front of me but I did read it-- where in the amendment it says how this is enforced?

MURMAN: Excuse me, I didn't hear that question.

BLOOD: Reading the amendment, can you show me which line shows us where the enforcement part of it is?

MURMAN: Yeah, I can get back to you on that.

BLOOD: Because I have to be honest, Senator, I'm not seeing that in the amendment. And I would have shared that with you but we immediately had to get back to our mic so I'm not trying to do a gotcha. So I'm concerned about that. And, again, I know you're trying to make this better, but I'm not seeing anything in the amendments that talk about what we need to make-- do to make it better. Have you looked at the age of sexual consent portion that I talked about last night?

MURMAN: Yes, and--

BLOOD: And how are we fixing that?

MURMAN: The reason we are staying with the age of 18, that is the age that is used in the other age verification bills that have advanced in other states and it would better conform with federal law using age 18.

BLOOD: I don't know if it conforms better with federal law, but you know the age of majority in Nebraska is 19 and that, unfortunately, young people can have sex with adults at 16 and 17. So we're allowing them to have intercourse, but disallowing them-- and I'm-- I don't think either is right. But I'm just saying that I think that this is problematic and I hear your justification but I respectfully disagree. I know I'll have more questions for you as we move forward on the amendment, Senator Murman, but that is one of my ongoing concerns. Thank you, Senator.

MURMAN: Thank you.

BLOOD: I'm going to talk more than once because we did talk about data broker registries yesterday and how we need to have that in place. We need an IT committee. Let's combine Natural Resources and Ag and get

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another committee going on our 13 standing committees and have somebody that actually understands IT hopefully, or we'll have if you're getting reelected into this body or elected into this body in the next cycle because we are lacking that. And let me tell you what else Nebraska is lacking. Do you remember when we talked about the budget and I asked about our cybersecurity budget? I got the most vanilla--

KELLY: One minute.

BLOOD: --response from the executive branch on that. And I know our cybersecurity is lacking in Nebraska because there were several sites within our web family that my "spidey" sensors on my computers at home would not allow me access to because they weren't safe. Remember, the Russian mafia ripped us off for tens of thousands of dollars during the pandemic, and we were oblivious to it until it happened. We again put the cart before the horse. We weren't prepared for cyber theft. We're doing the same thing now. There are consequences, not just the lawsuits, there are consequences and you are putting Nebraskans in danger because you don't want people to think that you're against something like this.

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

BLOOD: Thank you, Mr. President. It's OK to be against bad policy. If you can justify it, it's OK. So Nebraska doesn't have an established privacy program. And that's, I think, one of the reasons that I'm always talking about why don't we have a strategic plan, a living, breathing document that helps us figure out where Nebraska is going, what we need to do, and how we need to pay for it. We are woefully behind when it comes to things that deal with technology, especially in this body. We couldn't even get an appropriate interim study on blockchain and ag, and our farmers could be making so much more money, and our young farmers could be so much more interested if we had invested in that interim study. But I'm not a Chair so I couldn't have made that happen. We don't have a chief privacy officer in Nebraska. Who's our chief privacy officer? Does anybody know, because I could be wrong? I've never talked to a person who says who the chief privacy officer is-- anybody here-- everybody is looking down so, apparently, nobody knows or they are just not listening. Congress can't get a national data privacy law passed. You heard Senator Bostar say it. You heard me say it. Good grief. They only passed 27 bills last year. All they're worried about is getting reelected. So we need to fill in the gaps before we pass legislation like this. We do need a data broker registry. But you know what we also need with that, is we need a

privacy program that's been established. How do we go about doing things like this and what's the appropriate protocol. So you have somebody that has the knowledge that can say, you know, Senator Murman, I understand what you're trying to do and, and this is very honorable, but there's unintended consequences that are going to happen. And those unintended consequences are that we are now exposing the adults who, whether we like it or not, will be utilizing these sites and will now have their personal information open to people who can steal that data. And if you look at the small print on a lot of the sites where they say we're not going to share your data, usually the next line or the line after that is, like, but we are going to share your data with this person or this organization. Usually, it's like Cox, Verizon, who still takes your data. How many hands should we pass your data through? I hope you don't get to be 70 years old and you go to retire and find out that someone bought a house in your name, took out a big loan and bought a fancy boat, took out multiple loans and moved around from state to state to state because they could, because we opened the door to let them do that. And I don't think you remember that I told you that right now it's a big scammer thing to mirror these sites in these states that are making this legislation. And if people aren't super savvy, they fall for it and their data and their payment information is stolen. And you can say, well, if we save one kid, this bill is worth it. So this bill is worth saving one kid while thousands of people, tens of thousands of people, had their identity stolen, their location identified. That's not OK. That's an unintended consequence. Nebraska needs to follow something called the National Institute of Standards and Technology Privacy Framework. We have no framework put in place that's kind of the metrics that states that are ahead of us, of course, are using to make sure that the laws that they pass are within that framework that do not have unintended consequences. And still they may have unintended consequences because technology moves so fast, but it allows us to have something in place before we pass these bills.

KELLY: One minute.

BLOOD: And when I talked to Senator Murman, I was very honest with him. I don't fault him for trying to pass this bill. But until we have a framework in place, I would prefer that he holds onto this bill until next year. And I think it's his priority bill or a Speaker priority bill. And you know what? I had a great bill on unfunded and underfunded mandates a couple of years ago. It came out 8-0, we had the votes on the floor. It got through General, and our Speaker decided that he thought that we shouldn't be held responsible for the money that we spent. And that was not Speaker Arch. I want to make

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that really clear. And so he purposely adjourned early on Select so we couldn't have the debate, even though I had the votes, and then have it get to Final in time for us to be done with the session. So I literally got cheated out of a really great bill, as did our taxpayers, because we also know that that's one of the reasons property taxes are high.

KELLY: That's your time, Senator.

BLOOD: Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Well, thank you, Senator Blood, for the conversation. I-- when I saw you push in a second time, I pushed out so I could be behind you so we could talk some more. But-- and I think-- again, I think Senator Blood raises some really good points and, you know, I've said all along my concerns about this are-- this bill is the effectuation of it, which is how, how do we make this happen? And, and I've said I don't-- I'm not a-- I'm not a technical person. Senator Blood keeps saying we need more technical people here. You're going to need somebody else besides me. But I appreciate what she's saying, and I really do think we need to think about it because the concerns about identity theft and those, you know, people being taken advantage of as a result of this bill is, you know, the classic unintended consequences that we talk about so often when people are passing bills here or proposing bills that there's a-- certainly, a meritorious objective of this bill. But if we do it wrong, then it will have an unintended consequence of harming Nebraskans and we don't want to do that. And Senator Blood has said a lot of interesting things, some of which I could understand and some of which I'll probably need more explanation of. But it seems clear to me that as it's currently written that there's not adequate protections, and we've seen in other places that similar bills, because this bill is almost exactly the same as the Kansas bill, and my guess is if I went and looked at the Texas bill, it'd be very similar to that bill, but that the end result is that people can still get access. Young people, in particular, can get access through these VPNs. So it doesn't necessarily serve that aim either. And so if we want-- if our real-- if our goal is to erect hurdles to people under the age of 18 from accessing these sites, that there may be other ways to do that, and ways that would not subject Nebraskans to being-- the risk of identity theft and all of those things that Senator Blood has talked about that, that are potential pitfalls of identity theft.

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Somebody getting-- taking out credit cards in someone else's name and purchasing things and ruining your, your credit and a lot of that other stuff. So I think that those are-- those are real concerns. I mean, I've originally said when I read the bill, I had concerns just about how it actually works. I had not even thought about these other concerns that Senator Blood has raised. And so I think that there's-- there are things that need to be improved in this. And I do know Senator Murman is interested in finding ways to improve how this bill works. And so I think that's-- is really a fruitful conversation to talk through what, what the particular issues are. So I would just say-- I think I'm gonna run out of time so I'll push my light again-- other concerns I've talked about, Section 3, (1) and (2) interacting with each other. Going back to the underlying bill-- or I'm sorry, underlying AM2585, which is the committee amendment. I have some concerns about what exactly is reasonable age verification. And I think this is some of the stuff that Senator Blood has touched on. But I'm, I'm just curious about-- and I think this is on page 2, line-- starting at line 16: So what, what can be used? There's a digitized identification card including a digital copy of a driver's license--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- which I get, I think. You can scan or something a, a driver's license; (ii) a government-issued identification. I assume, again, you would scan that or something. But (iii), this is the one that I'm curious about: a financial document or other document that is a reliable proxy for age. I don't know what that means. So I'm curious. I won't ask Senator Murman on the-- on the mic, but if he has an opportunity to explain what that one is, I would be curious to know. And then (iv) is: any commercially reasonable method that relies on public or private transactional data to verify the age of a person attempting to access the material. So I think that's those third-party vendors. And I have other questions about the third-party vendors, as well. I did look at the one website that Senator Murman mentioned for third-party vendors. And I have some questions about that, but I'll push my light and keep talking. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. First, because I know my mom watches a lot, I just want to address that my hand is fine. No good deed goes unpunished. This morning, I was getting coffee for myself and my brother and I had the two cups of

coffee in my hand at the hotel this morning, and the lid popped off and it was very, very hot. So, thankfully, we have a doctor of the day who has wrapped my hand, and it-- I think it looks more serious than it is. He's-- it-- it's-- it hurts, but it's not blistering or anything, so I knew my mom would be concerned. And also with the scandal around Princess Kate Middleton and whether or not she's got bandages on her hands and all of that, I thought I should just address it immediately. So coffee burn. If any of you watched Seinfeld, I felt very much like Kramer. And that is what this is about. And I am right-handed, but, thankfully, my job today is mostly talking, so here we are. OK. So Senator Murman has introduced this amendment. And I was trying to listen, but I was also getting my hand wrapped so I appreciate this-- what Senator Murman is attempting to do. As I mentioned last night, I do have concerns over my own children getting access to things. We do have, you know, parental controls. Our kids have Kindle tablet things, but they, they have, like, a kid-- a kid mode, actually. And so that's the only mode that they're allowed to use. And they have-- they're not really phones, but they look like phones. They're basically like a phone that's a calculator and has little games on it. It doesn't connect to the Internet because we don't want them to be able to do things. But my kids do take our, our phones and get on YouTube and watch reels and things on YouTube. And I am always very concerned about, you know, what they might come across on YouTube. So as a parent, I very much appreciate what Senator Murman is trying to do. But as I stated last night, I do have some questions. I don't even know if they're concerns so much as questions about how this would work in practicality because we do have to balance children's safety and security with also adults' rights to access information. And then, of course, business interests, which I'm not particularly concerned about business interests. I think they're doing just fine. But, you know, we do have to be good stewards and don't want to regulate things that unnecessarily are too cumbersome. So my-- the-- kind of the crux of my concern here-- and stick with me-- is actually the, the, the committee amendment as written. And I'm not sure yet if this amendment addresses this concern. It seems to open up the opportunity for scam artists to sue companies, because if we are requiring the age verification but there is-- we are also requiring that that information not be stored anywhere. So we cannot verify that the age verification happened, then people may start suing companies, claiming--

KELLY: One minute.

M. CAVANAUGH: --that they provided access to their platform to a minor without doing the age verification. And the company won't have a way

to prove that they did the age verification because we are requiring them not to keep a record. So I don't really know how you address that, but it does seem like it opens us up to some exploitation of legal action against these companies by bad actors. And I know this body is always concerned about bad actors when it comes to government programs. So I wanted to raise this, this concern about bad actors when it comes to private businesses and how we might be creating an avenue for exploitation. I have additional thoughts on this, but I will get back in the queue to talk about it.

KELLY: That's your time.

M. CAVANAUGH: Thank you, Mr. President.

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

FREDRICKSON: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. So I was actually-- I was in the chair last night so I didn't have the opportunity to participate in this debate, but was, was able to listen to the whole thing. You know, it's-- when you're up there, you have to really focus on everything that's being said. And I have to say, I'm, I'm kind of a little bit surprised because I entered this thinking I was absolutely going to support this bill. You know, I think that Senator Murman has brought forward, I think in really good faith, a genuine concern, and I think a, a proposal to tackle this. I think-- you know, I, I think a lot about this as a young parent and all the technology that's out there. You think about AI, for example, like the world is, is rapidly changing and our kids have access to a lot of things. And in some ways that can be-- that can be really scary and, you know, being not so sure what kids are reading or accessing, and at the same time that's, that's the reality that we're-- that we're living in. So, so I entered this, you know, thinking I was going to support this bill and then, actually, listening to the debate last night, I was really beginning to have more concerns about some of the privacy concerns that were being brought up by Senator Blood and, and some of the discussion that was-- that was happening on the floor. And I think Senator Murman spoke a lot about these, these third parties. And I, actually, had a couple of questions because-- and before I ask you on the mic, Senator Murman, I'll kind of give you a little heads up. I, I think you had mentioned last night that these verifications already exist for things like gambling or, or alcohol and I'm just kind of curious to learn a little bit more if there's ever been compromise with identity. Some of the concerns have been brought up about identity compromise. Do, do we

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have any history of that with, with those types of [INAUDIBLE]? So if Senator Murman might be willing to yield to a question.

KELLY: Senator Murman, would you yield to some questions?

MURMAN: Certainly.

FREDRICKSON: Thank you, Senator Murman. So my question was-- so, you know, one thing I, I was unaware of is that these third parties that do these verifications already do exist for things like alcohol and, and gambling, etcetera, etcetera, and some of the concerns that have been brought up has been around hacking, data privacy. Do we know if-- since these have already been used, have there been cases where there, there have been privacy-related concerns or data hacking that, that we're aware of with any of these third parties at this point?

MURMAN: Well, the-- this bill has passed in 10 states and there haven't been-- you know, I can't say that there haven't been any issues, but it hasn't been a big issue in the other states.

FREDRICKSON: So it hasn't been brought to.

MURMAN: No.

FREDRICKSON: OK. And even without this bill, so with these third parties with, like, alcohol sales, for example, or gambling, has that been a concern, historically, that you're aware of?

MURMAN: No, it's, it's used for those other reasons like you said. And, and the age verification providers, it's double blind so they don't know why the person is asking for age verification at all.

FREDRICKSON: OK. Good. Thank you, Senator Murman. I appreciate it.

MURMAN: Thank you.

FREDRICKSON: So that-- that's helpful for me to hear as well. And, and I might ask Senator Blood some questions about that too, because, you know, again, I think-- I think what I'm understanding from the debate and the conversation and, certainly, I think where I stand as well, is that I think there's kind of consensus around ensuring that young folks in our state are, are safe online. And I think the, the crux that I'm hearing is more about, you know, how do we best execute that. Right? Are we-- are we potentially compromising data privacy, etcetera, in that process? The other thing that-- you know, it's funny, I'm 36-- I'm almost 37, and I never thought of myself as very

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old, but I, I learned last night what a VPN was and I'm kind of embarrassed to admit that. But, you know, there's-- I, I think-- I, I bring that up to say that there's, obviously, ways to mitigate this. And that argument can be made about other things. You know, one thing that Senator Hunt brought up last night is that, you know, there-- there's also kind of this component of--

KELLY: One minute.

FREDRICKSON: --thank you, Mr. President-- parental choice here, and, and, you know, kind of ensuring that you're having these conversations directly with your children on, you know, what to access and what's safe. And, you know, I know U.S. House Speaker Mike Johnson has-- he's gone on record about how he does this in his own house with his-- with his son. You know-- and, and I read into that a little bit more. This is-- there's-- apparently, there's software available. Speaker Johnson said, quote, it sends a report to your accountability partner. My accountability partner right now is my son, Jack. He's 17. So he and I get a report about all the things that are on our phones, our devices once a week. If anything objectionable comes up, your accountability partner gets an immediate notice. I'm proud to tell you my son has got a clean slate. So he's monitoring within his house and I think that's something that parents can individually decide as well what's-- what works best in, in their homes as well. So thank you, Mr. President.

KELLY: Thank you, Senator Fredrickson. Senator Hughes would like to recognize some guests in the north balcony, 60 fourth-graders from Milford Elementary. Please stand and be recognized by your Nebraska Legislature. Senator Blood, you recognized to-- Mr. Clerk.

ASSISTANT CLERK: Thank you, Mr. President. The Business and Labor Committee will hold an Executive Session at 10 a.m. under the south balcony. Business and Labor Committee at 10 a.m. under the south balcony.

KELLY: Thank you, Mr. Clerk. Senator Blood, you're recognized to speak and this your third time on the amendment.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I continue to have questions. And I just really hope you're listening to the things I'm bringing forward. You know, if we were in a boat together and the boat was sinking and we knew that we had to get people out of the boat to save a few by throwing them into the shark-infested waters, what kind of person would you be? Would you be the person that was throwing people that you didn't necessarily care

for over the boat for the sharks? Would you jump into the shark water? What would you do? This boat is sinking, friends. And you heard me say it yesterday, this doesn't do enough while doing too much, unintended consequences that you will be blamed for when it becomes public because you went ahead and moved a bill forward that isn't ready for prime time. Now people are talking to me about negotiating between General and Select, but the kinds of negotiations that I'm concerned about are things that should have public hearings. We should have public hearings on data registries, on data broker registries, or we should get a security information officer put in place. And then bills like this, Senator Kauth's bill, Senator Murman's bill, should have been Senator Bostar's bill that he did for Attorney General, can be brought back and be made better and have in those guardrails that we keep saying we want. We've used that word a lot the last 2 years and really protect the children, but more so, stop the unattended-- and at least slow them down, the unintended consequences. So I'm looking at this amendment and, again, I feel like the amendments, like you picked a few words of what I said, but the entire sentence is kind of, like, went into the universe. And I know that's true of certain people in the body, because you guys simply weren't here. And, again, there's so many people missing and it's morning. So a site then, based on the one-third law can have 25% content of offensive stuff and not be impacted. So a site that has thousands of offensive items-- you know, what are we talking about when we say 25%? There's something wrong with that rule. And to say-- again, we keep saying other states do it, but all of these other states are going to court. And you can say, oh, well, one judge said this. Well, we also know there's multiple levels of the judicial system, so that doesn't really mean anything. And meanwhile, scammers are having a heyday because of all this bad legislation. If you do a 25% content as opposed to the third, there's still a lot of harmful material. And then I still have concerns about the oversight on this amendment. So it's based on what people generally find offensive. Well, that doesn't tell me the oversight agency. That doesn't tell me how it's going to be handled. It's just words, words you're throwing out into the universe that, literally, mean nothing. And we've passed bills like that before, by the way. And now you go back at those bills, and they were cause bills like this one. They literally did nothing. We put things in place where people could sue, but we never put into place how it could happen. We lack that in a lot of our bills, we're like, oh, we insist on stopping this horrible thing, whatever it happens to be, but we don't put how we implement it in the bill.

KELLY: One minute.

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BLOOD: But nobody on the floor wants to push a button and say, oh, I'm against babies, puppies, trafficking, whatever the phrase we're using at the time. Don't vote for a bill that's not ready for prime time, because many of you will still be in the body and face the unintended consequences that this bill is going to cause. Don't say, well, it's going on in other states because other states are involved in lawsuits, and most of the other states that push this do not have security officers in place, do not have a framework in place. Can Nebraska ever be a leader in anything politically or are we just going to keep taking bills from other states? And say, no, it was a good idea because we got it from this state and nothing bad has happened yet, or are we going to, like, use our brains, move forward, have good legislation, do our kumbaya, and be proud of what we put out? Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Murman, you're recognized to speak.

MURMAN: Thank you, Mr. Lieutenant Governor. I'm going to try and address a few of the concerns that have been brought up both last night and this morning. First of all, there is an amendment that I'm currently working on and will further strengthen how secure this age verification process will be. And I've got that amendment-- I've got an amendment already on Select, and I'm working on another one that will do that. So if you're on the fence about this legislation and your concern is data privacy, I would ask that you support it on General File so on Select we can add extra privacy-- an extra privacy amendment to strengthen the bill even more. And talked about other methods of age verification, many of these websites already take credit cards. After all, the websites have to make a profit to stay in business, and the research shows us that the pornography business is booming. Right now, there are things like premium accounts and pay-per-view which take credit cards. I would argue submitting a credit card number is a far greater privacy concern than a reasonable age verification. Opponents are saying porn websites should stop allowing credit card usage on these sites due to privacy concerns. So it's hard to understand why ID is somehow far more dangerous. You might argue this is because there is the ability to have third-party credit card moderators, such as PayPal. This is true and why this bill allows third-party age verification systems. So allow me to read this description from the Age Verification Providers Association. In medicine, we have double-blinded clinical trials, and that's one where neither the researchers nor the patient are aware of whether the latter has had a real drug or a placebo. A double-blind approach is applied to age checks, where the age-restricted website is not given

any information about the identity of the user, and the age verification provider records no data about the identity of the website seeking to confirm the, the user's age. No certified age verification provider is permitted to create or retain a list of the sites any individual-- any individual customer has accessed. In fact, to do so would be asking for trouble as it would make sure a database is an attractive target for hackers. The best way to prevent data being hacked, and arguably, arguably the only way, is not to create a store of data in the first place so age verification providers avoid doing so. In the light of previous data breaches, the age-restricted sites will not want to use age verification providers which put their clients' personal data at risk. Providers who cannot provide guarantees of this will not be successful in the market, and the only guarantee that will be convincing is to design systems that simply do not record any data about the online behavior of users in the first place. When I started working on this bill last summer, I think there were 3 states that had passed similar laws. And then, as we got to hearing, if I remember correctly, there were 7 states at that time. And now-- by, by now, there's 10 states that have passed--

KELLY: One minute.

MURMAN: --thank you-- passed this law. And, actually, this bill has-- is, is in the process in 20 other states. So, you know, talking about Nebraska keeping up with the rest of the nation, right now we're going to be somewhere in the middle. But my hope is that we won't be one of the last states to pass this reasonable way to protect children on the Internet. Thank you, Mr. Lieutenant Governor.

KELLY: Thank you, Senator Murman. Senator Hunt, you're recognized to speak.

HUNT: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. The reason I stand against this kind of government overregulation is because-- well, for several reasons: (a) not everything that we don't like should be illegal. And the solution for every problem does not necessarily live in the Legislature. For example, you know, Senator Murman just mentioned PayPal and using credit card processors in different ways to pay for content that you would possibly access on a porn website. Well, the market is already regulating itself in this way. With PayPal, you have to be-- oh, we're having our-- is this the tornado drill? The optional voluntary tornado drill? OK. In any case, PayPal already kind of self-regulates with this. You have to have, like, a preapproval to do many things on PayPal, including access adult content. On their website, PayPal's

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policy states: Any adult content derived-- delivered digitally, including video on demand and webcam activities. PayPal may be restricted from processing payments in certain jurisdictions for adult DVDs, magazines, and other adult-themed products and services. There are many websites that, that distribute pornographic content where you can't pay with PayPal. Another-- other things that PayPal restricts payments for include: gambling, investments, cryptocurrency, prescription items. I've purchased prescriptions online before and had to get preapproval from PayPal to do that. And to do that, I had to prove my age. So this is something that the market is already providing for and seems to be working well because I've, I've done it myself. I've had to go through the preapproval process myself to buy prescriptions online, for example. Another way that this is already kind of regulated and controlled, as I mentioned last night, and Senator Fredrickson reminded us this morning in his time on the mic, there are various and sundry types of software that you can purchase that you can access for free. There are many organizations that sponsor free downloads of software, like the one Speaker Mike Johnson uses to share with his son to see if they're both looking at porn that they share together. But there are also different types of blockers and things that you can put on your phone, on your computer. I use them in my home because I, you know, I, I know they exist. And this is, again, what the market has provided to already provide a solution to this problem that LB1092 is seeking to solve. Would Senator Murman yield to a question?

KELLY: Would Senator-- Senator Murman, would you yield to some questions?

MURMAN: Yes.

HUNT: Thank you, Senator Murman. I have read the bill a couple times, and I just have a couple questions, again, about how it would work. And maybe-- I mean, like, maybe I don't know what I'm talking about, which is super possible, but. There's going to be people who don't want to go through the age verification process to access pornography. There's going to be people who are going to continue to access pornography, and they will go to websites, they will use VPNs, they will do what they want to do so that they don't have to put their age verification, identification, credit card, whatever the method may be, into the computer. Will people who knowingly do this be liable in any way under the law under LB1092?

MURMAN: No. There, there-- there's no-- this law would not address that at all.

HUNT: OK.

MURMAN: And, and by the way, there's always ways to get around any law. You know, for instance, buying alcohol, kids can use a fake ID, things like that. But it's just, you know, doing the best we can to prevent minors from accessing porn.

HUNT: Right. That's totally right. But the difference is, if a minor uses a fake ID to buy alcohol, they're liable. That's a crime. They've committed a crime then. And so I'm wondering, under this bill, if people who knowingly, deliberately flout the law by not submitting their age verification, are they then liable in any way?

MURMAN: No. The provider would be-- of porn would be liable if--

KELLY: That's time, Senators.

HUNT: Oh, thank you.

MURMAN: --if they didn't use age verification.

HUNT: Thank you, Senator Murman.

KELLY: Thank you, Senator Hunt and Senator Murman.

MURMAN: Thanks.

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

J. CAVANAUGH: Thank you, Mr. President. Well, I look-- I do look forward to seeing the improved amendment that Senator Murman is working on to address privacy concerns. But I would just-- let's see, where did I leave off? I was talking about the: any commercially available, reasonable method that relies on public or private transaction data to verify the age of a person attempting to access the material. So I, I guess my one question-- you know, Senator Murman, in his opening last night, mentioned an example. I don't have my computer open, but there was a site that was verify or trust verify or something, you know, some kind of generic sounding verification name. But on their website they have this is how you do this and scanning the IDs and things like that which, you know, I think is the intention of this. But-- so this is-- again, I'm not going to put Senator Murman on the spot because I, I guess I'm just telling you all my concerns and thoughts about this. And you can take it for what you want, and if you want to address it you can. But my interpretation of this is you could sign up for this service and then it would-- I don't

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know what you call it, and this might be a Senator Blood question, but, like, they give you maybe a digital token or some kind of identifier that would then be on your computer so that they would send it to whatever age verification site or a site that requires age verification. So Senator Murman said other things use this, gambling sites and purchasing alcohol, which, I didn't know you could purchase alcohol on the Internet. But-- so they send the age verification or token or whatever you want to call it, digital transaction data, maybe, is what's listed in the bill, so they send it. So I was, of course, thinking-- we were talking about, like, VPN is a way that kids could get around this. But the reason this first part raised my, I guess, antenna was: any financial document or other document that's a reliable proxy for age. I just wonder if we're talking about other ways kids get around this stuff, I just wonder if you could-- somebody could take their parents or an adult's ID and sign up for one of these sites, and then it's just like a one time, then they put the ID back in the, the wallet or whatever, and then they have the digital token or whatever it's called and continue to access these sites. So that was-- my initial thought is, how big of a hurdle is that, really, if you could-- if somebody could get around it and they don't-- it's not a perpetual verification? I'm, of course, not advocating for that. I'm just saying these are hurdles I see to the implementation of this. But then the other question was this financial document. I, I don't know what that means, but I would guess that, again, if a kid's going to go around the system and they just could pull out, like, a mortgage receipt out of the trash or something, I don't-- I don't know what's a-- what is a financial document that proves that you're over 18, student loan payments, something along those lines. But then scan that into some site and, you know, that's not something somebody's going to miss. And that's an easy way for kids to get around it. So those, those are just some technical concerns I just had as I was reading through this in terms of actually making it effective. And I would say-- I, I did, again, quickly scan the Kansas version. I don't think the Kansas version had this part about the financial transaction document. So I'm curious where that idea came from. I don't know if, if Senator Murman wants-- doesn't want to-- maybe wants to think on that question and can address it later. It looks like the queue is getting low so maybe we will get to a vote on this amendment, which, again, I support this amendment because it is-- it does make the bill better in the current form. I do look forward to seeing where we get on--

KELLY: One minute.

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J. CAVANAUGH: --further amendments. But I think that this has been-- if, if we are going to have a forthcoming amendment that will address some of the concerns, I think it, it demonstrates the importance of this debate. And particularly, again, to draw your attention to Senator Blood's contribution to this debate, I think was pretty helpful in getting us somewhere on this. So I don't know if I had any more times on this time or not, but thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. I'd like to yield my time to Senator Blood.

KELLY: Senator Blood, you have 4 minutes, 45 seconds.

BLOOD: Thank you, Mr. President. So I continue to listen to the answers and I am still against the amendment and the underlying bill because we're really not getting anywhere close to what we've been talking about the last 2 days. And, Senator John Cavanaugh, I know you're such an effective listener, but I, actually, talked about All Pass yesterday. I used Louisiana as an example. So what you do is you basically get approved. They used it in correlation with the same type of digital technology that you get your digital ID, because of course, they're ahead of us on that-- in Louisiana for your driver's license. And so it's kind of like the token that you're, you're thinking of. And by the way, if your kid is smarter than you, they're going to be able to get that information to use it. I think we're, we're mostly talking about paid sites, by the way. And most little kids that look at porn aren't going to the paid sites. And I know one of these amendments are supposed to address the concerns about social media. And, again, this is where I feel like I'm talking into a void. My concerns are that the states that are, are pushing laws like this forward are now going to social media. There's a really interesting story on this on NPR this morning, and I agreed with some of what the expert said and some of what the expert didn't say. But the bottom line was that parents shouldn't let their kids have access freely to social media until those kids are older. Gee, what an easy solution that doesn't require legislation. I know that some of you were pretty young, but I remember the Communications Decency Act, 1996, which actually pertained to a lot of what we are talking about right now. But I also remember that the ACLU sued Congress, or whoever they sue, to change the language because it was problematic, much like this bill. And, of course, they won in the Supreme Court in 1997. We look at other countries. France also proposed stuff like this, and they

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promised that there would be no problems when it came to age verification and porn and restrictions. But what they found is that there was problems and, and there were unintended consequences. And I could sit on the Internet for an hour and find you story after story after story. I don't-- you know, I kind of feel like Dan Parsons. You know, Dan Parsons lost his job on the conservative talk radio show in Lincoln-- I don't know what channel that is-- for using the F-word. You know what the F-word is? Facts. I'm proud to say I've been using the F-word for the last 2 days. But, friends, I'm not just talking so I can hear myself talk. I'm talking because I just am begging you to pay attention to the facts. And I don't understand-- and, by the way, if I ever see you guys in a crowd, you all better have your backs to me, because I won't be able to identify you because I never see your faces up front. I will say Senator Riepe usually is pretty attentive. He usually turns around and listens and shakes his head. And I know he's paying attention and I appreciate that, Senator Riepe. Senator Cavanaugh is really good at paying attention, but otherwise, that's pretty much-- Senator Lowe, he usually stands up and does a stretch and watches and turns around and watch and listens. I appreciate that. But, otherwise, it's pretty much the back of people's heads. I do appreciate that we haven't--

KELLY: One minute.

BLOOD: --listened to the silliness on the mic about this bill. But, friends, listen, it's time to use the F-word: facts, data. You can't fix this between General and Select. I like Senator Murman. He's a super nice guy. I don't agree with him on a lot of issues, but that doesn't mean he's a bad person. But this is a bad bill. You better think really hard. You don't have to vote no, but you can be present, not voting. Because say we're gonna work on this between General and Select would be a lie, we can't fix it. And I would work with him, but then I would have to do this all over again and I bet you're probably sick of me talking on this mic. I enjoy it, but we have a lot of really good, good bills I'd like to get to. And I know that you guys have a lot of bills you'd like to get to. I'd really like to get my tartan bill that we talked about on consent, because there's a lot of Girl Scouts that worked really hard over the last few years to get--

KELLY: That's your time, Senator.

BLOOD: --make that happen. Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Ballard would like to recognize some guests in the north balcony, ninth graders from Lincoln

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Northwest High School. Please stand and be recognized by your Nebraska Legislature. Senator Murman, you're recognized to speak.

MURMAN: Yes. Thank you, Mr. Lieutenant Governor. I have spoken quite a bit about this bill and, you know, what it's done in other states and prospects going forward, exactly what it does and how it-- the-- one of the most important things that we do is to protect our personal information in every way we possibly can. I, I do realize that there are ways to make this bill even better than it is, and I am committing to work on it between General and Select. So I, I want to continue to work with Senator Blood and Senator John Cavanaugh, Machaela Cavanaugh, others that have some concerns. But I-- I've just got to say that no bill is perfect. There's always ways that bills and laws can be improved and I'm committed to doing that going forward. So I would just like to advance this to Select File and continue to work on it and look at what's done in other states. I've already done that. But there are-- like I said, there are some ways that we can make it even better. So with that, that-- that'll be my last time talking on it and appreciate your green vote for the amendment and the Judiciary amendment and the-- well, the, the Judiciary amendment is a replacement for the bill so appreciate a green vote. Thank you.

KELLY: Thank you, Senator Murman. Seeing no one else in the queue, you're recognized to close on the amendment and waive. Members, the question is the adoption of AM3198. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 30 ayes, 1 nay on the adoption of AM3198, Mr. President.

KELLY: AM3198 is adopted. Returning to the-- to discussion of the committee amendment. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Thank you to Senator Murman for his willingness to work on improving his bill. I think it just shows how serious he is about, about moving this forward. And I know that there are things in here that are, are good, and there are things in here that, technically, just kind of wonky. So I appreciate him bringing that amendment. And then there's another amendment coming on Select File. So, yeah, I-- I've been trying to follow the conversation this morning and, honestly, it's been a little bit hard because people have been talking about the tax briefing this morning. And so then kind of getting these, like, truncated conversations. So I haven't quite tuned in entirely to what the conversation has been from Senator

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Blood. And I just yielded her time and then I didn't hear what she had to say. So I'm wondering if she would want to talk again? OK, then I will yield my time to Senator Blood.

KELLY: Thank you, Senator Cavanaugh. Senator Blood, you have 3 minutes, 35 seconds.

BLOOD: Thank you, Senator Cavanaugh. I'm not sure what you asked me before you yielded me time because I was talking to Senator Hansen. So I talked about what happened at the federal level when they tried to push legislation like this forward in Congress without really thinking it through. And it happened in around '96, and then I believe the Supreme Court shot it down in '97. So, again, we keep hearing, well, this is going on in other states and it's going to court. And, you know, in some cases they've won. But what level in the judicial process did they win because we, we know there's multiple levels and it hasn't been to the Supreme Court yet? But I think the bottom line-- and, again, I just-- I've had at least one senator come and talk to me about it, that's actually listening and, and I really appreciate that. It's that, you know, we have become a nanny state. And when you give your ID in a restaurant or a bar, they're not taking your personal data unless, of course, they have a scanner in their pocket which, often, sometimes they do, and they're scanning your personal information to steal it later. Unfortunately, that happens too. You know, in airports, make sure you always have your credit cards protected because people go by with scanners all the time. Big crowds. You always wonder how people steal your identity, steal your credit card. You got to get those special wallets to protect your technology. But here's what we aren't getting to when it comes to this bill, what's harmful and who defines it? That is never clear in this bill. All we keep hearing is other states are doing it. That's not an answer. The Heritage Foundation, which I know many of you know, they are a conservative think tank. I do read their stuff because I always like to know what's coming down the pike. They've come out publicly to say that bills like this allow policymakers like us to better police content that pertains to LGBTQ+. I don't think you guys understand that so many of these bills that come from organizations that are considered very conservative have a next step. And we're seeing that in states like Florida versus this, then it's telling parents the age that their child is allowed to use social media or be on the Internet. Right? Because we know better than parents, just like we know better than doctors in this body. You're opening a door to push your values on people who may not share those values. But, more importantly, no matter how you justify this, you are opening up tens of thousands of Nebraskans to potential fraud, to identity theft. And you can talk

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about credit cards, but Senator Hunt is correct. They're way ahead when it comes to things like this. Everybody waited for Congress to do something, and Congress won't do anything because they won't fight these big corporations. All you got to do is look where they get their money when they run for re-election to know that. I usually am willing to work between General and Select. But, friends, these amendments--

KELLY: One minute.

BLOOD: --no matter how good his intentions, change nothing that I talked about in the introduction. And some of you will not be here next year, so when it hits the fan, you can say you know what, I'm not there. It's got nothing to do with me. But you're the one that passed this bill. If you feel strongly about this issue, do it right. Don't just do it so you can wave your flag and say you did it. Do it right, wait until next year and get it done so everybody is protected. And then as we bring all these other bills forward, those bills are protected, too. And you will look like a hero, all knowing when it comes to IT. That's a good thing. Please, please consider the information that was shared for those of you that actually listened and make a good decision. I don't care if it's a priority bill or not, sometimes we win--

KELLY: That's your time.

BLOOD: --sometimes we lose. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Again, Senator Blood is making a lot of good sense. And which I, I, I-- they're valid concerns about what is the sort of broader goal of creating hurdles to people exercising their freedoms that, you know, we don't necessarily approve of, but people are still free to exercise. And we, we had a lot of conversations. You know, people get real protective of their right to bear arms and talk about government intervention there. And there are folks who say, well, maybe we shouldn't have them, you know, in as many places as we do and we've had a lot of robust conversations, we'll say, about the Second Amendment in my time here. And, you know, it might be fruitful for people to, you know, think about some of the stuff that we're talking about that's protected under free expression and freedom of speech and the First Amendment and frame it of how you would feel if it was somebody telling you that you had to do an online age verification, you know, to use your gun or go to the shooting

range or something along those lines or, you know, some, some kind of akin exercise of your Second Amendment right. And people-- we've had a lot of opposition to even small government intervention or regulation of people walking around with guns. And so-- and I would-- I would argue that people walking around in the public space with a gun is-- has more impact on other members of society than someone else's exercise of their free speech or their, their First Amendment rights within their own home. And so those are things just to think about in terms of what is a good idea to do. Senator Hunt made a really good point earlier about not every problem is for the purview of the Legislature or something along those lines. It's, basically, that not every-- not every problem out there is something that needs to be solved by us. There are these problems of proliferation of content that we don't want kids to, to get. We don't want to stumble on it on accident. We, certainly, want to have reasonable regulations in place. And we want to give parents tools to make sure that their kids are not being subject to this. And I do think that that is a good objective. But we also have to be conscious of what other impacts that might have. You know, Senator Murman talked about in the-- in his introduction or at some other point about these bills have been introduced in 7 states or passed in 7 states, been introduced in 20 states. And it has resulted in these companies pulling out of those states, which sounds great. You know, you're like, oh, well, they, you know, smut peddlers are gone, right? But the problem with freedom of speech and expression is that we have to protect everyone's right to speak and to express themselves, even the ones we don't like. And that's-- so putting up regulations that act as a-- effectively as a ban is problematic, which is why I appreciate Senator Murman's willingness to work on this bill going forward. I would caution, folks, as you think about whether--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- this is the right thing to do, think about those sorts of questions about government intervention infringing on people's lives and rights in a way that is more restrictive than is necessary, has bigger implications. Actually, I was-- I was going to talk about one other thing. So I'm going to run out of time so push my light again. And then we'll, I guess, see where we're heading today. But it's-- just because the objective we agree on doesn't mean that the path to there is right. And Senator Blood has raised a lot of questions about the path that we're on to that objective. And I think it is really important to take a step back and listen to what she's been saying and the issues she's been raising

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about this and think about how this bill, at this moment, doesn't address those concerns. So, thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. And thank you, Senator Blood, for speaking on my time impromptu last time. I, I did hear you this time, and, and you talked about determining what's harmful and who decides that. And that is a good question. I-- I've been having-- I've been struggling with putting my finger on what exactly it is that doesn't sit right with me with this bill. Because the intent of the bill does sit right with me, but it's the execution of it, and I don't know, and I feel bad for not being able to offer really constructive feedback on how to fix the execution of it. But I, I do have concerns over restricting access for adults and infringing on business practices. I did look up the Texas Pornhub dispute and they are suing the state of Texas and saying that it does infringe on free speech for adults. But one, one thing that I am more globally concerned about with this and other efforts to police pornography, adult content is what that is going to do. Because right now places like Pornhub are mainstream, like, everybody knows the name of it. They're mainstream. But if we push companies like that out of the state and we stigmatize the utilization of these things, these platforms, then what does that do to the individuals that are featured in this content? It marginalizes them as well. And that pushes people-- when we push people who are in the sex trade to the fringes, we endanger them. We make it more likely that this is going to be something that is through-- conducted through human trafficking. And I guess that's really where I am unsettled is that if we continue to stigmatize the sex trade and marginalize sex work, then we are creating an environment that allows for the exploitation of these people and, and endangers their lives and their safety. And I know that this body has spent a great deal of effort and energy on human trafficking, but I'm concerned about the effort to stigmatize sex work and to stigmatize sex and sexuality is going to result in a greater market for trafficked individuals. And when we destigmatize it and we say, yes, this is not for children, absolutely.

KELLY: One minute.

M. CAVANAUGH: But this is adult content, and we need to find a balance of, of, of the business practices, of not stigmatizing it to creating a, a culture that is promoting trafficking, essentially. And that's, I guess, sitting here listening and reading the articles, that's kind of

where I am very much struggling. I do not want to enable human trafficking, and I want to make sure that we are being very thoughtful when we do anything around sex work and that we just don't automatically jump on it and say, hey, we don't want kids to see porn. No, we don't. We don't want kids to see porn, contrary to what people like to say about me.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Well, I would like to hear some more from Senator Blood if she would like my time. I would yield my time to Senator Blood.

