

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee March 9, 2023

**LINEHAN:** [RECORDER MALFUNCTION] Committee will take up bills in the order they're posted outside the hearing room. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on proposed legislation before us today. We do ask that you limit handouts. If you are unable to attend a public hearing and would like your position stated for the record, you may submit your position and any comments using the Legislature's website, by 12 p.m. the day prior to the hearing. Letters emailed to a senator or staff member will not be part of the permanent record. If you are unable to attend and testify at a public hearing due to a disability, you may use Nebraska Legislature's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceedings, I would ask you to follow these procedures. Please turn off your cell phones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutral and closing remarks. You will be testifying-- if you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We will need 11 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell both your last and first name for the record. Please be concise. It's my request that you limit, you limit your testimony to 5 minutes. We will use the light system, so you will have 4 minutes on green and then one minute on yellow. If it turns red, I will ask you to stop. If there, if there are-- not there-- if your remarks reflect your previous testimony or you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. I will introduce committee staff. To my immediate left is research analyst, Charles Hamilton. And to my left, at the far end of the table, is committee clerk, Tomas Weekly. Now, I'd ask committee, committee members to introduce themselves, beginning at my far right

**KAUTH:** Kathleen Kauth, LD 31, Millard area. And I would like to say happy birthday to my father, whose birthday is tomorrow. He will be 85 and he is watching from Sacramento. So happy birthday, Dad.

**MURMAN:** Senator Dave Murman, District 34, from Glenvil, eight counties in the southern part of the state.

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**von GILLERN:** Brad von Gillern, Legislative District 4, west Omaha. Happy birthday, Bob.

**LINEHAN:** Lou Ann Line-- oh, I'm already [INAUDIBLE]. But happy birthday. Yeah.

**ALBRECHT:** Happy birthday, Bob. Senator Joni Albrecht from District 17, Wayne, Thurston, Dakota, a portion of Dixon County, in northeast Nebraska. Welcome.

**DUNGAN:** George Dungan, northeast Lincoln, District 26. And happy birthday.

**LINEHAN:** Our pages for today, if they would stand up, please, is Amelia, who's at UNL and she's a senior studying political science, and Caitlyn, who is also at UNL and a junior and studying political science. And these young women have worked very hard this year, so we appreciate them very much. Please remember that senators may come and go during our hearing, as they may have bills to introduce other committees. Please refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and is a critical part of our state government. And with that, we will open on LB344. Good afternoon.

**ARMENDARIZ:** Thank you, Chairwoman Linehan and the rest of the Revenue Committee. My name is Christy Armendariz, C-h-r-i-s-t-y A-r-m-e-n-d-a-r-i-z. I represent District 18 in Omaha. I appear before you today to represent LB344. LB344 would set a five-year cutoff date for claiming the refundable property tax credit. Last year, a delinquent property tax from 1998 was paid and an application was submitted for the income tax credit. County officials researched 25 years of tax district changes to be able to apply this relatively small credit correctly. Essentially, we're trying to encourage you to pay your taxes on time. So this 25-year lookback caused a lot of time, effort, money and manual labor. So what we're trying to do is do a five-year cut off lookback for this property tax credit. I think it was just an oversight in the property tax incentive bill that was passed two years ago, so we're just trying to clean that up with a limit on it. Any questions from the committee, I'm available. And I also have Jon Cannon from NACO behind me, if you have more detailed questions.

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

**KAUTH:** Thank you, Chair Linehan. The property taxes that are not claimed, where do they go back to? Is that to General Fund?

**ARMENDARIZ:** You'll have to ask Jon for that.

**KAUTH:** OK.

**LINEHAN:** Any other questions from the committee? Seeing none, thank you very much. Are you going to stay to close?

**ARMENDARIZ:** Yeah. Thanks.

**LINEHAN:** Good afternoon.

**JON CANNON:** Good afternoon, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon. J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify in support of LB344. Thanks to Senator Armendariz for bringing this bill. This is one of those things that-- and actually, before I get going, I should also say happy birthday to Mr. Senator Kauth's dad. Anyway, the reason that this was brought to us, our programmers that work with the County Treasurer's office-- you know, this is a situation where we give a lot of information to the Department of Revenue so that they know how to calculate the refundable income tax credit. LB1107, you've, you've heard me singing his praises, you know, this, this entire session. A good bill, good policy, provides direct property tax relief to our citizens. But there is a lot of background work that goes on between the counties and the Department of Revenue in order to verify what taxes have been paid on behalf of taxpayers. So we build our tax statements around the idea of a tax district with a common levy rate. And that's defined actually, in our statutes. 77-- I believe it's Nebraska Revised Statute, Section 77-128, but it's somewhere around there if, if I'm off. But the tax district is how we build up our tax rolls. You know, these are the areas that have the same overlay of, of different taxing authorities that comes up with that common levy rate. And by doing that, you know, from, from year to year, not all tax districts are going to remain the same. They'll have-- either an annexation will occur, so you'll have someone that was, was previously not in the city, now is in a city, a school district can expand its borders, there are all sorts of different things that make those tax districts vary from year to year. And so, when you get a request going back to 1999 and Box Butte County in 1998 and, and at least one other

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instance that we're aware of, then at that point, we have to go back and-- as counties and recreate what those tax districts looked like, because that's not something that we just, just generally have on file. Every year, new payments are collected for old statements and tax districts that may or may not be in existence or at least not according to the, the boundaries that had been established for those tax districts. And so, they have to be recreated for any tax year that's not previously reported. I, I believe the refundable income tax credit comes from the General Fund. But I, I think we've got some, some bills that are out there that would establish its own fund as well. With that, I'm happy to take any questions you may have.

**LINEHAN:** OK. I'm very confused, but anybody else have questions? Sorry, You may have questions. Does anyone else have questions? We did-- we just passed this law. How could you get a break for taxes that were due in '98? I don't understand why we would think we would even do that.

**JON CANNON:** So the, the bill, as written, said that you are eligible for a refundable income tax credit for tax-- taxes paid in the prior year. It doesn't specify which tax year you're paying for. And so, in theory, you could have taxes that are delinquent back a long, long ways. And if I make that payment in tax year 2021, then I am eligible in 2022 to claim that refundable income tax credit for any taxes paid on that parcel.

**LINEHAN:** It says what again? It says prior year?

**JON CANNON:** It-- so--

**LINEHAN:** Taxes paid, not taxes due.

**JON CANNON:** It's taxes paid, not taxes due, in the prior year. Yes, ma'am.

**LINEHAN:** So could we just change that one word?

**JON CANNON:** We certainly could. I, I think that there are some people that-- you know, for instance, we have the tax delinquency laws, which, you know, in theory, someone could go-- they, they might not have paid their taxes for the prior three years. And then, you put it up for tax sale and there's a certificate and all that good stuff. And so, I think-- I mean, I, I, I don't know. I-- actually, I defer to you.

**LINEHAN:** OK. Well, we'll figure it out.

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**JON CANNON:** It's a possibility. Yes, ma'am.

**LINEHAN:** We'll figure it out, because it's definitely not supposed to go way back. I mean, that was never anybody's-- I know. That was not the Legislature's intent.

**JON CANNON:** And, and you should know ma'am, more than anyone else.

**LINEHAN:** I do. I do know the intent, because we had the argument about people who prepaid their taxes and they should get double and that got-- OK.

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

**LINEHAN:** All right. Any other questions from the committee? I did have one question since you're here, but-- OK. Well, you're here often, so maybe I'll think of it next time.

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

**LINEHAN:** Thank you very much.

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

**LINEHAN:** Are there other proponents? Are there any opponents? Anyone want to testify in the neutral position? Senator Armendariz, would you like to close? Do we have any-- wait. Let me see if we have any letters. OK. We had one proponent. So you're waiving closing? So that will close the hearing on LB344. And we will open the hearing on LB398. OK. That's fine. Mr. Cannon, since you're here, are you tracking the Supreme Court's decision to take up two of Nebraska's-- so do you have any ideas when they throw out our law, what we're going to do?

**JON CANNON:** I-- we'd have to see what the committee had to say, and depending on, on what the Supreme Court says, then we'll have to react accordingly. And I think-- and I don't want to guess how they're going to rule and on the basis they're going to rule so we're-- if, if it does get thrown out, then obviously, there's, there's some work to do.

**LINEHAN:** If it does get thrown out, there's just no reason to pay your property taxes?

**JON CANNON:** [INAUDIBLE].

**ALBRECHT:** Is this on the record?

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**LINEHAN:** I am on the record.

**BOSTAR:** I think there's work to do, regardless.

**LINEHAN:** I'm sorry?

**BOSTAR:** I said I think there's work to do, regardless.

**LINEHAN:** Yeah, well, there is work to do regardless, but. OK. Now, so we're not confused, it's Senator Erdman. He's not introducing another bill, is he? Does his staff believe-- And he knows we're waiting on him? How many people are here to testify on Senator Erdman's LB398? OK. How many are here to testify on Halloran's LB192? OK. How about LB529? Nobody's here to testify on LB322, are they?

**KAUTH:** Who's LB322? Is that yours?

**BOSTAR:** So, a 2-minute light, or--

**ALBRECHT:** And it's our Friday.

**LINEHAN:** When you need to go get me, you get up and go get me. OK. Because we don't, in meetings, like, look at this constantly. There he is. Good afternoon, Senator Erdman.