KELLY: Senator Blood, you have 4 minutes, 50 seconds.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I still stand opposed. But that's not a surprise because I'm not hearing anything that addresses any of my concerns. I'm hearing snippets of words that I say put into other sentences that have nothing to do with my questions. And, Senator Machaela Cavanaugh, you probably know this, but, you know, Washington State just passed a stripper bill of rights-- Strippers' Bill of Rights. I mean, it's interesting how states can differ in what their priorities are. They want to protect vulnerable people, be they children, be they adults. And I think that's really interesting. It's not a bill that I would necessarily be interested in doing, but I always like to see what other states are doing. I'm going to say this again because I'm not sure that I've made this clear. There's a lot of noise, so I hope you can hear me. There's no state agency in this bill, in the amendments, that are designated to monitor any of this. Not the Attorney General, not DHHS, just someone can sue if there's a violation. We had a bill like that before and basically-- and no offense to the attorneys, but it, it, it basically invited ambulance chasers to wait outside abortion clinics for somebody to come out to, to let them know that they could sue because they had an abortion. I don't know if you remember that bill, but in that bill you never put any implementation into it. So guess what happened? Nothing. You can do better. If abortion is important to you, if child pornography is important to you, if children gaining access to any pornography is important to you, why would you not want to write this bill correctly? Why? I think you're all smart people.

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You got here. I knocked on more doors than I will ever be able to count. I could sleep for a year if I counted that many sheep. If only. We don't pass bills because we don't want to be seen as being against the cause. I get that. But you got to be brave. And you have to be able to tell the people that you represent that you still are against something that's offensive, but you don't want to pass a bill that it's going to endanger other Nebraskans. And it isn't your choice to decide if we need to punish those Nebraskans because they choose to look at porn. You heard Senator Hunt about it. Why are we legislating things that really aren't our business? And in a way, that's what you're doing. It's not our business as other adults if they're not hurting anybody look at porn. It's just not our business. I am not a fan. I can tell you that for several years I chaired the White Ribbon Campaign, which encourages young couples to love each other and learn more about each other and not utilize porn as the bar for their relationship. So it's not like I'm sitting here saying that porn is OK. But, boy, I am against all this nanny government stuff that we've been passing the last 2 years. A lot of you in here are Republicans and, gosh, you guys used to be about no government overreach. Where did that go? Now everything we think that we don't like, we try and stop. And we're not even doing it with good policy. I do not fault you for standing up for your convictions, even though that may not be your constituents' convictions, but I fault you for bad legislation. I like Senator Murman.

KELLY: One minute.

BLOOD: I know this is a priority bill. I respect Senator Arch, who would like to see us fix it between General and Select, but I don't think that can happen. You don't have the framework in place, that goes before the cart, not the other way around. Have some guts. This is wrong. You can do better. Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator DeKay has some guests in the north balcony, fourth graders from Verdigre Public Schools in Verdigre, Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I'll yield the rest of my time to Senator Blood if she would like.

KELLY: Senator Blood, you have 4 minutes, 50 seconds.

BLOOD: Thank you, Mr. President, and thank you, Senator McKinney. You, you knew the answer to that question already, right? Thank you. You

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know, I, I just-- I just hope one person hears me, one person. You know, we both sent out handouts. And I'd like to point out that Senator Murman, bless his soul, sent out op-eds, people's opinions. You know what we're not getting, the F-word, we're not getting facts from him. We're not getting facts, data science. I mean, we know the facts, data, science show us that pornography is harmful to children. We, we understand that, we're all smart-ish. Right? But how we go about addressing that is writing good, solid legislation. How we go about writing this is putting a data broker registry together, utilizing the national framework that's been set for all states, though only a small handful have started using, and catching up with the rest of the world. It isn't passing a bill saying, well, we'll revisit it next year and then put in all the things you're talking about. Well, likely you'll forget that. But more so once the bill goes into law, it doesn't matter. You've already opened that gate. When you're at a town hall in your community, how are you going to explain to your constituents that you opened them up to be affected by fraud? You know, it's already tough enough in the world today-- I sound like a theme song for a show right now-- it's already tough enough in the world today for people that use credit cards, for people that use the Internet, because it is so easy for your data to be stolen and collected. It is so easy for people who have nothing to do all day long but figure out how to scam you, figure out how to scam you. That's why all the scammer sites popped up as soon as those states started pushing forward those laws that weren't written correctly. Right? And people in their urgency to get to the porn sites aren't paying attention. You know, their wives are asleep, it's 3:00 in the morning, he's working in the den, she's working in the den, whatever the scenario is, they, we want to make sure we don't leave anybody out. They're trying to hurry up and get done whatever they're trying to get done, see whatever they're trying to see. They're not paying attention. And you can say, well, it serves them right because they're looking at porn because we heard that yesterday. Maybe, but that's not for us to decide. We live in the United States. We live in America. We've had people fight for our rights to be able to do stuff like that no matter how dumb it is. But we don't have the right to open this gate to make it more dangerous for the rest of the Nebra-- for the rest of Nebraskans, period. It's not about saving one kid. It's about doing it right and saving more than one kid. And I just can't get why nobody else gets this. I will give kudos to Senator Ben Hansen, who actually came up and talked to me about it. There's a lot of senators that are starting to believe that we've become a nanny state, that we don't care what legislation we put through as long as it looks like we care. We care about the puppies, the babies, whatever it is, the

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topic, this time, children and pornography, because we don't want to be that person who's challenged.

KELLY: One minute.

BLOOD: But if you watch my social media, you see I don't mind being challenged and I have very long dialogue sometimes with trolls, because you need to have those dialogues no matter how uncomfortable they are. I know your comfort level on this for many of you is not good, but things aren't black and white when it comes to legislation. It is black and white about how we protect our children, but you got to do it correctly. You can put up a swing set for the kids to play on, that's a good thing. But if you don't hook the chains properly and the kids fall off, that's on you. That's what we're doing, guys. We're not attaching the swing set properly, the chains to the swing set. People are going to get hurt, people are going to get scammed, and it's going to be on the Nebraska Legislature if this bill gets through to Final Reading. And, again, this doesn't make Senator Murman a bad person or anything negative, it just means that this bill is not ready for prime time and I am--

KELLY: That's your time, Senator.

BLOOD: --begging you.

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

M. CAVANAUGH: Thank you, Mr. President.

KELLY: This is your final time on the amendment.

M. CAVANAUGH: Oh, all right. Thank you, Mr. President. OK. So I am going to echo some of the things that Senator Blood just was saying. The, the in-- the intention is good but we can't move policy forward just because of the intention. We have to have the execution right. And I still am not convinced that this bill is going to, if enacted, function the way that we all collectively would like to see it function. I think that there is a-- something that we probably all as a Legislature are on board with is that exposing children to pornography is not what we want to see happen. And that's-- I mean, I think that's part of the reason that industries have put in things like parental controls. Lots of apps and digital platforms have parental controls. Having a conversation with the other Senator Cavanaugh yesterday talking about-- this was off the mic but-- about, like, when we were growing up, you had to, like-- everybody remember

the AOL sound, be like [making sounds], dialing up. So, you know, access-- online access was very different when I was a teenager than teenagers now. And I wasn't tech savvy then, and I'm not tech savvy now so I don't even know how they get around any of this stuff, but I know that they do. And that's kind of the, the great thing about young people is their creativity, but it is also an infuriating thing when you are trying to put up barriers for their protection. They are very creative about getting around those barriers. So if we're going to have young people-- if they could figure it out in the '80s and the '90s with dial-up Internet, you know, they're figuring it out now and it's much easier, I think, now. So I just want us to be cognizant of that before we enact policy that is, again, going to stigmatize and marginalize sex workers. And, and when we put sex workers on the fringe, we really do create an environment that is dangerous for them and, and just creates a market for human trafficking. And I know that that is not the intention here, and I know that that's not what anyone here would like to see happen. So I have concerns over engaging in that possibility and I, I would want to know-- I would want to have reassurances that that's not what has happened in other states where this is being implemented. I'd be interested to see and, and hear a little bit about--

KELLY: One minute.

M. CAVANAUGH: --what other states have experienced after the implementation of this. I mean, I know Texas had the, the, the lawsuit, but what-- and that's, that's one thing, that's a, you know, that's a business concern-- but what have other states experienced and what have been the outcomes and have they been positive? I'd like to know a little bit more about that before I would feel comfortable with supporting this. And I always have a little concern when we bring model legislation from other states because every state is different and it might not work exactly how we want it to work. So I guess that's kind of where I'm at right now. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Conrad announces some guests in the north balcony, fourth and fifth graders from St. Patrick's Catholic School in Lincoln, Nebraska. Please stand and be recognized by your Nebraska Legislature. Returning to the queue, Senator Hunt, you're recognized to speak.

HUNT: Thank you, Mr. President. Colleagues, as we delve further into the debate on requiring age verification for accessing these websites, it's important, I think, for us to revisit a foundational principle of our democracy and our shared values. Not everything that we personally

dislike or oppose should be translated into law. It just shouldn't. This is the principle that we know is vital in maintaining the delicate balance between our personal freedom and the regulation that we, you know, all agree to live with in order to get along in society. But in a society that's as diverse as ours, that has such a variance in individual beliefs that we have, what one person considers objectionable, another person may see as perfectly acceptable. The essence of a free and open society is the right to agree to disagree, and to navigate our differences with respect and tolerance. And I think that legislation that seeks to impose age restrictions on these types of websites, it ventures just a little bit too close to allowing personal moral judgments to dictate public policy. This not only risks infringing on individual freedoms, but it threatens the pluralistic fabric of our society. Moreover, legislating based on personal disapproval risks a slippery slope toward overregulation and censorship. Today, the target might be pornography. Mr. President, could I have a gavel? Legislating based on personal disapproval of something, it gets into censorship. Today, it might be pornography, which is viewed by some people as offensive or harmful. Tomorrow, the scope could expand to other forms of media, literature, anything that certain groups find offensive. And, indeed, we've heard bills like that this year already, banning books in schools. I wonder if proponents of this bill would agree that we need age verification to look at Nebraska Public Media. I think according to the things that we've heard in the debate, the answer would be yes. I mean, you know, the kids are out of the room now, but how many of you are comfortable having this conversation with them here? We're talking about adult issues that are serious that have impact on our society, for sure, and consequences of safety for kids. But this is the problem of introducing bills like this in the Legislature, where we are veering too close into overregulation, into censorship. For what? For some of our colleagues to, to take a prurient interest in it and get off on it, frankly. It's also crucial for us to consider the practical implications of this legislation. By focusing on making certain content more difficult to access, what we're doing is we're inadvertently driving it underground. We're making it harder for law enforcement to track it and manage it. And this doesn't eliminate the content at all, as the bill introducer, Senator Murman, agrees. It just obscures it. Potentially, it could make it even more accessible to people who are seeking it out, including minors, including kids. I have always said I think a better and more responsible approach would be to invest in comprehensive education on digital literacy, responsible Internet use, and empowering individuals and families and parents and teachers who we trust to make informed choices rather than

restricting their access through legislation. I think the market is already coming up with solutions to this. I think parents and teachers--

KELLY: One minute.

HUNT: --thank you, Mr. President-- are already managing this in their own classrooms and homes and families. The argument against this-- against age verification for pornography websites, I'm not endorsing, obviously, unrestricted access to this content by minors. What I'm doing, is I'm acknowledging that the responsibility for this protection is not in overarching legislation that also infringes on adult freedoms, that also infringes on privacy and free speech. But the responsibility lies in open dialogue and targeted education and fostering responsible digital citizenship. And it's about preserving the freedom of adults to access legal content without undue government intrusion, while also promoting safe and responsible Internet use through education and empowerment. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. So one thing I did want to make sure I touch back on was I did talk with Senator Murman and staff about-- oh, we are on AM2585. So on AM2585, page 2, line 18: financial document or other document is a reliable proxy for age. And I-- Senator Blood did touch on this as well, sounds like that's-- credit cards have some information in them that when somebody puts it into the website that it proves that at least the credit card holder is whatever age they are, and so that acts as the verification so somebody 16 couldn't use a credit card. Although, I don't-- can you get a credit card when you're 16? I guess you could possibly get a debit card at least, get a bank account before you're 18. But anyway, I think that's-- what that part is intended to. So I appreciate Senator Murman and staff answering that question for me, maybe it needs to be clearer in the writing. But that raises more of these sort of questions about asking people to give up a lot more of their information for-- as Senator Hunt was saying, that it's something people have a, a right to do. So there's a lot more information out there on the Internet and a lot more information is captured. There's these, you know, computers-- I'm not a good person to talk about computers is really what we're learning in this conversation-- but that, that there is-- you know, computers capture all kinds of data. I think the cookies and things like that where they can tell you go to one website and, you know, you're searching certain type of shoes, and

then it starts popping up as ads on the side while you're, you know, reading the World-Herald online, there'll be ads for whatever shoes you were looking at because the computers track all of that kind of stuff, and they build this sort of profile of you to know that that's what you'll be looking for. And, you know, sometimes it feels like you have a thought and you're, like, I'm thinking of buying some new shoes, and then you open up your computer and it's advertising shoes to you, and you think why-- what's going on there? How does it know what I'm thinking before I think it? Is it listening to me? So I think that's a-- this is just more of the concerns that Senator Blood has been raising, which is that the digital footprints, digital privacy, more information that we're requiring people to put out there creates more risks, which is dangerous going forward. But I did want to, before I run out of time, to go to another part of AM2585 and just flag this for folks going forward. And maybe I'm wrong, but-- so AM2585, page 1, line 13 through 14, "Distribute means to issue, sell, give, provide, deliver, transfer, transmute, circulate, or disseminate by any means." I think that transmute is the wrong word there. I think it probably needs to be transmit. So that's on line 14 for anybody who, maybe, is proposing an amendment going forward. Because transmute would mean, like, to change in essence or nature or substance, and I don't know if we are wanting to regulate somebody changing the material we're talking about. I think we're talking about just the distribution of it or the transmission of it. So that might be a, you know, Scrivener's error, as they would say. But it would be a very interesting requirement, I guess, to regulate the transmutation of this material. So if there is a forthcoming amendment at some point, that might be something that folks would want to take a look at. Again, it's page 1 of AM2585, line 14. It's the second word.

KELLY: One minute.

J. CAVANAUGH: Thank you, Mr. President. Transmute. Probably should be transmit. But, again, this is why, you know, why you play the game, right, why we have these conversations and have people kind of go through these things. There are issues if we left-- if we leave that in there, if that change doesn't get made, somebody will come back and look at the statute in years to come and say what were they thinking? Why were they telling people they needed to transmute, you know, this, this material? So that's a-- some free advice for the folks working on the next draft of an amendment on this bill. Do I have any more times left or was that my third time?

KELLY: This is your last opportunity.

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J. CAVANAUGH: Thank you, Mr. President.

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

FREDRICKSON: Thank you, Mr. President. I will yield my time to Senator Blood, should she wish.

KELLY: Senator Blood, you have 4 minutes, 55 seconds.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, gosh, where did everybody go, is there a press conference I don't know about? I can count on both hands how many people are in here. I keep going through the bills trying to find what I like and what I'm concerned about. I'm still not finding a lot that I like, but I found another thing that I'm concerned about. So if you look on page 3, lines 4 through 7, I don't feel that news organizations are well defined. In fact, I think you're really setting yourself up with some legal issues because, arguably, you can have information websites-- informational websites about sexy things, whatever you consider sexy, or it could be something about safe sex or regarding things like children and pornography and why it's bad. Based on this definition, I think it's very vague. Now, I'm not a well-paid attorney, but I'm also not an idiot. I think we can look at that and realize that that is written in a way that is not defined well. And we did talk about that again yesterday. But, again, I kind of feel like on this issue I've been talking into a void. Senator Kauth had asked me to read her bill yesterday, and I was happy to do that. And we had that fun discussion about chips in your hand. And I remind everybody that we talked about that in our Weekly Reader decades ago, but they lied to us and said we were going to have moving sidewalks and hover cars. So I don't believe a whole lot of what they say anymore. And I was very disappointed, by the way, because I love technology even when I was young. And airports don't count, by the way. But in her bill, her age of consent is 19. Again, if we had things in place with an IT committee and we had a committee looking at these bills, we could have better continuity. We don't have that this year. We still haven't gotten answers on many of the questions that I have asked. Who enforces this? There's no state agency designated to monitor any of this, not the Attorney General, not DHHS, just some random person can go ahead and sue if they think, think there's been a violation. And I cannot stress enough how many times our technology has been violated in Nebraska at the government level. Taxpayers, be it federal taxes or, or state taxes, doesn't matter. It's still your tax money. We got ripped off. We got ripped off by Nigerian crime rings, by Russian mafia. And when we had interim

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studies on it, public hearings, you know what we got? Well, it happens in other states. Well, who cares? I don't care what happens in other states, just like I don't care about this bad legislation that keeps popping up that we get from other states in organizations like ALEC. You are welcome to support those organizations, but these are creating a foundation for something worse. And we're all smart enough to know what that is. I choose to live in the United States because I have freedom of expression and freedom of thought. I have the ability to say what I want to say whether you like it or not and you do, too. I hate the phrase "let's agree to--

KELLY: One minute.

BLOOD: --disagree" because I think that's the chicken way out. But I don't have to force my opinion down your throat and vice versa. And right now, that's kind of what we're doing with some of this nanny legislation. We're forcing our opinions down the throats of people thinking we're doing something for the greater good, and instead we are violating people's rights, opening up the gates to make things worse, and possibly allowing people to, to, to have-- commit crimes against people that are doing what they have the legal right to do and don't say, well, this goes on in other incidents. It doesn't matter. Credit card companies now are way ahead of, of things like the porn sites. They are self-policing because they lose money on it. We've got to do better. You can do better. Senator Murman is a decent guy, he's trying to do something right, but this bill is going to hurt people. And when you vote yes, you're responsible. Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Vargas would like to announce a guest under the north balcony, his wife Lauren Micek Vargas. Please stand and be recognized by your Nebraska Legislature. Returning to the queue, Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. I yield my time to Senator Blood if she would like it.

KELLY: Senator Blood, that'd be 4 minutes, 55 seconds.

BLOOD: Thank you, Senator DeBoer. Friends, fellow senators-- I said that backwards, but you're still my friends-- I still stand opposed to the underlying bill and the amendments because they address a word or two I said, but are taken out of context and don't address the entire issue. In order for us to have sound policy, we need a framework put into place when it comes to technology. That framework is not in place. You don't pass a bill that's not ready for prime time, and then

try and follow up with it a year later to fix it, not knowingly. Well, we can go back to the original Safe Haven Law, right? This body passed a bill, we weren't in it, that they didn't really define correctly what the Safe Haven Act was about, and we had people bringing teenagers into our state to abandon them because the parents couldn't handle the teenagers anymore. And we had to come back, I think, to a special session to fix that. That's what we're doing now. But the difference is you're doing this knowingly. I respect that Senator Arch came to talk to me, that we would like to get on to the other more important bills. Excuse me, I didn't mean that any bill is more important than yours, Senator Murman, but other bills that people would like to get back to. I'll rephrase that because I don't want to hurt feelings. But you know, if I go someplace and someone hits me in the face with a baseball bat, and I know that every time I go to that place I'm going to get hit in the face with a baseball bat, I'm probably not going to keep going back there. This is a baseball bat. Why do we want to keep going there to get hit in the face again? I don't because I'm smart enough to understand that a badly written bill, no matter what the topic, is a badly written bill. And I am not saying that they did that on purpose. When you duplicate things in mass production, it is not a one-size-fits-all policy for every state. We have a one-house system. We are the only state in the United States that has a one-house system. We are different than other states. Our legislation goes through sometimes much faster. And when it's the special interest topics, sometimes too fast. You can fix this bill and bring it back. And that's what you can go home and tell your constituents. We want to fix it. We want to make it stronger. We want to make sure it works. And then when they send the nasty emails, like I heard just went out about the baby box bill, through somebody who likes to twist the truth, you can say, I know better because I believe in the F-word. I believe in facts. I believe in science. I believe in data. There's not been a single thing handed to you with science, facts, and data in reference to this bill that shows that anything that I have said is untrue. But I have shared data with you. I shared the VPN article in reference to Texas that showed that they had a huge burst in people utilizing VPN to get around the bill that they put in place in Texas. How many of those do you think were kids? Because if you were listening last night, I had a constituent that googled it, 30 pages on how to utilize free VPN. Seems like that's not very hard. You know, I don't know what kids do in grade school now, but my kids were writing code in grade school. That was before things became easier. But back then, you had to write code to do anything, right, and you had those matrix printers. Remember, those? Times have changed. Now

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you have a more powerful computer in your smartphone. We were always told as kids that computers--

KELLY: One minute.

BLOOD: --would get bigger and they got smaller and more accessible and easier to use. Even a grade schooler can use it. I don't know what's going to happen. I have a good idea. And I hate that, by you guys moving this forward because you think you can make it a better bill, because you can't, you realize that we're gonna have to do this all over again. And I don't want to do that. The few times I've stood up on things like this, I've asked the person to make it better and I've been honest if you can't make it better. You can't make it better. This falls on our shoulders. Be brave. Do what's right. Senator Murman will rise again. He has other bills that will get passed. We win some, we lose some. But, gosh, I'm not going to be able to live with myself if we pass bad legislation like this because then I have to go home and say, yes, they voted this through knowing.

KELLY: That's your time, Senator.

BLOOD: Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator Hunt, you're recognized to speak.

HUNT: Thank you, Mr. President. A guy I know in Utah-- would Senator Murman yield to a question?

KELLY: Senator Murman, would you yield to a question?

MURMAN: Yes.

HUNT: They got this law in Utah. Do they have this there?

MURMAN: Yes.

HUNT: OK. Thank you, Senator Murman. So I know a guy in Utah, and I had him check Pornhub on his phone, and it worked with no problem because iPhones have this built-in VPN called Private Relay. And so he was able to just get right on it, and there was no problem at all. So even in states where they have this law, it's not even a matter of like, oh, you've got to be this, like, genius child hacker to get around this stuff, like, you can just open your iPhone and go right to it in states that already have this law and nothing even happens. I just-- I don't think this is the solution that we're looking for. In

discussing the proposed age verification for accessing pornography websites, it's so essential to just consider the widespread availability of VPNs, of virtual private networks, as a way to circumvent the law. It used to be that you had to download-- and you still can-- like, you can download-- and I guess it depends on what your device is. But on an iPhone or most Android phones, they have a built-in VPN so you don't even need to download anything or have any software. And that's different for iPads and tablets and desktop computers. And at the risk of being accused of giving a how-to on how to get around these pornographic website restrictions that LB1092 seeks to impose, my point is that you don't even have to knowingly try to get around it. If you have the VPN on your phone, it's not going to be blocked, period. I also think it's important to address the crucial consequence of driving this content further underground. We see this-- you know, Senator Brewer can tell you, when you ban guns, what happens to the gun market? It goes underground and it becomes less safe. What happens when you have prohibitions on drugs? They go underground to become less safe. And then we have problems with opioid over-- overdoses and abuse and fentanyl abuse. And I am of the mindset that smart regulation of these products would actually be safer for public safety and would, would keep kids safer. And the same applies to the Internet. When we impose stringent controls over Internet content, such as mandatory age verification, we don't eliminate the demand for that content. We just push it into less regulated, harder to monitor corners of the digital world. The Internet is vast. It's anonymous. There are parts of the Internet that you all have never even heard of or known about. And kids know what this is, young people know what this is. And as we shift this content underground, it just makes people who are determined to find it look elsewhere. And I also-- I mean, I, I understand Senator Murman's answer to my question about does this put any liability or does this criminalize at all the people who are doing this, the, the adults and possibly minors who are knowingly, intentionally, deliberately using VPNs, using other websites that don't require age verification, doing other means of accessing explicit materials? If this bill doesn't criminalize them, does this, perhaps, start us down a path of a future of that?

KELLY: One minute.

HUNT: Thank you, Mr. President. I think that many of you would attest that the allure of the forbidden is something that's a very powerful motivator. That's why you hear many Christian men say things like I can't have dinner with a woman without my wife there. Like Mike Pence says. I can't have a meeting with a woman alone without mother, my wife there, or some other adult men. You see examples of this all over

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our political culture of people having so much trouble controlling their impulses. And the solution to that is not these far-reaching overregulation infringement of rights, heavy hand of government coming down to just ban it for everybody, it's equipping individuals, particularly our youth, with the knowledge and tools to navigate the digital world responsibly, to understand consent and autonomy--

KELLY: That's your time, Senator.

HUNT: --to have the confidence and self-assurance to know what's right for them. Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. Good morning, colleagues. I've not had a chance to speak much about this bill here today. I know we had a conversation about it yesterday that I thought was actually very illuminating and helped me understand a little bit more about the bill. But I do think it's important we keep talking about it today. And I, I want to be very clear to people listening either at home or in the Chamber, this is not just wasting time. There was a little bit of time yesterday, for example, we were waiting for an amendment, I think, on one of Senator Wayne's bills where you heard people getting up and talking about their district and talking about sort of the things that are in their district. I think I, I read a recitation of the history of Colonel E.H. Taylor. That is stretching for time. And we do that at certain points and when we're trying to do something behind the scenes, get an amendment drafted or get something else done or you're waiting for somebody to get here. This is a substantive conversation, and I think that Senator Blood has done a fantastic job of outlining both the importance of addressing the underlying issue that Senator Murman is talking about here, and that many of us share a concern about, which is protecting the youth of Nebraska from seeing things that could harm them, but still balancing that concern with both a number of logistical issues that lie in LB1092 with regards to how this process works, and also potential policy issues and legal issues when you get into the actual effect of this bill. Before I came up here, I was actually downstairs talking to a group of high schoolers here from Lincoln who were up in the balcony who were watching part of this conversation, and one of them asked me a really good question. And they said, when you're looking at a bill, how do you determine what you're going to vote on it or how you're going to vote on it? And I thought that was a really good question, because it's not something we talk about very much. What I said to him is

essentially three things. And I was kind of coming up with these as I was processing in my head, and I realized it's actually a pretty good outline of how I think I analyze bills. One of them is, who does this help? Who does this bill actually affect and what is the actual-- what is the ill that we're trying to fix here? And in looking at LB1092, I understand what we're trying to do and, and who we're trying to help. And so I understand the intent. And I think, again, to reiterate, Senator Murman is, is very genuine in his concerns here and I appreciate the fact we've been able to talk about that. The second thing that I consider that I think we should look at is what are the unintended consequences? Just because a bill has a good concept and just because a bill has a good catalyst for why we're doing it does not mean it doesn't have unintended consequences down the road. There are plenty of ideas that we have in this Legislature that are great, that if we brought and effectuated in their current language would be a disaster logistically for this state. I've had some of them too. I've had ideas where I, you know, kick it around during the interim. Oh, what if we do X, Y and Z? And then down the road, I think, oh, no, we can't do that because something, you know, this unintended consequence will happen. And that's the step on LB1092 that I think Senator Blood and others have done a really, really good job of saying, I'm not fighting against the content of what we're trying to do. I'm fighting against or I'm questioning what the consequences of enacting this bill will be. You know, one of those, obviously, is the litigation that we are going to find ourselves embroiled in. We've seen it in other states, we've seen it in Louisiana, we've seen it in Arkansas, we've seen it in all these other jurisdictions who have done things to enact these online age verifications. And, yes, as we talked about yesterday, we've seen a split in the courts, right? We've seen a split in the way that people have ruled. But generally speaking, the courts have consistently held that restricting access to material implicates free speech. And one of the things that I certainly don't want to do in enacting legislation is invite litigation, right? The state of Nebraska already has enough going on. I don't think we need to invite litigation on legislation that we know from looking at the history of other states and looking at our sister states nearby is going to get us involved in a court case.

KELLY: One minute.

DUNGAN: Thank you, Mr. President. In addition to that, there are other concerns that I have with regards to the third-party companies that we consistently talk about and whether or not those third-party companies are going to gather our information and what they're going to do with that. So those are the unintended consequences down the line that I

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think we have to analyze. You know, the third step that I think we should look at in looking at legislation is the, the long-standing or the long-- the out-- the out years cost and is this fiscally responsible or not? You know, in this analysis, I, I think I can stop on step two and say that I have enough concerns to, to at least have pause about what this is or is not going to do. But I think in analyzing any legislation, those are kind of the three steps we have to look at. And certainly when you get to step two on LB1092, there are unintended consequences that I think could happen. I think this bill is not ready for prime time based on the analysis that I've heard and what I've read. And my hope is we can continue to work together on achieving the goals of protecting Nebraskans everywhere, but do so in a way that logistically works. Thank you, Mr. President.

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

VARGAS: Thank you very, very much. In a second, I'll yield my time. Just reit-- reiterate if this is passed-- and specifically been looking at the way it was passed in Virginia, I look forward to what further gets implemented on this bill to make sure that it actually is operational. I understand the intent. And, more importantly, I think for the legislative record, I think, I think it's important we're having the debate and support doing that. And so I'll yield the remainder of my time to Senator Blood if she would like it.

KELLY: Thank you, Senator Vargas. Senator Blood, you have 4 minutes, 25 seconds.

BLOOD: Thank you, Mr. President, and thank you, Senator Vargas. Friends, I'm still sitting here listening to debate. And I know that Senator Murman's staff is here, and I haven't seen him take a lot of notes in some of the things I said so I don't have high hopes that you're going to amend things for the better, but we'll see. But I want to piggyback on to what Senator Dungan just said. You know, friends, when we support a concept without looking at the actual text of the law or text of the bill, you're really subjectively imagining what you want to ban without actually seeing whether the letter of the law does it already, or if it's a good fit for state statute, or if it does what you really want it to do. And that's a problem. And that's how we get bad legislation. That's how we got-- the original safe haven bill was all screwed up. We were so desperate to do it. You know, I go back to the abortion bill that pertained to IVF, and it was a very short bill with text on it. And it was a pretty intense debate based on one small paragraph. But for me, the first sentence of the bill was very

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clear, and it was that the bill, as written, prevented anybody from having IVF. And I warned us about that bill. And there were two people that were originally supporting that bill and the bill ended up being filibustered and did not pass. Now, I never came back and said, I told you so, that it was problematic and there will be all kinds of problems in the future and we need to pull this out and-- I said this is problematic. It needs to go. You shouldn't pass that bill because now you're punishing people that you say birth is precious-- and by the way, I know for the Catholics, there are Catholics that don't believe in IVF and I don't fault you for that, but for the people who utilize IVF and wouldn't have a family without it, we were now punishing them. And I would like to point out that at the time it was the same conversation, well, other states are doing it. And now what's happening to those other states that pushed bills like that through? Well, look at Alabama, friends. You got to read the bills, you got to read the text of the bills, and you have to understand what it means. Because if you are only worried about the causation, about what-- how it's going to look to the public, how you believe it's going to work as opposed to how it will really work, that's not what we're here to do. We can stand up and talk about how we hate certain things all the time, and that's why we support bills or don't support bills, but none of that matters if the text doesn't support the cause, if the text doesn't support what you want to do and how you want to do it. And we could drag this out longer or we could say let's visit--

KELLY: One minute.

BLOOD: --between General and Select. But, friends, it can't be fixed. And I all-- like you all a lot, but I'm sure you're sick of hearing me talk. But for those of you that listened, I bet you've learned a lot. Like, maybe, changing the standing committees for next year. Hopefully, getting some young people in, that understand technology to be on a technology committee, and maybe think about getting a security officer because I'm not getting good responses when I talk about things like cyber security and the budget. I don't know what's going on in Nebraska, but I do know we've had sites that have failed us, that have been unsafe, that we have screwed taxpayers over by not having good security in place. We can do better. I hope we will do better, but let's see what happens. Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. And, colleagues, I, I don't want to belabor the point. I know Senator Blood, I think, has made this point

time and time again. But we really do, I think, need to be cautious in how we are legislating around this. When I read this bill, one of the concerns that comes to me is the definition section. I'm not going to delve into the entirety of the definition section, but I do find it interesting that what is called harmful material for children in here is sort of separately delineated from other statutes that we've utilized in the past to define things that are obscene. I just-- I think it is important to note that what we're doing here is we are differentiating these materials from what is traditionally referred to as obscene materials in the rest of the statutes. I think I understand why that is, but it's something that I was, I guess, a little bit confused about. And so I'm-- you know, I'd be curious where that definition section came from. It is a very clearly laid out section. And so I'm just-- I'm curious where we got all those language-- those parts of the language and, and where that evolved from. So hopefully at some point somebody can speak to that. And I do apologize if that's already been explained. I know sometimes we're all coming in and out of the floor on a regular basis. But some explanation of where we got our definitions for the harmful material, I think, would be helpful. And then in addition to that, yeah, I just-- I have pause about this civil-- this right to civil action that is being utilized in it. Certainly, I think that when we have enforcement mechanisms in bills, it is important to ensure the enforcement mechanism works, and it actually has the effect of accountability. That's why we have enforcement. If you have a law on the books but no enforcement in any capacity, then what's the point, right? I do agree, generally speaking, that civil enforcement tends to be the best way to go about these things, given the fact that I don't think we need to overcriminalize a lot of other things, and there's already enough criminal statutes on the books to handle most situations we find ourselves in. But I will note that the majority of bills, at least that I've brought and that I've seen with regards to enforcement mechanisms on the civil side of things, it allows the Attorney General to then bring the suit. Upon notification or upon violation of the section, the Attorney General's Office can then initiate the civil suit. That is very different than a member of the public or a citizen being given the right to sue upon the violation. Certainly, we've seen other laws around the country where this has been, I think, a trend that has been increasing over time, which is giving individuals this civil right of action if they violate some sort of quasi criminal sounding law. We've seen it in Texas surrounding abortions. We've seen it, I think, in other states as well. And it is a-- it is a-- an issue that I, I think I understand why it exists, but it, it is certainly a concern that I have because I don't want to see an exponential

increase in these sort of frivolous litigations happening. Now, I'm not saying everybody's going to just come out and, and, and bring suit, but if we start-- if we, as a body, start using this kind of legislation on a regular basis and increasing the amount of civil actions permissible for violations of subsections of laws, I think it could potentially have a negative effect on our court system. I think it could potentially have a negative effect on our state. And certainly, certainly if we increase the ability of individual citizens to sue others for violating certain provisions, it's going to have a chilling effect on certain kinds of behaviors and actions. And that's the intent. That is the intent, is not even necessarily the cases being brought in places like Texas or other areas, it's the fear that a case could be brought. And that is exactly the intention behind increasing these civil-- these rights to civil action. So when I read that part of the bill, it struck me, not even necessarily as--

KELLY: One minute.

DUNGAN: --thank you, Mr. President-- the wrong way to do this. But it struck me as a, potentially, problematic step in a direction where we're going to start seeing more and more of that legislation introduced in Nebraska. And, colleagues, one of the things that makes Nebraska special is that we are oftentimes, not all the time, but oftentimes immune to some of the ridiculousness that we see in other states. And I really want to keep this state special in that sense. And I want to ensure that we maintain our independence, that we maintain our thoughtful approach to legislation, and that we avoid the nonsense that we see in the hyper-partisan world of other states, and certainly in Washington, D.C. So, colleagues, please be thoughtful in considering both the AM and the LB, and I appreciate the conversation we've had here today. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Senator Wayne, you're recognized to close on AM2585. Senator DeBoer, the Vice Chair, you're recognized close on the committee amendment.

DeBOER: Thank you, Mr. President. The Judiciary Committee amendment makes a couple of changes to the green copy as Senator Wayne indicated at the beginning of this debate, including changing the definition of obscenity to match other parts of our statutes, and I think it changes the cause of action in some way, but I can't remember what. But that's the committee amendment. It's basically the green copy bill with those two changes. Sorry, I don't have more information about that at this time. Thank you, Mr. President.

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KELLY: Thank you, Senator DeBoer. Members, the question is the adoption of AM2585. All those in favor vote aye; all those opposed vote nay. Has everyone voted who wishes to? Record, Mr. Clerk.

ASSISTANT CLERK: 34 ayes, 1 nay on the adoption of the committee amendment, Mr. President.

KELLY: AM2585 is adopted. Continuing discussion on the bill, Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. So I did vote for the amendment. I think I voted for the last amendment as well, because I think that they do improve upon LB1092. And so-- but I am going to remain present, not voting on the bill to move forward, because I'm not convinced that this is the right avenue for what we are trying to accomplish here. Some of the things that Senator Blood has highlighted last night and again today is the, the lack of an adequate description of material harmful to minors. There's also concern over regulations on commercial entities regarding the publication distribution of materials deemed harmful to minors on the Internet. They're-- this isn't going to stop children from accessing porn. It's going to stop them and potentially others from accessing it in a specific way. So, you know, I just question whether or not that's really appropriate. Kids are creative, and they certainly can outfox us in the digital realm. So I, I do think that this is probably a, a good first attempt at addressing this but I would, personally, like to see this worked on-- perhaps, even an interim study to look at the technical side of things. And I am curious how this is working in other states that have implemented it. I know, you know, some states have lost porn companies and maybe that's fine, maybe that's the intention. I do believe that that is a, a revenue stream, however, for the state. We do tax purchases and so any adults seeking that content would be paying for that content and there would be a tax assessed to it. And I wonder what the financial implications would be of this if states or if these companies were to leave the state and no longer operate in the state? Maybe it's negligible, maybe it's not negligible, but we're OK with that. But those are things that I think should be thought about and talked through. And so I just don't feel that this is quite where it should be. It's a more complicated issue than just should children-- should we prohibit children from having access to porn? Because, yes, adult content is not appropriate for children. Yes. But how we do that needs to be thoughtful, and, you know, not a, a sort of a nanny state overregulation, overburdensome for businesses. And so trying to balance those things is important. And I just don't feel that we've quite struck that balance yet with this bill.

KELLY: One minute.

M. CAVANAUGH: I, I do think that there's potential for it, but I do-- I think it needs more consideration by people who are smarter on digital propriety than me and, and legal aspects. And we should, perhaps, be looking to bring those people into the state or bring-- convene them to talk about how this should work. You know, model legislation is, is model. And so that is hard to implement state by state. And we have different rules than Texas. I don't know what, ultimately, led to companies leaving Texas. They say it was the age verification. I don't know what, what about that was problematic so I'd like to learn more about that as well. And I think I'm about out of time, so thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. So, colleagues, I was talking a little bit about, you know, some of my questions about the choices in the bill. And I referenced AM2585, which we just adopted, which is now the bill, has on page 2, and it's lines 14-21, kind of says what options are available for age verification. And I did print off and looked at the bill from Kansas that Senator Murman referenced. And I would just say in their definition of reasonable methods of age verification include government ID or any commercially reasonable-- commercially reasonable method that relies on public or private transactional data to verify the age of a person attempting to access the information. So theirs is, maybe, a little less defined, but it doesn't have this other financial document part that I was a little confused about, which I think we're told is intended to be credit cards. So I don't know which one would be better, but I just think that-- that's a, a distinction, but that led me to continue reading the Kansas law. And they have in-- it's the Kansas law, which nobody's holding in front of them. But if you do happen to look at it, it's HB 2301, page 2, line 17. They have a definition of "distribute," means to issue, sell, give, provide, deliver, transfer, transmute, circulate, or disseminate by any means. Which brings me back to my original, one I talked about earlier, is our page 1 of AM2585 says, "Distribute means to issue, sell, give, provide, deliver, transfer, transmute, circulate, or disseminate by any means." So I pointed that out as what I thought was maybe a Scrivener's error, and maybe it still is, maybe it's one that's in both the Kansas law and our law, because I looked up transmute again to make sure I was right about it, and transmute means to change in nature or essence which, this being Holy Week, I could make the reference to transubstantiation for my

Catholic friends. I know Senator Brandt is not Catholic, so Lutheran. I don't believe you guys believe in transubstantiation. But transubstantiation would be where during the mass the priest does the rite and the host and wine is transformed in essence and substance into the body and blood of Christ. So that is a form of-- that's transubstantiation, I think, because of the, the form and essence. But transmutation is, I think of-- always think about alchemy, which is-- when I think of alchemy, I think of the Smurfs. I'm sure many people here are familiar with the Smurfs. It's a, I think, Hanna-Barbera cartoon, but maybe not, but it's a old cartoon about small blue people and they all have personalities that are-- that are characterized in their name, like, a guy who's very sleepy is Sleepy Smurf, and there's Grumpy and there's Handy and things like that. So they all have these personalities, but there's this guy called Gargamel who is kind of the antagonist. And he is always trying to capture the Smurfs. And if you-- you might not remember this, but it always stuck with me, the reason Gargamel wants to capture the Smurfs is because he's a wizard, and he is attempting to achieve alchemy. And alchemy is where lead is transmute-- transmuted into gold. So that's what transmute means. And so, one of the essential elements to this transmutation for the wizard Gargamel is Smurfs. They are a part of this magical process that he needs to engage in. So that is what I think of when I see the word transmute. I don't understand it as another word--

KELLY: One minute.

J. CAVANAUGH: --for distribute. And so it's possible it's a typo in both the Kansas law and then maybe we did base ours, which we do a lot, everybody-- peek behind the curtains, we take laws from other states and we make them fit into our statutes. And sometimes you miss, if there's a typo in that one, it might be a typo in this one. And that's entirely possible. I don't know if this was the basis or maybe it's-- the original bill in Texas somewhere had transmute as a typo. I just don't know if there's another definition of transmute that would cover distribute and not turning Smurfs into gold. So, again, I would suggest, maybe, we should consider amending that in to transmit and we could be the first state to pass this bill without the word transmute in it. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. Wow, that was something. I thought-- I was really proud of myself with my Amelia Bedelia correlation yesterday, but Smurfs and gold, well, that's just gold

right there. I, I missed some of that story because Senator DeBoer was discussing with me consubstantiation, which is what Lutherans believe in, in, with, and under the bread. So I said it sounded kind of like a hipster thing that the, the Lutherans believe that the bread is infused. It's like a, you know, cool infusion of Christ into the bread. And my husband has-- is Lutheran and I am a vegetarian. And he likes to, oftentimes, remind me that I am being a cannibal when I take communion. So that's sort of our little religious thing that we talk about, I guess. Yeah, Easter is coming up, Senator John Cavanaugh, and maybe, maybe the Easter Bunny will bring your kids some Smurfs. That would be-- which actually reminds me, I hope the Easter Bunny has already got kites ready. That is a family tradition we have is flying kites on Easter. I don't really know why that's our family tradition. I guess it's just because the Easter Bunny brings them so we fly them and they usually get destroyed and that is why it's only once a year that we do it. And our, our brother Pete is infamous for getting any toy-- new toy, Christmas, Easter, doesn't matter, if it's something that goes up into the air, our brother Pete gets it stuck in a tree every time. Every single time. Even now, when he's in his late 30s, he gets the toy stuck in the tree. So Pete always has to play with whatever the toy is last. He, legitimately-- even if it's for him, he doesn't get to play with whatever the toy is that goes up into the air until everybody else has had a turn because we all know that that will be the last time it is played with because it will go up in the tree. It's kind of like that book "Stuck." If any of you have ever read that, it's a-- it's a little boy whose ball gets stuck up in the tree and he just keeps lobbing things into the tree to get it unstuck and he ends up lobbing a firetruck and a ladder and I think a house. And, eventually, the ball comes free and everything else is still stuck, including firefighters. He gets a firetruck and firefighters stuck in a tree. I have no idea how I got to that point. But at this point, I think we're just, you know, going to get to a vote on this before we break for lunch. And that was pretty much it. I still-- I actually was looking up the case in Texas and it seems like there's some back and forth around it. There was an injunction on the implementation of this law in Texas, and then that was overturned. And, actually, let me grab that. So the president of the brand company that owns this website says: Unfortunately, the Texas law for age verification is ineffective, haphazard, and dangerous.

KELLY: One minute.

M. CAVANAUGH: Not only will it not actually protect children, it will inevitably reduce content creators' ability to post and distribute legal adult content and directly impact their ability to share the

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artistic messages they want to convey with it. And that is what I am concerned about, is marginalizing the, the adult content and the people who are participating in it to create then a less safe environment for the work. So I think we're about done, and we're going to vote, and have lunch. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Seeing no one else in the queue, Senator Murman, you're recognized to close.

MURMAN: Thank, thank you, Mr. Lieutenant Governor. I just want to say the whole purpose of this bill is to help parents protect their kids. So it's not, not perfect. You know, there's always ways of getting around it. Just like there is ways of kids getting around buying alcohol, but at, at least, will be helpful to parents to protect their kids. It was earlier referenced that there's been a law-- some lawsuits in some states that have passed this bill. There have been, but the, the main point is that the lawsuits have not been successful. A good example is, I think just a week ago, the Fifth Circuit in Texas, the lawsuit there, Texas was successful in the Fifth Circuit Appellate Court there. I am committed to continue to work on the bill to make it better, even better. By the way, I have worked with the Attorney General. It's not a half-baked bill. I've worked with the Attorney General. I've used model bills in all of the-- pretty much all of the states that have passed the bill. And, and working with the Attorney General here in Nebraska, I think we have a good bill, but we can always make it better. And I will do that going onto Select File. And by the way, just as a side note, I will change transmute to transmit. Thank you very much.

KELLY: Thank you, Senator Murman. Members, the question is the advancement of LB1092 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 30 [SIC--31] ayes, 0 nays on the advancement of the bill, Mr. President.

KELLY: LB1092 advances to E&R Initial. Mr. Clerk, items for the record.

ASSISTANT CLERK: Thank you, Mr. President. I have a notice of committee hearing from the Health and Human Services Committee. A new resolution, LR445, introduced by Senator Lowe, that will be laid over. That is all I have. Oh, Mr., Mr. President, Senator Holdcroft would move to recess the body until 1:30 p.m.

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KELLY: Members, you've heard the motion to recess. All those in favor say aye. All those opposed, nay. We are in recess.

[RECESS]

KELLY: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to begin. Please record your presence. Mr. Clerk, please record.

ASSISTANT CLERK: There is a quorum present, Mr. President.

KELLY: Thank you. Do we have any items for the record?

ASSISTANT CLERK: Yes. Thank you, Mr. President. Your Committee on Enrollment and Review would report LB884A to be placed on Select File. I have nothing further.

KELLY: Thank you, Mr. Clerk. Please proceed to the first item on the agenda.

ASSISTANT CLERK: Mr. President, General File, LB937, introduced by Senator Bostar. A bill for an act relating to revenue and taxation; to amend Section 77-2715.07, Revised Statutes Supplement, 2023; to adopt the Caregiver Tax Credit Act; to provide for tax credits; to harmonize provisions; and to repeal the original sections. Committee was-- the, the bill was first read on January 4 of this year. It was referenced to the Revenue Committee. That committee reports the bill back to General File. There are committee amendments.

KELLY: Thank you, Mr.--

ASSISTANT CLERK: I also have-- excuse me, Mr. President. I also have a motion from Senator Machaela Cavanaugh to indefinitely postpone LB937, pursuant to Rule 6, Section 3(f).

KELLY: Thank you, Mr. Clerk. Pursuant to the Rules, Senator Bostar, you're recognized to open.

BOSTAR: Thank you, Mr. President. And good afternoon, colleagues. LB937, the Caregiver Tax Credit Act, is my personal priority legislation this session, and was modeled off the Caring for Caregivers Act, which was passed by the Oklahoma Legislature last year. Family caregivers are the backbone of the U.S. care system, helping parents, spouses, and other loved ones remain in their homes while providing approximately \$600 billion annually in unpaid care. According to the American Association of Retired Persons Public Policy

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Institute, in 2021, there were over 179,000 unpaid family caregivers in Nebraska, providing over 168 million hours of care, valued at \$2.8 billion. LB937 creates a nonrefundable tax credit to any family caregiver who incurs eligible expenditures for the care and support of an eligible family member. The amount of the credit shall be equal to 50% of the eligible expenditures incurred during the tax year by a family caregiver for the care and support of an eligible family member. The maximum allowable credit in any single tax year for a family caregiver shall be \$2,000, unless the eligible family member is a veteran or has a diagnosis of dementia, in which case the maximum allowable credit shall be \$3,000. The committee amendment places a total cap of \$2,500,000 on the tax credit. To be eligible for the credit, the person receiving care must be an eligible family member who: requires assistance with at least 2 activities of daily living as certified by a licensed healthcare provider; qualifies as a dependent spouse, parent, or other relation by blood or marriage to the family caregiver; and lives in a private residence and not in an assisted living, nursing facility, or residential care home. The family caregiver must be an individual who is providing care and support for an eligible family member, has a federal adjusted gross income of less than \$50,000, or if filing as a married couple jointly, less than \$100,000, and has personally incurred uncompensated expenses directly related to the care of an eligible family member. Caregiving is a labor of love, but it can come at great personal toll. LB937 will help ensure Nebraskans in need of care can stay in their homes when their health is failing, eliminating the need for the much more costly option and the added emotional burden of being cared for in a taxpayer-funded nursing home. LB937 recognizes the hard work and sacrifices made by family caregivers, and helps lessen the financially challenging impacts of family caregivers' responsibilities. This legislation was supported by the American Association of Retired Persons, the Arc of Nebraska, the ALS Association, the Nebraska Caregivers Coalition, and many individual Nebraska caregivers. There was no opposition at the hearing. And I appreciate your time and consideration, and I would encourage your support of LB937. Thank you.

KELLY: Thank you, Senator Bostar. Senator Murman would like to recognize some guests in the north balcony, 12th graders from Cambridge Public Schools. Please stand and be recognized by your Nebraska Legislature. Senator Machaela Cavanaugh, you're recognized to open on your motion.

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. I hope you all had a nice lunch break. So I rise in support of LB937, but I have concerns about the committee amendment that has numerous

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bills inside of it. And I would ask if Senator Linehan would yield to a question.

KELLY: Senator Linehan, would you yield to a question?

LINEHAN: Yes.

M. CAVANAUGH: Thank you, Senator Linehan. This bill has-- I'm, I'm not actually sure how many-- 10, 10 bills in it? Something like that?

LINEHAN: Sounds about right.

M. CAVANAUGH: And it is Senator Bostar's priority bill?

LINEHAN: Yes.

M. CAVANAUGH: Why did the committee choose to put a bill into-- amend a bill into his priority bill that he voted against? LB606.

LINEHAN: Because it had, it had 6 votes.

M. CAVANAUGH: He-- I'm looking at the statement. And it had-- yes, it had 6 votes. But the introducer of this bill, whose priority bill this is, voted against including that bill in his priority bill. Why did you still include it?

LINEHAN: Because that was a committee decision.

M. CAVANAUGH: But my first year here, you stood on this floor and you chastised Senator Matt Hansen for including bills into Senator Curt Friesen's priority bill that he disagreed with. And he actually-- turned out he didn't disagree with them. He forgot that he had agreed to put them in. But you stood here and made a speech about how inappropriate it was for a committee Chair to put something in a senator's priority bill that they did not want in their bill. So why did you, as the Chair, select to put something in Senator Bostar's bill that he clearly did not want, that you clearly know is controversial on the floor?

LINEHAN: You have a much better memory than I do. I don't remember that floor speech. I assume it was because Senator Friesen would have been Chair of--

M. CAVANAUGH: It was a Business and Labor bill, that Senator--

LINEHAN: Well, he wasn't a business and La-- he--

M. CAVANAUGH: No.

LINEHAN: No. So Hansen was the Chair.

M. CAVANAUGH: Yes, he was the Chair. And he put something in the bill and people didn't like it.

LINEHAN: What, what was the something?

M. CAVANAUGH: I-- that much I don't remember.

LINEHAN: Well, that kind of makes a difference. I, I--

M. CAVANAUGH: Well, actually your opposition was that he put something in the bill that you believed the introducer of the bill disagreed with.

LINEHAN: I believe that, but it didn't turn out to be true?

M. CAVANAUGH: It didn't turn out to be true, but Senator Hansen still withdrew the committee amendment.

LINEHAN: Well, if, if I was arguing that Senator Hansen shouldn't put another senator's bill, that would have not been on his committee, in his bill, I-- I'm sure I had my reasons. I'm sorry, I don't--

M. CAVANAUGH: Why does it--

LINEHAN: But let me, let me get to the crux of your question, please.

M. CAVANAUGH: No. Why does it matter that Senator Bostar is on your committee?

LINEHAN: It matters because our committee works as a team.

M. CAVANAUGH: Well, not-- clearly you don't work-- you don't work--

LINEHAN: And we disagree on a lot of things, Senator Machaela-- do you want--

M. CAVANAUGH: You don't work as a team. Thank you. You don't work as a team. That's enough. You don't work as a team, if you take somebody else's bill and put it into somebody else's priority bill that they oppose that you know is controversial, that is not working as a team. That is purposely harming another senator's priority bill. And that is, frankly, vicious, and, I think, out of line. This is a terrible practice. When we prioritize a bill, if you want to amend it on the

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floor, amend it on the floor. But you should not send a senator's priority bill out of committee with something that they oppose. And no one else in here would want that. You wouldn't want access to abortion care put on your bill. You wouldn't. You'd be furious.

LINEHAN: Are we still having a conversation?

M. CAVANAUGH: No, we are not.

LINEHAN: I didn't think so.

M. CAVANAUGH: You-- I am done with you yielding to questions, and I won't ask you anymore. I, I am extraordinarily disappointed that that's how you would lead the committee. I'm extraordinarily disappointed at how this session is going, with people abusing their positions of power to ramrod through controversial things. LB606 is controversial. And it went into a senator's bill who opposes it. He opposes the bill, it's his priority, and the committee chose to do it anyways. And yes, you can, because you have the votes. But that doesn't mean that you should. It absolutely does not mean that you should. You would not like it if Senator McKenney did that to one of your bills, or Senator Wayne did that to one of your bills, and you're not going to like it now. That's fine, Senator Bosn. Get on the mic and talk about it. If a senator put something in your priority bill that you don't like, get on the mic and talk about it. You don't have to stand there and smirk at me. You can join the conversation. Join the conversation, people. This keeps happening. People in positions of power in this body are abusing those positions of power for controversial gain. It is out of line, completely out of line. There are good things in this bill. There are a lot of good things in this bill, a lot of things that had no opposition. And then one thing, one thing that's super controversial, that's a poison pill, goes into another senator's priority bill. I got to tell you, after the speech that Senator Linehan made about Senator Albrecht's priority bill, I find it pretty galling that this would happen. We were all supposed to vote for that bill, just because. And now, she's torpedoing his bill. For what? For what? This place is in shambles. This place is so broken. It's not even slightly resembling anything like it was when I first arrived here, and people thought it was broken then. It is so broken. The committee process is broken. There is no collegiality. There is no deference to anyone on anything. If you are in a position of power, tough luck to everybody else. In fact, last year, when I went to talk to Senator Linehan about a tax bill that I had some ideas of how to change, what she said to me was, I have the votes. I don't need to talk to you. And then she gets on the mic and chastises people

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for not working with other people to amend things that they oppose. I'm tired of this. I don't know about the rest of you, but I am tired of this. It is day 51. I don't know if we've accomplished anything positive for the state so far this year. We're on a road of bankrupting in the state this afternoon. We're tanking senators' bills. What are we doing? I hate that this is happening. I hate that I am spending so much time away from my husband and my children to deal with people being petty. I hate it. This is a senator's priority bill. It should not have a poison pill attached to it out of committee. Full stop. If you want to attempt to amend it on the floor, then do that. Then do that. That's your prerogative. But you should not, you should not attach a poison pill to another senator's priority bill, even if you can. You can do a lot of things in here that you shouldn't. You can harass your colleagues. You can say viciously inappropriate sexual things to your colleagues. That doesn't mean that you should. And I'm tired of people in this body doing things just--

KELLY: One minute.

M. CAVANAUGH: --because they can. Just because you can doesn't mean you should. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. I don't-- I guess I don't think I necessarily support, support the IPP. And-- well, first off, I appreciate Senator Bostar bringing LB937 and prioritizing it. It is-- LB937, the original bill itself is an incredibly important bill and will help a lot of Nebraskans. The caregiver tax credit. The folks we're talking about that this bill seeks to help. This is, this is an important bill. And the reason I have-- I said I don't think I necessarily support the IPP, is there's a lot of good stuff in this bill. And I think we have a really-- we've got a good opportunity to talk through these things. And I hope the folks who brought these bills talk about them, and why they feel are important-- these are important. But just looking at them, I would say I, I generally support all the things in here. I would say that I, I don't like the portion that was originally LB606. But my trepidation about saying I support the IPP is, we don't always get what we want. You know, you try sometimes. But you-- we need-- not every-- you know, not everybody gets everything they want. And sometimes, there are things that-- they're trade-offs. And the Revenue Committee decided to put this bill in here. And the internal workings of the Revenue Committee, I disagree with a lot of the-- their decision-making. But I guess where

I'm saying where I am at is I haven't decided ultimately, how I plan to vote on this whole package. It would be an easier decision for me with that portion out or changed in some way. But the rest of the bill deserves our attention and conversation. The whole bill deserves our attention and conversation. But the rest of the bill, I think, is pretty clearly-- has some good things in it. And so I think it's really important to focus conversation on those sort of constructive parts of the conversation of what is our problem with the parts that we don't like, and what are the parts we do like. So-- and I don't know, like I said, what the internal decision-making process was. I'm trying to scroll back to the part where I just saw one that I, I did like. The-- OK. LB10-- LB1025 creates the Individuals with Intellectual and Developmental Disability Support Act. The bill creates income tax credits for employers and support professionals that provide employment and support for individuals with intellectual and developmental disabilities as defined under the act. AM2210 modifies LB1025 to change a definition and harmonize provisions with that change. So-- and that came out 8-0. Everybody supported it. And it makes sense everybody supported that. It seems like a really good idea and a good bill. So I don't know-- I don't need to go through this. And I hope that the folks I actually don't see who introduced that bill. But I would hope folks would get up and we can just at least explain what it is, or the individual portions of this. I hope we can have a conversation about that. And I know that some folks might have issues with some of the price tags on this-- these things. But-- oh, here's the one I was looking for, Medical Debt Relief Act. I thought that one really jumped out at me. I think that that's a pretty serious issue. That one was a 5-2-0-1 vote, so it was a bit of a split vote. I would say that Senator Bostar, Senator Linehan, Senator Dungan, Senator Meyer and von Gillern all voted to put that-- voted for that one. But that struck me as a--

KELLY: One minute.

J. CAVANAUGH: Thank you, Mr. President-- important portion. But, yeah. So there's a lot, a lot of stuff in this bill. It's a big bill. But at the core, I think that there's a lot of really good things in here. And so that's the question that everybody has to make a decision for themselves, is whether they can vote for a bill that has parts that they don't like. I would imagine the folks who voted against, 5-2-- or I'm sorry-- LB1158, Senator Murman, Senator Kauth, Senator Albrecht, maybe are planning to vote for the package as a whole, even though they voted against part of it. But that's a decision that they are going to make on their own. And I think we all need to make that decision about the parts of the bill we don't like, and balance with

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the parts we do like. But I think a conversation about what the merits of those parts are and why they should be in this package as a whole is a valuable conversation to have. And so I, I appreciate, again, the work of the committee to get out the parts that I do like. And I look forward to the conversation about the bill as a whole, and to see where it takes us when we do come to a vote on either the IPP, or the bill as a whole, or the committee amendment, or other portions.

KELLY: That's your time.

J. CAVANAUGH: Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Meyer would like to recognize some guests in the north balcony, seventh graders from St. Michael's School in Albion. Please stand and be recognized by your Nebraska Legislature. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Good eve-- or sorry. Good afternoon, colleagues. We're not to the evening quite yet. I do rise today in general support of LB937 as a concept. But I think, as others have pointed out, there's obviously parts or a part of LB937 that I did not support within the committee. And ultimately, did not vote for the advancement of LB937 out of the committee because of that, that portion that was originally, essentially LB606. That being said, I do just want to take a minute to sort of reflect on what all is contained in LB937. I think that overarchingly, it's a really fantastic package. I think that what it does is it seeks to create targeted tax credits to individuals and to populations that absolutely need these things, that are going to overall help Nebraska, and put Nebraska in a better place. I think that the intention behind it was to sort of put together a, a litany of things that would be targeted that would actually result in an overarching benefit to populations of people that don't always get the benefits, as well. And so, you know, generally speaking, I, I want to be supportive of LB937. In fact, it has one of my bills in there, you might see, which I will probably get to here, in a little bit, at one point when we're talking about this. But I do share my colleague's concerns about one of the portions of it. I am really happy to see that Senator Bostar has filed an amendment to the committee amendments that actually, I think, takes portions of what ultimately was LB606 and modifies them in a way that I think make it much more agreeable. And so, my hope is that we can get to a place where we can talk about that and have that conversation, about what that amendment might or might not mean for people, and whether or not there's support on that. But overarchingly, I think that this package reflects a, a considerate and considerable

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amount of work, in order to try to achieve a goal here. The underlying LB937, as has already been highlighted, is that Caregiver Tax Credit Act, which I believe was Senator Bostar's priority. And that was a fantastic hearing. In that hearing, we had AARP, as well as a number of other individuals, including the Arc of Nebraska and the ALS Association, come in and testify about the harms and the, the difficulties that are currently experienced by individuals who are providing that caregiving, in addition to what would actually help alleviate that. LB937 then seeks ultimately to create that tax credit. As it says here, it allows the family caregivers of those needing assistance to receive a nonrefundable tax credit for eligible expenses of 50% of those expenses, with a maximum credit of either \$2,000 or \$3,000, depending on the status of the family member, from their Nebraska income tax. What that is reflective of, colleagues, I think, is a limited but impactful assistance. So it's not just willy-nilly giving out money. It's not saying that anybody or everybody can have whatever they want. It is a targeted amount of money that, to those families, will make an actual immediate impact. Without delving too deep into the story, I can talk about--or I could talk about, for a long time, my mom and my stepdad, who took care of my grandpa when he came and lived in our home-- our family home that I grew up in, rather, for over a year, a couple years, I believe, overall, before he passed away. You know, people in our, in our state, we do that out of love. We do that out of care. People want to keep their families connected. And what this does is it acknowledges the importance of that. And says, I want to make sure those people can have that help, that financial assistance. Because it-- it's expensive. And the amount of efforts that go into taking care of people like that, while incredibly laudable, they, they, they rack up over time. We had a chairlift. My mom, rather, and stepdad had a chairlift installed in their home, so that way my grandpa could get from the upstairs to the downstairs, because there was no bathroom on the main level. That's not an inconsiderable amount of money. And so, I, I think it's important that we continue to try to--

KELLY: One minute.

DUNGAN: Thank you, Mr. President. We continue to try to target those individuals who need that most. I would also highlight, yet again, the developmental disability tax credit that's in there. We have a lot of direct service providers who need assistance now. If you've listened to me talk at all on the floor, you know that the developmental disability or special needs community is very, very close to my heart, and near and dear to me. And anything we can do to help those who are providing those services, I think is beneficial. I'll give you a

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little preview. The part of this bill that is mine is a tax credit for the production of sustainable aviation fuel. When I talk to a number of my colleagues about sustainable aviation fuel, or SAF, is the acronym, they don't really know what that is. So, stay tuned. I will probably have a longer conversation about SAF, but suffice to say that we are on the cutting edge of that here in Nebraska, and we're trying to really get into the ground level. And if we can be a producer of SAF, it's really going to give us a leg up. So I look forward to having that conversation. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. I rise in support of LB937 and in support of the motion to indefinitely postpone, so long as the committee amendment is pending. There are a lot of bills in here. And I am looking at the Medical Debt Relief Act fiscal note. And I, I can't tell from the fiscal note who introduced the bill, and I haven't looked it up yet. But Senator John Cavanaugh said that that sounded like a good idea. And I'm just looking at it, trying to figure out exactly what it does. It says-- let's see here. Under the bill, for taxable years beginning on or after January 1, 2024, an individual could reduce his or her federal adjusted gross income by the amount of interest and principal balance of medical debt discharged under the act to the extent included in such individuals' federal adjusted gross income. So I'm not entirely-- I guess I should read the bill. A medical debt relief coordinator would report to the State Treasurer summary statistics regarding eligible residents whose medical debt has been discharged. The medical debt relief coordinator would continue to fulfill its contractual obligations to the State Treasurer until all money contracted to the medical debt relief coordinator is exhausted, regardless of whether money allocated to the program has been exhausted. On or before October 1, 2025, and each year after for as long as medical debt relief coordinators are fulfilling their contractual obligations under the act, the State Treasurer would submit an annual report regarding the program. I assume that that annual report would come to the Legislature's website, where I might be the only person that will read it. But, I will. I promise. I was going to say Senator Briese-- Treasurer Briese, I will read your annual report that comes to the Legislature if, if this pass-- bill passes. See here, LB1158. So then there doesn't seem to be-- the General Fund revenues from this bill due to be-- unable to find reliable data. Oh, the-- OK. The Department of Revenue estimates a negative, indeterminate fiscal impact on the General Fund. The estimated one-time programming charge of \$156,874 to be paid to the

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Office of the Chief Information Officer, as a result of the bill. So, that would have on-- if-- on the green sheets, which I haven't looked at yet today, since we passed the budget. On the green sheets, it would say indeterminate under-- as this bill were to move along, like we did on the bottom of the last page of revenues for the Sports Arena Facility Financing Act. It says indeterminate, which you may recall Senator Clements and I having a discussion about on the microphone yesterday. I do see that the-- there's no longer an indeterminate up higher on the, the meal-- school meals, but I don't see where that bill is. So-- but it looks like our fiscal health, as it were, has gone from a projected \$531 million this year and \$8,700,000 next year, to \$527 million and a -\$2 million next year.

KELLY: One minute.

M. CAVANAUGH: And that's without us passing any other bills right now. So that's awesome. We're very good at balancing the budget, clearly. OK. So debt relief-- medical debt relief seems like an interesting program and probably is going to help out a lot of people. Medical debt is, is exorbitant and a real issue, so I'm interested in learning more about that one. And oh, the reverse osmosis system tax credit. I believe that one is Senator Ibach's, because I was very interested in this, because of the nitrates in groundwater that have a potential correlation to increased levels of pediatric cancer in the state. So thank you for bringing that one, Senator Ibach. And I look forward to the discussion. I think I'm about out of time. Thank you, Mr. President.

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

ERDMAN: Thank you, Mr. President. Good afternoon. I echo some of what Senator Cavanaugh said about having this-- that great number of bills in a personal priority. I visited with Senator Bostar off of the mic. I think what he has done, by adjusting his fiscal note to capping at \$2.5 million, makes sense. I think there are a lot of people, as he described in his opening, that are doing these kind of caregiving things that haven't been recognized or have cost them money. And I think this is a good move. The problem I have is that there are 8 or 9 more bills attached to LB937. And that's a very dangerous place for Senator Bostar to be, having all of those bills attached to LB937. In one way, it's a good thing. You're going to get 10 votes, because you got 10 people's bills in there. But on the other side, if we don't like one of those bills and we vote down the package, his bill goes with it. And I am going to bring to your attention again-- and I've

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done this before, I just as well remind you one more time. At the beginning of the year, the Speaker made an announcement, and even with my hearing, I could hear it. And he said, I do not want more than 5 or 6 bills in a Christmas tree. So here we are, same as the Education Committee. Here we are. We got 9 or 10 bills in 1 bill. It's difficult for me to think that that committee didn't understand what 5 or 6 meant. And so, Senator Bostar explained to me off the mic that they capped it at \$2.5. And that could be at \$1,000 a person, 2,500 people. That is a difference. It makes a difference. We may find this is a very good program and it needs to be expanded. I understand that. But the problem we have is the continuation of those other bills. What are we going to do with those? And so, last year we did that. We passed 30 bills, 31 bills. We passed bills that weren't germane. We passed bills from one committee to another. We did all those things last year that we shouldn't have done, and I don't want a continuation of what we did last year. Each bill should have an opportunity to have a discussion and be thoroughly analyzed before we vote on it. So Senator Bostar, I'm in favor of LB937, but I'm opposed to having 9 bills attached to your bill. Thank you.

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

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. Looking at the agenda, it seems that we're probably going to have just perhaps, maybe a little over an hour and a half, maybe 2 hours to dig into this important measure, LB937, before we switch to the broader tax package at 3:30 this afternoon. And I was just reflecting during a, a really busy day today, which I know we are all immersed in, here in the waning days of the legislative session, after a lot of long days and now long nights, that we have been working together to try and advance the people's business. We're, we're kind of at that point, I think, in this session, where there's a lot of frustration, a lot of exhaustion, and, and people are watching that clock tick, knowing that we only have a few remaining days to complete our work. And we all have a lot of bills at various stages in the process that, that we're hoping to see to fruition this session. So as I've mentioned in previous sessions and perhaps even this year, as we're feeling that frustration, as we're looking at the compressed nature and the time constraints that we have for the remaining days of this session, as some of these more complex or even controversial or challenging issues are showing up on our agenda, I want to make sure that we realize that we can and should lean into that conflict. We should recognize that this compressed time that's available to us can be beneficial to bringing people together, perhaps more quickly with those time

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constraints looming, to try and figure out consensus on some of the issues before us and how we're going to choose to spend our time together in the coming days. So that being said, this is-- kind of like came up during the budget debate, earlier this week. This is kind of that point in the session where things always kind of have to fall apart a little bit before they come back together. And that is part of the process. And the process itself is designed to ensure now people have a first look at these policies. We can share feedback, we can talk about substantive issues. We can talk about technical considerations. We can figure out where there might be consensus on some of these matters. And then we can figure out where the points of consensus are not achievable, but we can still figure out a way to stay in relationship and disagree, from a policy perspective, to advance our, our constituents' interests. So that we can hang together for the remaining 9 days, to, to do the important work on behalf of the people of Nebraska that we've set out to do together. And that we've all made a choice, a collective choice, a challenging choice, day after day after day this year, to reset our tone, to reset civility, to try and ensure a return to a more constructive session. And I have had to guard against perhaps my own impulses, at times. And when really challenging issues have deterred us from our ability to work together, to not retrench, to not give in to the frustration and the exhaustion, but rather to take a breath, take a beat, take a step back, and figure out, you know, how we can use this time constraint, how we can use this commitment to find a constructive path forward, to air out the issues--

KELLY: One minute.

CONRAD: --to build a record, to-- thank you-- to identify points of consensus or additional negotiations in the remaining days. And if those negotiations are not able to be successful, how we can have principled and vigorous disagreement to advance our constituents' interests as we see fit, and helps us stay in relationship together for some of the less contentious items that are remaining on the agenda before us. So there's, I think, a lot of important substantive issues in this bill that we need to dig deeper into. I-- we're not going to have a lot of time to do that in the next hour or so. And I think it's a good educational opportunity to talk about it kind of from the policy goals or underpinnings behind, say, for example, tax credits versus deductions or exemptions, and, and kind of figuring out what the, the policy underpin-- pinnings of those--

KELLY: That's your--

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CONRAD: --tax components might be, as illustrated in this bill and other matters to come. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Vargas, you're recognized to speak.

VARGAS: Thank you very much. Just making sure my seatmate-- my suitemate here-- I rise in support of the underlying bill, LB937, and appreciate Senator Bostar's work, and not taking a position yet-- quite, on the, the motion, I think. I don't support it right now, partly because I support the process of both amending and seeing where this, this actual bill and package of tax credits goes. I share some of the same concerns about some of the different bills that were referenced. I think there's a bill, LB606. Not because-- you know, I think the intent is making sure that we are addressing and supporting pregnant women and new parents. But because I think that by being overly too narrow in the way that it's currently described, we are actually leaving out a significant amount of organizations that provide services to young parents and to pregnant individuals. And I, I hope there will be time to get to an amendment, and we can address that and expand it. Because if the, if the goal and the impact is making sure we are supporting pregnant women and new parents, then we should do everything we can to do that, and, and make sure that we're also being very inclusive of all the different other organizations that can provide those services. You know, my first bill in the Legislature that I passed, my priority bill, was a pregnant-- sort of teenage pregnancy support act. It was a bill that, we worked on in collaboration actually, with the ACLU, because we found that there was not sufficient enough policies at the local school board level that were supporting pregnant and parenting-- and young, and young parents in our school districts, and that the patchwork or the framework or the lack of policies meant that in different areas, you were better protected in certain school districts and less protected in others. And it was consistent across urban and rural Nebraska where there was inconsistencies, patchwork of policies. And so my hope is that we get to a place where, to Senator Conrad's point, that we are actually meeting the inherent need within some of the, the different tax credits here. And then second, there are underlying tax credits in here. Like, obviously, the, the main one, the caretaker tax credit, that is a very good tax credit. I don't always support tax credits, but I think it is important that we try to see the benefit of them. We monitor them, and then we, we sort of evaluate the efficacy of each of these different programs. And for the other ones, I look forward to learning more about them, that there's-- some of them are outside of my normal, normal area of expertise. But nonetheless, I know that the

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committee is trying to figure out a way to, to advance a lot of different tax credit programs. You know, my main concern still lives with LB606 in its current form. But the other different tax credit programs in this, I think, are a good step forward, in particular, for the caregiver tax credit. So I wanted to make sure to rise in support of LB937. I know we'll be talking about this at least until 3:30. And then, we'll continue our conversations on it. And I'll learn more about some of the other tax credit programs. As I was looking at Senator Ibach, I know she was mentioned for one of her programs. And I'll talk to Senator Dungan, also. But appreciate the work. I know it's not easy. And there are sometimes things that-- you know, it, it is still messy on the floor, in terms of how we get these things done. We're going to continue to have more conversations, obviously, about the tax package, this next-- here at 3:30.

KELLY: One minute.

VARGAS: But I wanted to make sure that we, we are at least engaging and starting the conversation on this. And knowing that, especially since we're still in General File for many of these bills, and we still have the 9 days to go-- 10 days if we include today. Then we still have a lot more work to do, and look forward to making sure that we address a lot of these issues. So I appreciate you, and look forward to the continuing conversation on this bill.

KELLY: Thank you, Senator Vargas. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I actually do support Senator Bostar's LB937. I have-- or I haven't had a lot of family members that have been caregivers. And I think that's a commendable service, especially those that take care of elderly family members that, you know, definitely need people, especially family, to take care of them in a time of need. And I do think they do some commendable work, you know, especially taking care of those that deal with ailments and are going through trying times in life, and really don't need to be in nursing homes and things like that, so I think a tax credit is a great idea for, for those individuals. You know, tax credits are also a interesting conversation, you know, especially after last year. I guess my question, looking at tax credits and people saying they support this tax credit, in my head, does this take away from public schools, too? That's just what I'm thinking about. But I'll leave that alone. But also, just thinking about the crisis pregnancy centers. They're-- if, if we're going to give a tax credit to people to help people with pregnancy and things like that, I think there are other

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organizations who do commendable work, as well, with women and young women that are going through pregnancy, that probably deserve a tax credit as well, not just crisis pregnancy centers. Especially when, when I think about, you know, the black maternal health crisis in America and in the state of Nebraska, there are other service providers that deserve a tax credit, as well. So we should think about that, too. And I just thought I should bring up those comments. Because I think it's very important that we think holistically about this conversation, and the conversations that we've had over the last couple of years about tax credits, and, in my opinion, how we pick and choose when to bring up different conversations around tax credits, and how we support and don't support them. And if Senator Machaela Cavanaugh wants the rest of my time, I'll give it to her. Thank you.

KELLY: Thank you, Senator McKinney. Sail-- Senator Machaela Cavanaugh, you have 2 minutes and 35 seconds.

M. CAVANAUGH: Thank you, Mr. President. Senator Bostar was just explaining the medical debt bill to me, and I appreciate that. It sounds like a really interesting program, and the indeterminate sounds like-- wouldn't be that indeterminate. Well, it's indeterminate in that I'm going to see if I'm explaining it correctly. It's indeterminate in that it is a tax deduction, so it just depends on how much money is-- in-- individuals or corporations put into the pot, and then they get a tax deduction for that. So much like any other tax deduction, we'll determine it when it happens. So, there you go. So thank you, Senator Bostar, for explaining that, that bill to me, because it did sound like an interesting bill. And it is an interesting bill. And then the reverse osmosis system tax credit that I started to talk about, Senator Ibach's bill, is-- there's, there's a lot of ways to approach mitigating nitrates in groundwater and the adverse effects. I-- pediatric cancer is just one of the presumed adverse effects of the nitrate problem in groundwater. There are other concerns, as well. So the reverse osmosis system is a-- is great way to help communities that are really suffering from high concentration of nitrates, to address that problem. So I very much--

KELLY: One minute.

M. CAVANAUGH: --appreciate that. It looks like it will be a, a few million dollars. It needs a-- estimates a need for one-time programming to be paid to the office-- Chief Information Officer. And then it has the one-time refundable income tax credit for the cost of installation of a reverse osmosis system. So a reverse osmosis sys-- it would equal 50% of the cost incurred, up to a maximum of \$1,000.

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But if it's going to be \$3.6 million, that means a lot of people need this system. So we probably need to attack this issue on more than one front, but the reverse osmosis is certainly a great start. But even with the reverse osmosis--

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you.

KELLY: Thank you, Senator Cavanaugh. Senator Blood, you're next in the queue and recognized to speak.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand in support of Senator Bostar's original underlying bill, but not in support of the committee amendments on that. And I'm, I'm really curious why we didn't divide that question, but I came in a little tardy, so I apologize. So as I started reading through the bill, the first thing I remembered was 2 years ago, Scout Richters from the ACLU put together a report that investigated CPCs. So, crisis pregnancy centers, I think is what the acronym stands for. So the, the report-- and I found it online-- An Investigation into Nebraska "Crisis Pregnancy Centers." And they did an unbiased study of all of the crisis pregnancy centers across Nebraska. And many of the websites for these centers provided inaccurate information and used deceptive tactics to discourage or prevent pregnant Nebraskans from re-- receiving reproductive healthcare. The report found 16 organizations that were operating CPCs across the state and noted common themes. For example, some of the websites recommended that any abortion procedures be delayed, as you may have an early miscarriage. Two of the sites claimed reproductive healthcare could lead to a person's death. Most of the site's claimed center staff will advise women on every option, but only 2 of the sites actually disclosed that they are not medical facilities. That likely means staff is not bound by federal patient privacy laws, as well. And that in a small town, friends, is very concerning. Every pregnancy is different. Every experience is different. It was documented in this report that access to time-sensitive care and accurate information was delayed. So if you really care about women, women who are pregnant and you respect the life of both, this should be concerning to you. And so many of the women seeking help at these centers and who were also targeted in much of the marketing, are women experiencing poverty, young people, people of color, and people in rural communities that have limited choices. They are then given inaccurate information about reproductive healthcare choices. Friends, I don't support that part of the bill, because all Nebraskans should be able to make informed medical

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decisions for themselves, free from misinformation or coercion. I don't think we should be using public tax dollars. Although we're saying that this is a tax break-- tax incentive to donate, it's still ultimately taking money out of our bottom line. There are so many great nonprofits that you can just donate to. Why do we have to encourage somebody and give them a tax break? I, I don't understand that. There's so many really fantastic donors in Nebraska who just give, and they aren't looking to see if they get a tax break or not. When it comes to women and reproductive healthcare, when it comes to babies, if anybody has any compassion, if anybody is a person of wealth or not of wealth, it shouldn't take a tax break to get them to do that. But that aside, why are we rewarding people for putting out bad information? And I know people are going to say, well, it's great that they have someplace to go. And they buy them baby clothes, and they help them with classes on how to be a parent. And none of those things are bad, as far as helping the mothers. It's the introduction--

KELLY: One minute.

BLOOD: --to the centers that I think are misleading and misinforming. And they are not medical centers. And they are risking people's life by putting out misinformation. Why would we give them a tax break? I just want you to be thinking about that. And I really wish we had divided the question on this, but I know that we don't want to drag this out a whole long time. So thank you, Mr. President.

KELLY: Thank you, Senator Blood. Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. Senator McKinney kind of stole a little bit of my thunder, because I was in the queue to get on here to say that my concern with this bill is that there is a dollar-for-dollar tax credit for a charitable organization. And I do not vote for those-- or for a charitable gift. I don't vote for those. I didn't vote for Senator Wayne's bill yesterday because of that reason. I'm not voting for this bill while there's a dollar-for-dollar credit for charitable donations in this bill. That's not the original bill. Senator Bostar's bill does not do that, but there is contained within the bill, a dollar-for-dollar credit for charitable organization. What that means is that I get to make a charitable organization donation and then get all of my money back. I've had this conversation on the floor many times. I don't support that. That's an appropriation. That is a problem. It's an appropriation through our tax policy. But specifically, it's allowing individuals to say, I have a tax liability and I'm going to tell the government 100% how they

have to spend it for that tax liability. And I just have a fundamental problem with that. And so, I will continue with my pattern, which is not to vote for any dollar-for-dollar tax credit for charitable donations. I think that we have to-- there's so many reasons, which I would say look at the transcripts from the last 6 years I've been in here, saying that we shouldn't do that. We shouldn't be able to say-- pick winners and losers about which charities and which charitable donations are given this kind of special status, where you get all your money back. Then it's not charity. If you get all your money back for it, you're not, you're not giving a charitable donation. You're just telling someone else, I'm going to put the money here and then you're going to pay me back for it. It's a loan. So I have a problem with it. So as long as that part is in the bill, I will not be supporting the bill. And I will yield the rest of my time to Senator Machaela Cavanaugh, if she would so like.

KELLY: Thank you, Senator DeBoer. And Senator Machaela Cavanaugh, you have 2 minutes, 50 seconds.

M. CAVANAUGH: Thank you, Madam President. Senator Blood, there is still plenty of time to divide the question on LB937. And I, I was under the impression that there were some discussions about that. And I think if there is a resolution as to how the question would be divided, then I would consider withdrawing my motion. But I would like to know what that resolution is before doing that. So I do think that we, we can divide the question. We have time. We're just starting on this bill-- to divide the question. There are a lot of really good things in here. And I also do not care for dollar-for-dollar tax credits. But I, you know, understand why sometimes we might want to consider them, but I think that a tax incentive is probably enough. And organizations that would receive a dollar-for-dollar tax credit in LB606 qualify-- those donations already qualify for a, a tax break. And in addition to that, those organizations already receive state dollars. We give \$2 million to crisis pregnancy centers every year and-- out of TANF. And so, this would be in addition to the money that the state already gives these centers. And I think that that is not making a lot of sense, especially since they are allowed to--

DeBOER: One minute.