**ERDMAN:** Thank you, Senator Linehan. Sorry I'm late.

**LINEHAN:** Oh, you're fine.

**ERDMAN:** OK. My name is Steve Erdman, S-t-e-v-e E-r-d-m-a-n. I represent District 47. This bill that I'm presenting this afternoon is very similar to ones that I've done in the past, very simple, straightforward bill. Game and Parks has, for years, owned property that they don't pay in-lieu-of tax. And what this goal-- what the goal of this bill is, is to have Game and Parks pay in-lieu-of tax on all the property they own, including that property which they bought before 1977. So currently, the statute says that any land purchased by Game and Parks after 1977, they pay in-lieu-of tax on that, as if the land was held privately. Any land purchased or into their ownership before 1977, there's no tax. Case in point, a couple of years ago, well, in fact it was 19-- 2019, in Sioux County, Game and Parks had proposed to buy or take possession of another 1,500 acres of land. The significance of that is this: on one side of the barbed wire fence was land that Game and Parks owned that they don't pay any tax on, in-lieu-of tax and on the other side of the fence, was this 1,500 acres and they pay in-lieu-of tax, pay in-lieu-of tax on that. So in,

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in-- November 15, of '19, the county commissioner board and Sioux County voted unanimously to be in opposition of Game and Parks taking more land into their possession, not necessarily because they weren't going to pay tax, because it prevented other people from taking the advantage of land for sale that they could ranch on or add to their operation. And so, when we did this study earlier, the several times I've done this before, most of the land that Game and Parks owned is in Dawes County, which is the county seat of Chadron. And so we had contacted the Chadron treasurer, the Dawes County Treasurer and, and-- trying to figure out exactly how much land it is that is not being taxed. And I received an email back and it-- here's what it said. This is what the county treasurer sent, the county treasurer sent me. Attached a summary of the parcels paid, the parcels paid by Game and Parks. And as you can see, the bottom of the report, there are currently 35 parcels paid by the Game and Parks each year in Dawes County. All these parcels are technically in-lieu-of tax, but of-- instead of getting an arbitrary sum, Game and Parks pays the statements that are generated by the assessor and that are taxable. As I said on the phone, our system does not allow me to generate a list of exempt parcels. However, it was able to generate a list from the assessor's GIS website that lists all the parcel-- Game and Parks parcels in Dawes County. There are no amounts listed, but you can see that there are 88 parcels and Game and Parks has-- owns in Dawes County. And Dawes County-- and because there is only-- it generated 35 parcels that are due-- taxes due, it is our assumption that those 35 counties are in-lieu-of taxes and 53 are exempt. So basically, what happens is Game and Parks doesn't pay in-lieu-of tax on those 53 parcels, and that number is somewhere-- that in-lieu-of tax is somewhere between \$900,000 and \$1,000,000, somewhere in that range, that they don't pay tax on. So basically, what happens-- and I have every one of those parcels in the back of this folder and it's not necessary I give it all to you, but I went and looked-- I looked through all of those and it appears that they're paying tax on some and as we know, they're not paying tax on other. So what it does is those people who live in Dawes County, because that's the county that has the most parcels owned by Game and Parks, is they pay more property tax. So the people who live in town, maybe the little widow lady that lives in town or anyone else that lives in town, pays more property tax because Game and Parks does not. And so, all this, all this bill does is have them pay tax, in-lieu-of tax, on all the property they own, which is a fair, I believe, a fair way to do that. If they want to continue to own that land and not pay tax, then-- or, or, or, or continue-- they need to pay the tax. They need to raise the price they charge for hunting or fishing or whatever they do on that

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property, to make up the difference. I think it's unfair that they have people paying property tax-- paying for the right for somebody else to enjoy the outdoors. And so it's a very straightforward bill. I would think that at some point in time, Game and Parks will cry uncle and start doing things right. But I think what's happening with Game and Parks, is I have 109 days left in the Legislature. 109. They know that. And so, they're going to wait me out until I go away so they don't have to do some of these things. But I'm here to tell you it's wrong. And so senators come and go, but state agencies are here forever. And these people in Dawes County and other counties, where Game and Parks owns land that they don't pay tax on, are paying more than they should. And so basically, that's the whole sum of the bill. It's very simple, straightforward. And I, I would expect at some point in time, Game and Parks needs to confess what they're doing and step up and pay the tax. Thank you.

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

**von GILLERN:** Thank you, Senator Erdman. Forgive me for not having this information at hand: in-lieu-of tax, is that rate-- is the tax rate the same as a, a--

**ERDMAN:** Yes.

**von GILLERN:** --private property tax holder?

**ERDMAN:** Yes. Yes.

**von GILLERN:** OK. So, so basically, we're taking-- on the way you explained it, if I understood it properly, we got land that, that is exempt from tax payments currently, that will come on the tax rolls, if I'm reading the revenue or the fiscal note correctly, that will be an additional expenditure to the state. But then those, those property taxes will revert back to the counties and the school districts and so on, locally. OK.

**ERDMAN:** Correct.

**von GILLERN:** I just wanted to make sure.

**ERDMAN:** Yeah. Senator von Gillern, what happened is before 1977, January 1, any property they owned was exempt from in-lieu-of tax. Any property that they took possession of after January 1, '77, they pay tax on it. So in the case of the county commissioners, in Sioux County, they weren't necessarily opposed that they weren't going to--

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that they were going to pay in-lieu-of tax. They were, they were thinking it was taking it out of production for agriculture. So that was their reason to be against it. And so, they just need to pay the tax. And they, they will testify and tell you it's going to cost them \$900,000 or \$1,000,000, but that \$900,000 or million dollars is made up by the taxpayers in Dawes County. That's the problem.

**VON GILLERN:** Thank you.

**LINEHAN:** Thank you, Senator von Gillern. Are there other questions from the committee? I'm sorry, I don't know this, but is Fort Robinson in Dawes County?

**ERDMAN:** No.

**LINEHAN:** Where, where is Dawes?

**ERDMAN:** No. Fort, Fort Robinson? Yes. Yes.

**LINEHAN:** OK. So it's Fort Robinson and--

**ERDMAN:** No, this is-- I'm not intending for them to pay tax on, on the recreational areas. This is a land that's held similar to what the land is-- what it was used for is agricultural--

**LINEHAN:** OK.

**ERDMAN:** --purposes. And they've transferred that, like the 1,500 acres that they bought that they received near Fort Robinson--

**LINEHAN:** OK.

**ERDMAN:** --'19-- in '19--

**LINEHAN:** OK.

**ERDMAN:** --was agricultural land that was pasture land.

**LINEHAN:** OK.

**ERDMAN:** And that's what it was.

**LINEHAN:** But you're not-- so that would be one of my questions. You're not talking about--

**ERDMAN:** That's not my intent. If that's, if that's the way that-- if that's the way and I don't believe--

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**LINEHAN:** --I don't know why--

**ERDMAN:** --the bill is written that way. But if it is, that's not my intent.

**LINEHAN:** --OK. All right. That's great clarification. Any other questions? Yes, Senator Murman.

**MURMAN:** Do you know if the federal government pays in-lieu-of taxes also, on land that they own in the state?

**ERDMAN:** I do not know that, Senator.

**MURMAN:** OK.

**ERDMAN:** I don't.

**MURMAN:** If I remember correctly, in Clay County, Fish and Wildlife or Pheasants Forever buy land and retire the irrigation on it. And then, it ends up being dryland, so I think the taxes are less. I may be wrong on that. But then, they end, end up selling it to the federal government also. So that's another problem that happens in Clay County--

**ERDMAN:** Right.

**MURMAN:** --and, and I think, other places, also.

**ERDMAN:** This bill says it should be taxed at its highest and best use.

**MURMAN:** That's good. Yeah.

**ERDMAN:** That's what this bill says. So that's the intent. But I, I don't intend to collect tax on Fort Robinson or Chadron State Park.

**LINEHAN:** OK.

**MURMAN:** Thank you.

**LINEHAN:** As Halsey's a state park, too. Right? Halsey is a federal or state-- Halsey Forest? National. Halsey. OK.

**ERDMAN:** Yeah.

**LINEHAN:** Is Chadron Public Schools--do they get any equalization? Do you know? Do they get equalization, equalization from TEEOSA?

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**ERDMAN:** You know, I don't know that I've looked at that. I would assume that they probably don't.

**LINEHAN:** I would assume that, too. But I think they do and I'm wondering if this isn't why.

**ERDMAN:** I tell you what, while, while they're testifying, I will look it up. OK?

**LINEHAN:** OK. Thank you. Any other questions? Seeing none, thank you very much. First proponent. Good afternoon.

**JON CANNON:** Good afternoon, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here testifying LB398. First and foremost, I wanted to thank Senator Erdman. I'm very happy to be supporting a bill of his today. And, and again, I've, I've known Senator Erdman for a long, long time. I, I know what his interests are and he's got the taxpayers best interests at heart. Certainly, you know, we're happy to be here in support of that. I, I do want to take a moment to discuss payment in-lieu-of tax. You can call it PILT. You can call it PILOT. Why we have it-- generally speaking, we exempt government from having to pay taxes. Now, that's, that's been a hard and fast rule for a long, long time. It seems, for some reason, we, we said it seems odd to have us take money out of this pocket and put it-- change it over to this hand and put in money in the other pocket. But then, by the same token, there are times when the government is using land in a way that is either competitive with your, your standard taxpayer or they're using it in a way which, you know, is not typically thought of as, as their exempt purpose. And so-- or, or something that we want to have exempted. But again, the general rule is we don't tax government and so that's why we have a payment in lieu of tax. And so you can't put a lean against governmental property, for instance, which is one of the features of the property tax. And so, we have this payment in lieu of tax. The government says, yes, we agree that-- to have another, a lesser form of government tax us and they submit to that and they willingly pay it. I do have to mention, the counties have no beef with Game and Parks. We think they're a great state agency. They do a lot of great things for the good people of the great state of Nebraska. But the, the issue about PILT and land that's owned by the government is particularly acute out west. It is also in Clay County. You've got the Fish and Wildlife that has some land there, as well, Senator Murman. When you're talking about land that's out west, typically, when that land is taken off of the tax rolls, it's going to be used either for recreational purposes, which under

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the highest and best use analysis, that's going to make the value go up quite a bit or if you've got land that is encroaching or near the city limits, the highest and best use for that land would be residential purposes. And so, again, going back to what Senator Erdman was saying, someone that lives in town is going to be subsidizing the purchase of land that could have been used for subdivision. So the-- that is the other feature that I certainly appreciate about this bill is that it does value land at its highest and best use, instead of having this, this differential, you know, of land that was acquired before 1977 is, is exempt. Land acquired after 1977 is at its original use when it went into the program. And so, as, as Senator Erdman had said, if it was being used for dry, dryland purposes, it's valued at dry forever more, no matter what it's used at, even if it is a rec use, even if it could be used for, for residential purposes. And so what that does is it, is it doesn't unnecessarily or, or artificially restrict the tax base from growing as, as it would if, if that federal or, or state program were not there. The fiscal note that I'll, you know, I'll address that just very briefly. That fiscal note represents dollar for dollar property tax relief for the citizens of any county in which that land is held. And so with that, we urge your support of LB398 and I'd be happy to take any questions you might have.