M. CAVANAUGH: --misrepresent themselves as medical organizations. And they are not medical providers. They do provide some really good things, but they do also misrepresent themselves as medical providers when they are, in fact, not. So I think giving them additional taxpayer dollars is not appropriate. I think I have less than a minute

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now, so I am going to just wrap up that thought. And I, again, as Senator Blood pointed out, I'm happy to discuss dividing the question. But as far as I am aware, nobody has been-- come up with a division that would be suitable, that I would agree to, I guess. So, there we have it. And I am in the queue further down, for my last time to talk.

DeBOER: Time, Senator.

M. CAVANAUGH: Thank you.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. Well, I'm, I'm always a fan of dividing questions so that people can have a conversation on individual portions, and can articulate their position in-- on a particular section and vote for it or against it. And maybe, take out a part that doesn't, you know-- hit-- that's just hitching a ride, you know, as part of a bill. Something that's not necessarily popular enough to pass on its own, but would pass if-- as part of a bill, which is a risk in a giant package like this. And we have a lot of giant packages. And we don't often get to that point of dividing questions, but this does seem like a, a bill that would be a good one for that. But I was going to talk about, again, the underlying bill, which is LB937. I was just over here talking to Senator McKinney about what is in that bill. And there's actually a good AARP one-pager that I have, that talks about it. And so, I'll just read it for you. For taxable years beginning on or after January 1, 2025, a credit against the income imposed by Nebraska Revenue Act of 1967 for any family caregiver who incurs eligible expenses for the care and support of an eligible family member, the amount of the credit shall be equal to 50% of the eligible expenditures incurred during the taxable year by family caregiver, for the care and support of a eligible family members. So 50%, so it's not dollar-for-dollar, like some folks were saying they have problems with on. I, I assume it's the LB606 portion of this bill. So this is a 50%. The tax credit is nonrefundable. I assume most folks around here know what the difference is between refundable and nonrefundable. I see Senator Dungan's in the queue next. Maybe he could walk us through that explanation more articulately than I would be capable of. The maximum allowable credit in any single tax year for a family caregiver shall be \$2,000, unless the eligible family member is a veteran or has a diagnosis of dementia, in which the case-- the maximum allowable credit shall be \$3,000. Eligible family members means an individual who requires assistance with at least 2 activities of daily living. ADLs, as

certified by the licensed healthcare provider, qualifies as a dependent spouse, parent, or other relation by blood or marriage to the family caregiver, and lives in a private residence and not in assist-- in assisted living, nursing facility, residential care. And then a-- an eligible family caregiver means an individual who is providing support for eligible family members, has a federal adjusted gross income of less than \$50,000, so we put a limit on the top, of how much you can earn-- or is filing as a married couple, joint-- filing jointly, less than \$100,000, has personally incurred uncompensated expenses directly related to the care of eligible family members. So that's, that's kind of the walk-through. And then on the other side-- I don't know if everybody else got this. I got-- somebody gave this to me. But, nearly 8 in 10, 78% of unpaid family caregivers in the United States report having routine out-of-pocket expenses related to looking after their loved ones. The average of those out-of-pocket expenses is \$7,242, which is 26% of the caregiver's income. So what Senator Bostar's bill would do, LB937, would allow those eligible family caregivers who are incurring those out-of-pocket expenses to recoup some amount of that, looks like up to \$3,000 for-- as the maximum allowable credit for caregivers for folks with dementia, and \$2,000 for others. So it still doesn't get the folks completely whole, because we're saying there's 70-- the average is \$7,200. Gets you a little less than half, maybe a third of the way there. So it's, it's something. It's help-- it helps. It doesn't solve this problem. It's a step in the right direction, but it is--

DeBOER: One minute.

J. CAVANAUGH: Thank you, Madam President. It is a, a really important thing to do to help, help the people who are helping others, and taking care of their family members. And, of course, you know, from a-- aside from it just being a good idea and a good thing to do, from a policy implication, if the family members-- the family caregivers are not helping take care of their own family members, the burden will fall back onto the state and other nonprofits. And then that becomes more expensive as a whole. So this is something that will help more people provide more care for their families, and provide a better quality of life, better enjoyment, and-- which is really something good we can ask out of a bill that we're trying to pass in the-- in this Legislature. So, I'll push my light and talk about some other portions. Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President. And colleagues, I, I rise again, generally supportive of the underlying content of LB937. I don't believe I'm in support of the IPP motion, given that there are so many positive things that are contained in the committee amendment that we sent out of Revenue. But I do remain in opposition to at least one portion of that committee amendment, which I'm sure we'll talk about a little bit more when we get there. My understanding is that as of right now, there's, there's a number of people in the queue, it looks like. So I just wanted to get up and talk a little bit more about the portions of the bill or the committee amendment that is forthcoming that I had something to do with, with regards to one of my bills, and answer some of the questions I've heard on the mic, thus far. My rowmate, Senator John Cavanaugh, did bring up the difference between a nonrefundable tax credit and a refundable tax credit. I probably will do a bad job of explaining this very briefly. But a nonrefundable tax credit can reduce the amount of tax you owe, but they do not increase your tax refund or create a tax refund when you wouldn't already have one. Compare that to a refundable tax credit. That can actually result in a tax refund if the total of those credits is greater than the taxes you owe. So nonrefundable tax credits bottom out at zero tax that you pay, but that's it. A refundable tax credit, on the other hand, you actually can get money back, even though you've zeroed out the taxes you owe. So, we have some taxes, nationally and statewide, that are refundable, many others that are nonrefundable, in an effort to not cost, you know, astronomical sums. And so that's, that's kind of the debate we always have, between what kind of tax credit is going to be good and which one is, is going to be helpful versus ultimately harmful, fiscally. And so, I think that's, that's a good conversation to have, and I'm sure we'll continue having it as time goes on. I wanted to talk a little bit about my underlying bill that hopefully, ultimately is a part of this package, that gets wrapped into the committee amendment. And that is the incorporation of LB1072, which is a bill that was intended or is intended to promote the production of sustainable aviation fuel, or SAF. Sustainable aviation fuel is an alternative to traditional fossil fuel-based aviation, kerosene fuels, designed to reduce aviation's carbon footprint and mitigate the industry's environmental impact. To put it probably overly simply, it's produced from renewable resources such as biomass, waste oils, and agricultural residue. To put it even more simply, in a way that I know makes the scientists squirm whenever I talk about this, it's kind of like ethanol for planes. Like that ethanol, SAF's chemical composition is similar to normal jet fuel, meaning that up to certain mixtures, it can actually be used in engines that take traditional jet fuel, without any changes to the machinery. So what that ultimately

means, colleagues, is that if you produce this sustainable aviation fuel and blend it up to 50, 5-0%, it's a drop in, meaning you don't have to have any sort of modifications or changes to the actual machinery. The origin of this bill, for me, actually stems to right around the time that I got elected. I was having a conversation with my uncle, who's a pilot. And so, Len, if you're watching, shout out to you. And we had a conversation about SAF. And he flies all over the country. He flies all over the world, and has been seeing an increase in the usage of sustainable aviation fuel throughout the industry. And so, he, you know, obviously knows that Nebraska is a, a major producer in ethanol. I think we're number 2 in the country at this point. We're a major corn producer, a major soy producer. It's a huge part of our industry. And so, you know, he was talking about whether or not there would be anything that we could do in order to incentivize companies to come here, or companies who are already here, and start producing sustainable aviation fuel. So that's sort of sparked my interest in this. I don't have a background in it as a scientist. I don't have a background in it, obviously, as an ag producer. But I was absolutely captivated by the idea that we could be at the forefront--

DeBOER: One minute.

DUNGAN: Thank you, Madam President-- of a burgeoning industry. And what we know is that the aviation industry has set a net zero carbon emissions target by 2050. The industry has identified SAF as one of the main tools to achieve that goal, thanks to SAF reducing carbon emissions by up to 80%. But what we know is that airlines across the board have said, time and time again, there is not enough SAF being produced. So in speaking with companies and organizations who want to produce this, they see Nebraska as possibly the most attractive place to place their factories and their, their production facilities. But we have to make it possible for them to come here, given the upfront capital costs. And so what this portion of the bill does is it encourages those companies to identify Nebraska as exactly what it is: The jumping off point that we can use in the country for the production of SAF. So I look forward to talking more about that. I, I could probably go on, but I think I'm out of time. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Conrad, you're recognized.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. The other thing that I wanted to talk about was just kind of a, a process piece, and then to get into some more of the substance on, on the policy components of LB937. I know that Senator Machaela Cavanaugh has

basically a kill motion in place, to help to structure debate for opposition perspectives. And that can be helpful to teasing out technical issues or substantive issues. I know there's also a competing stream of thought that people are eager to get the committee amendment on the board, so that there could be a potential division and/or amendment in that regard. So I think those procedural issues will continue to work themselves out. I'm not sure if we'll find resolution thereof in the next 30 or 40 minutes, but I think that's a little bit of the technical aspects that we're wrestling with today. And then, it seems that there is widespread support for most of the component parts in LB937, with principled disagreement in opposition to the tax credit component for the crisis pregnancy centers. And I thought it might be helpful to, you know-- and I-- Senator Dungan touched upon this as well, kind of talking about some of the policy underpinnings for exemptions versus deductions versus credits, and how we utilize those different designs in our tax structure to advance different policy goals, or to impact and effectuate different behaviors. So, of course, the exemptions and the deductions reduce a filer's taxable income. And a tax credit directly reduces a filer's tax liability or the amount that they owe. And we have a host of different examples-- for example, the, the EITC, the earned income tax credit. This is a longstanding tax credit that's refundable, that has broad bipartisan support across the political spectrum, because it is a proven anti-poverty tool and it rewards work. For many years, Nebraska was kind of a leader on our EITC. And as more states have made their EITC more robust, we've, we've fallen a bit behind in terms of where our sister states and neighboring states are. And I have, I think, 2 measures, or at least one measure on EITC in. And I think Senator Bostar has another measure on EITC in. And then, I think we've both introduced various child-- various versions of child tax credits, as well, to try and ensure equity and, and targeting in our tax policy, to advance critical social goals. So I'm hoping that perhaps some of those key issues might be a part of the debate, either on General or Select File. And we'll continue to talk about some of that, as well. So in an-- the other thing that I'm thinking about, whether it's an exemption, a deduction, or a credit, a lot of times that's looking at, perhaps, the tax filer's or the citizen's ability to pay, and/or to effectuate certain behaviors amongst the general public to advance shared social policy goals. So I'm guessing-- and I haven't had a chance to review the full transcript of the hearing. But I have looked at the committee statement, and am generally aware of some of the issues in relation to crisis pregnancy centers.

DeBOER: One minute.

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CONRAD: Thank you. I don't know if Senator Albrecht is on the floor. I see her just coming in. But if she would yield to a question, that would be great. If not, we might not have time and I can pose it rhetorically. My question is, by offering the tax credit for the crisis pregnancy centers, what exactly-- what is the specific social policy goal that we are trying to effectuate with that? Are they lacking funding? What exactly-- are they lacking donors? What are we trying to effectuate with that tax policy component that is currently missing in today's kind of tax treatment of how crisis pregnancy centers work, which already receive, of course, charitable deductions and things like that. So I'm just trying to have a clear understanding, for the record, what the change to a tax credit beyond the charitable--

DeBOER: Time, Senator.

CONRAD: --tax deduction is trying to effectuate. Thank you. Thank you so much.

DeBOER: Thank you, Senator Conrad. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. I, I am feeling dejected. And I'm off, I'm off my game. I'm upset, and I'm really hurt by this place. And I just feel let down by pretty much everyone, except for Senator John Cavanaugh. So my debate hasn't been great. I'm trying. But I'm sorry, Nebraska. This place is breaking me. This place is breaking me, and the people here are breaking me. And it's hard to get up and fight for the things that you believe in every single day, when you oftentimes feel like nobody is by your side. That is hard. And when you have to beg for people to show up for you when all you do is show up for them, that is really hard. And that's just where I'm at. I am, I am hurting. And I don't see-- I always see-- I always do-- I always see the opportunity. I always see, OK, that barrier was put in front of me, and now I'm going to pivot and do this. That barrier was put in front of me. Now I'm going to pivot and do this. And I don't see it. I don't see it right now. This place is breaking me. I have so much love in my heart for the state of Nebraska and for the people of Nebraska. I wouldn't be doing this job if I didn't. But this place is making me into a very unhappy person, and a very lonely person who misses her children and her husband, and normal people who treat me with decency, and normal people who care how hurt I am, and don't continue to harass me on and off of the microphone. So that's where I'm at. And this place is breaking me. Thank you, Madam President.

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DeBOER: Thank you, Senator Cavanaugh. Senator Blood, you're recognized.

BLOOD: Thank you, Madam President. I would ask that Senator John Cavanaugh yield to a question.

DeBOER: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

BLOOD: So I should add I support the underlying bill. Senator Cavanaugh, Senator Machaela Cavanaugh-- boy, if we had a third Cavanaugh, we're in so much trouble. Senator Machaela Cavanaugh talked a little bit about dividing the question, but I think it's really important because I'm getting some text messages. It's mostly from people that are caring for individuals, which is the underlying cause of this-- purpose of this bill. That we're really looking for this bill coming out clean, and they're feeling a little insulting-- insulted, because this bill is going to have a bigger burden added onto it. I'd like to be able to explain the divide the question. And you're always so eloquent when you'd explain things like that. What is the purpose? How does it work? Why do we have to wait when it happens?

J. CAVANAUGH: Oh. Those are all great questions. Thank you, Senator Blood. So the division of the question is where you take-- you can take an issue that's ruled divisible by the Chair, and you can take it up in separate parts. And so in a-- generally, in a committee amendment, like the one that we-- is not currently on the board, but would be at potentially sometime in the future, you can take that and you could divide out all of the parts that are stand-- would stand on their own, so an individual bill. Well, a lot of folks are talking about LB606. Can divide out LB606. It would stand on its own. Could divide out LB937, and it would probably stand on its own. I don't know the intricacies of all of the parts of the bill. But you could probably-- anything that came in and was a whole bill would probably be divisible. And then when you do that, you would take it up as individual vote-- votes, as though they were amendments themselves. And so, if the question were divided, and you could say, divide out-- take an individual vote on each part of the package. So I think there's 10 bills in here. So you could have 10 individual votes on the, the individual amendments, or you could divide it where you just take 1 part out and have 1 vote on, say, 9 bills, and 1 vote on 1 bill, which is-- if you, if you want to hear an example, we had a bill that I had from General Affairs last year, that I believe Senator Erdman divided the question on, and just took out my bill, which was--

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had to do with Keno. And there were a lot of other parts of that bill. And we took up that vote on the Keno part, part separately. And actually, there were not enough folks here, so we had to reconsider that vote. And then we did get-- it did pass. And then it went-- the whole thing was then, after adopted, moved forward with all those affirmative votes. If anything is not adopted as that individual amendment, then it would not go forward with the rest of the bill, and the remainder of the bill would move. Does that answer that question?

BLOOD: Yeah. So to put it in a, a synopsis, we're allowing ourselves to take on the many, many issues that will be eventually put into this bill, one at a time, so we can clarify our concerns with each thing and take time on each topic. Does that sound right?

J. CAVANAUGH: Well, you could-- you can do it that way, or you can just take out the 1 part you have a specific concern with and take that up separate from the whole thing.

BLOOD: OK.

J. CAVANAUGH: So you can do it either-- you can do-- depending on how you want to structure that division.

BLOOD: So we could be all crazy with it. We could do like 2 or 4 or 6 or.

J. CAVANAUGH: Yeah. I, I like to think of it as dynamic in response to the specific needs.

BLOOD: Oh, that's fancy lawyer talk. And, and I understand the concerns for the caregivers because, you know, they really got screwed this year. And so, they're really concerned about what can they do to make sure that they can continue to take care of their family members. And so, they were concerned about what's going to happen next. So I appreciate the, the opportunity to have you better describe this for them, and understand what's going on so they can follow along. So thank you, Senator Cavanaugh.

J. CAVANAUGH: Sure.

DeBOER: One minute.

BLOOD: Thank you, Madam President. The last few weeks have been tough for certain members of our body. And I know sometimes people are uncomfortable with people having feelings. But you know, that's life. And I would rather experience someone else's feelings and have them be

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authentic, no matter how uncomfortable it makes us feel, than have somebody have to suffer alone and not share their feelings. So I want to say a shout out to Senator Cavanaugh, for being brave enough to let us know how she's feeling today. Thank you, Madam President.

DeBOER: Thank you, Senator Blood. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. Thank, thank you to the pages. I think-- do the pages push the button? Is that what it is? Oh. And they keep track of how many times I talk, which, I believe this is my third time? Is that right? Oh, it's only my second time?

DeBOER: This is your third time.

J. CAVANAUGH: Oh, this is my third time. Great. I should get a tally and mark off when I'm keeping track so I know better. I appreciate the conversation with Senator Blood. I do think, yeah, there's good stuff in this bill. And a lot of people would like to see it pass. I appreciated Senator Dungan's explanation of the sustainable aviation fuel, as well as the refundable tax credit, versus a nonrefundable tax credit. And I, I would point, point out, Senator Bostar corrected me, or at least helped educate me, we'll say, about how this would work. And so it's a 50% available credit. And if I get it wrong, I guess I'll have to wait until my-- somebody else gives me time or something that would fix it. But-- so it's equal to the 50%. So the \$7,242, it's up to 50% of those expenditures. So if we're talking about somebody spent \$7,200, half of that would be something like \$3,621, I think is right. Sounds right. \$3,621 is obviously more than the maximum allowable of \$2,000 or \$3,000. So some people are probably going to max out at their 50%. So if your expenditures-- allowable expenditures are \$4,000 and you're in the, you know, \$3,000 bracket, we'll say, or you have a-- you're taking care of somebody with dementia, you could still only claim, I think, \$2,000. Because you have \$4,000 allowable expenses. You get 50%. That gets you \$2,000, even though you would be eligible up to \$3,000. But if you are, say, in the other, maximum allowable for a family caregiver of \$2,000, then if you have allowable expenses of, we'll say \$3,000, you get 50% of that, it's \$1,500. So you don't get up to your maximum total amount, but you get up to the maximum 50%. But then again, if it's-- if you're in the \$2,000 range-- this is probably too many numbers for everybody, but that's OK. If you're in the \$2,000 range, so you'll get a \$2,000 maximum, and you have \$4,500 in expenditures, you don't get to claim the full 50% of 25-- 2,250, you would get the \$2,000. So I think I got that right. Senator Bostar is shaking his head, which makes me feel validated that

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I got that right. So, again, this is really important. And people, as Senator Blood was talking about, feel strongly about this, and are-- I think, if they watch the debate, and they're nervous that this bill is not going to pass. Because they really-- they, they appreciate the work that Senator Bostar has put into this, and others, to move this bill to this point. And they think-- they, they, they see their opportunity. And I would tell those folks that I hope, as the debate develops over, perhaps, some days-- because for those of you who don't know, we're supposed-- I think the agenda says we're moving on to LB388 at 3:30. So I don't anticipate we'll have this resolved by 3:30 today. So we-- we'll have time to have some conversations off the microphone, about any potential changes people might be comfortable with in this bill. We'll have conversations may-- more on the mic. And I would think my math would be a little bit over-- we would still have about 6 hours left of debate before you'd have to get nervous about how many votes are required. So, a lot of bills-- if you watch the Legislature-- if you're an avid watcher of the Legislature, sometimes it feels like a bill's going nowhere. Right. And we have, like, a lot of big talk about how we're never-- you know, this bill's never moving. But then, you have, through that sort of crucible of the adversarial relationship we have here, where people say, I don't like that. Somebody says, I really like that. I have to have this. I can't have that, you get to a point where--

DeBOER: One minute.

J. CAVANAUGH: --maybe everybody says-- thank you, Madam President. But you get to a point where you find some spot where people can give, and you come to a resolution. And, and then the whole thing just sort of evaporates, the opposition and the-- and bills move really quickly. I think we had a really good example of that on, I think it was Senator Holdcroft's-- what was it called, baby bill. I'm trying to remember what the word was. Safe haven bill. Thank you, Senator Holdcroft. But had that, and it looked like it was going to be a long haul. And then, Senator Wayne swooped in with, I think, some really deft negotiating and compromising. And that bill, you know, moved much quicker than people thought. So those of you watching at home, don't fret. We're working on it. So some of the conversation happens on the microphone. Some of it happens off under the, the, the balconies. And some of it happens when we're not even in the room, when the-- after the cameras are turned off. So we'll keep the conversation going. We will keep talking about what we like about this bill.

DeBOER: Time, Senator.

J. CAVANAUGH: Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Senator Dungan, this is your third opportunity, and you're now recognized.

DUNGAN: Thank you, Madam President. I, I do agree with that. We've been having, I think, a legitimately good conversation detailing the different components that are potentially going to go into LB937. And I continue to voice my support for the underlying bill and the work that Senator Bostar and others have done, to put together a package that I think ultimately, does have targeted tax credits for industries and, and individuals who actually need that help. And it's providing sort of a modest assistance without being overly broad. I will say, in the, the committee process getting to here, there was a lot of thought given to how much each tax credit should be. Certainly, if you look at the original underlying bills that are contained in the probably forthcoming committee amendment, if we get to that point, you'll see fiscal notes that are larger than they actually are in the amendment. And I want to make sure we highlight that. I think a lot of thought went into, sort of, the amounts of the tax credits that can or can't be in the package. And, and all things said and done, I think a really good job was done, sort of balancing those. Again, I want to voice my, my potential opposition if we do get to that committee amendment, to the tax credit that goes towards those-- the crisis pregnancy centers that, that Senator Blood was talking about earlier. I do have some opposition to that, which we can discuss at a later point in time if we do get to that conversation. But I don't think its-- needs belaboring, that, that subject right now. I think we can instead, celebrate a number of the things that are hopefully going to make it into LB937. There's a committee statement, obviously, to be found on LB937, that talks about the amendment. And, and one area of that that I don't think we've talked about too much yet, was, in fact, the Developmental Disabilities Support Act. That was one that I touched on earlier. And I apologize if another one of my colleagues has already spoken to that. But the summary of that is LB1025, the underlying bill there, creates the Individuals with Intellectual and Developmental Disabilities Support Act. The bill creates income tax credits for employers and support professionals that provide employment and support for individuals with intellectual and developmental disabilities as defined under the act. AM-- one of the modify--one of the amendments there, modifies LB1025 to change a definition and harmonize the provisions. So what we're talking about, again, is a targeted, targeted and modest tax credit towards both the employers and the support professionals. This is a, a delineation that I think sometimes gets lost in the wash when we're talking about the DD

community. There are providers, as in companies that ultimately provide the care-- organizations, companies, whatever you want to say, who provide the, the services and the care for individuals who need things like day services, programming outside of school or home care. Those are companies-- we have some in my district, like Mosaic, who I know are located many other places, as well. Hands of Heartland do a fantastic job, as well. So we have a number of organizations that do provide that. In addition to that, you actually have the support professionals themselves. In the vernacular of the DD community, you often hear them referred to as DSPs, which is direct service providers. And that is the role of the individual who is doing the hands-on care, who is the, the person who's providing those day services, who's potentially providing that in-home service for the, the member of the community. And so, those are the people who sometimes, I think, get a little bit left behind in the conversation. And you might remember that I brought a bill, both this year and last year, to increase the rates being provided to service providers for developmental disabilities. Unfortunately, that did not happen, either in last year's budget or in this year's mid-budget adjustment. I know that there was a-- an adjustment that was made. And there was-- I think Senator Vargas introduced an amendment to ensure that there was a-- not an excess amount of funds that's sitting in a, in a, a bank, not being used--

DeBOER: One minute.

DUNGAN: --on DD. Thank you, Madam President. But what we know, from talking to people who do this work, is there is simply not enough people doing it, because it-- is it doesn't make sense financially. It's incredibly difficult work that people do because they care, and they love the individuals they're working with generally, but we have to make sure that it's actually financially viable. And so, the fact that we are trying in this capacity with the amendment that, that hopefully this part gets added on, to provide service providers with a little bit of extra help, a little bit of extra help to sort of make ends meet throughout the year, I think that's the least we can do in a world where we've refused to raise the rates for those service providers. So I hope we can achieve that, among other things. Again, we'll talk more about the amendment if we do get to that down the road. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Hunt, you're recognized.

HUNT: Thank you, Madam Chair. I rise in support of LB937, and concerned, as many members are, about the committee amendment that

could be going on to this bill that has a poison pill in it, that's not supported by the introducer. That puts us in kind of a difficult position, possibly having to tank the whole bill. And I, I don't want to come to that point. I totally support these tax credits for caregivers. I was proud to continue the work of Senator Sue Crawford, a couple of years ago, with my priority bill, to allow for caregiver unemployment, so that people who-- particularly during the pandemic we saw a need for this. Although Senator Crawford had been working on this before-- allowing people who have to leave work to care for a sick spouse or child, to be able to apply for unemployment and receive those benefits if they're eligible. With that, I would like to yield the remainder of my time to Senator Dungan.

DeBOER: Senator Dungan, you are yielded 3 minutes, 44 seconds.

DUNGAN: Madam president, was that Senator "Jungan" that you called me, or was that Dungan, or was it John Cavanaugh? Senator Dungan. OK. I just want to make sure. I was-- I've been called a number of things in this body, Senator Dunnigan, Senator Duggan.

DeBOER: Is it Dungan?

DUNGAN: It is Dungan. Yes. I've been called Senator Dungeon, I believe, one time, by Madam President. But it's fine. I'll answer to whatever. Thank you, Senator Hunt. I appreciate the time. I know that we're running a little bit short on time, it looks like. But I wanted to also take one more opportunity to talk a little bit more, if you'll permit me, as I will probably do, as we get back to this bill, to talk about sustainable aviation fuel, with regard to the desire for companies to locate here. So I had the opportunity to attend a conference regarding sustainable aviation fuel, recently. It was held in Illinois. And the reason for that, obviously, is-- well, it's twofold. One, Illinois, obviously, is a major aviation hub in our country and in the world. They have O'Hare, they have Midway. They're the home, I believe, of United Airlines. And so, they have a real stake in the aviation industry. But it's also located in Illinois, in Illinois, because they are the first state that signed a, a tax credit for sustainable aviation fuel into state law. So there is, I believe, a, a sustainable aviation fuel tax credit at the national level that was passed recently, that's a little bit different. They're still looking for certain definitions. But Illinois passed into law a tax credit for the purchasing of sustainable aviation fuel. So theirs was intended to incentivize airlines and, and companies to purchase SAF. And then they'd be able to have a tax credit on that sales tax-- sales and use tax that ultimately, they were utilizing to buy SAF. And that

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was done because they wanted to make sure that if they're producing the SAF, somebody was going to buy it. So in my bill, the one that I was discussing earlier, we actually originally brought a similar amendment that sort of mirrored some of the language from Illinois here in Nebraska, for the production-- or sorry, for the purchasing of sustainable aviation fuel. Because Nebraska does not currently have any sustainable aviation fuel being produced, I was unsure and my office was unsure how they would define it with regards to where it falls under our current sales and use statutes. Well, we were very fortunate to find out that through the definitions that were being used and ultimately agreed upon by the Department of Revenue, sustainable aviation fuel does qualify as jet fuel, which is currently sales and use tax exempt. So that was surprising to me. But it was good news, because what that means is we've already achieved the goal of incentivizing airlines to actually purchase and use SAF in the state of Nebraska. So what we did is we then talked to a lot of the stakeholders, whether it was ag producers--

DeBOER: One minute.

DUNGAN: Thank you, Madam President-- or individuals that are interested in purchasing SAF. And we said, what's the next step that we need to do? And everybody agreed it's the production of SAF that we need to find ways to encourage. When I was at this conference, I had an opportunity to speak in front of a, a large number of people. These are producers and companies that want to start making SAF. And I told them that here in Nebraska, we have a SAF tax credit for production that I'm very hopeful is going to pass. And I'll tell you what, for the next hour or so after that, I was getting business card upon business card from companies and organizations that said, we want to come to Nebraska, and we want to make you the forefront of the SAF industry. So it is real. People are ready to do this. They're ready to start projects here in the very near future. And if we don't get in on this on the ground level, it's going to be a problem. So, very hopeful we can get to that. I'm very excited about Nebraska being a partner in the SAF industry and actually being a leader in the production of SAF, not just in the Midwest, but in the country. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Fredrickson, you're recognized.

FREDRICKSON: Thank you, Madam President. Good afternoon, colleagues. I rise in support of the underlying bill, LB937. And I know that there's going to be a committee amendment with a number of bills that have

been added to that, as well, that has been the topic of some of the conversation today. And I've mentioned this a few times on the mic this year. I think-- I appreciate the work of the committees like Revenue, for example, who are looking at some of the larger goals we have, as a state, or from the executive branch, but also the legislative branch and, and what Nebraskans are asking us to do, including tax relief and, and, and trying to figure out ways to get all this comprehensively put together in a way that, that makes the most sense. And I think there is a, a thoughtful package, if you will, that was put together here. Obviously, there are some points of it that might have some contention or disagreement. I think there's time to discuss that once that amendment gets on. I will kind of briefly maybe describe a little bit of a, a part of the amendment that includes one of my bills, which I'm actually really excited about. And I will be happy to elaborate on that further once we get the committee amendment on the board. But one of the bills that's going to be in there, on the committee amendment, was my original LB1040 from this year, which was sort of a sequel to a bill I had last year. One of the things I learned in a conference I went to was about how shortages of food have been a big-- food scarcity, essentially, has been a big issue throughout our state, and is only exacerbated since the pandemic. And our food banks have done really incredible work, meeting the needs of Nebraskans and really expanding their services that they provide. They do backpack programs, for example, at, at schools, where kids are able to bring home food for the weekend from the school itself. They also, their-- the way they distribute the food throughout the state is actually a pretty impressive plan. And so, what my bill does is it provides a tax credit for grocery stores, as well as restaurants, that are-- that have excess food that would possibly be thrown out, but is still perfectly good to eat. When they donate those foods to-- that excess food to food banks, they get a tax credit for up to a certain dollar amount for those donations. So the reason I decided to bring this bill was that I decided-- I, I had learned that a lot of times, grocery stores and restaurants actually throw out excess food that is perfectly healthy and, and suitable to eat, because it was costing more money to get the food to the food bank than it was to just throw the food out. And so, this was a bill that I thought was a win-win-win, in the sense that tax credit for the grocery store, it sort of makes it more financially feasible for them to get that food to the food banks themselves. Obviously, a win for the food banks because they are in need of donations. And so, that was a win for them, as well. And it was kind of a-- you know, I, I joked with the Revenue Committee. It was one of my favorite hearings because it really brought together quite a smorgasbord. No pun in-- that was a

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terrible pun. Oh, my gosh. No pun intended-- of, of supporters. So the hearing had the support, obviously, of the State Chambers. It had the food banks there. But it also brought out folks in the ag industry. Pork Producers were there. The Catholics came out. It was really a, a great committee hearing, and had a lot of great support. And I was really excited to see that bill included in this-- in the committee amendment for this. So I'm grateful to the Revenue Committee for their thoughtfulness on that. I do hope this will make a big difference. Madam president, how much time do I have left?

DeBOER: 1 minute, 20.

FREDRICKSON: 1 minute, 20. OK. Oh, I think Senator Dungan has left the floor. I was really itching to learn more about Nebraska becoming the face of SAF. Is Senator Dungan still-- so I will yield Senator Dungan about 45 seconds, if he's able to elaborate a bit more on Nebraska becoming the face of SAF in that time period.

DeBOER: Senator Dungan, you're yielded 1 minute.

DUNGAN: Thank you, Madam President. I would take the time to continue pontificating about the importance of us being at the forefront of SAF. But I take exception to Senator Fredrickson calling me Senator "Duncan," after I very specifically just talked about my name. But that's fine. We can have that conversation offline. We'll be here till about 7:30 tonight, so I'll find time to have a very serious talk with him about the way to pronounce my name. But that being said, seriously, I, I really am excited about the SAF bill, if you can't tell. I've already gotten a few emails from folks in the ethanol industry, talking about how much they support it. I've worked very closely with friends over at ADM, and how they're really excited to get involved in the SAF industry, and this really is an integral step to that. If we don't do something, it's not going to be economically viable for them. So very excited about that part of this potential package, and I look forward to having that conversation. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan and Senator Fredrickson. Senator Blood, you are recognized. And this is your third opportunity.

BLOOD: Well, thank you, Madam President. Fellow senators, friends all, I stand in support of the underlying bill, and would ask that Senator John Cavanaugh yield to a question.

DeBOER: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

BLOOD: Senator Cavanaugh, I had some more questions texted to me, that people want to better understand what's going on. And since we had such a good dialogue last time, I'm going to hope that we can do that a second time, and see if luck is with us.

J. CAVANAUGH: Sounds great.

BLOOD: So how many bills are we allowed to amend into an underlying bill?

J. CAVANAUGH: That's a good question. I don't know if there's a procedural limit.

BLOOD: Senator Slama said all of them. We did that last year.

J. CAVANAUGH: Yeah. There's-- I don't know what the most it's ever been. I mean, 10 is kind of a lot, but I think we did even more last year. I do recall at some point this year, the Speaker, I thought, asked us to limit committee packages to 5 or 6 bills.

BLOOD: Isn't, isn't that what the Speaker said? I think Senator McKinney told me that he thought the Speaker had said that at the beginning of the year.

J. CAVANAUGH: I recall that, as well. I know we held ourselves to that standard in Urban Affairs. And I actually believe we did in General Affairs, and I think in Natural Resources, we did.

BLOOD: So what if I want to amend something into a Speaker's priority bill?

J. CAVANAUGH: Well, generally you have to have the permission of the Speaker to amend into a Speaker priority. And, and it's historically, I think, been disfavored to attempt to amend a Speaker priority. I think we saw that on the floor with, I believe, it was Senator Ibach's bill, where Senator Wayne or Senator McDonnell-- I can't remember which.

BLOOD: Senator Wayne.

J. CAVANAUGH: Senator Wayne amended something in, and then we ended up coming back and taking that out, after the fact.

BLOOD: OK. What about a committee priority bill?

J. CAVANAUGH: Committee pri--

BLOOD: If it's already out on the floor.

J. CAVANAUGH: If it's already out on the floor? I mean, as long as it's germane, you should be allowed to attempt to amend.

BLOOD: What if there's already 5 bills in it?

J. CAVANAUGH: Well, if there's already 5 bills? Well, again, that's more of a, we'd say like more of a guidance or guidelines than a rule. So I think as long as it's germane to the underlying bill, that's really the only thing the rule states.

BLOOD: What if you have a bill, and I am going to amend something into it and you don't want me to? What is that called?

J. CAVANAUGH: We call that a hostile amendment.

BLOOD: And why do we call that a hostile amendment?

J. CAVANAUGH: Well, I, I would guess that is because it's against the wishes of the person whose bill it is, so it's hostile towards that individual's desires.

BLOOD: You know, it's really too bad we don't have fourth graders in the balcony right now, because what a good lesson this is, right?

J. CAVANAUGH: Yeah, we could tape it and replay it for them.

BLOOD: It-- it's true. They-- actually, several years ago, I think before you got here, we actually did a video for the fourth graders that they utilize, that is under the educational aspect-- excuse me, educational part of our website. Have you ever seen those?

J. CAVANAUGH: I don't believe I have.

BLOOD: I'm on it, Senator Morfeld, I think Senator Wishart, several others. So, there is a video, but it's not as interesting as this, this dialogue. So what happens-- OK. I'll make a hard one now. What happens when I amend a bill onto your bill, and we realize that mine has a giant fiscal note and it's going to sink your bill. How would we remedy that?

J. CAVANAUGH: Well, I would hope that we could all amicably decide to take that amendment out.

BLOOD: So I have the option of withdrawing the amendment?

J. CAVANAUGH: Well, once it's adopted, so it's the-- I think there's possibilities. If you did it on General File, you could do an amendment to take it out on Select, which I believe is what happened with Senator Ibach's bill. But if you do it on Select, which is where many bills are added to a bill, and then it would advance to Final, then you would have to do a motion to return to Select for a specific amendment. And that specific amendment would be to take out that amendment that you put in on Select.

DeBOER: One minute.

BLOOD: So my last question is, what is a Speaker's hold?

J. CAVANAUGH: A Speaker's hold?

BLOOD: On a bill.

J. CAVANAUGH: That I don't know.

BLOOD: So I don't know if we've done this with this Speaker. But we had a previous Speaker that if you were getting really beat up on your bill and you wanted some time to work the bill, or there was one time when the senator's-- got his feelings hurt, and took his ball and literally went home. And they did something called a Speaker's hold, where they're just basically stopping it in the process. And the Speaker can either bring it back later or it just dies in infinity. So, Speaker's hold.

J. CAVANAUGH: Well, often, we, we pass over a number of bills around here.

BLOOD: Yeah, but that's a passover, not a Speaker's hold.

J. CAVANAUGH: Yeah.

BLOOD: So you actually haven't debated those. These are ones that are usually debated--

J. CAVANAUGH: OK.

BLOOD: --at least for the first round-- that looks doomed, and the person doesn't want be embarrassed by going any further. I-- kind of my explanation and my perception, but that's just what I perceived. So thank you, Senator Cavanaugh, for the, for the dialogue.

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DeBOER: Time, Senator.

J. CAVANAUGH: Thank you.

DeBOER: Thank you, Senator Blood and Senator John Cavanaugh. Mr. Clerk, for items.

ASSISTANT CLERK: Thank you, Madam President. Senator Bostar has amendments to LB937. Senator Brandt has-- also has amendments to LB937. The Enrollment and Review Committee reports LB1368, LB126A, LB1027A, LB20A, LB262A, LB876A, LB1023A, and LB1031A, all to Select File. Some of those have amendments. The Committee, the Committee on Government and Military and Affairs reports to General File, LB1300. Additionally, have amendments to-- by Senator Ibach to LB1317. A report from-- a report on gubernatorial appointments from Business and Labor Committee, the Health and Human Services Committee, another one from the Health and Human Services Committee, and the Business and Labor Committee. That's all I have, Madam President.

DeBOER: Thank you, Mr. Clerk. Pursuant to the Speaker's agenda, we will proceed then to the next item.

ASSISTANT CLERK: Madam President, General File, LB388, by Senator Linehan. First off, I have a, a motion by Senator Machaela Cavanaugh to indefinitely postpone the bill pursuant to Rule 6, Section 3(f).

DeBOER: Pursuant to the Rules, Senator Linehan, you are welcome to open, open on LB388.

LINEHAN: Thank you, Madam President. And good afternoon, colleagues. I am going to start here since we're going to be on this for 8 hours until we leave tonight, and then tomorrow morning. I want to start with a little history lesson. And I've thought of a title a few minutes ago for my history lesson. It's the "miracle of LB1107." So when LB1107 passed, it was COVID year. So this-- I think-- our short sessions, long sessions are bad. You should have a year where you leave here in March and you don't come back until July. That sounds like oh, well, you had from March to July off, but we didn't. We were on Zoom meetings. I think Senator McDonnell was on many of those Zoom meetings twice a week, trying to figure out numbers, and how we were going to do-- because when we had left, we couldn't get enough-- we couldn't get to 33 on the ImagiNE Act. And we couldn't get to 33 on a school funding plan that was going to lower property taxes. And we had a new [INAUDIBLE] from UNMC because they were trying to get federal money. So what we did in the end is we put it all together. And

originally, the school funding plan was going to take up to five years. The first year was \$125 million to lower levies, the second year it was to go up to \$250 million, and in the third year was to be \$375 million. So we got that. And then some people didn't like the money going to the school. So we all go into a room, Revenue versus Appropriations, has the Speaker, the Governor, everybody's in the fight, and we come up with this crazy idea that we will use an income tax credit for property taxes paid. And everybody since then has been why did you do that? Well, because that was the only way I could get it done. It's the only way our committee could get it done. So what Senator Tom Briese and I and other-- Senator Friesen, we all agreed to it. We also agreed that it would take five years. But others didn't really like the idea, so they put a brake on it that said, you can't get more-- all of it has to come from revenue above last year's revenue. It has to be more-- revenue has to be up 3.5% over last year, or you get no money, which we didn't like, but OK. It was a deal, right? OK. So revenues have to be up 3.5%. Oh, oh yes. And the rainy day fund I think at the time was about \$300 and some million. And before you get any money for your LB1107 income tax, property tax credit, we have to make sure the rainy day fund is up to 16%. So you can see we left here kind of sad because maybe-- we did get a line in there, have to be guaranteed by the fifth year that we have \$375 million. Nobody thought, what happens if revenues were up 16%? There was no brake on it. So we went home very sad. And I remember the day they told us it's \$546 million. That's why it's a miracle. It was never supposed to be \$546 million. But that's what happened because our revenues were up. And now we have this \$546 million in our budget. And to help Nebraskans, what we do is say, pay your property taxes, then do your income taxes, and you'll get a credit for 30% of your General Fund school levy, property taxes. I actually like LB1107. I helped create it. I know how hard it was to get. I take my tax credit on my house that I pay taxes on in Elkhorn, the Elkhorn School District. I have a farm in Johnson County in the Lewiston School District. My accountant, the Chairman of Appropriations, does my taxes. I get my credit. I love it. It means I have to pay less in income tax at the end of the year. But you know who's not getting advantage of it? There's a whole bunch of people who aren't lucky enough to have an accountant who knows about the credit. So when you look at the numbers on what we're doing today, we can say, and I would argue that we are, we're providing property tax relief, but only for people who itemize, who have accountants, who actually know it's there. In Omaha Public School District, 65% of the people are not claiming the credit. 65%. In Elkhorn, where I live, only 35% of the people are not claiming the credit. And you can look clear across the

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state and that's what's going on. There's been so much misinformation about this bill that I hope not just my colleagues and inside the Legislature listen, but I hope people at home listen. Because you're getting mailings that are not true. I-- I've read something from one of our lobbying groups yesterday that I will get to in this debate, but none of it's true. It's just absolutely not true. There are claims that this bill hurts low income. It doesn't. It removes-- since Senator Wayne has been here, since I've been here, Senator-- it goes back to another senator. He had been the whole time trying to get rid of tax on tap water. We got that done I think two years ago, three years ago. And in that same conversation, we always talked about getting rid of taxes on utilities. Because what do you have to have to survive? And we say, and I've said it, we don't tax anything that you need to survive. Well we got rid of water. We don't tax your rent. We don't tax food. But we tax utilities. And it's a big moneymaker, folks. It's \$80 million a year. We're not going to tax utilities anymore. So if you-- we're going to get up and talk about how this hurts the low income, you tell me, somebody tell me. Show me a chart of a single person making \$28,000, paying rent, utilities, food, car payment, and tell me how much money they're paying in sales taxes. Because they don't have any money left. Show me a family of four at \$50,000 AGI. What, you all buy groceries and most of us do. Grocery bills, family of four? You're looking somewhere between-- and Senator von Gillern and can speak to this later, he did a survey on Facebook-- you're looking at somewhere between \$800 and \$1,000. Rent, \$1,000 to \$1,500. Pretty soon, the money you have to spend on things that you don't need to live is very, very short. So if we're gonna get up here and argue that a penny increase in sales tax hurts the low income, show me the numbers. All this stuff floating around about how this hurts people? None of it has any numbers. None of it has any graphs. None of it shows us what a real-life situation is, which we will be handing out later this afternoon. Now, the other thing I've heard. Well, there's no way-- it doesn't show where the money's going in this bill. So another history lesson. Same time we were doing the miracle of LB1107, there was an effort by the Chairman of the Revenue Committee, Chairman Groene, to pull a bill out of Education, put it in a Revenue bill, and kick it to the floor. The hearing went till midnight. We were told by the Speaker, by the Clerk, all the people that know the rules, we can't do that. Can't pull a bill out of Education and put it in a Revenue bill. So the companion bill to this will come from Education. But if you all agree, and the Speaker agrees, and the Clerk agrees, we can have that amendment up here tonight. And we can--

DeBOER: One minute.

LINEHAN: --put an Education bill in the Revenue package if that's the way you want to do it. I don't care. They go together. They have to go together. There's no use in doing this unless we're going to fund the schools. This, this package has ideas from everybody. Senator Brandt, Senator Dorn, Senator Hughes, they like the Nebraska plan that they brought. And the Nebraska plan, why they like it? It pushes all the levies closer together. Because we have levies. I always pick, pick on-- I'm just going to pick on Senator-- Treasurer Briese a minute here because he has Elgin in his di-- his, his-- I don't know where it is now, but Elgin is a very lovely place. I thought maybe someday I'll retire and move to Elgin because I think their school levy's \$0.40. Maybe it's \$0.45, but it's, it's really low. And then you've got, you know, other school districts, Elkhorn for example. We're not the highest. I think Gretna is the highest, but we're up there I think all in with bonding and everything, our levy's like \$1.25. So that's what we've got going on. You got one school is \$1.25--

DeBOER: Time, Senator.

LINEHAN: --so if you have a farm there, you're paying \$1.25 per \$100 valuation. A farmer in Elgin--

DeBOER: Time, Senator.

LINEHAN: Thank you.

DeBOER: Thank you, Senator Linehan. Senator Machaela Cavanaugh, you are now welcome to open on your motion.

M. CAVANAUGH: Thank you, Madam President. This is actually a motion I filed last year. So, I guess, fortuitous. Anyways, I would like to yield the remainder of my opening to Senator Dungan.

DeBOER: Senator Dungan, you are yielded 9 minutes, 45 seconds.

DUNGAN: Thank you, Madam President. And good afternoon again, colleagues. I do appreciate the opportunity to have this conversation here on the floor. I think that we all have been waiting with bated breath to get to this moment. I know a number of people throughout the state, constituents of mine, have reached out to me wanting to talk about this and wanting to have a conversation about what we are doing with regard to property taxes. Certainly, there's a number of people in the Rotunda right now who I think have been waiting for this conversation to happen for quite some time, so I'm glad that we have

an opportunity to have this. I wanted to start by, I guess, thanking Senator Linehan and also the rest of the Revenue Committee, because I know this has been an incredibly arduous process. It's not easy in a short session to get together and try to pass anything that is going to have at all the major effect, let alone, a massive change in the way that we are conducting our tax asking, and our tax gathering, and where that's going with regards to property tax relief. And I want to be very clear, I don't think there's a single member of this body who does not believe that property tax relief is the most, if not one of the most important issues for our constituents. When I knocked doors when I was running for office, I heard it from everybody I talked to. Every single person in this room has heard that, too, at least once or twice, it seems like, a week about what we need to do. So everybody here, I think, is trying to work towards the same goal of achieving property tax relief that is actual property tax relief. The difference that we have, I think, is our, our opinions of how to get there. And when we conducted the Revenue hearings throughout the year, we heard a number of ideas. There were ideas as wide-ranging as constitutional amendments that have to do with the difference in how we value property. There were amendments that involved this concept of circuit breakers, where if you essentially have a certain amount of income proportionate to your property tax, it gets lowered or you don't have to pay it to a certain extent. We had ideas about extending the homestead exemptions, which we currently have here in Nebraska, to ensure that we had targeted property tax relief for individuals who needed it the most. And what we were ultimately left with was, I think, a very wide smattering of suggestions of what we can do here in the state to achieve property tax relief. And I want to be very clear as well, that I continue to believe that there are components of the plan that's being talked about that I am absolutely in support of. Senator Linehan gave us a very helpful, I think, background of the LB1107 tax credit, which for those watching at home who are unaware, that's, as she said, that's the money that you get back off your income tax at the end of the year based on the property tax you paid. There's also property tax credit that goes up front, we call that tier one in the Revenue Committee, directly to the political subdivisions and the counties to help pay things down. So there's different things that we do right now to provide property tax relief. As we put this package together, as we put together LB88 [SIC, LB388] and had various amendments attached to it, there were obviously things that some of us agreed with and some things that we disagreed with. And ultimately, at the end of the day, I found myself on the Revenue Committee in favor of the frontloading of the LB1107 tax credit to ensure that we could actually lower the number that people are seeing on the amount they

pay in property tax. That is actual property tax relief for those who don't claim that. And that seemed to be a fairly unanimous decision. I understand some people had a little bit of heartburn about it along the way, but Senator Dover, along with others, had introduced that bill, and it seemed like in the early parts of our conversation, we agreed that the LB1107 frontloading made the most sense. And then the question was around the periphery. It was, what do we do to pay for that? What do we do to make that happen? And what additional can we do to provide property tax relief for the citizens of Nebraska? The sticking point for me that ultimately came and was my opposition as the lone no vote on LB388 was the proposed increase in sales tax. I know that early on in this year, the Governor had proposed a, a fairly significant sales tax increase that I think by most or all calculations, was going to place us as the number one sales tax state in the nation. And in talking with my colleagues, regardless of political background or where they fell on a certain side of the aisle, people were generally opposed to that. And so what ultimately is contained in LB388 is not that massive of a sales tax increase, but it still contains in it the very real likelihood, if not probability, that we're going to see a sales tax increase. I'm sure throughout the pendency of the debate today, we're going to have a conversation about the mechanisms in place with that sales tax increase. But I want to make no bones about it, what we're doing in this bill essentially, is we are betting that the Forecasting Board was wrong and that we are going to do better than the Forecasting Board in our actual General Fund revenues. And if we do really well, the sales tax won't increase at all, and if we do kind of well, it goes up a little bit. And then ultimately if it falls under a certain trigger mechanism, then the sales tax will go up to 6.5%. I don't think that is personally the best way to, to handle that. I am opposed to a sales tax increase. I am opposed to a sales tax increase because it harms our local businesses. I'm opposed to a sales tax increase because I believe it ultimately is bad for Nebraska. And yes, I am opposed to a sales tax increase because I do believe it is regressive. And we are going to have a long conversation about regressivity, and we are going to have a long conversation about numbers and data and graphs. And I-- and I completely appreciate the information that's already been handed out. I know we're going to receive more of it, and we're going to continue to talk about that. But in trying to determine how I felt about what we should do with regard to tax policy here in Nebraska, I have always tried to maintain some sort of North Star or philosophical idea as to what we should or shouldn't do. And at the end of the day, my North Star on determining tax policy is not based on the piecemeal piecing together of different things, but it's what is going to help Nebraska

the most without harming middle class, lower class, and working people. I understand that there are certain numbers that can be put together on this page that may seem like a sales tax increase is not harming middle, working class people. But at the end of the day, what we are saying is that if our economy does not do as well as we are hoping it will, that everyday Nebraskans are going to bear a disproportionate brunt of that by virtue of how much a \$0.01 sales tax increase affects them, based on how much or how little they make. We're going to talk a lot more about, I think, the definitions of these things. But ultimately, if you make \$1,000 and have to pay \$10 of that, it hurts you a lot more than if you make \$100,000 and you got to pay \$10 of that. The very nature of the sales tax does, in fact, ultimately have a disproportionate burden on middle class and lower class people. So that was one guiding principle. The other was we had a whole conversation about whether or not we were going to eliminate sales and use tax exemptions. Now, I understand Nebraska has a number of sales and use tax exemptions. I have a list that I pulled up on my computer, and there's a lot of them. And what I ultimately said, and I've said this since the very beginning of the session, is that I don't believe that we should be picking winners and losers, and I don't believe that we should be saying this industry can't be touched because it's important, but this one can be touched because we don't think it's as important, or we don't think that deserves the same kind of protections, or sorry, exemptions. Now, ultimately, if we want to get rid of the vast majority of the sales and use tax exemptions and utilize that broadening of the base to lower sales tax, we can have that conversation. I think that was part of the Nebraska plan that was proposed a number of years ago. But this method of saying we are now going to tax X, Y, and Z simply to get to a number, I think is something that, that I found problematic. And again, it's a differing of opinions, I'm not saying it's right or wrong morally to do it, it's simply not how I feel we should be constructing our tax policy. So that addresses both the, the sales and use tax exemptions and the sales tax. Finally, there's the conversation around lids or caps. Now, obviously there is something of a harder cap in this bill that pertains to political subdivisions. I do agree that we have to do something about spending, and we have to do something to ensure that dollars are not being wasted or spent, and that there's not too much money being asked from citizens.

DeBOER: One minute.

DUNGAN: Thank you, Madam President. But in my conversations with NACO and with the League of Municipalities and others, my understanding is the, the quote unquote hard cap that is in this bill is different than

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what they had originally proposed. So I'm curious to hear more from them and have more conversations from them. Colleagues, I think, again, we're going to have a robust conversation about this. I think we can have a, a, a genuine talk about what we agree and disagree about. None of this is meant to be personal or offensive to anybody, but I do think that this LB388 contains portions that disproportionately harm parts of Nebraska, and certainly, I think, do not achieve property tax relief in a way we want to. The last thing I'll note is I do find it problematic that the LB1107 frontloading is not in this bill. I understand that is in a forthcoming Education bill that I don't think we've seen yet. I understand that's a time crunch issue, and potentially there could be an amendment, and if we would get an amendment on that, I think it'd be important for us to see that to--

DeBOER: Time, Senator.

DUNGAN: --understand the full picture, as that's vital to understanding the process. Thank you, Madam President.

DeBOER: Senator Erdman, you're recognized.

ERDMAN: Good afternoon, Madam President. Thank you. I don't think it comes any surprise to you that I'd be up to speak about this. Senator Linehan chose to give a little history lesson. Let me share a little history with you as well. In 2017, we finished the session. Had done absolutely nothing, as we normally do, on property tax relief. I invited people in the Rotunda, had a press conference, and invited people to join me to work on the solution. About 30 people stepped up. We had several meetings. After the meetings, we started a petition drive to lower property tax by 30%. That petition drive went for several months, and then for some unknown reason that I never was able to figure out the people who helped me sponsor that backed out on me. The next year, '19, a year and a half later, we started another property tax petition relief, a 35% property tax-- an income tax credit on your property tax. We were collecting signatures and COVID broke, and we were not able to go door to door to collect signatures, so that petition stopped as well. Then a gentleman came to my office by the name of Rob, Rob Robhaugh [PHONETIC] had a consumption tax idea. I invited Senator Halloran and McDonnell to join me. We listened to his presentation. We had concluded that this was the answer to fixing our broken tax system. Because what we've been doing, and what we're trying to do with LB388 is put a Band-Aid on an amputation. There is no liberty and freedom in LB388, you never own your property, and by the way, if you live in the three big counties on April 1, you

need to pay your rent. And if you're in all of the rest of the counties, you pay your rent on May 1. You rent from the government, they're a really, really poor landlord. They hate you. They raise your rent without your permission. And if you happen to miss three payments, they come and evict you and take your property. Consumption tax fix all that. So that's the history on what I tried to do to solve this property tax issue. Then I discovered that just as regressive or maybe more so than property tax is income tax. And so the consumption tax solves both of those issues. Senator Linehan was talking about the false information that's out there about her proposal. Welcome to the club, Senator Linehan. There has been numerous false accusations about the consumption tax, and the only agency or group of people that came to sit down and talk to me about it, to understand it, is ICON, Independent Cattlemen Of Nebraska. All of the others continue to throw rocks at it and tell me how stupid it is, and I'm going to tell you this. This does not solve our problem. What this does is going to be a 10% reduction on what you're currently getting on LB1107. This will allow the government to continue to pick winners and losers. That's what we do. We have TIF financing. We have the Imagine Act. I can't imagine how your taxes are going to be now act because somebody doesn't pay taxes. We have the Nebraska Advantage Act still in place. So we have all of these things going that take your tax dollars and give them to somebody else that the Department of Educa-- the Department of Economic Development or the Chamber wants to have, or somebody wants a company to come to Nebraska. So when I have an EPIC town hall meeting, I ask people, have you filed for your property tax credit? Most people raise their hand. Then I next question ask is did you pay less than you paid the year before? And there's a few people raise their hand that they actually paid less. And then the next question is, is your property tax to the level that is acceptable that you can pay?

DeBOER: One minute.

ERDMAN: And not one person, not one person has said yes, it is to a level I can pay. The consumption tax is the least regressive tax there is. This tax that they're going to put in place here is regressive because low-income people, medium-income people buy used stuff, and there'll be sales tax on used stuff. Under the consumption tax, there is not. So instead of people coming together with me to try to figure out how to make the real solution work, they continue to put together things like this. And Senator Linehan worked hard on this, I understand that. We've worked tremendously hard on the consumption tax for the last three years. This is not the answer. You'll get a 10% more reduction than you currently have, and they will raise your sales

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tax. This is the wrong thing to do because they're not broadening the base. And when Art Laffer was in my office, he said raising the rate does not work.

DeBOER: Time, Senator.

ERDMAN: You have to broaden the base and lower the rate. Thank you.

ERDMAN: Thank you, Senator Erdman. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. So I rise in support of the IPP and opposed to LB388. And I think, I want to be clear, that LB388 is a bill that increases sales taxes and a number of other taxes. It is not a bill that provides property tax relief. We had a conversation briefing this morning. I think some of it got conflated between this and another bill that is not yet out. And so I think it's important for people to understand when you're voting on this bill, you are not voting on any kind of tax-- property tax reduction. You're voting on sales and use tax increases and eliminations of some exemptions. And I have said-- I've spoken on a lot of tax bills in my time here, and a lot of them, I thought, went too far. And I had always said that when you're reducing these too quickly, when you need to come back and raise revenue, I'm not going to vote to increase people's taxes. What I had suggested all along was to take more modest approaches and not decrease the corporate tax rate so aggressively and not decrease the top marginal tax rate-- income tax rate so aggressively, because you could look into the future and see that once you did, that we weren't going to have enough revenue coming in, and we were going to have to make that up somewhere. And so what we're doing here, aside from raising income tax, or I'm sorry, so-- sales tax, we are making up for the future loss in revenue from the implementation of that corporate tax cut, and the top marginal rate tax cut. So that is another option is to halt that implementation. I know there's a bill to do that. So I'm opposed to increasing sales tax on the people of the state of Nebraska. And as I sit here and look through the committee statement, I-- you know, I heard Senator Linehan's opening. She said she'd like to see charts and numbers justifying positions. It's hard for folks who are opposed to a bill to organize their thoughts when the bill itself was finally reported out yesterday at around 2:00, that there was a briefing this morning on it. It's up today, just about 24 hours after it was reported out. We're told that this bill interplays with another bill that has not been written, or maybe it's written and we haven't seen it. So it's hard for someone to come up with these justifications for their opposition that Senator Linehan would like to

see. However, I would point out a caveat, a heavy caveat to that is, you're the ones asking us to vote for this. You need to justify that this needs to become law. And I'm telling you, I'm not in favor of increasing taxes on Nebraskans. I would also say, looking at the committee statement, just a quick glance at it, it appears to list two bills, and then a bunch of other things. I don't see what bill the 1% tax on CBD-- 100% tax on CBD came from. I don't see what bill the cigarette tax came from, although I'm pretty sure it was a Senator Machaela Cavanaugh bill. I don't know what bill removing the exemption for sales, and setting sales tax for Nebraska lottery tickets and skill, skill games came from. There's no list of--

DeBOER: One minute.

J. CAVANAUGH: --what bill number it is. There's no list of who came and testified on it. I don't know who to go and ask about what this is. I know something about the skill games, because we had a bill in General Affairs where a lot of people came and testified about how this would destroy their industry. And Senator Lowe and his staff worked really hard-- if we're going to say how hard everybody works is important-- Senator Lowe worked really hard and got to a place where those folks said yes, they could continue to operate their industry if we did-- regulated them and taxed them in the way that the bill that General Affairs has moved did. So I don't know what bill that 20% tax is from. It's hard for those of us who are going to make judgments about these if we don't have all the information, we don't have time to digest it. And if you want us to explain to you our opposition, we need the information to be able to do that. So if you're just trying to jam this through because you've already made a decision about what you're going to do, that is something. But if you actually want genuine input and genuine dissent, that is--

DeBOER: Time, Senator.

J. CAVANAUGH: --another thing. Thank you, Madam President.

DeBOER: Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I am opposed to a sales tax increase for many reasons. And, you know, I was looking through the committee statement trying to get a better understanding of the whole package and what, what is going on here. And my overall number one opposition to the package or the bill in itself is I don't believe there is a real benefit to poor people. And this is why. Although there are exemptions for utility costs and things like that, you're

raising the sales tax. So it's like I don't even think it's crossing each other out. But let's say you're, you're, you're exempting utilities but you're raising sales tax. So there's no benefit to those people. They're already poor. I, I don't see a benefit for people that are living in poverty in any of these packages. And I would-- I love the exemptions for the utilities because I think it's needed. But you're also raising the sales tax, so I don't see the benefit to that. I'm also curious, if we're taxing the lottery funds, how does that affect the education funds going forward? That's a question that I hope we can get answers to. If we're taking away that exemption, how does that affect education funding? Then it's a 100% tax on CBD and hemp. I looked around and I saw some statistics on other states, neighboring states, and it's a lot lower. It's definitely not 100%. So we're not even going to be comparable to our neighboring states if we tax it at 100%, which, I don't know, I don't think that's right in a lot of ways. And then we're removing sales tax exemptions on soda and candy or pop and candy, and that-- it's questionable in itself because right or wrong or indifferent, a lot of people that drink pop and eat candy are not people who are well off, honestly speaking. So it's -- some people call it the poor tax, honestly. So we should have some conversations about that. Then the 6% growth for public safety if they need to hire people. The question is, if they raise it to 6%, what if they don't hire nobody? What if they don't hire? So they raise it for, for 6% growth. But what if they're not able to hire to that growth and they don't utilize the money? Do the counties keep the money? Where does the money go? I think it's interesting. And then also, you know, honestly speaking, what we really need to have a conversation about in the state-- in the state of Nebraska, is our refusal to open ourselves up to other, other revenue streams. One revenue stream that we should open ourselves up to is the legalization of marijuana. Colorado tax revenues, I think, for 2023, are like \$282 million. Think about that. \$282 million. And I would argue a lot of-- much of that revenue comes from people that are from the state of Nebraska--

DeBOER: One minute.

McKINNEY: --that we're missing out on. We should-- and it's not even just marijuana. There's other revenue streams I think we just refuse to open ourselves up to because we want to be Nebraska. Because, again, our new-- our state slogan should be Nebraska is just Nebraska because we like to stay in the Middle Ages and not change, and the rest of the world around us changes, and we just like to be Nebraska. But those are some of my questions about this package. I just don't think none of this benefits poor people, and that is the overall problem with this. I like the exceptions for the utilities. I think

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that's great. But overall, I don't think this benefits poor people. It only benefits wealthy people. Thank you.

DeBOER: Thank you, Senator McKinney. Senator Day, you're recognized.

DAY: Thank you, Madam President, and good evening, colleagues. I rise in support of the IPP motion and in opposition to LB388 in its current form for a handful of reasons. Senator McKinney illuminated one of them in that we often talk about how we have a tax problem in Nebraska, which we do have a tax problem in the state of Nebraska, but one of the reasons that we have a tax problem is because we have a revenue problem. We are losing taxpayers every year. We know that we have a brain drain issue, and we refuse to recognize that and address it from the other policy perspectives that cause the issues with brain drain, one of those being the fact that we have chosen year after year after year to not legalize even medical cannabis in the state. Through the end of 2022, states have reported a combined total of more than \$15 billion in tax revenue from legal adult use cannabis sales. The fact that we continue to look at the issues that we have with property taxes and instead of finding solutions where we are raising revenue in the state and bringing in more dollars or working to keep the taxpayers that we already have living in the state, we're shifting from property tax essentially to sales tax is what it's looking like. And I, I, I agree with Senator John Cavanaugh, I will not vote for a tax increase for Nebraskans. One of the major reasons that I'm opposed to LB388 is I am a Sarpy County senator, and we are the fastest growing county in the state. And the revenue cap that's in the bill is maybe potentially workable in counties that are not growing, but in a county like Sarpy County-- or, excuse me, in a county like Sarpy County, which is the fastest growing, has the fastest growing cities in it, it would be catastrophic to the growth of these cities. And additionally, it's catastrophic to the growth of the state, because the growth of the state often comes on the back of the growth of these cities in Sarpy County. Revenue cap might work in counties that are not growing, but it will kill counties that are growing. These areas will either have to reduce public safety and community services or choose to stop growing. We're going to turn off the growth in the fastest growing areas of our state, harming our overall prosperity. I know that there is an exception to the 3% cap for public safety, but I believe that only applies to personnel, and it does not apply to the infrastructure and the equipment that comes alongside those public safety issues, like cruisers, 911 services, equipment, and that type of stuff. So, again, when we're talking about really, really quickly growing areas like in Sarpy County, that cap can be catastrophic to public safety measures. Additionally, another, another issue that was

raised, and, and we're trying to learn more about this, as Senator John Cavanaugh mentioned earlier. It's really hard to, to get a handle on everything that's in this bill and all of the moving parts, because we're literally just seeing it now. And so we're trying to work through some of this, but it was mentioned to me that particularly in Sarpy County there are--

DeBOER: One minute.

DAY: Thank you, Madam President. There are several interlocal agreements with SIDs and smaller townships. And, you know, I think Gretna has one, La Vista has one, where these cities provide for services in these SIDs, like snow removal and things like that. And the pressure to cut costs with a revenue cap on these really quickly growing cities would likely cause an end to those interlocal agreements. So in neighborhoods like mine, I do live in an SID in Sarpy County, we may be burdened with then having to figure out how we are going to provide services like snow removal in our area because we no longer have the benefit, benefit of the interlocal agreement with the local, local municipalities. I'll talk more about this on the mic next time. Thank you, Madam President.

DeBOER: Thank you, Senator Day. Senator Conrad, you're recognized.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I rise in opposition to LB388. And that being said, I do want to thank Senator Linehan for her strong leadership and her hard work to try and address a perennial issue in Nebraska, which is the need for property tax relief. Senator Linehan, the Governor, all of us in this body are committed to finding a thoughtful way to address Nebraskans' ever-growing property tax burden. There is no question that is the right solution and the laser focus that we should be working together to address. However, I know this from my own experience on the campaign trail, I know this from the research, I know this from the flood of communications from constituents in north Lincoln, that there absolutely is consensus on the problem. But there is sharp, principled disagreement to the solution put forward in LB388, which seeks to raise a host of taxes on working Nebraskans and asks men and women who are least able to afford additional tax burden for goods and services because they are working and living in poverty or on a fixed income. They see very clearly that raising taxes and shifting taxes in an effort to cut taxes is a net loss for working Nebraskans. It is a move to make our tax structure more regressive instead of more equitable. That is why there has been a long-standing, principled position from some of the leading voices in Nebraska on tax policy that join the

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chorus of Nebraska citizens who say, don't tax my pop, don't tax my candy, don't tax all the goods and services that I need in order to conduct my daily life in an effort to give some more property tax relief. And we're seeing perhaps one of the most diverse and strong coalitions assemble in Nebraska history, joining with Nebraskans, who are saying, no, do not increase or shift taxes to cut taxes. That doesn't make sense from a good tax policy perspective. We're hearing this from the Chambers of Commerce, large and small. We're hearing this from the Platte Institute, Americans for Prosperity, OpenSky Institute, and again, the citizens of my district, which, of course, weighs most heavily on my mind as a senator from north Lincoln. Everyone is saying, yes, the issue is property tax. No, the solution is not LB388, which includes increasing taxes, particularly on those who can least afford them. I understand there's going to be vigorous debate. I understand this is the first part in a long deliberative process and expect to see changes and negotiations as things move forward. But I do want to note a few additional points for the record from a substantive and a technical perspective. Again, as we noted, I've noted many times from the Planning Committee's report. Nebraska is number one in terms of the amount of adults who work full time year round and are still living in poverty. So to increase taxes on those working men and women who are living in poverty is a particularly sharp blow. Additionally, I know the Revenue--

DeBOER: One minute.

CONRAD: --Committee and Senator Linehan are trying to address inequities by removing the tax on utilities. Thank you, Madam President. However, that's not targeted. Warren Buffett would receive the same tax break on his utilities as a working person in McDonald's in north Lincoln would. So that doesn't truly address inequities in the tax system, even though I know it is brought forward in good faith. Finally, I have significant questions from a legal perspective about whether or not the triggers and the delegation of authority to the Forecasting Board, as envisioned as part of the proposal, is permissible under our constitution. I'm concerned with Article VIII, Section 1 of the Nebraska Constitution, which specifies the Legislature's power to impose taxes and spend revenue. I am not sure that we can delegate this authority to a non-elected body like the Forecasting--

DeBOER: Time, Senator.

CONRAD: --Board to effectuate triggers. Thank you. Mr.-- Madam President.

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DeBOER: Thank you, Senator Conrad. Senator Blood, you're recognized.

BLOOD: Thank you, Madam President. Fellow senators, friends all. I'm not sure that I support the IPP, but I also have lots of concerns about the underlying bill. But I am listening to the dialogue. And with that, I'd like to ask-- she's right in front of me-- Senator Kauth, who I believe sits on this committee, if she would yield to a question.

DeBOER: Senator Kauth, will you yield?

KAUTH: Yes.

BLOOD: Senator Kauth, I don't have a question about the bill as much as the dialogue that went around the bill. And Senator Linehan did a really good job kind of explaining where you came from and how we got to the place we need to be. In any of these discussions did we ever talk about a luxury tax?

KAUTH: Not that I recall.

BLOOD: A luxury ta-- tax--

KAUTH: Could you explain like specifically what?

BLOOD: So a luxury tax would be like an extra little tax on a car that's over \$70,000, or depending on, on how you want to tier it, I mean, some states start at like houses that are \$400,000 and up and the tier goes up. I like-- more like million dollar houses. You pay a little bit, a little bit more if you have a \$1 million house, or if you have a yacht, or a ship, or, I don't know, do people still wear real fur coats? I don't--do they?

KAUTH: I don't know, but I also don't know if we have yachts in Nebraska.

BLOOD: Or like, you know, like a \$3,000 ring or that's not a \$3,000 ring, I'm just pointing to my ring. You know, or, you know, a designer watch, designer clothes that are-- they're over-- I think some states do like over \$500, \$1,000, and it's because it's thought that people that generate so much disposable income won't really miss that 1%.

KAUTH: So, Senator Blood, I think that the committee would love to hear an amendment, if, if you'd like to propose that amendment, that's something that we should definitely discuss.

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BLOOD: I'm glad you said that, I would have talked to Senator Linehan before announcing it on the mic though, I don't want her mad at me. I actually-- Please don't be mad, I may sit in your same aisle. I actually am going to propose an amendment on that. You know, we've heard a lot of people stand up today and talk about-- and, and you show it yourself in your flow chart. And it's not because you're definitely or necessarily trying to pick on this middle group of, of taxpayers, but that's probably the brunt of the population. So they end up being, you know, the mules that carry the burden. And it looks-- when you look at the graph, that it is the people that are upper income that look like they carry less of the burden, but they have the ability to help carry more of the burden.

KAUTH: Which graph are you talking about?

BLOOD: When you look at the flow sheets.

KAUTH: The, the long--

BLOOD: And you look at the different income levels. And that may be from the one from last year I'm thinking of.

KAUTH: I think this is from the last--

BLOOD: Oh yeah, not this one.

KAUTH: This is from the last one.

BLOOD: All right. I have to go back to my office--

KAUTH: OK.

BLOOD: --and grab another one. By the way, way too much charts. Thank you, thank you. That is one of the ones I was looking at. So I, I like to be-- first of all, I would never, ever, ever want to be on Revenue. And I have never volunteered for that committee, nor Appropriations. I like the policy part of what we do. But I think sometimes we don't, and I hate this expression, please, somebody come up with a new one, we don't think outside the box. And it's so much easier to tax what we see in front of us. When I've looked at other states, like let's go to Hawaii, right? Hawaii has a luxury tax.

KAUTH: I would love to go to Hawaii.

BLOOD: Who wouldn't? Why, why do you think really rich people live there? Because it's awesome. So what we know is when these states like

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Hawaii-- and it's really expensive to live in Hawaii, by the way-- push these luxury taxes, what people from states like Nebraska say is like, well, all the rich people are going to move away because, you know, they don't want to pay those extra taxes. But every single state that we were able to track through our research, that indeed was not the case.

DeBOER: One minute.

KAUTH: I look forward to reading through your amendment.

BLOOD: All right. Well, we're still working on it. And again, I'm sorry, Senator Linehan, that you had to hear it on the mic from me. It's her fault. Thank you, Senator Kauth, and thank you, Madam President.

KAUTH: Thank you.

DeBOER: Thank you, Senator Blood and Kauth. Senator Dorn, you're recognized.

DORN: Thank, thank you, thank you very much, Madam President. I'm a little bit different than everybody else you've heard from today. I am definitely in favor of LB388. Stau-- stand in strong support of it. Definitely opposed to the indefinitely postpone motion. I want to thank the Revenue Committee, I want to thank Senator Linehan. We've heard a lot of discussion in the last year about property taxes, well we-- a little history. Some of the others have talked about a little history. We've heard a lot of discussion about property taxes ever since I've been up here. I want to give some facts, though, a little bit. Sales tax in the last year to two years are in the neighborhood of \$2.3-2.5 billion, so we'll use \$2.5 billion for the number we're going to use that are collected in the state of Nebraska. That's the Nebraska sales tax. Income tax is right in the neighborhood of \$3.5-3.7 billion. That will go down by the bill that we passed last year to reduce the income tax. That will decrease a little bit. When I came up here six years ago, property taxes were in the \$4 billion neighborhood. Last year, property taxes in the state of Nebraska that were assessed to people owning property was \$5.3 billion. There are different things where we refund those, income tax credit, all of that stuff. But the part that was assessed, the part that was billed out to people was \$5.3 billion. So we want to talk about-- Senator John Cavanaugh talked about that he will not vote for a tax increase. And I will contend, as I stand here today, that if we do nothing, you will continue to vote for a tax increase, which is the property tax

increase. We set those guidelines. We set those rates. We have determined as a state that that is how cities, counties and schools will be paying their revenue, getting their revenue, and paying their bills. So as you sit here today and you do nothing-- Senator Erdman has his EPIC tax. Other people have ideas. But if we sit here and do nothing, we are voting for a tax increase, and that is a property tax increase. Lancaster County last year had a 22% increase in valuations. Some of them, I don't remember the school or the city or whatever, I know Lincoln Public Schools went down \$0.10 in mill levy. But if they held their levy steady, if they didn't do nothing with their levy, they now had a 22% increase in taxes. In six years, we have gone up by that much in property taxes. We have gone up over \$1.25 billion. We have not gone up in sales tax except for what people spend, we've increased that a little bit. Income tax, we've also put in place process to lower that. So I take exception to some of these comments that they will not vote for a tax increase, whereas we sit here today and we don't do nothing with property taxes, if we leave them the way they are, if we leave everything the way it is, you are indirectly voting for a property tax increase. For ten years, and that's all we've heard about for ten years, from about 2010 to 2018-20, rural property, ag land went up by 150%. Last year was the first real year that, I call it, residential properties went up. We also heard about-- lately we've heard about nonprofit homes, many other ones that have gone up and they've been increased in Lancaster County. Businesses, their property taxes have gone up.

DeBOER: One minute.

DORN: And we've had people talk about they don't want to support a tax increase because it will harm people, it would harm businesses, it will harm our economy. What we are doing today by not passing anything, if we do that, we are also hurting our economy. Because people are still paying taxes, they are paying the property taxes. And that's been very detrimental to our economic growth and our economic prosperity here in the state of Nebraska is property taxes. The number one thing when we campaign is property taxes. Here's an opportunity to do something. Thank you.

DeBOER: Thank you, Senator Brandt-- Dorn. Senator Brandt, you're recognized.

BRANDT: Thank you, Madam President. Well said, Senator Dorn. Good afternoon, Nebraska. I want to thank Senator Linehan and the Revenue Committee for LB388. And I'm going to thank Senator Murman and the Education Committee for LB1331. That's the other half of this twin

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bill, that's going to deliver on the education. I wholeheartedly stand in support of both bills. Would Senator Meyer be available for a question.

DeBOER: Senator, Senator Meyer, will you yield?

MEYER: Yes, I would, I would, I would.

BRANDT: Senator Meyer, can you tell me how much sales tax you personally paid last year?

MEYER: I have no idea.

BRANDT: Can you tell me how much income tax you will pay this year?

MEYER: I will know, Friday afternoon after I have my appointment with my tax accountant when I'm no longer occupied here.

BRANDT: So-- and I realize we're both farmers and maybe we're a little unusual. But that's pretty typical. Can you tell me how much property tax you will pay on this upcoming year?

MEYER: I know down to the penny.

BRANDT: How do you know-- how do you know down to the penny on that tax, but not on sales tax and not on income tax. What-- how can you-- how can you be so sure?

MEYER: Well, because I get the tax statement on December 1, which we got December 1, '23, and probably because that tax is about 20 times higher than any other tax that I might pay.

BRANDT: All right. Thank you, Senator Meyer. I think that, that illustrates something about property tax that most people are not aware of. And that's-- we all know in December to the penny, and in my case, and most farmers, we pay half that on May 1 and half of that on September 1. I have yet to find an individual in the state of Nebraska that can tell me how much individual sales tax they paid last year. They're aware they pay sales tax, but every town you go to, it's different because they're tacking on their taxes onto the state sales tax. So I find it a little disingenuous when everybody's standing up to say, the sky is falling because we're going to put a tax on some Dr. Pepper out there. So it's time for Nebraska to pursue property tax relief. The Governor wants this, the Legislature wants this, and most importantly, the people of the state of Nebraska have been asking for this for many, many years. The great thing is, when you're

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campaigning, you can put it on your card. For those of you candidates that are watching this, put it on your card. When you give it to somebody, say you're going to come up here and we're going to fix property tax. 75% of the property tax proposed in this bill will go to homes and businesses. It is mistaken to keep blaming ag land owners, not farmers, ag land owners in the state will receive about 25% of the relief proposed in these bills. How will this be accomplished? Real quickly. One: Possible sales tax. Possible. Sales tax increases are based on the June forecast. We don't know today, is it going to be zero, one-quarter, one-half, three-quarters, or 1%? That's in there. We will eliminate some sales tax exemptions. Real quickly, I'm just going to read the list here. Cigarettes will go to \$1. Advertising on-- with corporations over \$1 billion, think Google, that will be sales taxed. Candy and pop, lottery tickets, storage facilities--

DeBOER: One minute.

BRANDT: --veterinary services for pets, vaping, games of skill, cannabis derivative (hemp), and dry cleaning. How will we get there? We'll sweep excess cash funds to get us to January 1 of '25. We'll increase state funding per student from \$1,500 to \$3,000. That's in LB1331. We'll frontload tier 2 to December. That'll add \$750 million directly to schools. Currently, 30% of that money is unclaimed. 65% in Omaha Public Schools is unclaimed. And we'll put caps on schools and all other units of government. A tradeoff on this is we will remove sales tax on home electrical, home natural gas, and home propane out there. That's \$100 million in decreased sales taxes that this bill will do.

DeBOER: Time, Senator.

BRANDT: Thank you, Senator.

DeBOER: Senator von Gillern, you're now recognized.

von GILLERN: Thank you, Madam President. I was part of the working group that met over the summer and fall to talk about valuations, and levies, and how to address the property tax issue. And for those that were part of that group, they know that I said numerous times that I would not vote for a tax shift. If it was a dollar-for-dollar tax shift, I was not on board. That is not what we're doing here today. And that is not what LB88-- LB388 does. It is not a simple tax shift, it is a net tax reduction. And if you look at the figures, it proves that out. And the financial models that were handed out that all of you have on your desk, sets examples one through four. You can look at

those, you can pick them apart. I welcome you to, to dig into them and, and prove them-- prove them wrong. Because what it illustrates is that when you remove the nontaxed items out of the home-- out of a home's budget, that you end up with a net tax benefit. And that's the case whether it's a renter-- a renter with an adjusted gross income of \$45,000, up to a homeowner in Elkhorn with, as example three indicates, \$600,000 home. It's, it's the case in, in every case, it works. That's the only way I could get on board with this bill. The committee knows it. They heard me say it. Senator Linehan knows it. We had hard conversations about that. We are working on an OPS and an LPS model that was requested by some folks to see what the impact is in those two cities. And we hopefully will have that later on today or at worst in the morning, and we'll-- and we'll send that out. By the way, those models were done at the full 1% impact, which, as Senator Brandt pointed out, may or may not be the case. You can argue philosophically, but you can't argue with the math, and I know that that's stru-- that's a struggle for some folks. Senator Day mentioned the cap on public safety at 6%, which is 3% over the cap for other line items. It's notable that exemptions-- there's nothing in this bill that eliminates the ability for communities to claim an emergency-- an emergency situation and ask the state for assistance, as has happened numerous times, even in the past five years or so, back in the riots during COVID era and the floods and so on. Additionally, there's a provision in the bill for overriding the bill-- overriding that cap by a simple majority. It's not a supermajority, it's a simple majority of the voters that can override that cap. And the beauty of that is it puts the power back into the local taxpayers' hands. If the local taxpayers say, hey, you can raise my, my local property taxes by 10%, we'll vote for that. Fantastic. All they have to do is vote for it and get it passed and communicate with their county board, or whoever the local subdivision is. Senator John Cavanaugh talked about the sales tax increase due to corporate and income tax reductions, and I couldn't push back any harder on that. That absolutely is not the case. And in fact, back to the comment that Senator Day mentioned about brain drain in the state, lowering our personal and corporate income tax keeps businesses and keeps people in Nebraska. If you want to keep chasing people out of the state, leave the income tax and the corporate tax where they are, and we'll just watch them go out the door. Senator John Cavanaugh, I shared this information with him, but I wanted to share it with the room. He asked about two of the bills and whether they had hearings. The bill about games of skill was LB1310, and had a hearing on February 1. The bill regarding hemp was LB1341 and had a hearing on

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February 22. Lastly, my last comments, I would ask Senator Dungan if he would yield to a few questions?

DeBOER: Sorry. Who, Senator?

von GILLERN: Senator Dungan.

DeBOER: Senator Dungan, will you yield?

DUNGAN: I will, and Senator von Gillern did give me a heads up and did pronounce my name right, which I appreciate, so--

von GILLERN: There you go.