**LINEHAN:** Thank you. Are there questions from the committee? Hopefully, somebody is from Game and Parks. I don't have any questions. Anybody else have questions? Thank you very much for being here, Mr. Cannon.

**JON CANNON:** Thank you, ma'am.

**LINEHAN:** Other proponents? Are there any other proponents? Are there any opponents? Good afternoon.

**TIMOTHY MCCOY:** Good afternoon, Chairman Linehan and members of the Revenue Committee. My name is Timothy McCoy, T-i-m-o-t-h-y M-c-C-o-y, and I'm the director of the Nebraska Game and Parks Commission at our agency headquarters, located at 2200 North 33rd Street, Lincoln, Nebraska. I'm here testifying in opposition to LB398, representing the Nebraska Game and Parks Commission. The mission of the Game and Parks Commission is stewardship of the state's fish, wildlife, park and outdoor recreation resources in the best long-term interests of the people in those resources. An important part of that mission is that we work to sustain wildlife, fishing and park resources that the public can access for recreational opportunities for our citizens and visitors and they contribute to the quality of life and economy in Nebraska. I'd like to share with you a little more of the history of the Commission's payment in lieu of tax statute. Prior to 1976, as was

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mentioned, there were no statutes regarding in-lieu-of tax payments on any lands owned by the Commission. And that is because-- and that's based on the constitution, as was mentioned earlier. The payment in lieu of taxes that were identified were established in 1976 by LB861 and the Legislature. And it was in conjunction with the establishment of the Nebraska Habitat stamp. The new statute required that the Commission would make payments on in-lieu-of taxes on any new lands acquired for wildlife management areas, commencing January 1, 1997. Part of the reasoning for that was the habitat stamp was created with a purpose for increasing the amount and quality of wildlife habitat in the state and included acquisition of those new wildlife lands to provide public opportunity for hunting, fishing and other outdoor recreation. So currently, since-- when that was originally established, the payments in the initial years were actually identified as just an amount equal to what the seller had paid, prior to our acquisition. In 1997, this bill was modified and statute changed to reflect that we would pay the same amount for that land as it-- as the assessed value as if it was in private ownership. And that applies to all those lands that have been acquired since 1977. So right now, we pay an assessed value on those private lands just as they are. And we make those in-lieu-of tax payments to the counties for that amount each year. Additionally, the way it was written for valuation purposes, the classification of lands was fixed as though at the time of purchase. That means in cases where if we, as an agency, acquire land that has irrigation on it, it's irrigated land or it's crop land and we convert those to wildlife habitat, we continue to pay those-- pay on that land in that original classification. And that, that, that and that-- I would also mention that, that because it's focused on acquisitions, it's not just the lands that we purchase, any lands that we would accept that are gifted because we do get donated lands at times, would fall under that. So we will pay, in 2020, you know, for 2022 taxes and this year we'll pay \$1,087,000 and that is on 71,156 acres of wildlife lands that were purchased after 1976. At the time, the habitat was-- stamp was passed in 1976, we owned 39,435 acres in the state. Current total of lands owned is about 110,500 acres. When we look at our in-lieu-of tax payments, ten years ago, we paid about a little over half a million dollars a year in payment in lieu of taxes. In the last ten years, we have increased-- we've, we've increased some acres and the amount of payments of went up 211 percent, so we've been seeing the same thing everybody else has. And since we pay an in-lieu-of tax, I would also mention for your committee's knowledge, we're not eligible for any of the property tax relief funds, because it's not-- we're not paying taxes, we're paying in-lieu-of tax. So that habitat stamp was established in law in 1976.

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And, you know, the in lieu of taxes was really part of the negotiation, I think. I wasn't here. From what I've heard, when they, when they created that habitat stamp with that purpose, part of which was to buy land and that those new lands would be subject to those lands acquired thereafter.

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

**ALBRECHT:** Thank you, Chair Linehan. And thank you for being here today to help us understand this. So does it matter if your ground is gifted to you versus if you go out and seek to purchase?

**TIMOTHY McCOY:** Not for this statute. It's, it's-- the way it's written is any, any new lands-- new wildlife lands acquired.

**ALBRECHT:** OK.

**TIMOTHY McCOY:** So it is applied to everything that we have acquired since, since this went into effect.

**ALBRECHT:** And is Game and Parks always looking for new habitat to purchase--

**TIMOTHY McCOY:** Well.

**ALBRECHT:** --and/or do you have a goal that you want to be at?

**TIMOTHY McCOY:** We don't, we don't have a goal and the way our process works, we can only, we can only purchase land when it's offered to us by a willing seller.

**ALBRECHT:** OK.

**TIMOTHY McCOY:** We, we don't go try to--

**ALBRECHT:** You don't bid against the farmer next door.

**TIMOTHY McCOY:** --yeah, we try-- we don't-- usually, usually we're dealing with somebody who has an interest in selling us the land. We have a pretty long process. Our land acquisition process is, I would say, slow and purposeful. We do a full-- we'll have our staff do a full site review of anything that's offered. They will make a recommend-- initial recommendations to a lands committee we have of our division leaders. If they-- and, and we get a lot of land offered to us that we do not proceed on, because it doesn't-- it's not close

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to another wildlife area or it's, it's not anything that's-- what I would-- what we would call a really unique habitat with unique features. So we, we don't just look at it as acquiring land for hunting access. It's really tied to the wildlife conservation value of those lands.

**ALBRECHT:** Thank you.

**LINEHAN:** Thank you, Senator Albrecht. Other questions from the committee? Senator Murman.

**MURMAN:** So according to statute, you have to pay in-lieu-of taxes then. Why is it called in-lieu-of taxes instead, instead of just paying property taxes if it's [INAUDIBLE]?

**TIMOTHY McCOY:** It's called in-lieu-of taxes because, I believe, in the constitution, it says that property of the states and subdivisions shall be exempt from property taxation unless the Legislature imposes or authorize a payment, either a payment of property taxes or an in-lieu-of tax and so, it's always been identified as in-lieu-of tax for those public lands, since we are a state agency.

**MURMAN:** Thank you. Another question, you may not know the answer to this, but I think the federal government does pay in-lieu-of taxes also, on some land or has at least.

**TIMOTHY McCOY:** Federal government, I know the Fish and Wildlife Service does pay in-lieu-of tax. I'm not-- I think most of the federal agencies do that. Their in-lieu-of tax rates, I don't know how they're set. And I also know there's been times that they have-- their payments aren't always consistent year to year, based on whatever they do in their federal budgeting process.

**MURMAN:** The reason I'm asking, there is large tracts of federal land in Clay County and I know they have paid in-lieu-of taxes on it before and I don't think they always do. But if they do, it's, it's minute, compared to what the value of the land actually is.

**TIMOTHY McCOY:** Yeah. And I, I-- it's, it's not the same, it's not the same as what we do with our in-lieu-of tax.

**MURMAN:** Yeah. I think they pay about \$2.50 an acre where other land is more like \$100 an acre. Thank you.

**LINEHAN:** Thank you, Senator Murman. Are there other questions from the committee? Can you-- you said you had how many acres in '76 or '77?

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**TIMOTHY McCOY:** In '76-- yeah, in 70-- before the-- before it went into play, we had 39,435 acres that were, that were wildlife management areas.

**LINEHAN:** And now, you have 110,500?

**TIMOTHY McCOY:** Yes.

**LINEHAN:** OK. I'm not familiar with you where I live, but-- and Fort Robinson. Was Fort Robinson-- that was federal property given to land-- excuse me.

**TIMOTHY McCOY:** Yes, Fort Robinson was federal land that was, that was, that was eventually transferred to the state, that is Fort Robinson State Park.

**LINEHAN:** OK.

**TIMOTHY McCOY:** We do have some wildlife lands that are around there. One of the, one of the parcels that Senator Erdman was referencing is actually just adjacent to the southwest of the Fort.

**LINEHAN:** OK. Is Toadstool Park Game and Parks?

**TIMOTHY McCOY:** No.

**LINEHAN:** That's a state parks--

**TIMOTHY McCOY:** No, that's--

**LINEHAN:** --or national park.

**TIMOTHY McCOY:** --I believe, yeah, I believe that is owned by the, the Forest Service.

**LINEHAN:** OK, explain why [INAUDIBLE].

**TIMOTHY McCOY:** Or they may have established it as a, as a national park. I don't remember. I know it's federal.

**LINEHAN:** That's fine. Thank you. Are there any other questions? Thank you for being here. Appreciate it. Are there other opponents? Are there any other opponents? Anyone wanting to testify in the neutral position? Senator Erdman, would you like to close? And let me see if we have any letters here. We have two opponents.

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**ERDMAN:** Thank you, Senator Linehan. I looked at the Chadron school system. They received \$3.9 million in equalization aid.

**LINEHAN:** So that's-- I'm wondering if it wouldn't be a wash.

**ERDMAN:** \$3.9 million. So if they'd pay another million dollars and probably 65 percent of that goes to the school, it reduces their equalization aid.