DUNGAN: --yes, I will.

von GILLERN: This time I did. Senator Dungan, you talked about not wanting to pick winners and losers. I just want to point out a few things and ask you to give you time to comment on that. LB937 that we just were talking about came out of committee, 8-0, so these bills had your votes. These are tax credit bills which actually pick winners and losers. LB937, LB901, LB1002, LB1022, LB1025, LB1040, LB1072, and LB1188, and then your own SAF credit bill is in there, LB1072. Are you-- are you saying that we should not do any of those bills because those pick winners and losers?

DUNGAN: I'm not. No. The general theory that I'm talking about is when we're trying to get rid of those exemptions, trying to pick them just out of-- and I understand that a lot of work went into this when you had 10 or 11 that we were talking about eliminating during the interim, but when we're deciding who to remove from those roles of who's exempt, I just think it becomes problematic because everybody has a good example or a good excuse for being on that list. And so when we're adding to it--

DeBOER: Time, Senator.

von GILLERN: Thank you.

DUNGAN: Thank you, Madam President.

DeBOER: Thank you, Senator Dungan and Senator von Gillern. Senator Linehan, you're recognized.

LINEHAN: Thank you, Madam President. So I've been taking notes here. I just want to make sure Senator von Gillern touched on this, but I have

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a list on my desk if anybody wants to see the bills that are in here. Everyone had a hearing. There's a number. They're all right here. I don't know, I, I-- I'm trying not to be irritated, and I'm not going to take my glasses off. But if you're going to get up on the floor and charge things like, ah, well, these bills came from nowhere, there's no bills, I can't figure them out, then you ought to stay on the floor to answer questions. And I've been looking for Senator John Cavanaugh for the last-- OK. Senator Cavanaugh, would you like to answer some questions?

DeBOER: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

LINEHAN: Senator Cavanaugh, are you-- are you satisfied with the fact that each of the things in this package had a hearing and there was a bill?

J. CAVANAUGH: Well, to be clear, I wasn't saying that they didn't have a-- there wasn't a bill, and there wasn't a package, or there wasn't a hearing. My point was that the committee sta--

LINEHAN: I'm sorry, what did you say? That's what I heard you say.

J. CAVANAUGH: The, the committee statement doesn't comply with the requirements of a committee statement, because I can't tell who came and testified on these bills. I appreciate Senator von Gillern giving me the bill numbers, and I, I can't tell who came and testified, and--

LINEHAN: OK, we'll, we'll try and fix that for you. I'm sorry. My staff is-- the Revenue Committee staff worked pretty hard on this. They're sitting right here on the floor, and I'm sure if you have any questions, they'd be glad to answer them.

J. CAVANAUGH: And I appreciate the hard work of the staff. I'm just saying--

LINEHAN: Right.

J. CAVANAUGH: --because it's hard for me--

LINEHAN: Because we had this issue yesterday on another issue that got in the paper this morning about make-it-so amendments, did we not? You had questions about make-it-so amendments being against the rules yesterday?

J. CAVANAUGH: I certainly do.

LINEHAN: Do you have a rule to point to?

J. CAVANAUGH: I could point to-- let's see, I might have it actually almost open here, I think it's--

LINEHAN: Before you-- before you answer that, I would suggest you talk to the Clerk who told me this afternoon or this morning, whatever-- hard to tell morning from day right now-- that we have been doing make-it-so amendments since 1950s. Thank you, Senator Cavanaugh.

J. CAVANAUGH: OK. Thanks.

LINEHAN: Other things I'll try to address. I appreciate very much Senator Day's concerns, but she's forgetting something. It's 3% plus growth. So any growth, a new house, a new building, whatever happens in her district is in addition, that's growth. It's not-- you're not capped at 3% if you're growing. That's in the bill. I would like if people would stop reading talking points that were set by other organizations and should read the bill. I've got a book here from OpenSky. They're very involved in the talking points going around. I'm not sure-- October of '23. Pretty recent. Reading from page 27. Regressive taxes, such as sales and property taxes, are the primary cause of lower and middle income families paying a greater share of their income in taxes than higher income. It doesn't say sales tax. It says property taxes and sales taxes. I've been here, maybe too long. I'm sure some of you think so. My family does. Ever since I've been here, I've heard two things from OpenSky and Stand for Schools: State doesn't give enough to public schools. We're 49th in the nation. We need to give more money to public schools.

DeBOER: One minute.

LINEHAN: 49th in the nation. This bill-- well, last year we moved from 20-- 49 to 28, I think. This bill puts us at number 8. I don't know what-- if this bill passes, I don't know what OpenSky is going to do. Because everything they've-- ever since I've been here, this is what they said we needed to do. We need to provide more state funding to the schools. And we are doing so and they're against it. I'm very confused. They say regressive up until maybe January of this year, up until Governor Pillen said his plan? They, they thought we should do something about property taxes, but now they don't think we should do something about property taxes. You can't have it both ways, guys. You

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can't say for a decade that the problem is we don't give public education enough funding.

DeBOER: Time, Senator.

LINEHAN: That's why property taxes are high and then turn around when we bring the bills to the floor, we've got it right here and say, oh no--

DeBOER: Time, Senator.

LINEHAN: --this isn't what we want. Thank you.

DeBOER: Thank you, Senator Linehan. Senator Raybould, you're recognized.

RAYBOULD: Good afternoon, colleagues, Senator Linehan and several senators have already spoken to this. The property taxes are the bane of all taxpayers in our state of Nebraska. But, you know, we are on the right trajectory. Last year, we did something totally transformative in passing funding to do exactly that. The imbalance has always tipped to our Nebraska taxpayers to pay for public education. Senator Linehan spoke very clearly about that. The problem is we passed this amazing transformative legislation to correct that imbalance. That's what we did last year. But we're not even giving it an opportunity to work its way through our public schools. I know many of you have talked with your own public school district, and they said, we need three years because that's how our budgeting process works. You know, the public schools will not get reimbursed for their special education until sometime, either later on this year or in 2025. That's a big component of last year, to increase the state's responsibility in paying for special education. And that is going to bring tremendous property tax relief. Let's let it work. Let's let it work. The other thing I wanted to say is that Senator Erdman and I rarely agree on a lot of things, but we agree. He said very clearly, this LB388 is a tax increase. I don't care how you want to package it or spin it, it is a tax increase. It is a tax increase. And the other thing he said, that this sales tax, LB388, is regressive. It is a regressive tax. We know that middle-income, low-income families, if you have to pay the same sales tax as someone in upper-income levels, it's that same rate. But the catch is you don't have that same income level and it takes a bigger chunk of your disposable income. Senator Linehan brought up property tax rates. You can look at property tax rates two ways. Number one, it can be a, a very progressive tax. Because, number one, I make \$50,000, but I can only afford and get a

loan for a house of X value. So in one way, the market limits the type and the expense of the house I can buy. The other problem with it, where you can say it's regressive, is that you and I, if you have a, a \$1 million house, and I have a \$150,000 house, we pay the same tax rate. So you could say that is looking at it in a regressive way. You know, we should be focused on economic growth. And I don't see how this is going to do anything to grow the economy of our state of Nebraska. This model increases statewide sales tax rate from 5.5 to 6%, making Nebraska in the top ten. We're actually number nine now. Are we winning? We're in the top ten highest sales tax states. I got to tell you, this is bad for businesses. It's bad to attract and retain businesses. Cost shifting. Cost shifting. Please. That's another thing. I don't care how you spin it. Implementing taxes on one group to allev-- alleviate the tax burden on another is not good public policy.

DeBOER: One minute.

RAYBOULD: Period. Thank you, Madam President. The one thing-- I know Senator Linehan asked for statistics, and I wish I had a chance to even look at my stats book. But, you know, I've, I've talked about Bloomberg Analytics before, when we were talking about the income tax and corporate tax reductions. So they have done a tremendous amount of research, and the impact and the economic multiplier, how it generates economic activity that benefits everyone. So when-- during the Trump administration, they gave that \$1.7 bill-- I'm sorry, trillion, \$1.7 trillion income in corporate tax rate, they look at how does that generate economic growth and development in dollars. It translated into \$0.31, \$0.31 of economic growth generated. But when they expanded the SNAP benefits during the COVID period and they extended the unemployment coverage, putting cash into the people that spend it, it generated \$1.05--

DeBOER: Time, Senator.

RAYBOULD: Thank you, Madam President.

DeBOER: Senator Riepe, you're recognized. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. Senator John Cavanaugh, in talking about the committee statement and the bills, mentioned the cigarette tax. And I am not aware if this is my bill or not, because it is substantially different from my bill. And so, maybe there was another tax-- a cigarette tax bill that this is incorporating. My bill

is LB745, and it increased the cigarette tax by \$1.50, so then it would be \$2.14, and it split the money between the Property Tax Relief Fund and the Health Care Cash Fund. This cigarette tax is an increase of \$0.36, and it all goes to the Education Future Fund. That fund didn't even exist when I introduced my bill, so, I, I, I missed the-- what bills are in, in this, legislation, but LB745 is substantially different, and the purpose of LB745 is substantially different from this, a dollar, an increase to a dollar does not impact rates of smoking. And the reason that I have introduced a tobacco tax increase, the only tax increase that I would ever consider, is because raising the tax is, first of all, extremely popular with Nebraskans, but also decreases-- if you raise it by a certain amount, it decreases rates of smoking, which increases better health outcomes. And putting the money towards the Health Care Cash Fund, which funds programs that research things like cancer, is what I think being a good steward of those dollars are. I-- when I introduced the bill, I put it towards the Health Care Cash Fund and property tax relief because I know that the body is very focused on property tax relief. So I thought, OK, well, let's just split it between the two. So yes, I would not introduce a \$0.36 increase. The tobacco companies were OK with a \$1.50 increase, so I don't know why we wouldn't have done a \$1.50 increase if they weren't fighting it. But it does nothing for health care outcomes, and it does not go to where LB574 directed the funds to go. So I am assuming, and I'm sure someone will correct me, probably belligerently, but that's the tone today, I guess. But someone will correct me and let me know what bill was the tobacco tax increase. So I hope that helps provide some clarification for Senator John Cavanaugh. And I would be interested-- I didn't hear the bill numbers of the other bills being read off. I would be interested in seeing a list, as I'm sure everybody would. It is hard to follow along with what's in this bill without that. I am not reading anybody's talking points, though it's not unusual to get information from organizations that are focused on specific policy areas. The Platte Institute has done that, Americans for Prosperity has done that--

DeBOER: One minute.

M. CAVANAUGH: --OpenSky has done that. This is not an unusual process because we are not experts in everything, and so having outside people with the resources to drill down on things is very, very helpful. So I would hope that people would stop essentially gaslighting us and actually start talking to us about what's in this bill instead of saying every question that we have is wrong and we shouldn't have a question. We should have questions. We should have debate. It's clear that it's not going to be friendly or collegial. We're just going to

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get people on the mic and badger them when they ask legitimate questions. So I guess that's how this is going to go. But I mean, who's really surprised at this point? Certainly not me. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. Colleagues, I am one of the few, it seems, that is undecided and going to keep an open mind, and, and listen and make my decision towards the end of, of tomorrow and the end of debate. With that, I'd like to hear a little more what Senator Linehan has to say. Thank you.

DeBOER: Senator Linehan, you're yielded 4 minutes, 39 seconds.

LINEHAN: Thank you very much. So I'm going to try and cover something that-- it's complicated, OK? And I know it's complicated, but-- TEEOSA. Complicated. Got it. But really, the basic of it is not complicated. It's a simple math problem. Your valuation in your district times \$1 is either above your needs, meaning you get no equalization, or it's below your needs, means you get equalization. So that-- there's lots of other things it triggers. But that part is pretty simple. So here's what's going to happen if we don't do this. Schools, Millard, Lincoln, Waverly, Norris, they're going to be out of equalization. Because what's happening in those communities is their valuations are going up, and they are experiencing what Senator Dorn explained ag has experienced for the last ten years. If those valuations keep going up, which every sign is they're going to, they might plateau a little bit until interest rates go back up, you're not going to have equalization aid, folks. And guess what happens as Senator, Senator Dorn, Senator Brandt, Senator Meyer could explain to you, when your valuations go up, you lose your equalization aid. And because the schools have to have money, they need to raise property taxes. So if we don't do this and valuations go up again in Lincoln there, there may be two years Lincoln's maybe two years from losing-- or having any equalization aid. So that means Lincoln is going to have to have increases in their levies. They're going to have to take advantage of all evaluation. So there is no way to fix the property tax situation today. And going forward, it's going to get worse if we don't do this. The only schools after this bill that will be equalized are-- there's like 25 of them. And they are Omaha, they are Lexington, they are South Sioux City, Hastings, Grand Island, and others, which we can get a list of, because it's-- the only schools that will be equalized are where are majority of free and reduced lunch, low-income

students, and a large number of English language learners. We tried. Senator Wayne brought a bill to Revenue trying to do away with TEEOSA, and we tried. There just-- there's so little valuation versus the number of students in those districts, there's no way to help them except equalization aid. So we can stay where we are, and you'll be back here, and there will be a lot more people a lot more angry about their property taxes in Norris-- Hickman, I'm sorry, in Lincoln, in Grand Island, all over the state because-- not Grand Island, I'm sorry. Omaha, Elkhorn, Bennington, because they're going to-- they're going to be off equalization. So there's not-- I know all this is complicated and yes, revenue's complicated, but--

DeBOER: One minute.

LINEHAN: We're-- we have a lot of seasoned people in Revenue Committee that have been looking at, at this for a long time. I just want to-- two other things that were said that I'm not-- and I know all this is very complicated, so I just want to-- a couple things. I think Senator Day mentioned SIDs. They're not in the bill. SIDs are not capped. Counties, cities, schools, not SIDs. Because to your point, and you're right, Senator Day, they are growing. So if you cap them, they can't grow. So SIDs are not in the bill. And Senator Raybould, I had to actually-- one of the things you said, I actually called the Department of Ed this week or maybe last week-- they all run together-- on the special ed reimbursement, where it is accurate that it did not get the money at the start of school year. They did start getting their checks in December, so they are now getting their full 80% reimbursement monthly. So it's a little behind, but it's not a year behind. And that was confusing.

DeBOER: Time, Senator.

LINEHAN: Thank you.

DeBOER: Senator Dungan, you're recognized.

DUNGAN: Thank you, Madam President. Colleagues, I do still rise in favor of the IPP motion and opposed to LB388. I do, again, appreciate the conversation we've been having. This has been, I think, very illuminating, and we've been seeing a full queue now for the last hour or so, hour and a half, and I think this is really good. If we're debating something as complicated as this, we need to be having different inputs and different perspectives. And so I think the conversation thus far has actually been very productive. And Senator Linehan is exactly right that this is a very complicated subject.

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Having been on the Revenue Committee this year, and having listened to these hearings and talked with a number of experts all across the political spectrum, none of this is easy. But I do think that it's important to continue to drill down into some of the details of the plan, but also talk about it from the broader perspective. One thing that I've sort of felt, and I think said multiple times throughout this year, is we don't have to do anything. That we as a body and we as a committee obviously want to achieve certain goals, but we can do so in a way that doesn't always require, quote unquote, taking the, the tough vote or something like that with regards to raising sales tax or something like that. I've said since the beginning as well, I'm absolutely in favor of the plan that frontloads the LB1107 fund into schools, therego, essentially dropping down the amount of property taxes that people owe to their schools, there-- ergo dropping down their overall property taxes they have to pay. We can do that, colleagues. We can do the LB1107 frontloading without doing this. Let me say that again, we can do the LB1107 frontloading and achieve the goal of reducing property taxes for the vast majority of Nebraskans without necessarily raising the sales tax. We don't have to do one in order to achieve the other. Now, granted, it may change the amounts of money that would be available, or it may change the avenue with which to achieve that. But certainly if we were to frontload the LB1107 credits and say, delay implementation for a year so we could then not have the LB1107 credits coming out as income tax credits, save that money, and then put it towards property tax relief, that would pay essentially for itself. And if we have to find that additional \$150 million or \$175 million due to the amount of credits that usually aren't claimed that roll over into the General Fund, we can find that money in other areas and we can have to make that decision at that time. In addition to that, we have other funds that have already been discussed today, with regards to this massive amount of money that has been set aside for a canal. There is a massive amount of money that's been set aside for other projects. And so I just want to make very clear the LB1107 frontloading, which is the mechanism with which we've all been talking about, I think we're going to achieve the real property tax relief. That can be bifurcated from the desire to raise the sales tax. Now, I understand the concern is how do we pay for it? And the concern is raising that money through the increased sales tax. But again, that money is either can be collected over a period of time or we can raise it other ways. And so I just want to make that very clear. And I also want to highlight again, because I think this got glazed over, or glossed over rather, a little bit in the beginning, LB388, the bill that we are voting on right now, does not contain in it any mechanism to frontload the LB1107 credits. Now, again, my

understanding is that's going to come from an Education bill. But when I talk to my friends on the Education Committee, my understanding is there's not been any conversation whatsoever about an Exec happening, nobody's seen language of that bill, and that is a massive change to implement in a very short period of time when that committee has not been engaged in that conversation. My understanding is the frontloading of the LB1107 credits was actually going to be in this, and I, I might have misunderstood that. And so ultimately, it sounds like the-- that a different direction has been-- has been taken. But when we're taking a vote on LB388--

DeBOER: One minute.

DUNGAN: Thank you, Madam President. You are not voting to lower property taxes. You are voting to raise sales tax and to get rid of sales and use tax exemptions on certain industries. And you're voting for a relatively hard cap on political subdivisions, with the hope that that money will then be used to effectuate property tax relief through the frontloading of an LB1107 credit, and the injection of additional foundation aid that has not yet, I think, actually been written. Now granted, there may be an amendment to this, it sounds like, that's brought up. I haven't seen that yet. I would hope to have that conversation if it does. But as it contains the language right now, LB388 does not in any way, shape, or form actually frontload those LB1107 dollars, and I think that's very important to note. So, colleagues, I'd encourage you to continue listening. This is a really good debate, a really good conversation, and I think it's going to continue for a little while longer. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Erdman, you're recognized.

ERDMAN: Thank you, Madam President. Senator Dungan is right. It's going to continue for a while, sir. So what we're forecasting here is the revenue to come in to make this work. So I was reading a little bit here of an-- of an article that I found a couple weeks ago. It says, farmers can expect the largest record year-to-year dollar drop in net farm income in '24. Income is estimated to be nearly \$40 billion lower this year compared to '23, nationwide. That is a decrease of 25%. The American Farm Bureau economist analyzed the latest data from the USDA. He goes on to talk about net farm income is going to be down on grain farmers, and it talks all those things. So what's going to happen is we have now got a-- an economy that's being supported by ARPA money that hasn't been in the economy yet, we haven't spent it. And so we have a-- an economy that's being supported by inflationary dollars that were created by the government. When that

goes away, and then we begin to function on agriculture again, we're going to have less revenue. Now think about this, ladies and gentlemen. We have less revenue because people have less money and pay less taxes. And then we're going to raise the sales tax rate. That makes a lot of sense to me. You don't have the money to pay the taxes that you were paying, so the state gets less revenue. So then we're going to raise the rate. That's really a good deal, right? Art Laffer was in my office two years ago, and Art Laffer, whether you like it or not, is probably the smartest, the most renowned economist in the nation. He has been, and still is, 100% behind what we're trying to do with the EPIC consumption tax. He says this: You don't get more revenue by raising the rate. You get more revenue by broadening the base. And what they're doing with these little flimsy exemptions they're taking away is not broadening the base. If you want to do this, if Senator Linehan wants to do something and the Governor wants to do something, you remove the sales tax exemptions, broaden the base to the \$110 million or whatever it should be after you take away the exemptions, and then you lower the rate to 3.5 or 4%, and you get more revenue. That's how the economy works. It doesn't work like this. This is not going to work. We can't sustain this. We swept money from the cash accounts to do this. You can only do that once. Because when you take money at the middle of biennium like we did, at the next middle of the next biennium, there'll be no cash there because those agencies are going to spend it all. This is not going to work. The people that are in support of this have been calling me. One of them called me this morning and said, we'd sure like to get on board. I said, why didn't you come to me when I introduced the EPIC consumption tax, instead of whining and throwing rocks at me? Why didn't you come and say, we don't like this part of EPIC, or we can try to help you fix that part of EPIC, or we can try to figure out how to fix our broken tax system, because our broken tax system puts the tax collector and the tax spender in first place. EPIC puts the taxpayer in first place. So why didn't you come to me and talk about it then? And they said, oh, we're sorry. I said, you're sorry? Now you're sorry, but you want me to jump on board on what you think is a property tax fix. It is not. It is a decrease in the increase. That's what we've done here since 1967. So when you hear the phrase property tax relief, let it be known that means a decrease in the increase. It's not you pay less--

DeBOER: One minute.

ERDMAN: --than you did last year. It's a decrease in the increase. That's exactly what this is. You vote for this, I'm going to tell you this right now on the floor so you know, you're running for reelection. You vote for this tax increase, you're going to have a

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difficult time-- difficult time getting reelected. That's plain and simple. Governor Orr raised taxes, one-term governor. Governor Tiemann raised taxes, one-term governor. Those of you who are going to seek reelection, you'll be a one-term senator. That's what happens when you vote to raise taxes. Now, income tax is just as regressive as a property tax, but we don't talk about that. Income tax has the foot on the throat of the economy. They tax your money and then you try to save it. And then you make interest and they tax you again. This is not the answer. The EPIC consumption tax is the answer. So come over, help me understand what the issues you have, we'll fix those, and we'll move forward with a real solution because we've been continuing--

DeBOER: Time, Senator.

ERDMAN: --to put a Band-Aid on an amputation.

DeBOER: Thank you, Senator Erdman. Senator Kauth, you're recognized.

KAUTH: Thank you, Madam President. So I just want to point out, repeating over and over that it is a tax increase doesn't actually make it a tax increase. It doesn't change the math of this. As Senator von Gillern stated so eloquently, this is a net tax benefit. Net is the operative word. One of the best ways to cut taxes is to cut spending, but we've heard no one stepping forward to volunteer to have their spending reduced. That being said, there are many parts to LB388 that wind up helping virtually every Nebraskan. Taxes are seen as a three-legged stool: Property, income, and sales. If one of those is too low or too high, the others have to compensate. Property is \$5.5 billion, income, \$3.6 billion, sales is \$2.5 billion. Our stool is completely out of balance. We need to balance it. Property tax relief is a significant portion of this bill. For property owners, saving 35% or more on your property tax bill will add back to the economy with being able to spend that money. If you save a couple thousand dollars every year, you're going to be able to spend it. You're going to be able to invest it. You will do other things with it. Currently, the property taxes in Nebraska are among the highest in the nation. I love Nebraska. We moved here almost 12 years ago. But there are no oceans, there are no mountains. We have amazing schools and great people. But to have the highest property taxes in the nation? That's insane. That limits the amount of development and movement into our state. When companies look at us, they're looking at our income tax, so we took care of that last year. We've made it so that we will be cutting it down significantly. But they look at our property tax, too. How much will it cost the people they transplant into our state to buy a house?

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I have people who are telling me that they are planning on leaving the state strictly because of their property taxes. I've had people stand at doors and say, I've lived here 30 years. I own my home, but I feel like I'm paying rent every month because the property taxes are so high. I'm looking elsewhere. Last year, we did make those significant reductions to our income tax. And by 2027, the highest rate will be 3.99%, which is down from 6.86%. That's still going to be higher than some of our neighboring states, who are at 0%, but it is a step in the right direction. All of this is about balance and incremental steps. The possibility of raising the sales tax by \$0.01 for every dollar spent is staggered, meaning if our revenue reaches specific goals, that \$0.01 will actually be reduced. This brings the sales tax portion of that three legged stool up while reducing the property tax portion. This is getting them closer to even in how we collect taxes. We have over 120 special interest exemptions. And what that means is a lobbyist came in some time, talked to prior Legislatures, and convinced them to not tax a specific item. It always looks small, it's just a couple million, it's just a little tiny thing. But that adds up over time, and it sure has. By broadening our tax base and now taxing certain things that are exempted, we will help mitigate that \$0.01 overall tax increase. And I know Senator Dungan was making the point that we shouldn't be picking winners and losers. If he would like to introduce an amendment to get rid of all of our sales tax exemptions, I would certainly look at that. Finally, we have put in the bill the removal of sales tax on utilities, because those are something that people cannot do without. Those are the necessities. Our utilities have actually been charging sales ta-- or we've been charging sales tax on the entire bill, not just the energy portion.

DeBOER: One minute.

KAUTH: Thank you, Madam President. By totally removing that from the state taxes-- now the cities can still tax utilities. That's up to them. That's part of that local control-- we're providing balance against the \$0.01 on items purchased. The bill also puts hard caps in place for those political subdivisions that can levy taxes. That was a deal breaker for me. If we were not able to basically plug the hole, we shouldn't raise taxes. This means they can't raise their taxes above a certain percent, 3%, without a vote of the people. There's special exemptions for public safety. They can go up to 6% for personnel issues. But this is going to give local control, give people who are actually going to pay that tax a little bit more input into the taxes they're assessed. This bill is going to help renters who want to become homeowner-- homeowners by significantly reducing the

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property taxes, because when you go to buy a house, property taxes are part of that mortgage payment.

DeBOER: Time, Senator.

KAUTH: Thank you, Madam President.

DeBOER: Thank you, Senator Kauth. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, Madam President. Colleagues, this is awesome that we're so full in the queue and everybody wants to talk. I hope just as many people are listening because Nebraska is counting on us. I, too, served with Governor Pillen and several members of Nebraska, like different businesses, we had counties there, we had cities, municipalities. Everybody that got in on this conversation from the very beginning knows exactly what direction we're headed in. They've been a part of the conversation throughout the-- throughout the whole summer, the fall, and all year since we've been here. I do appreciate Governor Pillen and his staff for helping us with all of the numbers that we've been just inundated with on whether it's a good, good way to go or, or it's not going to be effective, it's not going to be sustainable. We've gone through these things. And I want to stand here and applaud the, the Chair, Linehan, has, has helped each and every one of us in, in all facets of this and the Education bill that will come forward. I think it's too soon to jump up and say, I'm out, I'm not raising taxes. Because you know what? I've been here for eight years. We've really, in the last three years, really jumped on this and, and are making strides and impacts that are historically like supporting and sustainable to the whole state of Nebraska in so many reasons. There's something in both of these bills for everyone. And that's how we're supposed to take care of Nebraskans. It's something for everyone, and we're trying desperately to make people understand where we're going and why. So we're just in the early stages. We'll take this eight hours if that's what it takes, and it should take eight hours to talk about this so that everybody knows and understands what we're doing. I want to thank, again, Senator Linehan, for all the work that she's put in, her staff. I mean to tell you, these guys are amazing, along with everyone else. So anyway, I want to recognize Vice Chair von Gillern. He's got his areas of expertise in this that he's been putting a lot of time in. Senator Bostar, again, we-- I mean it takes all of us to figure out which direction we need to be going in and then agree at least with five or six people on a committee of eight that this is a good bill. This came out 7-0. And I'll let you do your own research, but we have Senator Bostar, Kauth, Murman, Meyer, Dungan, I mean, and myself. I mean, we have spent hours listening to

testimony, listening in committee intently about what we should do, shouldn't do, could do, maybe it's not a good idea. But it's very thoughtful, it's something for everyone. Property taxes will always be front and center. Even after we do this, there's still more work to be done. But everybody has to engage. Everyone who's a taxing authority in the state of Nebraska owes it to each and every one of us that have to pay those taxes an explanation of how they're spending our money. And we at the state level are just as guilty as anyone else, that it's too easy to spend other people's money. And that's exactly what we do when we come down here, and we're asking \$37 million for a special project that's going to help a certain group of people. \$37 million. They start at \$37 million, and then we reduce it to about \$1.5 million, and maybe we can get there. There are so many needs in our state, whether it's roads or bridges, whether it's Internet and, and just broadband to get to all the people, there are so many different things that we have to think about when we're putting these numbers all together. But again--

DeBOER: One minute.

ALBRECHT: --real quick, I want to just say that the LB1354 for-- Senator Cavanaugh was asking about the, the Advertising Tax Act. That was something I introduced to the Revenue Committee. And I also introduced LB1310, the game of skill and lottery taxation. And again, this, this is a working document that's been going on for some time. It just went up to Bill Drafters last week. And we just got a hot copy of it this week. So I mean, we are-- we are still going through it. This is-- these are several pages of a lot of information for people to wrap their head around. But don't just stand up and say, I'm not raising taxes, because you have to look at the whole package and everything we're putting into this. The schools are going to hopefully one day be made whole, that we don't have to worry about who-- who's raising taxes for what reason. We all have to be in this together to make it work for all citizens of Nebraska.

DeBOER: Time, Senator.

ALBRECHT: Thank you.

DeBOER: Thank you, Senator Albrecht. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. I, I really appreciate what Senator Albrecht was saying there and I, I thank you for listing off the bill numbers. So I have a lot of things I was going to say about

this, and there's a lot of issues, and I'll probably push my light and talk again at some point, maybe today still. But I did want to revisit the conversation I was having with Senator Linehan, because she, she started down this path, so I thought I would finish it. So the rule is Rule 3, Section 17, report of bills to the Legislature. Section 17(a). In reporting a bill to the Legislature, whether with or without amendments, a committee shall by a vote of the majority of its members, recommend that the bill be placed on General File or that the bill be indefinitely postponed. So what happened, for those of you who kind of maybe read between the lines and then didn't read the story that was in, I believe, the Examiner this morning, the Revenue Committee had a meeting last Thursday, and they voted on the concepts that became this bill. And they're called-- apparently called make-it-so amendments. And then this rose to my level of attention, because the Governor sent out a press release immediately lauding the 7-0, you know, monumental achievement of moving this bill out. And so, of course, the Governor's press release caught my attention. And then I read the newspaper article the next day, which was clear from that article that the committee voted without having an amendment in front of them. So to me that said, this committee, we've heard a lot of people talk about how complicated this issue is, how nuanced, how important, how many moving parts there are. This committee voted to advance a bill without reading it, without even writing it. That was what concerned me about this. So I continued to track this issue, and I rose it, elevated it to the level of informing the Clerk and the Speaker that I was going to object to this being read across because it had not been voted on, and I did not think that that method complied with that Rule 3, 17(a). And so when I informed on Tuesday, which is-- what was that, four days, five days after the committee had voted on the concepts-- well, so first Monday came and there was, I'm told, an amendment, an AM, I don't know that AM number, but that-- but that was incorrect. So it did not properly contemplate the concepts that were approved by the committee on Thursday. So that's one reason you probably want to have it in front of you before you vote, because you want to vote on what's actually in it. So then Tuesday, new concept, new, new amendment comes down, which is, I'm told, AM3203, which is the one that's-- would be up here if we were talking about it, dated 3/26, which was yesterday. And the committee met and refused again to actually vote on this amendment as it was drafted in its final form. And that was when I informed the Speaker and the Clerk that I intended to object. And it was after that the committee went back and then did actually take a vote on this AM. So the reason this is important, colleagues, aside from the fact-- the question of why would the committee refuse to take a vote on the amendment and wait

until the amendment was actually written to take a vote on it, which we clearly see, we now-- now we know there were mistakes in that drafting, and I'm-- my-- I'm to understand there are perhaps mistakes in the drafting of AM3203, which, again, is an argument for maybe you get it and vote on it when you have it in front of you, so you can read it before you move it. But the theater of it is what caught me. The fact that this committee and this body did something for what appears to be the purpose of a Governor's press junket, something so consequential, so important, something that raises taxes on a large number of people, is a tax shift on a lot of people, without having it written down and reading it, and then, of course, rushes it out yesterday, at 2:00, on the floor today, had a briefing this morning and we're being asked to debate it at this point, so quickly. Complicated, nuanced, important. So that is why I raised that issue. I wasn't gonna bring it up in this debate. I thought we'd let it go to rest, considering that the committee did ultimately vote on it. But since Senator Linehan raised it, I answer your questions for you about that. How much time do I have, Madam President?

DeBOER: Twenty seconds.

J. CAVANAUGH: Twenty seconds. Well, I'll push my light and talk again. Got other things I want to talk about on this bill. But folks, this is important. We should take it seriously. Don't rush things out just for whatever political or theatrical reason you, you might have. Actually wait, read the bill before you kick it out of committees. Thank you.

DeBOER: Time, Senator. Thank you, Senator Cavanaugh. Senator Day, you're recognized.

DAY: Thank you, Madam President. And I was hoping Senator Linehan would yield to a couple of questions?

DeBOER: Senator Linehan, will you yield?

LINEHAN: Certainly.

DAY: Thank you, Senator Linehan. I had mentioned this to you before my turn on the mic, but I was interested in what you mentioned on your previous turn on the mic about the revenue cap at 3% plus growth. Can you help me understand how that would work in a city like Gretna, that's growing at about 10% currently?

LINEHAN: OK. So it's-- there's-- we were at some point presented two options. Some people when they say growth, they mean more people. When we say growth in this bill, what we're saying is in Gretna-- you said

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you're an SID. That's a development, right? And I don't know if they're still building houses in that development, but a new house going up, from basement to house, that's growth, new house.

DAY: OK.

LINEHAN: Somebody has an older home in Gretna, and there are some, and they add a addition on to it. That's growth. A new-- our new grocery store in Gretna. The new-- I can't think of the name of it. I like it because it's right on the way home, and it's nice and it's quick.

DAY: Hy-Vee.

LINEHAN: Oops, that's not the one I was thinking about, but that's OK. It's the one right across from the gas station. Anyway, it's a nice little grocery store. They specialize in meat. That's new growth. All that right in there, that grocery store, this new restaurant. What is not growth is valuation increases. Same house, it goes up in valuation, that's not real growth. Real growth is new, or additions, or something, something that's new that wasn't there before. So Gretna would be able to take its 3% plus any new homes, new businesses, new, new. So-- because we know that they can't, they can't live with 3%, just like Elkhorn Public Schools can't because they grow, Bennington can't, Gretna couldn't, because you have so much growth.

DAY: OK. That's, that's helpful. Thank you, Senator Linehan. I-- I'm not on the Revenue Committee, so a lot of this stuff I don't quite understand until it's presented to me in certain terms. Additionally, there have been some projections, specifically in Sarpy County, that this would potentially lead to a \$200 million loss in revenue over the next ten years. And I'm wondering if you could respond to that.

LINEHAN: I, I don't-- it's my understanding, the cities, and counties, I know the Governor and his team have been working with them like nonstop. So I, I, I can't believe, and they, from my understanding, have agreed to this. So I can't believe that they're losing \$200 million if they've agreed to it. I think maybe there's-- OK, and I am not talking about anybody on this floor. But there is a saying. I might be talking about some people behind-- outside there. You can make numbers tell you whatever you want if you do certain things. I'm guessing what that number is, is if you let valuations keep going up and you use the same levy-- we're not going to do that anymore. We're controlling the end result. We're actually controlling how much revenue a city, a county, a school can go up each year. So just because your valuations go up 23% as they did in Lancaster, you

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can't-- you can't have 23% growth in your property taxes because your valuations went up. That's what we're trying to get away from.

DAY: OK. That's helpful. Thank you, Senator Linehan, I appreciate your explanations.

DeBOER: One minute.

DAY: Thank you, Madam President. I still struggle to understand a lot of this. And, again, a lot of red flags have been raised as a Sarpy County senator. So I am still listening and trying to understand a little bit more about this bill in particular and how it would affect-- I still, being honest, am opposed here, and will hopefully be hearing more about how it will affect us in Sarpy County. Thank you, Madam President.

DeBOER: Thank you, Senator Day. Senator Meyer, you're recognized.

MEYER: Thank you, Madam Chair. I'd like to start out by kind of addressing a couple of things that I've learned in my short time here in the Legislature, and I think I knew some of that before I even arrived down here. We have several groups here in Nebraska that, that let's be clear, they are funded by billionaires that probably don't live anywhere near, near Nebraska and probably don't pay any real estate tax. And I will name them, OpenSky Americans for Prosperity, The Platte Institute. They all seem to have all of the answers to anything that we try and do, but they never, never come to the table with, with, with a single solution to help us get past the situation that we're in. And I will include-- I'm not here to make any friends. I will include the State Chamber of Commerce. In fact, I tell my rural friends that if the State Chamber of Commerce, the Lincoln Chamber of Commerce, or the Omaha Chamber of Commerce, they are not your friends. Anything that will benefit you in rural Nebraska, they will be against. And I like to talk about how much sales tax, or they like to talk about how much sales tax they generate in those two towns. Well, if you take out all of the visitors from rural Nebraska that go there for the College World Series, or the state wrestling tournament, or the state basketball tournaments, or the football games, or the basketball games, they like to count all that as their revenue. Well, and I guess technically it is, but a lot of that comes from rural Nebraskans. I would like to continue by, by commending Senator Dorn for eloquently laying out some of the past history on taxes here in Nebraska. This Legislature and previous Governors-- again, I'm not here to make friends-- have presided over the long, sharp rise in property taxes. As long as they could say that the state didn't raise

its revenue more than 2 or 3%, they were able to go to the press and say that they balanced the state budget. Well, that's true. The state aid formula, as we all know, and we've heard it a million times, needs minus resources equals state aid. It has always looked like to me, up until the last year or two, Governors and the Legislature reversed that formula and said, and I know this to be true because I saw it happen time and time again. We are going to spend X dollars on taxes in the state aid formula. So they determined ahead of time how much they were going to spend, schools determined their needs, according to the Department of Education rules. And guess what? Local property taxes were then required to make up the difference, whatever that needed to be. And sometimes that was double digit increases year over year. But by golly, the state balanced their budget. It was literally on the backs of our local property taxpayers. Hence, we are now at \$5.3 billion in real estate and only \$2.3 billion in sales tax. That is hardly anywhere close to being balanced like we always were promised here in the state of Nebraska. I think LB388 is a very commonsense, balanced approach to getting where we need to be. Sure, it would be nice if we wouldn't have to rely on any type of sales tax whatsoever to keep the LB1107 funds to be able to frontload that. And I've had a couple of conversations with superintendents over the years. There's always been a great distrust that if the state said they were going to do something, it would be--

DeBOER: One minute.

MEYER: --fine for one year, but then they would say, but can we count on that the next year? And to me, the increases that we're talking about here in the exemptions, and possibly, only possibly the rate, kind of gives them some assurance that the state of Nebraska will carry through on their promises. Thank you, Madam Chair.

DeBOER: Thank you, Senator Meyer. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam Chairman. While I've not gotten in the queue, but I thought after listening to things, it might be good for me to kind of weigh in and give you my thoughts on where we're at in this process. I, too, served on the Governor's working group last summer. We met multiple times through the summer, met with about 40 people around the table including all the constituency groups, to really work through what we needed to do to get property taxes down. I think you've heard this on the mic several times, when I was out knocking on doors two years ago, there was one, one common theme. Lower my property taxes. And that is the top thing on my list. It has been from the beginning, and it will continue to be. When you get down

here, you soon learn that everyone wants it perfect. Everyone wants it their way, and it doesn't work that way. When we met with that group this summer, I can tell you that we were talking about a lot of the concepts we're talking about here. Removing some sales tax exemptions, trying to shift, as Senator Meyer indicated, \$2.3 billion being raised annually in sales taxes, \$5.3 billion being raised in property taxes. And somehow, that makes sense. It doesn't. The largest part of our property tax bill is very clearly aid to public schools. Why is that? Because we have to educate children across the state. All of them, no matter where they live. So I would tell you that prior to last year, Nebraska ranked 46th among all states in support for public education, state aid. After last year, that dropped to 28. We-- we're now 28th in the country. And if we pass what will be coming in LB1331, we will move to 8th. I think Senator Linehan said it very, very well. When we get to that point, what happens? In rural Nebraska, suddenly we look at what our percentage-- and of course, of course, across the state, your, your school district's taking 50 to 60 to 65% of your property taxes. That's where the cost is at. So this is a major step forward, in terms of trying to get it right. If it were up to me, we would have brought in additional revenue and we'd have done a direct, a direct dollar-for-dollar property tax reduction. But I-- when they came back and the committee came back with this plan, I'm buying into this plan. I'm buying into this plan because it's what people can agree to and still accomplish what I set out to do, which is reduce property taxes. I've already had some folks in North Platte run some numbers based upon LB388. It looks like our school district in North Platte, North Platte Public Schools, will reduce their property tax ask by 20%. 20%. And that's before, that's before we look at the, at the credit-- the frontloaded income tax credit, which should get us pretty close to 30%. That's real property tax relief. That's real property tax relief that we can calculate. There are people that are saying, well, we don't know that the money is going to go to LB1331. That's because it's in the Education Committee. So tell you what. Let's move LB388 forward to Select File. And then let's pass through, through General File and get to Select File, LB1331. And if those people are concerned-- or those people that are concerned about LB1331 passing, let's pass LB1331 on Final before we pass LB388, or let's put them together at some point and move them together.

DeBOER: One minute.

JACOBSON: They will go together. And that's how we're going to get real property tax relief. \$0.01, what does that mean? And I'll have to get back in the mic at some point, but \$0.01-- let me just make it clear. Most local option-- most communities have or many of the cities

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across the state have a local option sales tax that's 1.5%. We just, in North Platte, passed a 1/2 cent sales tax to fund our rec center, because nobody wanted to pass a-- or-- property tax increases, but they were more than happy to do it on the sales tax side. 1/2 a cent. Blink of the eye. This is not a big deal. Let's move it forward. Let's pass this bill. Let's bring LB1331-- bring them together. Let's bring real property tax relief for the taxpayers across the state of Nebraska. Thank you.

DeBOER: Thank you, Senator Jacobson. Senator Brandt, you're recognized.

BRANDT: Thank you, Madam President. Once again, I stand in support of LB388 by the Revenue Committee, and I will stand in support of LB1331 when Education finally drops that. I represent District 32, Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. And I will tell you, they want one thing. They want property tax relief. And they also want fairness in school funding. Because for years, 12 of my 14 schools got no state aid. And finally, last year, they got a taste. They got \$1,500 a student. Well, it's a start. And this bill now will deliver \$3,000 a student. And we'll double that to about 20% of our school budgets, and that will help our school boards decrease the ask on property taxpayers. Would Senator Hughes be able to answer a question?

DeBOER: Senator Hughes, will you yield?

HUGHES: Yes, I will.

BRANDT: Senator Hughes, is the sky falling?

HUGHES: Well, as I look around, Senator Brandt, apparently is-- it is, because of all the whining and complaining about this bill. So, yes, I think that it is. Thank you.

BRANDT: All right. Thank you, Senator Hughes. So let's be clear. A potential sales tax increase could be a 0-1% raise. The naysayers in here would have you believe it is definitely 1%. No, it is definitely a 0-1%. We will not know until the Forecasting Board meets this summer. Today, statewide tax collections on all sales tax, as Senator Meyer had stated, is roughly 20%. Collection of all state income tax is roughly 30%. Collection of all property tax across the state is 50%. Property tax is dramatically unbalanced. After next year, one of my school districts, Norris, will lose its equalization aid. And guess what? Your property taxes are going to increase. So-- and

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unfortunately, I don't know if, if the public will be able to access this, but the Revenue Committee put out a chart that charted all the schools under the existing program and under this LB338 [SIC], and with the Education bill. Under the current property taxes, schools go from \$0.40 levies up to, it looks like about \$1.15. Under the new proposal, schools go from \$0.20 levies up to about \$0.75. This dramatically compresses all of the schools into the state into manageable levies. OK. So I'm taking a lot of grief for my Dr. Pepper comment. I'm going to make another run at this, just so everybody understands how this works today. When you go into the C Store, you get a cup, you fill it with ice, you fill it with your favorite pop-- mine's Dr. Pepper. You take it to the counter, you pay sales tax. The next day, you don't have time for all that. You go to the cooler. You get a can of Dr. Pepper. You take it to the counter. You do not pay sales tax. So it's a little disingenuous that everybody in here is so concerned about having to pay on pop and candy. You already pay on some of this. So, that's-- and what sense does that make? So I support LB388. I will support LB1331 because I do not want to support a tax increase-- a property tax increase.

DeBOER: One minute.

BRANDT: Because if we don't pass that, that's what's going to happen. I yield the rest of my time to Senator Wayne.

DeBOER: Senator Wayne, you're yielded 51 seconds.

WAYNE: Thank you, Madam President. Thank you, Senator Brandt. I will be real short. My bill was the bill that dealt with the utility sales tax exemption for utilities. At the end of the day, I'm going to keep it simple. We have to figure out something or our education funding doesn't work in the next year to 2 years, and property taxes still go up. I have-- I represent part of Florence, which is one of the most oldest areas in Nebraska. And I literally have people moving out of my district every day, because they are on fixed income and property taxes are skyrocketing. There are properties in our district that went from \$75,000 to \$200,000 over 2 years. If you are on Social Security, you have to move out of that house. And that was a house that was in your family forever. So now people are going to say, well, that means--

DeBOER: Time, Senator.

WAYNE: --Wayne's supporting this bill. Wayne's still listening. Thank you. And I did do third person. Thank you, Madam President.

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DeBOER: Thank you, Senator Wayne. Senator von Gillern, you're recognized.

von GILLERN: Thank you, Madam President. Just a few comments I want to make. Senator Raybould mentioned earlier about how well the economy did when-- during COVID, when SNAP benefits were increased, and payouts came, came from the federal government, and checks magically showed up in people's mailboxes. And I guess it's no mystery that that was a stimulus to the economy. And, and I had family members, children that had-- grown children that, that were able to receive some of that. I didn't. My family was not-- my wife and I were not able to receive any of those payouts. But it-- again, it's no mystery to, to see that that was a stimulus to the economy. But I don't know that that's the model that we want to follow here, to, to, to, to flood the economy with money off the backs of our grandchildren is not the model that we, as Nebraskans, want to utilize. And I just quickly looked. In, in 2019, the federal debt was \$22 trillion. Today it's up 54%. It's \$34 trillion. So again, again, not a model that we want to utilize to quote unquote, grow our economy. I do want to mention real quickly, I visited with the folks from NACO earlier. There is a small fix that they have requested regarding the, the cap, regarding the collection fees and property remittances, and so on, that, that we want to talk to them about between General and Select. So, so we will do that. I, I do want to continue on with my conversation with Senator Dungan, and would ask if he would yield to a question.

DeBOER: Senator Dungan, will you yield?

DUNGAN: Yes, I will. I know we're, we're working through dinner, so I imagine that's what that was. Yes, I will yield.

von GILLERN: Thank you. None of us want to be hangry, so it's OK. Senator Dungan, I, I listed off a, a number of bills that were included in LB937. You had said earlier that you were not interested in picking winners and losers with tax policy. The, the LB937 includes your credit for sustainable aviation fuel. It includes-- LB937 itself is a credit for caregivers. LB1002 is the biodiesel credit. LB1022 is the Cast and Crew Act. LB1025 benefits people with intellectual disabilities. LB1040 is Senator Fredrickson's food credit bill. LB1188 is a medical debt relief bill. Do those not pick winners and losers?

DUNGAN: I thought about that after we had the conversation. And I think my, my short answer, not trying to pontificate too much, is in one of these situations you're picking winners and in the other situation you're picking losers. And so in a circumstance where we're

trying to give tax credits that are targeted to people who need it, we're trying to say, this might help you a little bit, in a circumstance where we are tasked with the unenviable position of getting rid of sales and use tax exemptions and eliminating those, we're simply picking losers. And so, I'm not saying that we need all of these sales and use tax exemptions in the broad spectrum, but the way that we've, I think, piecemealed together these few that we've decided these are fine and these aren't, that's where it makes me nervous about that. So that's how I guess I delineate the difference between the tax credit and the elimination, is one is picking kind of winners and the others are losers.

von GILLERN: So to, to pick up on something else that you said earlier, you said that some of the think tank groups have, and you're accurate in this statement, they have stated that the proper solution to this is broadening the base. The way to broaden the base is to eliminate all the exemptions. Is that what you're advocating?

DUNGAN: I-- I'm not advocating for that necessarily. But I think that when we talked about having a cohesive tax policy, that's one that's been suggested, I know, by, I think, the, the Platte Institute. And I know OpenSky has had, had things they've talked about. I'm not saying that's what I'm advocating for. What I'm trying to advocate for is a little bit more of that consistent, logical, I guess, consistency, when it comes to deciding how we're going to proceed on this. So I know the Platte Institute had, had talked about that in their Blueprint Nebraska.

von GILLERN: So OK. One more question, and I think this is a softball. Would you not agree that most of the-- most, if not all of the tax credits that both I and you--

DeBOER: One minute.

von GILLERN: --have advocated for this year and maybe even in past years have some form of return on investment to them, to the state of Nebraska?

DUNGAN: Yeah, absolutely. I think everything we're talking about-- most of the things we're talking about, let me rephrase that, do have some return on investment. And that's difficult for us to categorize, because of our fiscal notes and the way they look at these. But at the end of the day, we do see an ROI on a lot of those investments.

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von GILLERN: So-- OK. So thank you, Senator Dungan. So I-- so Senator Dungan and I, if I heard him correctly, would agree that most of the exemptions do benefit Nebraskans. And they're there for a reason. And they do have a return on investment, which is some multiplier of the cost that comes back in a positive form to all Nebraskans. Thank you, Madam President.

DeBOER: Thank you, Senator von Gillern. Senator Hughes, you're recognized.

HUGHES: Thank you, Madam, Madam President. I rise in support of LB388 and against the motion to IPP. The number one thing I heard when knocking doors-- and I'm in District 24, Seward, York, Polk, and a little bit of Butler County-- was property tax. Property tax, property tax, property tax. That's all I heard. And for the last 15 years, this body has allowed that-- those taxes to shift to property taxes for schools, especially schools in, in the rural areas. And as land-- ag valuations rose on ag land, the means rose, that we've heard about this discussion, and therefore less and less money came from the state to those schools, until the majority of those schools were primarily funded off of local property tax funds. Money that would have come in from the state is coming from either income tax or sales tax. The state does not collect the property tax. And as rural schools started funding themselves, guess what? The state budget stayed and looked really good. Now, that finally, Lincoln and some of the urban areas are experiencing that same pain with valuations, as valuations rise on residential and some commercial, we're finally having this conversation. And I don't care when it's happening, it's finally happening. I'm really happy that the LB1107 tax credit is going to be frontloaded. Why should someone write a check for property tax and then ask for it back later? Don't take it in the first place. I think this bill is a good start. I think that with all this discussion going on and different ideas and options, that it'll get better. And we can work this out over the next week or so, and get something figured out. And this will be a game-changer for Nebraska. I like the work that the committee has done, with a sliding scale when determining if and what amount that sales tax percent increase would be. And I also want to mention that I actually-- a, a bill of mine is a small part of this bill. And it's LB1299. And that was the-- that is a tax on vaping, electronic delivery systems-- nicotine delivery systems. And my only concern is that it's in LB388, is that right now it is a \$0.10 milliliter for closed systems and a 20% wholesale on open. And my bill has it-- LB1299 was a 20% wholesale across the board for all ENS products, closed and open. And I think in the proposed amendment, we should go back to that 20% for all the vape products. In fact, for

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states that tax vape this way, meaning a wholesale percent, the average is 42%. So honestly, maybe we could go up to 40%. Anyway, I want to thank-- say thanks to the Revenue Committee for tackling this. And I want to thank-- say thanks to the Governor, who was willing to tackle and hopefully address this issue. I yield the rest of my time. Thank you, Madam President.

DeBOER: Thank you, Senator Hughes. Senator Dorn, you're recognized.

DORN: Thank you. Thank you, Madam President. And, and colleagues, I'd really like to thank everyone for some of the questions, some of the comments, and, and some of the discussion that we're having here this afternoon. I think property tax discussion is always one of the key things up here we always have. It's one of the important things that we always have a discussion on, and, and try to decide which direction or how we're going to incorporate something. I really appreciate everybody on both sides of the comments have really dwelled on different parts of what we can do or what we should be doing with property tax. I, again, stand up here in favor of LB388. But I wanted to talk a little bit about there's been a sheet going around, and I don't-- I couldn't find it today, but it was sent out earlier. And it was the amount of reduction, year over year, what would be for each of the school districts-- all of the school districts in our state. And I want to comment on a cou-- a couple different things there. Through the discussion that I've had with different people in the last week or different groups have presented stuff to us, we had LB1107. This year, it's going to be over \$500 million. But last year in the Omaha Public School District, 65% of that dollar amount was not claimed. The amount of dollars that they could have claimed in the Property Tax Credit Fund, 65%. So when I looked on the sheet for what their reduction would be frontloading this, putting about \$750 million in as Senator Hughes said, we, we increase that amount, but frontloading it, putting that amount in there. Omaha Public Schools on their property taxes year over year in the next 2 years will have a 58% reduction in the property taxes they pay. Senator Wayne talked about many of his people and how much of increase it's been. The school property taxes, that would be a 58% reduction included in that for the people of the Omaha Public Schools would be. Now, you also have to remember that \$500-some million dollars that we have out there, over 60% of that's not being claimed. So there's another percentage that's going back to them. When I look generally at the chart or the sheet that shows the reduction in property taxes for schools, we had 1 or 2 outliers. And one of them was Arcadia, Nebraska. It was going to be at 9%, only decrease. Otherwise, many of those were in the 30 and 40% range. I'm going to read off a couple others. Bellevue was going to be a 62% reduction in

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property taxes-- school property taxes, year over year. Ashland-Greenwood is 64%. My home district, Freeman, down at Adams, 39%. Norris, south of Lincoln here, a 43%. Lincoln, a 42%. And when I mention Lincoln, last year or in the last two years, 52% of the dollar amount with our income tax credit was not claimed in the Lincoln School District. Those are numbers that we've been told. I'm not saying those are right or not, but those are numbers that we've been told, 52%. So they would have a 42% reduction in their school property taxes. In addition, all those people that weren't claiming it-- they don't have to worry about not claiming it, not getting it. They will have a bigger increase, because they now would not be losing out on that amount to claim. Beatrice, another school district in my district, 52% reduction in--

DeBOER: One minute.

DORN: --school property taxes year over year. With this proposal, LB388, that has come out, with-- also the other bill, a frontloading-- the frontloading the income tax credit now, instead of you asking for it, frontloading it, that's what that amounts to in many of those things. This is very, very meaningful property tax reduction. Another part I wanted to talk about was-- in this bill, is a revenue generation. There are about 9 different things in there that are going to be increase in sales tax. A 1% increase in sales tax in fiscal year '25 will amount to \$206. These are the numbers that they are showing us. In 2026, it will be \$526 million. A cigarette tax, \$21 million this first year, \$23 million the next year. Candy and soda, \$36 million--

DeBOER: Time, Senator.

DORN: --up to \$40 million-- 1 minute?

DeBOER: Time.

DORN: Time. Thank you.

DeBOER: Thank you, Senator Dorn. Senator Linehan, you're recognized.

LINEHAN: Thank you, Madam President. Senator Jacobson was just sharing a funny story with me. And I also want to thank Fernando, I think. He's one of our pages. I was very impressed. I needed Wite-Out, and I figured anyone under 30 years old didn't know what Wite-Out was. And he's like, oh, no, I know what it is. And, and miraculously, he got me some. So-- but I didn't get it whited out enough to pass it out. But after I speak this time, I will ask the pages to make copies and get

it to you. So this page, TB, it's from an OpenSky book that I referred to earlier, that's dated October 2023. So, not a year old. The chart you'll see here, this is Nebraska. This is average across the country. Property taxes paying for education, 49.7%. Half, let's just say half. State formula aid, 22%. Now this is before what we did last year, so it's a little off. But, again, it's OpenSky. State average across the country is 34%. So doing some quick math there, 16, 17% less in Nebraska than average everywhere else. State formula aid, everywhere else averaged 30%. We're at 22%. As of FY '21-- I'm reading from OpenSky-- Nebraska relies more on local property taxes to fund public schools than 48 other states. About 58% of K-12 public education funding in Nebraska comes from-- I don't know. The chart says 49th, but this says 58% of public education and funding comes from property taxes-- oh, and other local sources, compared to the average of \$0.45. Again, I'm dumbfounded by this whole conversation. Ever since I've been here, OpenSky, Stand for Schools have pleaded and insisted that the answer to our problem was more state funding. That's what this bill does. And it would be different if this conversation-- and actually, Senator Dungan, I will applaud him for this statement. He talked about other options like just frontloading the LB1107. That would, that would help. But this is, this is an opportunity to actually do what I've heard about for 8 years, more state funding to schools. And we're taking it 8 hours? Just for the people who might be at home watching, who are frustrated that people are concerned about people paying-- individuals paying sales tax on pop and candy versus to-- they have to leave their house because of property taxes. I, I think people probably at home are going, what? Really? Pop and candy versus sales taxes? The other thing I want to tell folks at home, Senator Conrad mentioned this this morning, and she's absolutely right. This is a time in the Legislature where everything seems to be falling apart. Nothing's going to get done. The world is going to end. We can't figure anything out. And then, miraculously, like the miracle of LB1107, we'll be back here in a few days and everything will get worked out. Last year, I showed it to somebody here--

FREDRICKSON: One minute.

LINEHAN: Last year, we had 3 8-hour debates on every Revenue bill we brought out. LB754 debated for about 8 hours. Final vote, 39-2, 4 not voting. 8-hour debate on LB243. 8-hour debate, 44 voted for it, 2 not voting. LB727, 46-0, 1 person not voting. So an 8-hour debate does not mean that we can't get this passed. Actually, it's been my experience when a Revenue comes to the-- bill comes to the floor, they're complicated. They got a lot of information in them. We need to spend a lot of time on them. I'm happy we're spending a lot of time on this.

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But I have confidence when people look at the facts and think about what we're doing here, you really going to go leave the Legislature this year and not provide a 50% cut--

FREDRICKSON: That's your time.

LINEHAN: --in property taxes paid to your schools? 50%.

FREDRICKSON: Thank you, Senator Linehan. Senator Raybould, you're next in the queue.

RAYBOULD: Thank you, Mr. President. I, I want to reiterate that I do not support LB388 because it is a property tax-- or I'm sorry, it is a sales tax increase. I, too, have heard all the time when I was campaigning that property taxes is really troublesome. But you know, last year, we did take the first step. And it's amazing. Senator Linehan had the handout, and we jumped from 46 up to 28-- 8th in-- right where-- we were at the back of the pack of having public education funded with our property taxes, and now we're 28th. We're right in the middle of the pack. That transformative action last year is working. Let's let it work. Let's let it play out without doing these cost-shifting gimmicks. You know, I'm sorry when-- Senator von Gillern, I didn't probably clearly articulate what I was saying. I did mention that in the Trump administration, when they gave that \$1.7 trillion tax-- income tax for corporations and the highest earners, \$1.7 trillion, it had very little economic benefit. Whereas the other additional benefits that I mentioned had a greater economic impact and economic growth, which is-- you know, we're looking for remedies to help frontload, which I think is a great idea. We should frontload for property tax relief. We should continue forward with reducing and eliminating sales tax on utilities for residential. That's-- we can do that now. Let's, let's do that now. There are some flaws in this bill that I think need to be addressed. You know, I know what cost shifting is. I've been a county commissioner and on the city council. I have seen the state do cost shifting. Here's a couple of solutions I would love to propose. And one of them, Senator Linehan, is actually from OpenSky. OpenSky has been a proponent of looking and evaluate-- evaluating all those items that have been sales tax exempted for years and years and years. And I applaud the Revenue Committee's attempt to do that. But we need to broaden it out and have a more comprehensive analysis, and look at those items that should have that tax exempt-- that sales tax exemption removed. That is a potential additional revenue source. Number 1, many, many states around the United States have ended unfunded mandates. They've legislated that the state cannot-- can no longer pass unfunded mandates down to cities and

counties. You know, one of the ideas that OpenSky has advocated is looking at and expanding those items that are now sales tax exempt, and coming up with a-- not a hit or miss and the winners or losers. I think it takes a more in-depth analysis to, to look at that. But also, wouldn't it be a better mechanism to raise revenue to pay for property tax relief to put a pause, to put a pause on the income tax reduction that we voted for and accelerated last year? You know, there-- income tax reduction for corporations and the highest earners, maybe if we put a pause on it, freeze it at the existing level, and take that revenue and frontload it to provide real property tax relief, that might make a little bit more sense on achieving the outcomes--

FREDRICKSON: One minute.

RAYBOULD: --we want to do. We've talked about how this is a regressive tax. It's a regressive tax because it puts, puts the burden on low- and middle-income families that takes a bigger chunk of their monthly income to pay for things. But we cannot forget the renters of apartments and houses in our state. Are they getting any of that wonderful property tax relief passed down from their landlords? No. They always see a rent increase. It would be wonderful if-- and there are some wonderful landlords that will reinvest in their property and make enhancements and improvements. But we know that people that are of low and moderate income, they're not going to see any of that property tax relief, but they are going to feel that pinch of that sales tax increase. And I just want to reach out to my Republican colleagues and say, my heart bleeds for you that are running for reelection, because what's going to happen? You're going to either get primaried--

FREDRICKSON: That's your time, Senator.

RAYBOULD: --if you support-- if you don't support this, or you're going to get vilified because they're going to tell everybody that you have raised taxes.

FREDRICKSON: Thank you, Senator Raybould. Senator Conrad, you are next in the queue.

CONRAD: Thank you, Mr. President. Good evening, colleagues. I rise in principled opposition to LB388 as it stands. I reiterate and reaffirm my commitment to not voting to raise taxes, particularly on low-income, and hardworking Nebraskans, and Nebraskans on a fixed income. To be clear, I'm not a no new taxes person, ever. I believe that we should have more equity in our tax code. I have introduced

legislation over my career to have modest increases for millionaires and billionaires, so that they are paying more of their fair share, to help provide for critical government services and to ensure more equity in our tax code overall. I have also fought for targeted tax relief and tax equity through child-- trying to establish a child tax credit, trying to broaden our earned income tax credit, and in a, a host of other ways, as well. So I, again, agree and reiterate with the sentiments expressed by all of my colleagues. Knocking doors, yes. People want property tax relief, but you cannot and should not end the conversation there. If you did not follow up at that door and say, will you accept that I will raise your taxes in order to effectuate that? Are you cool with that? You can't trot that story out, because that's only one part of the conversation, and that's not the solution that's in front of you today. So if you choose based on your conscience, based upon your constituents, trying to bring something forward in regards to property tax relief-- and many of the senators who've talked most passionately about this thus far-- not all, because we know this, this hits all Nebraskans. But many of them representing rural areas and larger landowners, you know, are, are absolutely desperate for, for more property tax relief. But colleagues, make no mistake and there's been reporting around this-- when we moved last year to dramatically slash the income rates for individuals and corporations, we made our tax code more regressive. It was a huge giveaway to millions-- millionaires and billionaires and big corporations who didn't need tax relief. And we're trying to double down on that bad policy by not doing targeted tax relief to working families in this broad-based plan. And it further exacerbates the tax shift from east to west, from urban to rural. And that is something that we need to contend with, as well. When you look at the net impacts and the reporting on what happened last year with taxes and school findings, it is undeniable. Nebraska taxpayers in our urban centers are paying a-- more than their fair share when it comes to things like sales taxes, for example. And that revenue is being shifted away from their communities for investments in other part of the state. And there needs to always be a little give and take there. Right? When rural Nebraska is hurting, that hurts Lincoln in Omaha. When Lincoln in Omaha is hurting, that hurts rural Nebraska.

FREDRICKSON: One minute.

CONRAD: Our economy is intertwined. So I don't want to fall into tired divisions on urban/rural, but we have to at least be candid about the sources of those revenues and the impacts these policy changes bring in shifting those funds further and further away from the urban senators and the-- or center-- centers and the citizens who pay them.

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Additionally, I think it's really important that we not take additional steps back when it comes to making our wants more progressive, more equitable tracks-- tax structure more regressive, year over year over year, which this measure would continue to do, and is why I have a principled opposition thereto. I understand what the proponents are trying to do, and I appreciate how hard they're working. I just think it's wrong to tax a lot of necessities that working families and people--

FREDRICKSON: That's your time, Senator.

CONRAD: --on fixed incomes need that are not exempted under this plan. Thank you, Mr. President.

FREDRICKSON: Thank you, Senator Conrad. Senator Machaela Cavanaugh, you are recognized to speak. And this is your last time on the motion before your close.

M. CAVANAUGH: Oh, right. I get two times. Thank you, Mr. President. Good evening, colleagues. I stand in support of MO550 and in opposition to LB388. And I would like to yield my time to Senator Dungan.

FREDRICKSON: Senator Dungan, that's 4 minutes, and 40 seconds.

DUNGAN: Thank you, Mr. President. Colleagues, good evening. It's-- still got quite a few people in the queue, but I wanted to-- I, I appreciate the time, Senator Cavanaugh. I wanted to talk a little bit more about some of the details that are contained in this, this package. We've talked a lot, I think, about some of the overarching concerns that we have. And I think we've talked about some of the bigger picture things. But I want to drill down a little bit more into some of the, the nitty-gritty, as to where I think some of the opposition from some of my colleagues in the body stem from, and also from some of-- where my concerns or hesitations are. And I think this actually gets to the heart of some of my concerns that I've had, with regards to the elimination of certain sales and use tax exemptions. On the face of it, there are certain sales and use tax exemptions that seem, to put it frankly, silly. Right? We, we look at it and there's sort of this like smirk when people talk about it. And oh, why did we do that? That doesn't make sense. And I'll be the first to admit that when I first started going through a lot of the suggested sales and use tax exemptions, there were ones that I, I was curious about. I was trying to figure out why that exists. How did that get to be in our law? But when you go and talk to the experts in that field or the

individuals who have that historical knowledge or that, that background, they can oftentimes provide you a little bit more information to, to get out of where these things came from. A good example of that-- or-- and the benefit. A good example of that is pop and candy. I say soda. But unfortunately, this is called pop and candy, so we'll call it that. That's one that I think a lot of people have said, that's kind of silly. Why do we have that? You know, let's get rid of that. It's no big deal. But there's a couple of things that I've learned in the conversations I've had with my friends who work in the grocers community, who work in small mom and pop shops all across Nebraska, and from emails that I've gotten. And, you know, one of those is there are plenty of places in Nebraska where food deserts exist, right. And a food desert is effectively where there's not a grocery store within a certain, you know, distance from your home or from your work. And so, for a lot of lower-income Nebraskans and for a lot of even working middle-class Nebraskans, there's not always options available for grocery stores. You know, I'm very fortunate that my district is small, geographically, and I'm able to get to grocery stores pretty easily. We've got some, some really great ones in the district. I have a Hy-Vee that I go to all the time. We've got like a number of other shops. But there are people who may not have a car, who may not have access to a bus pass the same way that others do, or who walk everywhere, or ride their bike. And for those individuals, sometimes the only place that you can go and get some groceries or food is, you know, the, the C mart, like, like Senator Brandt was talking about, or whatever gas station is down the street. And I'm not saying it's right or wrong that somebody's breakfast before they go to work is what we would consider pop and candy. And I'm not saying it's right or wrong that that's what they get, but that's the reality of the situation. And to increase, by virtue of getting rid of this sales and use tax on that, to increase the, the amount of money that they're paying for that, even though it may seem minute to us, has a disproportionate impact on those people who don't have as much money. And I think, again, that is the heart of what we're talking about here, is whether or not LB388 and whatever amendments do or don't get added to it, whether or not those have a disproportionate effect on lower-income folks. And so, yes. Pop and candy, on, on its face, seems a little bit silly to people, but that's one good ex--

FREDRICKSON: One minute.

DUNGAN: Thank you, Mr. President. That's one good example of why not to do it. Another good example is things that you think of as pop and candy are actually not always going to be considered pop or candy. I

think it was Senator von Gillern or somebody else mentioned that the inclusion of flour can remove the definition of candy from something. And so, for example, you're going to increase the tax, by virtue of this, on like a, a Midnight-- or a Milky Way bar, but not get rid of the tax on a Midnight Milky Way bar, right, because one of those has flour and the other doesn't. A Kit-Kat has flour. Snickers maybe don't. Right? So it's not as clear cut as we think. A, a, a-- juice that has a lot of sugar in it, like those smoothies you buy, that may now count as soda, whereas 100% juice won't. And so it's just-- we have to be careful thinking about this because it's not cut and dry, and that's why I think it's important that we dig into the details a little bit. So, I probably will end up talking more about the definitions of pop and candy, but I appreciate the time, Senator Cavanaugh. And thank you, Mr. President.

FREDRICKSON: Thank you, Senators Machaela Cavanaugh and Senator "Dugan." Senator Vargas, you are recognized to speak.

VARGAS: Just call him Senator "Dugan?" Just double checking. Thank you very, very much, President. Colleagues, good evening, pretty much. I'm listening to the debate. I'm engaging with constituents, some stakeholders, though I'm trying to get a better understanding of this as we try to accomplish with this amendment. There's a couple of things that I wanted to make sure I state in the record, because this is not easy in any way, shape or form. I think what we can agree on, and what I can firmly say is that the vast majority of Nebraskans support long-term tax reform. I really appreciate Senator Linehan's work, and the other members of the Revenue Committee. I'm still unsure if LB388 and the amendment, AM3203, are the answer. I think it includes some components of what could be an answer. You know, there's a couple of things that I wanted to state on the front end. I support frontloading LB1107 property tax relief. There was a time where that was called the most game-changing, transformational property tax relief that we've ever done. That's how it was reported. That's how we, we talked about it. And keep in mind, over years, we also did a significant amount of tax, tax credit. We put millions of dollars into the tax credit relief fund. I actually want to commend the Appropriations Committee, because one of the things that we have done differently from the previous 8 years, these last 8 years, we have not spent a lot. We worked in hand with, with both Governor Ricketts and Governor Pillen to really keep spending low. And generally, we kept it so low that we were able to fund a lot of the tax, tax cuts and tax relief that have been done over the last several years, from the Social Security tax cuts that we voted for-- I voted for, the, the property tax cuts and relief, the income tax cuts and relief. We, we

did all those things. I supported those, and I voted for them, as well. But part of the, the concern-- well, here's the other thing I want to make sure I also support. I do also support some of the tax changes, in regards to some of the other ones-- pop tax. I mean, it is helpful to see the revenue generation table on some of the places where we can find some revenue. And it tells me that there's at least maybe \$240 million of revenue in years '26 and '27 that can be done without the sales tax increase. I don't know if everybody out in the-- in-- behind the glass will necessarily support that, but that-- some of that funding exists. You know, here's, here's where my, my pain comes in. The pain comes in is I, I keep hearing from constituents, especially recently, that they oppose the, the tax shift as opposed-- but they support tax cutting. But when they learn that it's more of a tax shift, they're, they're in opposition to that. You know, the Americans for Prosperity provided the polling data, showing the 70% of Nebraskans oppose raising the sales tax to provide property tax relief. Regardless of where people are, that really-- it alarms me. I think it should alarm many of us, which public perception is still-- and I think Senator Erdman mentioned this on this issue, is they support tax cuts and relief for property tax relief, but are still concerned and don't support it being used from sales tax. You know, there's a couple of things that really concern me that I'm trying to figure how to navigate. One is I have a high number of rental owners in my district. So does Senator McKinney. They're not benefiting from this. And for individuals that are younger-- under the age of 35, maybe haven't, or-- haven't-- don't own their first home, they're also not seeing a benefit of this.

FREDRICKSON: One minute.

VARGAS: And the goal isn't necessarily to see a benefit of this. The goal is to provide some structural tax relief. And I just want to give credit to-- from the last 6 years in particular. And Senator Linehan stewarded and worked on this through LB1107, as well. There has been a lot of tax relief that has been done, property tax relief that has been done. And I think frontloading LB1107 is one really great step, taking some of these revenue generators outside of the sales tax increase is also a potential good step, and then continuing to control our budget spending. Senator Erdman and I, the one thing we agree in Appropriations is we've always been in line with not spending more. I wish you could see us in committee. We will say no to the smallest increases in requests if it's new programming, new staff. Dover knows. It's true. Because if we continue to lower our spending within the budget, we can provide structural relief in the long-term.

FREDRICKSON: That's your time.

VARGAS: Thank you.

FREDRICKSON: Thank you, Senator Vargas. Senator Murman, you're next in the queue.

MURMAN: Thank you, Mr. President. I'm going to talk a little bit about both education and farming, since those are the two areas that I'm most knowledgeable about. As far as a tax shift in agriculture, that happened-- I think that's been mentioned on the floor more than once already today-- that happened at least 10 years ago. As land valuations went up, property taxes went up with them. And state aid from the state has been traditionally near the bottom of the nation. We've been anywhere from 46th to 49th in state aid to schools. So with that lack of funding from the state, schools were forced to provide their funding from property taxes. And, and that shifted to greater Nebraska, mainly agriculture. And we do have the opportunity now with, you know, keeping our budget under control in the state and with-- we're blessed with increase revenues to provide substantial property tax relief without actually shifting taxes. We can reduce property taxes. And at the same time, maybe only in a-- by eliminating some exemptions. And we're not even sure if we-- if it will be necessary to raise the sales tax. It's got the trigger mechanism in it. And if revenues continue to come in as, as-- even above projections, like we think they very possibly might, we, we possibly won't even have to increase the sales tax to provide the property tax relief that is, is badly needed now. Because actually, residential valuations are skyrocketing, similar to the way agricultural land did 10 or 15 years ago. So it's becoming even-- I would say an emergency situation now. Because as Senator Linehan and probably others have mentioned, many schools are going to start becoming unequalized and-- similar to the way greater Nebraska did in, in-- 10 years ago. Because of the increased valuations on housing, the need-- the resources of, of the urban schools-- the bigger schools are growing, so that state aid will actually go away as they become unequalized. So, like I said, it's becoming a emergency situation. It's been mentioned how the 3 taxes that we collect: sales tax, property tax, and income tax are out of balance. I don't know if the 3-legged stool has been mentioned yet, but that's something that we really looked at in the past. We really wanted to keep those 3 taxes in balance. They're completely out of balance now. Property taxes are, I think it's been mentioned, 50% of our taxes. And income tax, 30%. Sales tax, 20%, so if there is a slight modification there, that will at least make things more balanced. The exemptions that we--

FREDRICKSON: One minute.

MURMAN: --did eliminate are mostly-- pretty much all discretionary spending. The funding that comes from property tax, of course, is not discretionary for the most part. It-- from the residential part of it, whether you rent or own your home, you are going to pay property taxes. Everyone needs a place to live, so everyone pays that property tax. And as those taxes continue to increase on residential, people are going to be forced out of their homes, similar to the way-- I remember the 1980s with agriculture. It wasn't so much because of property taxes then, but it was because of high interest rates. Farmers were forced off their land. And I can see that happening right now, with residential. And I can see it happening in just a few years on agriculture again.

FREDRICKSON: That's your time, Senator.

MURMAN: Thank you.

FREDRICKSON: Thank you, Senator Murman. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Is this my third time?

FREDRICKSON: It is your second time [INAUDIBLE].

DUNGAN: I heard a yes off to the side. That might have just been wishful thinking. Thank you, Mr. President. Colleagues, I do again rise in favor of the IPP motion and opposed to LB388. I wanted to pick up on a couple of the things that have been mentioned on the floor here, and, and continue some of that discussion. A lot of what we hear about, with regards to the way that this, this, this bill and many of the bills actually, that were proposed in front of Revenue came to be, were these working groups that happened over the summer. I think there was a working group on workforce. And I think there was a working group on valuations. I was not privy to either of those working groups. And it sounds like I might have been the only member of the Revenue Committee that wasn't a member of those. I'm honestly not entirely sure, but that's what it certainly seemed like, based on the information that I had heard. And so I was not aware as to some of the conversations that happened in those working groups. And so, I don't want to interject into how-- what happened there, because I don't know. But it does sound like what originally started as a valuation working group, which I think is something that a lot of people agreed on, ultimately turned into a working group about this, this plan, this

property tax plan. I think those things are obviously related. But I, I don't know exactly the process and procedure that went through that entire, that entire interim session. I've also talked to some other folks, who I, I guess were not a part of that. We've heard a lot of mentions today of OpenSky, as well as the Platte Institute. And for those watching at home who don't follow along all the time, those are both essentially think tanks. They're think tanks who employ individuals who do analysis of data. They do policy recommendations. They come in before the Revenue Committee, both of them, all the time. And they provide information. And I think what's interesting about the two of those, if I'm just being candid, is they very rarely agree on things. They very rarely get together and say, this is probably our best economic policy, because they approach it from very-- both different but legitimate political views. That being said, you know, I, I don't think either of them could probably pay for the publicity they've been getting today. But I want to push back on the idea that neither one of them brings options to the table. Both OpenSky and the Platte Institute have, for time immemorial, as far as I've been paying attention, brought policy suggestions, and brought a number of bills to help focus on ways to achieve property tax relief. Some of those were outlined by myself earlier during the opening, I guess, on this IPP motion, where we talked about the idea of a circuit breaker, where at a certain point in time, based on your income versus how much property tax you owe, it can reduce the amount you owe or exempt you from paying, depending on the way it's worded. Senator Blood brought one of those last year. I think Senator John Cavanaugh brought one of those this year that operated slightly differently. As I've said before, there were homestead exemptions that were discussed, which, again, are targeted. I think Senator McKinney had one that pertained to qualified census tracts. I think Senator Day had one, Senator Jacobson had one, Senator McDonnell had one. And so, there were a number of these options that were explored. And I just want to make sure it's clear that it's not just been a chorus of no, with regard to the solutions that we're trying to find here. It's actually, I think, been a lot of folks proposing alternative solutions. And to be totally candid, you know, there's been a lot of those suggestions that have been incorporated into LB388, as well as some of the amendments that we might see down the road. And there's been a lot of cooks in the kitchen, trying to say what works best for one group or what doesn't work best for another group. And I really, really do respect the efforts of the whole committee and the other groups that have gotten together to try to make that happen. That being said, I still, as Senator Conrad pointed out, just have an opposition to the idea of raising taxes for my constituents and for people all across Nebraska.

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We hear a lot about the 3-legged stool. We hear a lot about property tax being out of whack.

FREDRICKSON: One minute.

DUNGAN: And-- thank you, Mister President. And I agree with that. But as I indicated earlier, and I appreciated the shout out from Senator Linehan about this, was that there are options outside of what's being proposed here. And we are able to frontload the LB1107 credit and find other ways to help pay for that that don't involve an increase in sales taxes. So it would be my hope and my suggestion that we continue to work on that. Obviously, I think we're, we're very short on time this session. But as we've all talked about, a lot of things kind of get done at the end. I certainly know that I've written papers at 11:50 p.m. before it's due at midnight, and I think everybody else has. And I think we can get it done. Because sometimes we have to, even though there's a time crunch. So my hope is we can come together and come up with that answer in a way that does not involve raising taxes on Nebraskans, but actually drives down our property taxes and helps fund our education system. Thank you, Mr. President.

FREDRICKSON: Thank you, Senator Dungan. Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. I want to address something that Senator Conrad had said, that if I've been talking to people about the property tax reduction, I have to ask how they feel about the sales tax. Every conversation has involved a, a robust discussion about how do you feel if we do this? Here's what this will do. If we increase the sales, it reduces the property taxes, explaining to them about the special interest exemptions. One of the interesting things is most people have absolutely no idea that we have over 120 different things that are exempted. They don't understand why. They always have assumed that they're paying tax. When I say it's on candy and pop, they're like, you're kidding, right? They don't know that they're not paying it. And they're astounded that we have allowed these special interests to keep narrowing and narrowing our tax band. Every person who I've engaged with, every person who has actually taken the time to talk with me about these, has, has said, if we can guarantee that that property tax is going to be lowered, they will be happy to pay that sales tax. When I originally started talking to people about it, it was the initial \$0.02 sales tax increase that the Governor had proposed. They were still fine with it. To them, that didn't even register. And I think Senator Brandt talked about that, that most people can't identify how much they're paying in sales tax. But boy,

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when you see that property tax bill come, you know it and it sticks in your head. The biggest thing that people said is the property tax is always a surprise. They have no idea what it's going to be when they open it up. When, when we open ours, I kind of liken it to, OK, this might be like from the IRS. You get one of those letters, and I will literally make my husband open those because I'm so worried about what it might be. The surprise and the inability to plan is what makes people just crazy about this. They don't want their schools to not have the funding. They just want to be able to plan for it. If we save \$1,000 in property tax, we would have to purchase \$100,000 worth of items to spend that extra \$0.01. If you save \$40 from the utility bill reduction, you would have to spend \$4,000 worth of purchases to spend that \$0.01. We're talking about a negligible amount. When we talk about candy and drink, so-- and Senator Dungan, where did you go? Senator Dungan, I say soda pop because I've moved all around the country, and, and it is different in every place you go. But candy and drinks are spelled out in the, the statutes. We cannot let perfect be the enemy of the good. Just because one candy might have flour and another one doesn't, doesn't mean we shouldn't tax the one that doesn't. Every item has a S-- a SKU, a UPC, some way to figure out how much you're going to charge for that. These are simple programming issues. It might be a little work, but that's OK. They can handle this. The fact that we have food deserts does not mean we should continue to encourage and support the purchase of candy and soda. It might be better if we were encouraging better options at those stores. I think that actually might be helpful for people, if they're paying attention to that sales tax, to know, hey, if I buy an apple, it will be different than if I buy a candy bar. I've also heard that there's a fear that this is going to shift all the money from the urban and suburban into the rural. That's not the case. The money from your property tax goes to your school district. We're-- this is a balanced plan. This actually makes sense. All the pieces of the plan need to work together.

FREDRICKSON: One minute.

KAUTH: Thank you, Mr. President. I still support LB388, and I encourage everyone else to do so, also. Thank you.

FREDRICKSON: Thank you, Senator Kauth. Senator Erdman, you are next in the queue. And this is your final time on the motion.