**LINEHAN:** Right.

**ERDMAN:** So, you know, you didn't hear Mr. McCoy say anything about why they don't pay taxes on that or they don't want to pay taxes on it before '77. But the point is, I can't differentiate any difference between the land they own on one side of the barbed wire fence by, by Fort Robertson and the other side. So they willingly pay in-lieu-of tax because the statute says they do. So let's change, let's change the statute so they have to pay in-lieu-of tax on all the land. But Dawes County happens to be the greatest-- the greatest amount of land they own is in Dawes County. That's a pretty significant drag on your county to take \$1,000,000 off the tax rolls. And so those people who live in Chadron and Crawford and those other little communities, they pay more in taxes because Game and Parks does not. That's-- plain and simple, that's what it is. And so, I, I would ask you to move this on so that we can finally, once and for all, have them take the burden of paying the taxes they should be paying. And irregardless of whether the statute says it or not, what's right is right and it's property tax relief. So I, I appreciate your time today. Appreciate the questions.

**LINEHAN:** Thank you very much. Are there any other questions from the committee? I have one. And you don't have to look this up because Game and Parks is still in the room, I think, so I would like to know how much the habitat stamp, stamp--

**ERDMAN:** Brings in?

**LINEHAN:** --yes.

**ERDMAN:** Yeah.

**LINEHAN:** Yeah.

**ERDMAN:** I don't know the answer to that. And I would, I would assume they could tell you what that is.

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**LINEHAN:** Yeah. So they, they will tell me.

**ERDMAN:** You know, the point is, if they have to pay in-lieu-of tax on that other land, raise the price of those who use the property, who enjoy it and let those other people who don't and have to pay property tax be-- have some relief. Simple. Thank you. I appreciate it.

**LINEHAN:** Thank you very much. With that, we'll bring the hearing on LB398 to a close and we will open the hearing on Senator Halloran's, Halloran's LB192. Good afternoon, Senator Halloran. I know. We should trade chairs. Mine is like a high chair.

**HALLORAN:** OK. Good afternoon. Chairwoman Linehan, and members of the Revenue Committee. Thank you for this hearing. For the record, my name is Senator Steve Halloran, S-t-e-v-e H-a-l-l-o-r-a-n, and I represent the 33rd Legislative District. Excuse me. Given that LB192 involves Social Security benefits, I want to preface by thanking the 2022 Revenue Committee members and all of my other colleagues who have joined me in voting for LB873. That bill phases out the taxation of benefits received by taxpayers under the Federal Social Security Act on their Nebraska individual income tax return. In 2025, our state's tax on Social Security income will be phased out-- will be 100 percent phased out. Thank you. And I feel it is important to emphasize this policy-- major policy decision that occurred and how it would tie in with this bill. I introduced LB192 this session at the request of a constituent. It simply exempts Social Security income when calculating homestead exemption. Such income would be deducted from an applicant's adjusted gross income, which would lower the property tax liability on homesteads for persons who receive Social Security. This ends my testimony on LB192, in my tradition of being brief. I would be happy to answer any question to the best of my ability. And I would like to thank you and your committee for allowing me to present this bill. Any questions would be fine.

**LINEHAN:** Are there any-- thank you, Senator Halloran. Are there any questions from the committee? Do you believe the fiscal note is accurate?

**HALLORAN:** Do I believe the fiscal note is accurate? Do I believe any fiscal note is accurate?

**LINEHAN:** Do you have major concerns about the fiscal note?

**HALLORAN:** Well, that's a significant fiscal note, but I think what it tells us is, is that, that figure, \$46 million to \$50 million tells us

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that there are good taxpaying Nebraskans who who are frankly being denied the opportunity for, for homestead exemption because the, the Social Security is used as a source of income on the, on the criteria. Right.

**LINEHAN:** Well, it could probably, maybe, have some other retirement income that pushes.

**HALLORAN:** It certainly could, but, but, but that could be the margins for some [INAUDIBLE]. And we all know Social Security is not, is not an entitlement. All Nebraskans paid into that from their earnings as they work. So it, it shouldn't be penalized-- they shouldn't be penalized for it, in, in regard to homestead exemption.

**LINEHAN:** Any other questions from the committee? Senator von Gillern.

**von GILLERN:** On a similar note and I don't expect you to have the answer to this, but I'd sure love to know what the total and maybe somebody on the committee knows, the total value of homestead exemptions in the state, because, again, that \$46 million just looks like a huge number.

**LINEHAN:** \$120 million, going up rapidly.

**HALLORAN:** I would think it would be interesting if we could have someone from the, from the, from the Fiscal Office at least testify on almost every bill, to kind of explain their fiscal note.

**von GILLERN:** Thank you.

**LINEHAN:** Yes, that would be interesting. Any other questions from the committee? OK, you going to stay to close?

**HALLORAN:** Sure.

**LINEHAN:** OK. Next-- excuse me. First proponent. Good afternoon.

**DOUG KAGAN:** Good afternoon, Senators. Doug Kagan, D-o-u-g K-a-g-a-n, Omaha, representing Nebraska Taxpayers for Freedom. Many of our elderly members take advantage of the homestead exemption option. However, because of their individual financial circumstances, many find that they do not receive the same percentage of exemption every year and others do not qualify every year or qualify at all. Because of the skyrocketing valuation increases in residential property and subsequent tax hikes, many depend on homestead exemptions to be able to remain homeowners. Whether or not one considers Social Security an

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entitlement, understand that individuals receiving several government entitlements have the ability to subtract a portion of their income from eligibility requirements. The same principle should apply to Social Security. Exempting Social Security income when calculating homestead exemptions, deducting it from adjusted gross income, definitely would allow additional individuals to qualify for a homestead exemption and allow those already qualified to receive a higher percentage of exemption. Nebraska is in the process of exempting Social Security income from state taxation, so such income, likewise, should not count as income for local taxing purposes. Across the nation, Ohio does not count Social Security income as a factor in homestead exemptions. In Georgia, Social Security and specific retirement income are excluded from the calculation of the income threshold. Let's join other states to help keep Nebraska homeowners in their homes. Please in advance LB192 to the full Legislature. Thank you.

**LINEHAN:** Thank you, Mr. Kagan. Are there questions from the committee? You say here that-- do-- I don't know that much about the homestead. I know how much it costs, but-- and I know it's a tiered system. Are there, are there other incomes that we let people not deduct when it comes to homesteading exemption?

**DOUG KAGAN:** Well, there's some welfare programs. They don't count things on your gross income.

**LINEHAN:** OK. But what about the military retirement accounts and all the other, kind of, federal retirement benefits? Is there any other retirement benefit that doesn't count?

**DOUG KAGAN:** I can't think of any.

**LINEHAN:** OK. That's all. I just wondered. Any other questions? Seeing none, thank you very much--

**DOUG KAGAN:** OK.

**LINEHAN:** --for being here. Next proponent.

**JON CANNON:** Good afternoon. Chairman Linehan, distinguished members of the Revenue Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify in support of LB192. Senator Halloran has, you know, got it exactly right. This is the sort of bill that I think is, is very, very good. We like the homestead exemption program. I will tell you that it is the only time-- I've, I've heard assessors tell me this a zillion times, it is the only time

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that people walk into the assessor's office and that they're happy. It's a-- the reason it's a good program is it is direct property tax relief for our citizens. And primarily, when we, when we first implemented homestead-- the homestead exemption back in the seventies, what we wanted to do was we wanted to help those people that are going to be on a fixed income. And so, typically, what we have is a sliding scale for your-- both your income and your valuation requirement. And so you'll have, you know, someone that, if they make less than, I think it's somewhere around thirty some-odd thousand dollars, then they're eligible for a 100 percent exemption. Of course, if they have, you know, if they're living in a mansion, they have a value that is, that is greater than the average assessed value for single family residential. We don't, we don't want to be paying the property taxes on those and so, therefore, there's a sliding scale for any value that's in excess of that average assessed value. You know, and, and again, I think Warren Buffett is a great Nebraskan, but we don't want to be paying his property taxes for him. He's, he's living in a nice house and he's certainly making a lot of income. That income threshold is something that, you know, we wanted to look at people that, that could be on a fixed-- on, on a fixed income and provide them with that sort of relief. And so if you think about, you know, Mel and Gert, they saved up their money back in the fifties. They scrimped and saved, they paid off their house and you know, that they bought for the princely sum of \$25,000. And that same house today is valued around, you know, let's say, \$300,000, in the Omaha metro area. We don't want to tax them out of their home, especially, especially since they're on a fixed income. Social Security is the definition of that fixed income. And these are the sorts of people that if they're relying on it, those are the, the-- that's the target audience for the people that we want to not tax out of their homes. So, again, we think it's a great program. We think that anything that, that allows more people to take advantage of the direct property tax relief program is a good thing, especially if we have more voters that are, that are happy when they come out of the Assessor's Office. And to answer your question, Senator Linehan, and, and maybe you're not asking me, but I'll, I'll, I'll pick up on it anyway. We do add back railroad retirement income and any net operating-- carry forward from a net operating loss. And then, there's anything that adjusts the Nebraska AGI over the federal AGI. We add that back for income purposes. So anyway, we would, we would urge your support of LB192 and I'm happy to take any questions you might have.

**LINEHAN:** Are there questions from the committee? Do you think this fiscal note is fairly accurate?

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**JON CANNON:** You know, I, I, I don't know.

**LINEHAN:** OK.

**JON CANNON:** It's-- I saw the number and I thought that's, that's an awfully big number.

**LINEHAN:** Yeah.

**JON CANNON:** It would be surprising that it's, you know, almost half of what we're currently paying on any homestead exemptions.

**LINEHAN:** Yeah, because I would expect a lot of people over 65 are already on the homestead exemption.

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

**LINEHAN:** Because I'm-- it is about \$120 million now. Right. Or it's going to be in the new budget.

**JON CANNON:** It, it was \$112 million in-- for TY-- tax year, 2021. And I'm-- it's probably going to-- the projections would have it right around \$120 million.