ERDMAN: Thank you, Mr. President. And good evening. I guess I don't have to state what my position is on LB388. I think it's pretty obvious. I heard Senator Murman talking about there's a trigger and we

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don't have to implement the sales tax. I think those speaking about this are wishfully thinking or hoping that that's the case. So we talked about school finance, Senator Linehan has. And for those of you who haven't taken the time to review what we decided, what our plan is for school funding and the EPIC proposal, we have a school funding mechanism that's very objective. It eliminates TEEOSA, and it funds schools to the full amount that they need to do the education of the students. So we have done a lot of work on this. That is out there for your review at epicoption.org. The EPIC option eliminates income tax, corporate and individual, property tax, both personal and real, sales tax, the most regressive tax at all, inheritance tax, and also homestead exemption. Those things go away. It is the answer. So when we put up LB388 and we say this is extraordinary, this is property tax relief, it's a decrease in the increase. For you see, if LB1107 gave us 30% reduction in property tax, LB388 is going to give you 40. So if you're listening tonight, and you did receive a 30% reduction in your property tax and that's not enough to make it so that you can still live in your home or on your property, another slight decrease of 10% will not solve your issue. The issue is we have a broken system. And so if you want to fix the system, putting a Band-Aid on this amputation like we've done for the last 57 years doesn't work. Has not worked. Will not work. I don't believe that there's 33 votes for cloture. Because if there was, people wouldn't be contacting me to ask me to support LB388, because it's quite obvious they knew where I was at and where I'm going to be. And so it's quite revealing, the fact that they've reached out to me several times today to support LB388, which means they don't have the votes. So Senator Linehan said 8 hours is good. We passed all the things that went 8 hours. This one is a tax increase. And you can say it's not and you may be able to prove that it's not, but let me explain something how this works. You can't use facts to change people's opinions, because they have set up their facts with their own opinions and their own facts by their opinions. So you can't change it. So if someone thinks this is a tax increase, it is. And if you think I was joking when I said people who vote for this tax increase won't get reelected, think again. That is a serious situation you're going to find yourself in. If I'm running against you as a person who wants to get reelected, the first bullet point I put on the face of that card is they voted to raise taxes. That's not a good situation. This is not the answer. The good news with-- that I told Senator Linehan, all the people, agencies, groups, farm organizations, Farm Bureau, and all those people that were opposed to my EPIC consumption tax proposal, are generally opposed--

FREDRICKSON: One minute.

ERDMAN: --to this, or some part of this. The only thing is, they haven't gotten organized enough yet because this is so new. But just wait. They will. And so we will never, under the current system, ever put the taxpayer in first place, ever consider whether they can pay the taxes we're asking them to pay. Never. Never. I've never received a 3x5 note card from the county saying, we're going to raise your taxes. Can you pay more? No. They just send me the notice. Same with income tax. Until we fix our system that makes it fair and transparent, we will never have a system that's going to gain more people moving to Nebraska. For you see, there's never been one person move to Nebraska in the last 10 years--

FREDRICKSON: That's your time, Senator.

ERDMAN: --greater than the number who have left. Thank you.

FREDRICKSON: Thank you, Senator Erdman. Senator Moser, you're next in the queue. Senator John Cavanaugh, you are next in the queue.

J. CAVANAUGH: Thank you, Mr. President.

FREDRICKSON: And this is your-- I apologize. This is your last time on the motion.

J. CAVANAUGH: Thank you, Mr. President. And thank you, pages, for keeping Mr. President on task. So this is my last time on this motion. I think we've had a good discussion. I think we're going about another hour still tonight, but-- oh, there's Senator Moser. But-- so I got lots of thoughts, and I think there's been some-- there's a lot of things in this bill. And-- but I filed an amendment to the bill that is a bill I brought to Revenue this year, which would eliminate sales tax on diapers. So we heard at the briefing this morning from the Governor's staff that nobody pays sales tax on essentials. And I think most folks in here have had kids or been around kids. But I got-- I've got 4 kids. Mercifully, we are out of the diaper stage. But-- well, we still have some Pull-Ups at night, but anyway-- for the littlest. But anyway-- but having 4 kids, I can tell you how essential diapers are. They're essential to being able to go to work, because you can't take your kid to daycare unless you have diapers. They are essential to the health and safety of children. Because if you can't afford to have enough diapers, then kids are left in dirty diapers, and that's unsan-- sanitary for them; causes sores and other potential problems. So diapers are essential, but we still assess sales tax on diapers. I brought that bill. It was not included in this package. It was not included in the other package we debated earlier today. But-- so to

say that people are not going to pay sales tax on essentials is simply not true. There are lots of other things that have sales tax that are assessed against them that people don't have a choice to buy. So that's why I brought that amendment. So if this bill does move forward, we can adopt that amendment. I think it's got a fiscal note of about \$1.7 million, if I remember right. But then, at least we would be being more consistent in our assessment of what the-- not taxing essentials. I did want-- I saw this handout from Senator von Gillern, which I appreciate, Senator von Gillern, the BVG, but it does look like it says bug. So, got a kick out of that. So I'm just looking at example 6 that Senator von Gillern handed out. And I did some math to myself. So it says, single-family home, \$300,000, Omaha, Nebraska, 4 bed, 2 bath, 1,865 square feet. I don't know what part of town it's in, but I'm going to assume, for the sake of argument, in my part of town, which is in OPS. So I did a little bit of my own math on here, that the-- my OPS levy right now is 1, 21-- 1.21702. So I multiplied that levy times-- well, 100-- for every \$100 of assessed value, so \$300-- or \$300,000 gets you \$3,651 is my OPS-- this house's OPS tax asking. So under LB1107, the 30% of that is \$1,095.31. So that's what this person would be entitled to in their LB1107 tax-- on their income tax. And so, if you subtract the LB1107 from the property tax savings on this, which, on this piece of paper shows property tax savings of \$1,325. So you subtract that \$1,095 from that and you come up with \$230. So I'm saying this because this person-- we're going to assume for the sake of the current argument, this person does claim their LB1107 tax credit. And so, if we do pass-- it's actually not this bill, but we pass this package of bills, this person would--

FREDRICKSON: One minute.

J. CAVANAUGH: --not, not be getting any-- that-- this additional tax reduction of that \$1,095, because they are already getting it. So we're just moving it to where they get it. So this person would then have a total tax saving, between the utility savings and the property tax saving, of \$379. So according to Senator von Gillern's math on here, they're paying an extra \$409 in sales tax, which essentially means this person is going to be paying an extra \$30 a year in taxes as a result of this proposal. So people are going to be paying more taxes. It's just a question of how you're characterizing it. This particular example of a person in a \$300,000 home in Omaha, who currently claims their LB1107 funding, is going to be increasing what they are paying in taxes. So I think we need to be honest about that. I know folks are going to say a lot of people aren't claiming it, and I agree that it is important to frontload LB1107. I think that is a consequential thing to do. But that is, for--

FREDRICKSON: That's your time, Senator.

J. CAVANAUGH: --a lot of people-- oh. Thank you, Mr. President.

FREDRICKSON: Thank you, Senator John Cavanaugh. Senator DeKay, you're next in the queue.

DeKAY: Thank you, Mr. President. I appreciate the perspective of the members, like Senator Brandt, in the southeast part of the state. And him being from the southernmost part of the state and myself being from the northernmost portion of the state, that the conversations about real estate taxes have gone on all year long. The demand for property tax relief is common theme throughout District 40 that I represent. However, I do think we need to be careful in how we approach this issue to be sure we are providing relief in a sustainable manner. After some review of the current package, I read that the schools in this state will receive an increase in state aid in the form of foundation aid from \$1,500 per student to \$3,000, and leave special education aid at 80%. We will also impose tighter caps on schools, counties, cities, and villages. I have seen a few different numbers and heard a few different scenarios, so I will just-- I will just pose a few questions to the body that I have. While this package gives the schools the money to meet their needs and get all of them to reduce their levies this time around, is LB388 going to create a problem for counties to carry out interlocal agreements to meet law enforcement needs, or, or pay for expensive murder trials when 6% of the public safety carveout only pays for the salaries? Can we guarantee the projected relief in LB388, both in the short-term and long-term? There's a good amount that I like about LB388 and the, and the package as a whole, but answers to my questions would be helpful. Right now, I remain cautiously optimistic toward LB388, and will continue to listen closely as we go through General File and onto Select File, where I will finally have a fiscal note to look at. Ultimately, I want to be sure that if we do pass something this session, it will not be detrimental to the people of District 40 and the state as a whole. I yield the remainder of my time to Senator Jacobson. Thank you.

FREDRICKSON: Thank you, Senator DeKay. Senator Jacobson, that's 2 minutes and 32 seconds.

JACOBSON: Thank you, Mr. President. While I'd like to always get up and maybe correct some of the statements that I've heard on the floor, I kind of want to talk about those that talk about how they have renters as constituents, and they don't pay property taxes. I beg to

differ. If you're a renter, you're paying rent to the property owner, who in many cases, has a mortgage on that property. But they're paying, in many cases, principal payments, insurance, real estate taxes, and the casualty insurance. Let me give you a real example that I just looked at recently, on a, on a project in North Platte. Be a multifamily apartment complex. Estimate, just without any incentives, the cost for the units would be \$160,000 a unit, for a fairly modest 2-bedroom unit. They would be renting that unit for about \$1,200 a month. Let me tell you how the math works on that. At-- if you put no down payment, which, of course, isn't going to happen, you're going to have to put a lot of equity in it. And this particular buyer will be putting a tremendous amount of equity into it, in order to make it cash flow.

FREDRICKSON: One minute.

JACOBSON: Thank you, Mr. President. But here's how that would work. You would start, if you could finance the full \$160,000, your principal and interest payment would be \$1,288 a month. How much are we getting for rent? Oh, yeah. \$1,200. How's that work? Then, you'd have \$258 in property taxes, based upon the current mill levy in North Platte consolidated today. \$258 per month, and you pay another \$100 a month for casualty insurance. You're \$1,588 a month. So you're gonna need to put a bunch of equity into this property to be able to get that property price down. How much do I have left here, Mr. President? I'm next in the queue.

FREDRICKSON: There's 8 seconds. And yes, you are next in the queue.

JACOBSON: All right. I'm going to burn my 8 seconds and go to the next. How about that?

FREDRICKSON: You-- go ahead, Senator Jacobson.

JACOBSON: Great. Thank you. You're very accommodating this evening. Thank you very much. The-- so all too often, people that are renters think that their owner is either the federal government who evidently has un-- endless money, or they're some greedy millionaire or billionaire who doesn't need the money, evidently. And so, they're taking money from you. And why are they taking money from you? Because they have plenty of money, so they don't need the money. Well, it doesn't work that way. What normally happens is people who are building homes and building apartment complexes are investors. And they're investing in real estate with the idea that over the long pull, they will build equity. And what they're trying to do is come as

close as they come-- can to cash flowing that investment. And then ultimately, they're going to have to rehab it along the way, but they're hoping that values go up over time. But when you start thinking about in this example, \$258 per month and they'd be getting \$1,200 a month in rent. So if you can reduce their property taxes, they have some room to not increase your rent by more. But I will guarantee you that if they build this apartment complex, they fill it up, and they're charging you \$1,200 a month, and a year from now, your property taxes keep going up and going up, they have no choice but to raise your rent. I can also tell you that if the, if the property taxes was at zero, you would have other people saying, hey, we can make money with this. We'll build apartments, and the price will be pushed lower. So it's a false narrative that renters don't pay property taxes. If you live in a home, you're either having the federal government pay it for you, or you're paying it to your landlord and, and that's part of your rent. So it does make a difference. And certainly if you're an owner, it makes a huge difference. Everybody, everybody because of that, pays property taxes. Everybody has a choice as to which of these sales taxes they pay, because we've tried to eliminate all the essentials. Now, Senator John Cavanaugh, back in the day when I was a kid, cloth diapers, those were free. You had to wash them. Kind of a messy job, but hey, my mom did it. But I'm not saying that we shouldn't, and I would, I would, I would not oppose the idea that diapers probably shouldn't be taxed, but they are today. But I'm-- what, what was done with the committee and what was done last summer was to try to figure out a way to only tax those things that are nonessentials and remove them from the tax rolls to generate additional dollars to provide savings for everyone, everyone who lives in a property-- in a piece of real estate, and reduce their property taxes. That's what we're trying to do here. This money doesn't fall from the sky. OK. ARPA is done. OK. The federal government's not going to rain more money on us. If you look at what happened in the numbers right now, consumers' credit card debts are through the roof. They're higher than ever have been before. So at the end of the day, what we're really trying to do is try to balance this tax equity. Now we've had some convers-- conversations about EPIC. I'm just going to make 2 comments about EPIC. What stops me. If I'm going to buy \$160,000-- if I'm going to-- and this is an apartment. If I wanted to buy a home today and it was \$300,000 and EPIC was in place, based upon the estimates that we see, it--

FREDRICKSON: One minute.

JACOBSON: --would be a 21% tax. But let's say it's half that. Let's say it's only 10%. You'd have to pay a 10% tax-- occupation tax or a

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consumption tax on buying a home. \$300,000 home, that's \$30,000, plus you'd be required to put at least 10% down. That's another \$30,000. And you have to pay, and you have to pay PMI on it, private mortgage insurance, if you only put 10% down. What does that do to the affordability of housing? And then where does the money go? Oh, yeah. It all gets collected and gets sent to Lincoln. And then, this Legislature would decide who gets the money. How's that work so far, with the discussions we're having today, as to figuring out who gets the money? When you have local property taxes and you have the state paying their fair share of educating students across the state, which is what we're trying to do with foundation aid, and through this bill, and through LB1331. We're trying to have the state pay the fair share of educating students across the state, lower property taxes--

FREDRICKSON: That's your time, Senator.

JACOBSON: Thank you, Mr. President.

FREDRICKSON: Thank you, Senator Jacobson. Senator Brandt, you are next in the queue. And this is your final time on the motion.

BRANDT: Thank you, Mr. President. So in our briefing this morning, the Revenue Committee handed out several examples of homes and, and what it costs to live in the state of Nebraska. And one of the examples they put together was a single-family home in Beatrice, Nebraska, which I'm very familiar with. I live close to Beatrice. And the home is valued at \$225,000. Using what we know about the formula in the bill, at the end of the year, where they no longer pay sales tax on electricity and natural gas, they'll have a \$99 savings. And their property tax savings through this bill will be \$1,138. You add those together, they will get or receive \$1,237 reduction in their cost of living. That will be offset by an increase-- a proposed possible increase and the worst case scenario would be 1%, on their disposable income. And that would increase the sales tax \$201. They're getting \$1,237; increase of \$201. So they're getting about a 5-1, 6-1 return on investment right there, for a net result of \$1,036. I don't know who wouldn't want to take that deal. Our schools under this bill and with the Education bill, because it has to-- it's the other half of this. We are going to give each student across the entire state of Nebraska, \$1,500 today. It's going to increase to \$3,000. That's double the state aid to all the schools in the state, a 100% increase. That's a good deal, folks. So you're getting like 4 or 5 times back on your-- what you're paying on your property tax, and your kids in your school-- or your school district is going to get double on that. And I guess the last point I would like to make is, Senator Erdman is right

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about those that vote against this will be targeted-- or voting for this will be targeted for increasing taxes. I have the absolute opposite view. If you don't vote for this, in a district like mine, you will be targeted for increasing everybody's property tax. So I want all of you out there-- and I know this is tough. Because, I mean, your first 4 years in here, you're constantly thinking about reelection. But the knife cuts both ways. And so, I stand in full support of LB388. And I would yield the rest of my time to Senator Dorn.

FREDRICKSON: Senator Dorn, that's 2 minutes and 4 seconds.

DORN: Thank, thank you, Senator Brandt. I talked to I call it, some of the newspaper people over there about some comments I'd made earlier. I wanted to clarify some things on the comments I'd made about Lincoln Public Schools and what they're-- the amount less it would be. This is the property tax year-over-year percent change. This was a handout from the Governor's fiscal people. It is the year '23-24 versus '24-25. And it's that percent change. And I think I had, if I remember right, Beatrice, at 52% decrease. That 52%, the people that is affected, the 52% is if you haven't been claiming or didn't claim your income tax credit, you will be getting that full 52%. That is how much lower your property taxes, your school property taxes would be.

FREDRICKSON: One minute.

DORN: Thank you. So it, it, it-- I, I went through and looked at some more of these at that chart they passed out. I saw about the highest one. Well, there's one at 100%, but I don't know where that one came from, but there is one at 67%. That's Palmyra School District. They will be-- that-- their taxes year-over-year will be that much less. You also have to factor in, I call it the income tax credit. So for some of the people, if you've been claiming it all the time, you won't see that full amount. It will be a percentage of or it will be part of that because you have to also-- that is also counted in here. So it's, it's-- is for people that have not been claiming that. And we're seeing some large numbers. 65% of the dollars in Omaha Public School is not being claimed. They now will be getting that-- oh-- Omaha Public Schools are getting a 58% decrease in property--

FREDRICKSON: That's your time, Senator.

DORN: --school taxes. Thank you.

FREDRICKSON: Thank you, Senators Brandt and Dorn. Senator von Gillern, you are next in the queue.

von GILLERN: Thank you, Mr. President. As you all have seen on your desks and as Senator John Cavanaugh mentioned earlier, you now have examples 5 and 6, so we'll continue doing this till we, till we prove out the math here. Failed to note on here-- it does say Omaha and Lincoln. Example 5 is a home in Lincoln Public Schools. Example 6 is an OPS district. So those numbers-- you can study those numbers. I had a good conversation with Senator John Cavanaugh. And I encouraged him to do this. And I would encourage others to do this. And that is when you get home this evening, go down wherever you keep it, in your basement, on your computer, wherever, pull your tax return out from last year. And look and see, for those of you that-- hopefully you filed your LB1107 credit, look and see what your credit was last year. Then you can come and pull the chart out that was handed out this morning, or you can ask anyone, anyone-- the-- on the staff in the Revenue-- or in Senator Linehan's office. And we can find out what the, the new levy would be for your district, and run the math yourself. I mean, this is, this is a pretty simple worksheet. You can run the math and see what your credit was that you already took, and then you can see what the credit will be. And so you can run it for your own district. The-- you know, the, the failure to file for the credit is, is unfortunate. And as Senator Linehan, Linehan mentioned earlier, the-- with that credit being frontloaded, the benefit goes-- you know, the check goes directly to the school districts. And, and the property taxpayers didn't benefit. Those who did not file for that tax credit, they will see it on their property tax statement. So they will benefit from it now, where they weren't before. So, Senator-- I, I struggle with Senator Cavanaugh's comments earlier, about it not being an increase. I mean, number 1 we're-- we are lowering the levies in each one of these areas. I think he said that OPS was \$1.05, if I remember-- I don't remember exactly what the number is, but-- and as Senator Dorn just mentioned, I think it drops down to \$0.59. So it absolutely is a reduction in the amount of taxes paid. I want to challenge something Senator Dungan said earlier. And we've had a great, great commentary going back and forth. He said that he believed we should frontload the credit for the schools, but we should find other ways to pay for it. Well, Senator Dungan was in all of the committee meetings and, and sat through all of the hearings with us, and was engaged in all of those conversations. And I don't know that I've heard either from him or any other of the opponents tonight that are opposing this plan. I don't think I've heard any other great ideas about how to pay for this. So if somebody has got a great idea, I

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think there's 8 Revenue Committee members that have ears wide open. Some of them have hearing aids, and they can hear really, really well. And, we're happy to listen to any other plan on how to pay for this. Senator Vargas stated and, and I don't know if I heard this correctly, so forgive me if I didn't hear this com-- completely correctly. I believe Senator Vargas stated that we could, we could not do the utility sales tax exemption. And therefore, we wouldn't have to do the, the, the sales tax increase. If I heard that incorrectly, please, somebody please clarify that to me. Just to, just to clarify what those 2 numbers are, the sales tax increase at \$0.01 would generate \$550 million of additional revenue. The sales tax exemption for residential utilities is an \$84 million credit. So that, that math doesn't hunt very well. You know, I, I don't love being a part of anything that increases a tax. And it-- it's really hard to, to be a part of that. But what-- again, when you look at the math, when you look at the spreadsheets-- I'm a spreadsheet guy. I got a lot of math in my background. And boy, it's really hard to, to, to fight against it when you really sit down and study the numbers. Again, I-- I'd be, you know, I'd be happy to listen to any other solutions that anybody else has. But as others have said-- Senator Dorn said--

FREDRICKSON: One minute.

von GILLERN: --a little bit ago-- thank you, Mr. President. Senator Brandt said if we don't do anything, that is a tax increase. We've got to have the bravery to do something. And if it's, if it's not the perfect plan, then somebody pipe up, tell us what makes it perfect. And if this isn't the solution, we're certainly happy to embrace whatever that is. Thank you, Mr. President.

FREDRICKSON: Thank you, Senator von Gillern. Senator Meyer, you are next in the queue.

MEYER: Thank, thank you, Mr. Chairman. I was under the impression we were going to break for steaks at 7, so I, I thought I would get just under the wire and, and not have to do this a second time, but, but I'll be happy to. This has been a great discussion this afternoon as we, you know, as we discuss both sides, a lot of things have been brought up. Sitting in the Revenue Committee-- I've only, only done it one time. We, we were probably-- in addition to the things we're talking about today, we were probably approached with, I'm going to say, at least \$500 million worth of requests that came in bills that were brought before the Revenue Committee. And I would say probably be a third of the members of this body were part of those bills that came forward. And, and I'm not saying they were good, good ideas or bad

ideas. Most of them were good ideas and it would be great if we could fund them. But we, we just don't have the resources to do this. I, I look at this package as, as a very well-rounded situation. I remember specifically, when, when Senator Wayne came in with that bill to exempt home utilities. And I thought, you know, that's just the right thing to do. How are we going to make that fit into the package? And the more we talked about the things that-- from the list. And we had a-- we had-- we started out with a long, long list of exemptions that, that we debated whether it was the right or wrong, how much revenue it would generate, whether, whether it was worth the argument or not. And we came up with this what I think is very commonsense approach to the exemptions that we wanted to remove. In my heart, I don't think that these exemptions change-- even the 1% increase in, in, in all of sales tax rates, is going to change the spending patterns of, of a single person in Nebraska. I really don't. And when I look at the, the ability that we have this year to frontload the LB1107 money into the formula, I had a couple of superintendents ask me, well, are we going to be able to do it down the road? And I feel, with the sales tax changes, I'm much more comfortable telling him, yes, we want to continue to do this on down the road. The, the economy of, of Nebraska, I think, is very strong. I think we have a strong leader that has us set in the right direction, but there's no guarantees. I do know that commodity prices in the ag sector will be lower this year. And I don't, I don't know for how long, but that will make real estate taxes for farmers much, much harder to pay. And of course, we know there's no relationship between ability to pay and the taxes that are due. So that's kind of off the table. So I guess I want to finish my comments that, that I think this is a good package. It's well-rounded. It helps schools. It gives them solid funding. If, if the receipts this summer are high enough that we don't have to increase the rate at all, we will all be very happy, both sides of the board. All 49 members of the body will be thrilled. But if, if we're not, and if we can't see a way to sustain the things that we've done so far-- and previous Legislatures have done a great job, the last couple of years, setting us on the right path. I, I would be a little disappointed if we weren't able to say, yeah, we want to continue the path that we are on to show school districts that we are serious about being a partner in funding education for every kid in Nebraska. So, with that, thank you, Mr. President.

FREDRICKSON: Thank you, Senator Meyer. Senator Conrad, you're next in the queue.

CONRAD: Thank you, Mr. President. Good evening, colleagues. I've got a lot of points to cover here, so I'm going to try my best to, to do so

as quickly as possible and share some time with a friend who's looking to make a rebuttal point. Friends, to be clear, I believe in the goal of property tax relief and have taken tough votes to effectuate such, even to the chagrin of some of my, my colleagues and, and allies. Whether that was supporting Senator Briese's measure last year, which was the property tax component of the broader tax package, which I did support, whether that was moving forward to remove the property tax burden on the community colleges funding, which I did support. And did support, with Senator Dover and others, in pushing back against community colleges who were trying to perhaps work around the spirit and intent of that law, in order to deliver property tax relief. I was here when we first established the Property Tax Credit Fund and tried to get that program up and running. So there are a lot of good ideas. There has been a lot of work done. And I think it's important to remember that some of the work done, including just last year in regards to the income tax and the property tax has yet to even come to fruition. So to act like we haven't been doing anything on property taxes is not the case. Look at the explosion of the property tax credit in the budget we just passed. From inception in 2007, 2008 to present day: exponential growth. Look at the actions we took with Senator Breeze's bills that emanated from the Revenue Committee and that were part of an income and property tax approach. So we also know while those have to fully take effect and we don't know what exactly that's going to mean for long-term dollars and cents, we do know that the budget is already precariously balanced. That is why there were sweeps-- one-time sweeps from cash funds at historic levels. That is why there was less money available for the floor. That is why there is a concern about the out years already, under existing financial projections. And don't forget, we are at a time of economic prosperity, friends. Why in the heck would we be raising taxes when times are good? And I can tell you when we've been desperate, desperate for revenue when times were bad-- I served during the Great Recession. We looked at things like increasing cigarette taxes, and it's a tax of diminishing returns. Not only does it not bring in the revenue you want, it doesn't effectuate the behavior changes you want. And I have the same questions when it comes to the pop and candy taxes and the CBD taxes. And is there any other model out there where we see a 100% tax? As noted in longstanding, long ago jurisprudence, *McCulloch v. Maryland*, the power to tax is the power to destroy. And we need to yield that-- wield that power carefully. Friends, I have a lot of questions. I'm always going to be a constructive partner to trying to find consensus. I yield the balance of my time to Senator Erdman, if he so desires.

FREDRICKSON: Senator Erdman, that's 1 minute and 30 seconds.

ERDMAN: Thank you. Thank you, Senator Conrad. I'm gonna try to make this very quick. Senator Jacobson, keyed it up for me. If you buy a \$300,000 house under the current system, your monthly payment, payment would be, if you paid the full amount-- mortgage full amount, is \$1,896. Under the consumption tax, there's no sales tax on the materials. So the house would sell for \$286,500. You multiply that times the consumption tax. The final price of the house is \$314,875.

FREDRICKSON: One minute.

ERDMAN: You have \$6,500 in property tax. OK. So what happens is the payment under the current system is, is \$2,423. Under the EPIC consumption tax, it's \$1,990. Senator Jacobson has totally missed this. I explained it to him in York. He must have missed it there. I'm going to try it again. But you don't understand. The house can sell for 21-- for 14-- 20-- \$286,500, not \$300,000. And you don't add the consumption tax on top of that. They always forget to take the sales tax out. So it takes 2.3 years of your property tax to pay the consumption tax. And then you finally own your property, which you do not now ever own. You continue to rent, rent from the government. So that example of the new house doesn't fit, doesn't fit the consumption tax proposal if you do it right. So there's a lot of misinformation out there about the consumption tax, but nobody wants to sit down and understand exactly how it works. That's the answer. Thank you.

FREDRICKSON: Thank you, Senators Conrad and Erdman. Senator Vargas, you are next in the queue.

VARGAS: Thank you. Thank you, Senator Erdman. Probably should state-- and I've had good conversations with Senator Erdman. I'm not a, a supporter of the EPIC tax, but I'm not coming out against it. But-- and I'm-- I feel inclined to maybe yield some time to Senator Jacobson in a second if he wants to rebut to that. There's a couple things I was going to get up and, and talk about. One, you know, I've supported the spending caps in the past, and, and I actually still support that. I've introduced separate bills for capping municipalities from creating new occupation taxes, because I think they overly rely on them. And I understand we're never going to really get to substantive tax reform if continued spending is happening, and we're not reining in some of the spending within levies and, and, and the caps. So I understand that part and I do support that. But I also understand that there's a need for revenue generation. I think some of these and I've mentioned this on the mic previously, I'm personally OK with. I still

have a struggle with the sales tax increase for funding the majority of the revenue generation. I do support the work that we've done in the past for funding the Property Tax Credit Fund. We have-- Senator Clements isn't here, but in, in both Senator Stinner and Senator Clements, in our time, we have basically backwards planned to make sure that-- actually, Senator Dorn is here. I can look at him. Whenever we've crafted the budget, the first item that we have taken on is setting aside and putting funds into the Property Tax Credit Fund in our budget. Before we took any action on anything, we, we decided how much, in the millions-- hundreds of millions, pretty much consistently, we were setting aside and putting into that. And so that's one of the reasons why I, I continue to support that. I know it's not solving the issue. Senator Dorn has made that clear in our committee. It doesn't solve the issue in the long-term. But I wanted to make sure to just restate, there are certain aspects of what we're talking about that I'm in support of. There are certain parts of the revenue generation that I'm in support of, which is different than some of my colleagues. I'm still not sold on the 1% sales tax increase trigger, or however it is. Here's another part that I am, I am concerned about in the long-term. If we are using the trigger off of the forecasts, if there are years where we don't have as much sales tax revenue coming in, even though we're taxing more, what happens if we don't have sufficient revenue coming from sales tax? And, and that is-- that's a concern for all of us, which is income tax and property tax are more reliable for us to be able to surround a budget around. And consumer sentiment drives how much we spend. It's something for us to take into account. I encourage everybody to look at-- we passed a bill. It's actually my bill from 5, 6 years ago, the PLAN Act, so that we can look at our historical revenue from sales tax, from property, and from income to try to figure out how should we be looking into these next upcoming years. And I, and I already had a conversation off the mic with Senator von Gillern, in specific to what I said. Part of my saying was there is still about \$211 million that's not sales tax increase, in terms of revenue generation from some of these other revenue sources. So I'm, I'm still listening. There's-- I, I, I want to support some aspect of what is happening here in terms of the bill. There's certain things that I do support. I'm still not sold on the sales tax increase, partly because I'm continuing to hear--

FREDRICKSON: One minute.

VARGAS: --that it's not, it's not impacting the, the majority of renters that are in my district. And I just have a very high rental community. And we're still hearing from individuals that they don't support the tax shift. However, I do want to support continuing to do

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something in property tax relief, whether or not that is not me for this year but for next year, continuing to reduce spending. We did have, across the board, trying to do cuts in, in all of our agencies. It's something that we can try to do this next year. That would bring in hundreds of millions of dollars if we can attempt to do that. And it's something that the Appropriations Committee can do to reduce spending in the long-term, so that we are just making sure we're doing something towards property tax relief. Thank you.

FREDRICKSON: Thank you, Senator Vargas. Senator Linehan, you're next in the queue.

LINEHAN: Thank you, Mr. President. Good evening, colleagues. I want to thank the committee, the Revenue Committee, and all of you, frankly, for all your work on this and for this debate, which I think has been good. I also want to thank especially the Revenue Committee staff and my staff in my office, who get-- even though they're not Revenue Committee staff. You ask Ryan, he spends a lot of time on Revenue, even though he's supposed to be doing everything else. I've asked-- well, couple of things I'm going to work on that I think I've probably not made abundantly clear, and I will try and figure out some way to help people understand. If we don't do something, we're going to have the similar kind of crisis that ag faced with property tax increases, you're going to have in Lincoln and Omaha and across the state, North Platte, because you're going to lose equalization aid. And it's true that there's a cap on lids unless you have an override of the people, but there is no cap on valuation. So as valuations go up, TEEOSA goes down, aid goes away. So we've got to figure out something. I have asked-- and Senator Vargas said something about the trigger. I just-- make it clear, the trigger in this is only for this year. It's not every year going forward. It's just whatever revenues are, we find out in-- we'll find out in July. I have asked the Speaker to let us hit a pause button on this and give us the weekend. There are, I've heard, there's some legitimate drafting. I imagine that there's some-- in a big bill, there's some drafting errors. So some of it's on the city, county. I don't quite understand exactly what the problems are because I've been in here, but I know that we have some things that we need to fix. And I would ask it over the weekend-- I will be with my family on Sunday, but other than that, I'll be around and I'll answer the phone if you have questions. If you have ideas, I welcome ideas. I'm-- I don't think anybody-- I-- I'll tell you, this is a risk for everybody on the Revenue Committee. We knew that this would be hard. We know that people would say we're-- claiming we're just doing a shift, that we weren't solving the problem, that it's just a decrease in the increase. And I know where that comes from. Senator Erdman says it.

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Because the problem is-- we've been here. We've provided \$1 billion in property tax relief since 2018. A billion. But property taxes have gone up \$1.3 billion, so nobody's feeling it. So we've got to make sure going forward that we actually have lids that enable schools if they're growing-- pay their bills, enable city and counties. Sarpy County, they're growing-- others. We've got to, we've got to make sure we've got all that right. So if you have concerns over the weekend, I would love-- text me is better than email. Just text me. And if you come up with some brilliant plan where we don't have to do a sales tax, I-- I'm all in. I do want to echo something Senator Meyer said. And I'll give Senator Wayne credit for this. His bill about doing away with taxes-- sales taxes on utilities. This is before we started putting the package together. It was kind of strange. Senator Wayne comes in, and he's like, I brought this bill for 6 years. And I know it's probably not going anywhere, but let me tell you what it does. And it was like, group thought across the committee. Wow. This is a good idea. Let's take taxes off utilities--

FREDRICKSON: One minute.

LINEHAN: --because who does that help? That helps people who are low-income. And we don't tax their food, and we don't tax their water anymore, though we did. How about we don't tax heat for their homes? So, again, thank you all very much for engaging in this. And I hope you have a blessed weekend. And I guess we'll see each other tomorrow. So, thank you.

FREDRICKSON: Thank you, Senator Linehan. Senator Dungan, you are next in the queue. And this is your final time on this motion.

DUNGAN: Thank you, Senator "Friedrickson." I appreciate you presiding as President over this fun debate that we've had. Colleagues, I, I appreciate the conversation we've had. I-- like I said earlier, I think we've all legitimately gotten into some of the details of this that are important. I started off a lot of this conversation with some of my overarching philosophical differences that I have from some of my colleagues, but I do believe that genuinely, everybody that's worked on this bill is trying to achieve both a goal that helps Nebraska, but also a goal that is sustainable moving forward. And so although we continue to sometimes disagree about the ways to get to that, I, I think that we can all agree that we need to find some solution to property taxes. I also appreciate the conversations that have been happening with regards to some of the math. I know Senator von Gillern worked very hard on coming up with those, and, and Senator Linehan, too, coming up with those examples. I, I do look forward, I

think, to analyzing those in a little bit more detail, just given the fact that there's obviously going to be some pushback or discrepancies that we have. But I know that Senator von Gillern and Senator, Senator John Cavanaugh's conversation about that was, I think, very illuminating. And I appreciated that. There are a lot of parts of LB388 that, frankly, colleagues, we didn't even really get to talk about today. I know that we've talked ad nauseam, obviously, about the sales tax, which I remain opposed to an increase in sales tax, as I have been since the beginning. But we have not really delved too deeply into some of the other sales and use tax exemptions, such as the advertising over \$1 billion. I understand that, again, like many of these, on the face of it, you may think to yourself, well, what's the problem with getting rid of that? But just to tease a little bit of what that future conversation might be like, there are similar laws in other states that are-- there are constitutional concerns that have been brought up. I understand that some don't worry about or don't believe there is a constitutional concern on this and they-- they've said that it's fine, but there are cases currently pending, I believe, in Maryland, with regards to the constitutionality of the advertising tax-- elimination of that over \$1 billion. And so, I want to highlight that there's many parts of this that we did not get a chance to dive into. I think we could easily spend another 4 hours talking about this without any stretching or artificial motions being filed. And we should. I-- I've said, time and time again, that we are sent here to do hard things and make hard decisions, and today is one of those times. Nobody, I think, believes that a vote on LB388 is going to be easy. Nobody thinks that the issues that have been raised here are simple. And I can tell you from the emails that I've received during the pendency of this debate and the days leading up to it, there is certainly a diversity of opinions. But the one thing that my constituents have been emailing me about over and over again and calling me and, you know, sending me texts about, is they, they don't want to see an increase in sales tax. And I understand the necessity for property tax relief because that's also important to them. I understand the necessity that people have seen, to make sure that they can make it livable, in their, in their homes, and not be driven out by high property taxes and increased valuations. But we have to keep in mind the people who do pay that sales tax, who it does affect. We have to keep in mind the everyday working Nebraskans. We have to keep in mind our lower-income residents. We have to keep in mind the people who bear a larger and disproportionate brunt of an increased sales tax. And so, I think that many of my colleagues have done a very good job lifting up a number of those concerns, and I think a number of my colleagues have identified their own personal sticking points. On a

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bill like this, there's never going to be just one thing that we agree or disagree on, and we have to look at it as a whole. We always talk in here about how compromise means some people get something they like and some people get something they don't like. And at the end of the day, everyone's either happy or upset. But when we analyze LB388, I want to make sure we look at it from the big picture, and what is the right way to--

FREDRICKSON: One minute.

DUNGAN: Thank you, Mr. President-- balancing our tax structure in Nebraska. And colleagues, I cannot say enough that we cannot be increasing sales tax in our state. And that is not a partisan issue. It is not an issue that I think there's much disagreement on amongst people I've spoken to from my, my community, but we cannot do that. So I stand adamantly opposed to that. I am very thankful to hear there's going to be more conversations that happen over the weekend. I really appreciate the leadership of Senator Linehan working to find a solution on this to ensure that we can reduce property taxes while not disproportionately harming other Nebraskans. And so I look forward to hearing those conversations, and, and hopefully being a part of the solution moving forward. So with that, I appreciate the conversations we've had today. Thank you, Mr. President.

FREDRICKSON: Thank you, Senator Dungan. Senator Halloran, you are recognized to speak.

HALLORAN: Thank you, Mr. Chair. I know everyone's looking forward to round 3 between Senator Jacobson and Senator Erdman, so I yield my time to Senator Erdman.

FREDRICKSON: Senator Erdman, that's 4 minutes and 48 seconds.

ERDMAN: Thank you, Mr. President. Let me just suggest to Senator von Gillern that I'm willing to sit down and talk to him about the proposal I have. He mentioned that he's willing to do that. So I look forward to that discussion. It'll be the first time that we've had that discussion. That's pretty good. So one of the things that I didn't get to mention about buying a home-- I explained buying a new home, how Senator Jacobson had that wrong. But there's no consumption tax on used homes. And I would agree that Senator Linehan is right. There is going to be a situation come up that's going to be dire, but this is not the solution. If I have missed it, please explain it to me, but currently, we're getting 30% reduction on a property tax credit to whatever goes to our public schools. And we're going to get

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it for the education and the community colleges, as well. All right. So this is going to take it to 40%. So if we have this big catastrophe of increase in property tax, you explain to me how raising it 10 more percent is going to save us. We're talking about 10%. So we're basing this proposal on hope that, on hope that our revenue continues to come in. That's a big ask. Senator Jacobson did mention that credit card debts are as high as they've ever been. Last week, Professor Goss had a survey done by the Main Street businesses. They're less supportive of the economy-- or, or positive about it. That's not looking good. And so we're going to base our whole scenario, our whole hope on the fact that revenue continues to come in, so we don't have to raise sales tax. It's not going to be the case. So I've explained to you earlier and many times before about the consumption tax. It is the answer. It is the only answer that fixes our broken tax system that we've been functioning under since 1967. And Senator Pahls, when he was here back in 2009, did a study about how much has been exempted since the start of the sales tax in 1967. And in 2009, it was \$54 billion had already been exempted from sales tax. And his goal was to remove the exemptions and lower the rate, and it would have been significantly less, probably around 2.5%. And as I said earlier, and I'll repeat it because it didn't seem to resonate, Art Laffer told us that you don't get more revenue by raising the rate. You get more revenue by broadening the base and lowering the rate. Let me say that real slow so you can get it. You don't get more revenue by raising the tax rate. You get more revenue by broadening the base and lowering the rate. It drives the economy and you get more revenue. It's not that hard. Anybody that's listening should be able to understand what I just said. This does not do that. And that small amount of exemptions they are taking away, the 10 or whatever it is, is insignificant. OK. And I understand that we're taking away the, the consumption tax--

FREDRICKSON: One minute.

ERDMAN: --or sales tax on utilities, but the consumption tax solves the problems for all these low-income people and medium-income people. The average family of 4 in the state of Nebraska will save \$2-700 a month. What does this do? This lowers your property tax by 10%. That's a really big deal, really big deal. I have yet to find a person that has said LB1107 has lowered their taxes to an acceptable level. This will do the same. Not much. A decrease in the increase. They don't have the votes or they wouldn't be talking to me. Thank you.

FREDRICKSON: Thank you, Senators Halloran and Senator Erdman. Mr. Clerk, for items.

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ASSISTANT CLERK: Thank you, Mr. President. Communication from the Governor. Dear Clerk Metzler, engrossed LB43e, LB905, LB905A, LB1087e, LB1087Ae were received in my office on March 21, 2024, and signed on March 27, 2024. These bills were delivered to the Secretary of State on March 27, 2024. Sincerely, Jim Pillen, Governor. I have a report from the Committee on Urban Affairs, placing LB1359 on General File. Report from Enrollment and Review regarding LB1368A, LB1200A, LB12--LB1074A, LB1284A, and LB1301A, placing all those on Select File. I have amendments to be filed to LB1329, by Senator Conrad; amendments to LB253 by Senator Fredrickson. I have FA322 to LB1329 by Senator Murman; a second amendment to LB1329 by Senator Murman; amendments to LB388 by Senator Meyer; amendments to LB388 by Senator John Cavanaugh; a second amendment LB388 by Senator John Cavanaugh; amendment to LB388 by Senator Dungan; amendments to LB1331 by Senator Dungan; and a, a new resolution, LR446, by Senator Brewer. It will be laid over. Requests for co-- cointroduced bills and resolutions: Senator Dungan to add his name to 12-- LB1284, and Senator Slama to add her name to LB1402. Finally, Mr. President, I have a motion from Senator Sanders to adjourn until Thursday, March 28, 2024 at 9 a.m.

FREDRICKSON: The question is shall the Legislature adjourn? All those in favor say aye. All those opposed say nay. The Legislature is adjourned.