**LINEHAN:** OK. Any other questions? Thank you very much for being here.

**JON CANNON:** Thank you.

**LINEHAN:** Next proponent.

**DENNIS SCHLEIS:** Good afternoon.

**LINEHAN:** Good afternoon.

**DENNIS SCHLEIS:** My name is Dennis Schleis, it's D-e-n-n-i-s S-c-h-l-e-i-s. I and my family live in Morton Meadows at Omaha, Nebraska. We do not get a homestead exemption. Excuse me, we do get a homestead exemption. But with our medical bills and the skyrocketing property taxes on our humble home, it is getting difficult for my wife and I to remain in our home. Several of our elderly neighbors in Morton Meadows had to sell their homes because of taxes. A couple of them, a couple of them have already told us they do not like apartment living and we do not want to be apartment dwellers ourselves. Please vote yes on LB192. Every little bit of a break helps. Thank you.

**LINEHAN:** Thank you very much, Mr. Meadows [SIC]. Are there questions from the committee? Seeing none, thank you for being here. Appreciate

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it. Are there other proponents? Are there any other proponents? Are there any opponents? Are there any opponents? Is there anyone that wants to testify in the neutral position? Senator Halloran, would you like to close?

**HALLORAN:** Thank you, Chairwoman. You know, for the well-being of those that are on fixed income and are currently having Social Security used as a means to, kind of, limit their ability to obtain homestead exemption, that and for the well-being of those who work in the Assessor's Office, I'd like to see more smiling faces come into these. With that, I close, unless you have additional questions.

**LINEHAN:** OK. We did have one letter, a proponent. And with that, thank you, Senator Halloran. We'll close the hearing on LB192.

**HALLORAN:** Thank you all.

**LINEHAN:** And we will open the hearing on LB529. Here he comes, I'll bet. Well, no. He's closing? OK. Welcome. Thirty seconds.

**HANSEN:** Yep. That's fine. You don't want to miss my opening. It's amazing.

**LINEHAN:** No, I don't.

**von GILLERN:** Been practicing all week?

**LINEHAN:** Welcome, Senator Hansen.

**HANSEN:** Good afternoon, Chair-- Chairwoman Linehan and members of the Revenue Committee. My name is Ben Hansen, that's B-e-n H-a-n-s-e-n, and I represent Legislative District 16. Today, I'm here to make changes to what many call truth in taxation. This came from legislation, passed in 2021, with full support of the Legislature. Last year was the first year to implement the requirement for certain political subdivisions to send out a postcard and hold a joint public hearing if they're looking to increase their property tax requests more than the real growth and allowable growth percentages. LB529, as much as it pains me to say this, is a simple cleanup bill for this process. My office received a great number of phone calls and emails about the pink postcards last year, the majority of it being positive. Political subdivisions often find that very few people, if any, attend the hearings they conduct while constructing their annual budgets. I was on the City Council for Blair. And anybody who's been involved, like I know Senator Albrecht and others have been involved in city gov-- or county government. We have this hearing to talk about the

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budget and like two people show up. And so, I always remember the mayor telling me, unless their toilets aren't flushing or their water isn't running, you're not going to hear from them, a lot of times. So there were, there were questions and doubts as to if this would improve civic engagement like it was intended to do or if there would continue to be a lack of interest by the public. Well, we were surprised. I know I was. With the joint public hearings last year, over 1,600 people showed up across the state, averaging 41 individuals per hearing. Several had over-- hundreds of people from the community, packing rooms and requiring, requiring overflow locations. Averaging 41 per hearing is actually very good when you consider some, out in western Nebraska, maybe, had like five and some, like Sarpy County, I think, had like 300. While the concerned citizens were appreciative, there were some hiccups in the outworking of the new law as counties, cities, school districts and community colleges learned the specific deadlines, procedures and processes. The public attending the hearings also had a lot to consider, as they gained further explanation and understanding on how the budget is written, what levies mean and how valuations play a part in tax increases. Since the intention of the legislation was successful, though, I didn't want to bring too many changes this year. One important aspect of LB529 that goes a little bit beyond minor changes is the issue of school bonds. I brought this at the request of the political subdivisions. Currently, school bonds are not included in the property tax request and are treated separately. Because it wasn't specified in truth in taxation, this caused some confusion last year. I have worked with the schools to bring language that clarifies that school bonds are to be excluded. The amendment I have provided is in, is in response to public comments. And it confirms that newspaper notices would still be included and makes sure that the budget is easily accessible on political subdivisions' website. We were trying to figure out the, the role that newspapers would play and we decided that is a positive role and so we decided to keep that back into the bill. Other changes that make the timeline more accommodating, requires, requires an elected member to be present and gives further reporting guidelines so we can track the effectiveness, effectiveness of the hearings. Forty counties out of the 93 held a joint public hearing and I, and I appreciate all the work of the county clerk's office from each county. The political subdivisions also work to give presentations and create an open line of communication with constituents. I trust the process will be improved by LB529 and ask that you support moving it to General File. With that and I want to thank you for your time and will be happy, happy to answer any questions that you might have to the best of my ability.

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

**ALBRECHT:** Thank you, Chair Linehan. I see you have an amendment. Do you think that this is feasible for all counties to be able to do this or-- and are they or are they currently doing it?

**HANSEN:** Are you talking about the newspaper portion?

**ALBRECHT:** No. There's an amendment that says each participating political subdivision shall also maintain an easily accessible web page on the subdivisions website that contains the subdivision's proposed budget. Do you think all 93 counties have a website?

**HANSEN:** No, from my understanding, they don't. And I think the requirement that we have is the ones that are above 10,000.

**ALBRECHT:** Above 10,000.

**HANSEN:** Population of 10,000. Maybe we didn't specify enough in the amendment.

**ALBRECHT:** OK.

**HANSEN:** I think that was one of the, one of the things I heard, also, from the political subdivisions about that, that we can kind of figure out.

**ALBRECHT:** Thank you.

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

**von GILLERN:** Thank you, Senator Hansen. Could you clarify and I'm sorry, when you were talking about the school bonds, you said it was in before and now it's out or it's out and now it's in. Could you, could you run that through one more time, please?

**HANSEN:** There was a little confusion on, on the-- like, where they would put them in, because the, the pink postcard will talk about last year's tax asking and then the current year's and so, some included it in the previous one year and some didn't. And also when one ends, that affects how the next year is going to be, so that created a lot of confusion among people and among the political subdivisions. I'm sure somebody behind me can answer that a little bit better--.

**von GILLERN:** OK.

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**HANSEN:** --but from my understanding, that's where it came from.

**von GILLERN:** So it doesn't change the reporting requirement with regards to school bonds, it's just how it's indicated on the notice?

**HANSEN:** From my understanding, yes.

**von GILLERN:** OK.

**HANSEN:** We're trying to keep it more even so last year's and this year's are, are-- they are similar. Right. You're not including it in one year and not including it in the other.

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

**HANSEN:** That threw off the numbers a little bit.

**von GILLERN:** Appreciate that.

**LINEHAN:** Thank you, Senator von Gillern. Are there other questions? I would think you would want to include the bonding because valuations-- I mean, if it's a bond and they're paying off, valuations go up with the bond-- the tax for the bond should go down, I would think.

**HANSEN:** You can ask somebody behind me, just to make sure.

**LINEHAN:** All right.

**HANSEN:** I don't give you the wrong, the wrong idea.

**LINEHAN:** OK. No, no. That's fine. OK. Any other questions? Seeing none, thank you very much.

**HANSEN:** Thank you.

**LINEHAN:** You'll stay to close?

**HANSEN:** Yes.

**LINEHAN:** OK. Proponents. Thank you.

**JON CANNON:** Thank you, Chairwoman. Good afternoon, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify in support of LB529. I certainly have to thank Senator Hansen. Over the summer, we met with him probably three or four times to work through a number of issues that we had with the, the implementation of

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the bill. You know, even then, it's kind of-- it's, it's a conceptual phase is when we were working on it at the county level and then, also after we, we had the joint public hearings last year. And I think that the fruit of those discussions is reflected in this bill. And I-- we're certainly very appreciative that we have the opportunity to discuss it. I do want to talk about the school bond portion of it that we had talked about. One of the reasons that we wanted to account for the school bonds differently is because we already account for school bonds as their own separate authority on the property tax statement, just in-- and that's by law that we have to account separately for school bonds. And because of that, it, it creates actually, a whole host of issues, as far as with the actual program, making sure it displays correctly on the, on the pink postcard or green postcard if you're in Douglas County. And then the other thing is with school bonds in particular and, and I don't want to steal the thunder from, from my friends at the-- at NASB, but with school bonds in particular, because that's such a-- you have a large number of people who have already voted on it. They're usually aware of that. And when you include school bond, if you have a school bond that's, that's-- and let me think, think this through. That's-- in the prior year and then, the next year it's out, that's going to, that's going to give a humongous cushion for that school district, because their, their property tax request of the prior year that includes that school bond is going to be so high. And then when you-- once you remove that school bond, they have that cushion to go up, because all we're talking about is the property tax request. Right. And then it all-- obviously, it works the opposite way, in the opposite direction as well, where if you do not have a school bond, you know, all of a sudden you're going to be exceeding a property tax request and you have to have a joint public hearing for something that you've already had a vote of the people on, typically. So that's, that's the reason that we wanted to account for the school bonds in that manner. Again, primarily because of the programming issue, as far as how we displayed on the property tax saving and how it translates to the assessor's office. We did want to expand the time for hearings. One of the, the complaints that we received and not a complaint really one of the comments that we received is that, you know, a lot of people would show up at these hearings. I attended a couple of them myself. And people would say, well, when's the budget hearing? Well, the budget hearing was last week. And we do want to be able to drive people to the budget hearings, because that is where their voice is going to have the most bang for its buck. And so by expanding that time frame, we're, we're able to catch more people on that net of, of being able to get them to the budget hearing. Certainly-- again, want to thank

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Senator Hansen for working with us proactively on, on bringing this bill. And I would urge, are you moving this onto the floor? And I'm happy to take any questions you may have.

**LINEHAN:** Thank you. Are there any questions from the committee? So you're putting bonds in or you're put-- taking bonds out?

**JON CANNON:** We would be taking bonds out.

**LINEHAN:** All right. And somebody from the school board association is here?

**JON CANNON:** Yes, ma'am. I, I believe so. I don't wanna speak for them.

**LINEHAN:** OK. Well, we can always ask them. Yes, I see them. OK. Are there any other questions? Yes, Senator Albrecht.

**ALBRECHT:** Thank you, Chair Linehan. On page 3, it's down on page-- actually, line 28. We're talking about a presence of a quorum where the participation of elected officials at the joint public hearings does not violate the Open Meetings Act. Is that one of the three budget hearings? Are they referring-- do you know if that's what they're referring to?

**JON CANNON:** No, ma'am. It's referring to that, that joint public hearing that we have. We had asked for that actually. There were a number of county boards that they would, they would either call me or they texted or they emailed and they said, hey, all of us want to attend the joint public hearing just to see what's going on hear what everyone has to say. And I said, don't do it, because if you're there, you got a quorum of, of the board. You have to provide reasonable advance public notice because it could be considered something that falls under the Open Meetings Act. And so if you're on a seven-member board, we said, send no more than three. If you're on a five-member board, we said, send no more than two. And if you're-- if you happen to have a three-member board, which we've got a lot of them in, in Nebraska, we said, do not send more than than one county board member because otherwise, you've got to provide notice of, of this, under the Open Meetings Act.

**ALBRECHT:** So you're not letting people know that you're having the hearing?

**JON CANNON:** No. So the, the--

**ALBRECHT:** You don't advertise that you're having the hearing?

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**JON CANNON:** So the, the pink postcard plus the notice that we put in, in the paper is telling everybody, here's where the joint public hearing is going to be. What we didn't want to do, is we didn't want to, to have a quorum of, you know, in the county's case, a quorum of the county board show up because that could be considered a meeting of the county board. And this was not.

**ALBRECHT:** Do they take, do they take minutes there? Do they take any, any comments or does he introduce it--

**JON CANNON:** Under the joint?

**ALBRECHT:** --yeah.

**JON CANNON:** Under the joint public hearing, ma'am, they, they do not. It's, it's just-- it's a joint public hearing. It wasn't intended to be something that fell under the Open Meetings Act. And that was through a lot of conversation that we had back and forth with Senator Hansen's office. We wanted to make sure, however, that-- and, and Senator Hansen, I think, addressed this. We want to make sure that at least one elected official is there to hear, you know-- and they can report back to everyone else on the governing board. And so, that-- that's why this provision and that other provisions are in there.

**ALBRECHT:** OK. Thank you.

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

**LINEHAN:** Thank you, Senator Albrecht. Other questions from the committee? Have you got a copy of the bill in front of you?

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

**LINEHAN:** So on the last page 8, line 11-13, the amount of each participating political subdivision seeks to increase his property tax request in excess of allowable growth rate. What's the allowable growth rate?

**JON CANNON:** So the allowable growth percentage is-- it's going to be, I believe, it's, it's either 2 or 3 percent, plus whatever their growth had been. We have a definition, a definition of growth that is essentially, any new construction, any property that's put into TIF, that would be the excess valuation in TIF, you know, those sorts of things. Any, any increase that you have in value because of a change in land use, for instance, would be considered growth. And so, that,

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that allowable growth percentage, that's, that's the number, that's the threshold that tells you whether or not you have to hold.

**LINEHAN:** You have to do it.

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

**LINEHAN:** So why is it underlined? Are we-- that's what I'm questioning. If that's already what we're doing, why is it in here and underlined?

**JON CANNON:** Because this is the, I believe, this is for the portion of the report that the clerk has to send, has to send to each of the political subdivisions. And essentially, what it does is it's accounting for everything that, that said here's why, you know, everyone showed up at the, at the joint public hearing.

**LINEHAN:** OK. All right. Any other questions? Seeing none, thank you very much.

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

**LINEHAN:** Next proponent.

**MICHEAL DWYER:** Good afternoon, Chairman-- Chairwoman, excuse me, Linehan and members of the Revenue Committee. My name is Micheal Dwyer, M-i-c-h-e-a-l D-w-y-e-r, and I'm here to testify in support of LB529. I'm a retired business owner, a taxpayer, a volunteer firefighter, chairman of the Arlington Planning Commission. And I was a 12-year member of the Arlington School Board, serving two years as president. I hope my testimony will offer many of those perspectives and will both reiterate the importance of 2021's LB644 and the importance of the largely technical LB529. Thank you, Senator Hansen, again, for introducing this is, particularly in our area of the world, has been incredibly important. My reaction and I think the reaction that so many Nebraskans, when we received our now famous pink postcard, was wow, I didn't, I didn't know it was going to be that much. That prompted approximately 135 of my best friends and neighbors to attend our county's joint public hearing. The hearing lasted well over 2 hours. And while the information was enlightening and informative, the date of the hearing was September 26, with only a few days until the budgets were due. In addition, there were no school board members at the hearing. Truth in taxation has prompted many of us to attend regular board meetings and to participate in the budget process, which is a good thing. As a board member, I felt tremendous pressure to do the right thing for kids. However, in the light of

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LB644, board members must now stand in the gap between those well-meaning groups of administrators, teachers, parents and kids, while honoring the resources of local taxpayers that they are elected to represent. LB529 would offer two specific things that will greatly improve the process. First, move the date of the joint public hearing up, lengthening the time to the board haves-- boards have to actually make changes. The five days that Arlington-- excuse me, the five days that Arlington had was simply not enough. While some boards represented-- responded well, some hid behind "we just don't have enough time." Finally, as I mentioned, there weren't any school boards in attendance at our joint public hearing. Board members, at least one need to hear what their constituents are saying at these meetings. Knowing that a board must justify the dollars spent and eliminating the excuse that we don't have enough time to change it, has the potential to really impact taxes. I would encourage your support for LB529 and I would welcome any questions.

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

**ALBRECHT:** Thank you, Chair Linehan. Thank you for being here, Mr. Dwyer. That's probably the biggest concern that I heard was the timing of all of it--

**MICHEAL DWYER:** Yeah.

**ALBRECHT:** --because and this is mentioned in the bill. This was changed so that we have enough time, do you feel?

**MICHEAL DWYER:** I do. It's still tight.

**ALBRECHT:** Right.

**MICHEAL DWYER:** --from being on that side of the world. It's, it's still tight, but it does widen it up. We're always stuck between that, that rock and a hard place. And when violations are released, when can we, can we actually set the budget and when, on the other side, when it's due. I have, in my written testimony, I think-- when I was a sort of a young pup on the board, I was always told that, well, we can't really set our budget until we know how much money we have to spend.

**ALBRECHT:** Exactly.

**MICHEAL DWYER:** For me, that turns the entire budget process on its head. At, at the very least, the interest that, that the original bill, the pink postcard, generated has been really good. I just see a lot more people, including me, who wasn't as responsible as I should

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have been when I left the board. It encourages us to go to the board meetings, be involved in the process, as a partner, not just a loud voice banging on the table, but as a partner.

**ALBRECHT:** Right.

**MICHEAL DWYER:** And I think that's a really good thing. Whether or not these dates are perfect, not sure of that because they're still tight, but there's no question. In an expansion, it will be better.

**ALBRECHT:** Thank you very much.

**LINEHAN:** Thank you. Are there other questions from the committee? When you were on the board-- how long ago were you on the board?

**MICHEAL DWYER:** I left the board in 2016, give or take.

**LINEHAN:** So doesn't the schools, don't they usually get a preliminary value-- valuation somewhere-- not solely, but maybe-- like, we've all gotten our preliminary evaluations. So.

**MICHEAL DWYER:** Honestly, Senator, I don't remember getting preliminary evaluations in any official form. Were there conversation about hey, you think this is where this is going to come in? Certainly. And we could have some idea what we probably had. But it was my understanding on August 20, we didn't really know for sure what that was going to be. I know that our supers and all the ones that I worked for usually made it sort of an informal call to the county offices and hey, what's this going to look like? And got some answers, but that wasn't official. And, and arguably, it was difficult for the board to actually do too much until they had that official announcement or reading-- I'm sorry, I don't know the actual-- I don't remember the actual process.

**LINEHAN:** Well, anyway, it takes them so long if they send them out, they send them out to the homeowner-- oh, because people have time to contest the valuations.

**MICHEAL DWYER:** Yeah. Yes.

**LINEHAN:** OK. All right. That makes sense. Any other questions? Seeing none, thank you for being here. Appreciate it.

**MICHEAL DWYER:** Thank you.

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**LYNN REX:** Senator Linehan, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today supporting this measure. I do want to indicate, though, I just saw the amendment and we would have real concerns about the change in the amendment, on page 5, after the period on line 29, which--

**LINEHAN:** Just a second, Lynn. Just a second.

**LYNN REX:** OK. This is the amendment. Page 5, line 29, after the period. If I understand this correctly, from just a quick review of the amendment a few minutes ago, each political subdivision shall also maintain an easily accessible website that contains the subdivision's proposed budget. Of the 528 municipalities in this state, there are a lot of them that don't have websites.

**LINEHAN:** I think he clarified by saying they had to have-- I think he did.

**LYNN REX:** Oh, did he? I'm sorry.

**ALBRECHT:** 10,000.

**LINEHAN:** They had to have 10,000 people.

**LYNN REX:** Oh, I don't see that in the bill.

**LINEHAN:** I think it's in the other part of the-- but we'll clarify that.

**LYNN REX:** Yes. Just to make sure that--

**LINEHAN:** OK.

**LYNN REX:** --I mean, there may-- we're looking forward to the time when there's broadband all across the state. That'd be great. And those kinds of issues wouldn't be a concern, but we're not there yet. So that is really problematic. With that and just in answer to some of the questions-- and Jon Cannon is certainly the expert. I am not, which is why I was visiting with him just a few seconds ago, which is basically, you know, you get your initial-- your preliminary valuation for your home, for example, in sometime in April, May-- you have the right to protest then, you know, through June 30 and then through July. And he has certain dates that then kick in for the hearings for the counties to hold the hearings for those of us that choose to protest or not. So the time frame is extremely tight. August 20 is

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when political subdivisions then get their, here's your certified assessed valuation. And then, that clock goes pretty fast, in terms of what you can do and how you do it. So in any event, we thank Senator Hansen for visiting with us. We do hope that at some point, I do think one of the major issues we discussed with him and, and I realize at this time he's not willing to make the change, but the having the valuation issue on that card caused, at least in Lancaster County, nothing but confusion. People thought they were there to protest their valuations. Well, that time, of course, had long passed. I think I was really gratified to hear the individual before me testify that, you know, really underscores the need to attend the most important hearing, which is your budget meeting. That's the budget meeting. So in any event, we appreciate the minor adjustments that he has given. We certainly hope that the language on the websites will be stricken or something on it, that would be most helpful. For example, all first class cities-- certainly, cities of the first class have websites. But once you get down to the second class cities and villages, it's a different scenario. So in any event, I'm happy to answer any questions you might have.

**LINEHAN:** Thank you very much. Are there any questions from the committee? I don't see any.

**LYNN REX:** OK. Thank you very much. Thanks.

**LINEHAN:** Are there other proponents?

**COLBY COASH:** Good afternoon, Senator Linehan, members of the committee. Colby Coash, C-o-l-b-y C-o-a-s-h. I represent the Association of School Boards. My testimony also reflects the proponents of NRCSA, the rural schools association. With regard to the amendment that was presented, we haven't had a chance to really digest that, so I don't have-- my comments today are primarily-- are on the green copy of the bill. But I know-- Senator Hansen has-- will-- has indicated his willingness to work with us. We probably would have some of the same concerns Ms. Rex did about, maybe, some smaller schools, but we're here today because Senator Hansen has been gracious with his time and, and effort working with us on this. Right. So as he stated last year during LB644, we need to see how this goes. And I know he attended several of these postcard meetings, as we call them. And, and I was at a bunch. Our, our whole office was and we were able to gather a lot of feedback from those, those meetings. And shortly after that, Senator Hansen started to bring the political subdivisions together and talk about what, what did we see, what kind of changes, what kind of adjustments needed to be made to make the process work, more clear,

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not just for the political subdivision, but for the taxpayers who come in to talk to them. And so, LB529 starts us down that road. We appreciate some of the clarifications in this bill. You know, we, we took calls from school board members saying, now, can we all go to these? And, you know, at the time, our, our advice was, you know, if you all went, that's a quorum and this isn't an opening meeting. This is a joint forum, so, you know, send one. You know-- and so, a lot of them did. Of course, the presentation is typically done by somebody who can speak more correctly about the budget, so those are usually finance managers, a lot of times, superintendents. But we, we certainly appreciate-- we wanted to have an elected official there. Have no, no problem with that. That's why we are supporting the bill. And the clarification that if they all showed up, it's not an open meeting. Right. Because-- and that makes sense, right? Because there's no decisions being made, there's no votes being taken at these forums. This is a chance for the public to hear what the political subdivisions are doing. And so, I think it is important that the elected officials are paying attention and listening to that. And this opens that, that door a little bit, in that regard. So we appreciate that clarification. The bonding was brought up earlier. I think Mr. Cannon did a good job of talking about that and Senator Hansen, as well. But I-- what happened last year, was it was very confusing for districts. And I can tell you across the state, some districts were including, you know, bonds as part of their calculation and that they sent to the counties. Some were not. And it was confusing because if you called certain entities, you would get two different answers. Right. And so, there was some I'll call, I'll call it just a disagreement between folks like the Auditor's Office, the state auditor, NDE, whether or not the law required that to be part of your calculation and so, Senator Hansen worked with us. And this clarification, by removing it, made sense for the reasons that, from our perspective, that he illustrated. Those were voted on by, by the people and other things like that. So we appreciate the changes. We, we look forward to another round of these while Senator Hansen is still in the body, so we can give a more feedbacks out-- those, this year. We understand it's a process and, and not to speak for Senator Hansen, but he's always been willing to sit down with us and, and we, we anticipate that happening after another year and seeing what kind of changes can be made, if any, to make this process more user friendly for the taxpayer, in what they see, what they hear when they go to these meetings and the responsibilities of the political subdivisions when they participate. So on that, thank you.

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**LINEHAN:** Thank you. Are there questions from the committee? I-- to-- I'm kind of shocked there would be any meeting where at least one board member didn't go. Should it-- I guess when we pass these bills we assume that a representative would be an elected representative. Maybe that needs to be clarified in the bill that-- anyway. I'll ask Senator Hansen about that. Or [INAUDIBLE].

**COLBY COASH:** We agree. We, we agree. If some-- somebody who's--

**LINEHAN:** It needs to be an elected person.

**COLBY COASH:** --somebody who's been on the ballot should be listening to the testimony of the--

**LINEHAN:** Of the people.

**COLBY COASH:** --of the folks who come.

**LINEHAN:** Right.

**COLBY COASH:** And to the-- certainly I didn't go to all of them, but there were elected officials at all the ones that I attended. So.

**LINEHAN:** I get that we vote for bonds, but we don't vote for a levy to pay that bond off. We just vote for the indebtedness, don't we?

**COLBY COASH:** I think-- yes. I would imagine.

**LINEHAN:** So they can move that levy-- bond levy up and down.

**COLBY COASH:** Yeah, that, that is true. I mean, I think most, most bonds are, are, are set together, right? It's like, here's the amount of bond, here's the levy that's going to get us there. And so those typically don't change.

**LINEHAN:** Yeah, but if the levy stays the same, it's the same-- same old, same old.

**COLBY COASH:** Correct.

**LINEHAN:** You pass a bond. You say it's going to take two, two cents-- a levee of two cents, whatever-- or three cents. But then valuations go up that-- it's going to generate more income.

**COLBY COASH:** Right. And the debt doesn't change in the amount-- the, the--

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**LINEHAN:** And the debt doesn't change.

**COLBY COASH:** --correct.

**LINEHAN:** I, I don't know. I'm concerned about the idea that we leave the bonding off, but maybe nobody else-- I don't know. Anyway, anybody else have any questions? All right. Thank you very much.

**COLBY COASH:** Thank you, Senator.

**LINEHAN:** Are there other proponents? Good afternoon.

**JESSICA SHELBURN:** Good afternoon, Chair Linehan, members of the Revenue Committee. My name is Jessica Shelburn, J-e-s-s-i-c-a S-h-e-l-b-u-r-n. I'm the state director of Americans for Prosperity. And my testimony today is going to be very brief. I think all the previous testifiers have covered a lot of what I wanted to say. We knew that we were going to have hiccups when LB644 was implemented last year. I think there's been a lot of good feedback. The one thing that I would say in having worked with Senator Hansen from the beginning on the Truth in Taxation bill was we wanted to get the public more involved. We wanted them to have a greater say. And I, I think back to the LB644 hearings when everyone's talking about, well, they all have budget meetings. Well, as a taxpayer, you don't always have time to go to all of those. So this narrowed it down to those top four property tax authorities to be in one place to make their argument and to listen to the people. And I think that the turnout was a lot higher than a lot of us expected last year, which is a great thing. And having those individuals taking a more active role and then going to the budget hearings is good. The timeline that we had to work with when we were initially trying to set this up is very tight. So in this, in LB529, moving up that timeline so that there's more time for those political subdivisions to make adjustments to the budget is a good thing. Like you, Senator Linehan, I do have a couple of concerns with keeping the bonding off because that still affects what the taxpayer is paying. So I do have some concerns with that, but other than that, we think LB529 is overall a good step in kind of tightening up and cleaning up truth in taxation and being a win for the political subdivisions and more importantly, the taxpayer.

**LINEHAN:** Thank you. Are there any questions from the committee? On LB103-- do you remember LB103 that came before--

**JESSICA SHELBURN:** Vaguely.

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**LINEHAN:** Vaguely. Are they still doing those meetings-- so they do the budget meeting. Is that where they set the levy, too? I'm getting lots of nods.

**JESSICA SHELURN:** I believe so, yes.

**LINEHAN:** So if they are having to increase the levy from where it automatically drops, they have to have the eleven-- 103 hearing. They're just doing it at the same time. Is that what they're doing?

**JESSICA SHELURN:** I, I believe so, but I-- I'm not the best person to ask about that.

**LINEHAN:** OK. All right. That's fine. I'm getting this, behind you, so I think that's what's going on. OK. Any other questions from the committee? Thank you very much for being here.

**JESSICA SHELURN:** Thank you.

**LINEHAN:** Any other proponents? Good afternoon.

**NICOLE FOX:** Senator Linehan-- Good afternoon. Senator Linehan, members of the Revenue Committee, Nicole Fox, N-i-c-o-l-e F-o-x, representing the Platte Institute and I'm here in support, today, of LB529. LB-- Platte Institute is a strong supporter, as you all know, of LB644, passed by the Legislature in 2021, which established a postcard notification and joint public hearing process for the identified subdivisions wishing to capture additional property tax revenues, resulting from increased property valuations and spending levels beyond that of the prior years, if the level of revenue exceeded real growth, plus 2 percent. It bridged the honesty gap and it provided for long overdue transparency in how property taxes are levied. No longer could we-- could elected officials and political subdivisions not raise the levy rate and claim they weren't increasing taxes. Instead, subdivisions had to print, on a postcard, the increased tax dollars to be collected, compared to the previous tax year. The first round of postcard notifications, as we all know, occurred last fall and we were happy to advocate for citizen engagement and participation. Nebraskans were definitely hungry for more information. We held an educational session up in Norfolk and had a packed house at the community college there. We created a landing page for people to come to our website and learn more about the hearings, the process, what to expect. And so, with that feedback, we decided to continue updating our landing page, as well as increase our outreach to five events next year, for 2023. We couldn't monitor all of the hearings, of course, across the state,

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but we were able to monitor, monitor some and we, of course, received feedback from several attendees. We heard stories of packed rooms, overflow rooms, people standing in the halls waiting to speak. Some counties had one, two and even 300 people show up at them. Knowing it was the first year, like many said, we knew that there would be, you know, the process would probably need some tweaking and that's why LB529 is before us today. Some key, some key things that we recognized that have been also reflected, reflected in some of the testimony and we received it from attendees, as well, is issues as far as the bonds. Because, as I understand it, some of the postcards maybe, you know, the first tax year it was with or without the bond, but then, the next-- so it wasn't consistent year to year whether the bonds were included. So I guess for us, the biggest thing is the consistency of whether you're going to include those bonds or not. Also, it's been brought up the presence of elected officials, because we had heard that, yeah, in some counties that it was told to them to not have elected officials there because of the concern about the Open Meetings Act. But it's our understanding that if they're not taking any votes on any measures, that it's not considered, you know, conduction of business. So we would say, you know, at least one elected official be there. And we understand for some of the schools and larger cities that maybe they do want to send a finance director, just because some of it is complicated. But definitely we, we like the, the clarification that it needs to be an elected official there. Obviously, we agree with the timing of the postcards that more time was needed between the completion of the hearings and the budget. And then, as far as the posting of the budget and we're happy to work on language with Senator Hansen, because we had kind of brought this to our attention and I think it's just because we're familiar with, with it because of some of the work we try and do. There were a lot of people that showed up at these hearings and they were hoping to have had, you know, copies of budgets. And we understand that if there's a hearing with 300 people and especially like city of Omaha, where their budget is, you know, it's a packet, essentially, that it might be hard to do that. But what our suggestion would be is, you know, even if you're talking about a political subdivision that doesn't have a website, but maybe somehow on the county website where they have to post at least, you know, the notice of the joint public hearing some sort of link or something that could be downloaded or accessed like a PDF, so that somebody could go and just-- at least comb, you know, take a preliminary look at the budget before they attend the hearing. So that's what we would advocate for. And we definitely were in favor of the reporting requirement, just because we think that's important to have that information for the making of future policy decisions. So

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with that, I conclude my testimony. We thank Senator Hansen for his efforts to improve on how, you know, an understanding of how decision making at the local level affects property taxes and just being diligent on promoting that taxpayer engagement. So.

**LINEHAN:** Thank you. Thank you. Any questions from the committee? Seeing none, thank you very much. Are there other proponents? Are there any other proponents? Are there any opponents? Any opponents? Anyone testifying in the neutral position?

**DENNIS DeROSSETT:** Good afternoon, Senator Linehan--

**LINEHAN:** Good afternoon.

**DENNIS DeROSSETT:** --members of the committee. My name is Dennis DeRossett, D-e-n-n-i-s D-e-R-o-s-s-e-t-t. I'm the executive director of the Nebraska Press Association. We represent all newspapers across Nebraska and I'm proud to include that this, 2023, is the 150th anniversary of our association. I'm here to testify today in a neutral capacity on LB529. Our initial concerns with LB529 was the elimination of the print notice requirement for the public hearings. We want to thank Senator Hansen, his staff and the government entities for listening to our concerns and negotiating in good faith and now amending the bill to reinstate that stricken language that would have removed the notice. For a quick bit of history, when LB644 was filed, this requirement was not in the bill. And through negotiations, there was an amendment, amendment AM1114 that was filed to specifically include a print notice and it passed unanimously on Select File, 41-0. I think that speaks well for the importance of the print notice, as well as for the intent for this to be in the statute. I'd also like to add that since last year's bill, all notices are required after print to be uploaded to a statewide website, which is [www.nepublicnotices.com](http://www.nepublicnotices.com). This is at, at no cost to government. This has been in operation since June 1 of 2021. As of last October, all notices are now required to be uploaded. It's a mandatory upload law at no cost to government. And right now, there are approximately 245,000 notices on the site, fully searchable, free access. So we think that having an independent third party for the notice, in addition to the postcard notice, is, is important because the notice-- the print notice certifies the notice. It also archives the notice and archives that this actually took place. So we want to, again, thank Senator Hansen and his staff for keeping this in the bill. And thank you to this committee. And I'm happy to answer any questions.

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**LINEHAN:** Thank you very much, sir. Any questions for the committee?  
Senator von Gillern.

**von GILLERN:** Thank you for your testimony. The, the-- I-- this may seem like a silly question. The term print and the term circulated newspaper, which I'm reading in the line here, truly indicates a-- ink, ink on paper that is distributed manually, because that's no longer my understanding of the definition of a newspaper.

**DENNIS DeROSSETT:** Well, the print notice on paper is the basis for-- the legal basis for a notice. So you can't really hack a printed newspaper. So that's the basis for a legal notice. That thing is augmented by the notices being on the websites, the e-editions, mobile sites and on the statewide website. But when it comes down to it, the actual verification of a notice was that it was actually printed in the newspaper.

**von GILLERN:** OK.

**DENNIS DeROSSETT:** Yes.

**von GILLERN:** So that-- OK. So you're giving clarity to me, with regards to what statutes currently-- how statutes currently define that. I guess my question is, are those statutes still current with what we now know the modern definition of the circulation of a newspaper to be, which may or may be different than that.

**DENNIS DeROSSETT:** Yeah.

**von GILLERN:** And maybe I'm way getting off track here.

**DENNIS DeROSSETT:** That's a fair question. But I think one of the keys is it's an independent third party. And this has been a tradition for-- going back actually, centuries, that says public notices have first been, you know, put into place. And again, we were, as circulations, the print circulation declined because newspapers have long been defined by the last five letters: paper. And so, that still is the part that serves as the basis. But the audience has expanded to include the, the digital, the websites and now the statewide website. So while the actual print copies may have reduced, the actual audience for any story, any notice is much, much larger. But the key is it appeared in print.

**von GILLERN:** OK.

**DENNIS DeROSSETT:** And again, it's been proven over and over. There's, you know, as a legal process, that being printed and you've got the affidavit, it's certified, it's archived. I mean, we still get requests for something that was actually, you know, printed six years ago, seven years ago. And sometimes, you know, county-- not county officials, but elected officials come to the newspaper for a verified, archived copy of that for some type of proceeding.

**von GILLERN:** So as long-- so-- and forgive me for I'm not trying to batter this point, but I want to make sure that this stands the test as we move forward. If, if, for example, the local newspaper chose to not-- to, to go to a completely digital distribution. As long as they printed one archived copy, we're still in compliance with the statute?

**DENNIS DeROSSETT:** You know, that is-- that change from no print to digital is, is a big question that we're looking at now. And it's not-- I, I mean it's, it's, it's in front of us and all I'll say is there's discussion on it but we don't have the answer yet.

**von GILLERN:** OK.

**DENNIS DeROSSETT:** But there are publications that have recently left print and went all to--

**von GILLERN:** Hence, my, hence, my question and concern, yeah.

**DENNIS DeROSSETT:** --to digital. The question then is what's different from putting it on one website versus another website? And that's why I think just saying, you know, putting them on like a county website, you know, it could be there one fashion, one day, it could be a different fashion the next day. And the key to a legal notice is that, you know, it is a true permanent record fact that this happened and that this was filed, not only for legal entities, but also courts.

**von GILLERN:** Thank you.

**DENNIS DeROSSETT:** Sure.

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

**ALBRECHT:** Thank you, Chair Linehan. And I appreciate you being here to talk about that, because in-- piggybacking off of your questions, in the big cities, it's-- everybody thinks websites is where you go. But where we live, in the other 90 counties, we, we rely on our newspapers to get us the information and some of these class cities that are less

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than 10,000 probably don't have access or the ability to have a webpage set up, so we appreciate the newspaper. Thank you.

**DENNIS DeROSSETT:** Thank you.

**LINEHAN:** Thank you, Senator Albrecht. Any other questions? So this statewide collection, is that-- that's a new law that we passed or--

**DENNIS DeROSSETT:** Last year, in LB840, sponsored by Senator Brewer, there was a rate increase for public notice, the first rate increase in 25 years. And over a two year period, it was-- actually, the line goes from \$0.45 to \$0.50 a line. So we-- \$0.03 one year, \$0.02 the next year. But it mandates that every notice, after it appears in print, must then be uploaded by that newspaper to the statewide website.

**LINEHAN:** And it's the state run website?

**DENNIS DeROSSETT:** No, this is run-- established, run by the independent third party, the newspapers of Nebraska. So we've fully funded it, we monitor it for compliance, but it's at no cost to the government.

**LINEHAN:** And the search engine, if I go to it and I want Beatrice, Nebraska, or Gage, Gage County--

**DENNIS DeROSSETT:** It's-- search it. In fact, I would encourage you to look at it because it searches by-- oh, by, by newspaper, by county, by notice, by date range. It's, it's pretty--

**LINEHAN:** --slick.

**DENNIS DeROSSETT:** --pretty good.

**LINEHAN:** OK. All right. Are there any other questions from the committee? Thank you very much for being here.

**DENNIS DeROSSETT:** Thank you.

**LINEHAN:** It's very helpful.

**DENNIS DeROSSETT:** Appreciate it.

**LINEHAN:** Are there other, are there other-- anyone else wanting to testify in a neutral position? OK. Senator Hansen, would you like to close? We did have letters. We had five proponents, no opponents and no one in the neutral position.

**HANSEN:** I appreciate, I appreciate, appreciate Dennis and the Press Association being here, especially for the newer senators, to learn to, when you're speaking on the floor, to be careful about using absolutes. Because we are talking about this bill two years ago and the discussion around whether we should put them in newspapers and I, I was-- I accidentally-- I won't say accidentally, I said, well, nobody reads a newspaper as much anyway, anyways. So after about 300 emails and pulling my foot out of my mouth, what I meant was, you know, is like, there's a decline in, maybe, the notice section on there, but I didn't include that other-- now, they're going more digital and with the statewide notices, I think people have access to that in just different ways. And so I should have clarified that and so now I can do it on the record to make myself feel better and sleep better at night. So I'll do my best to answer some of the questions that some of you had. I am willing to work with the, the political subdivisions about the web page. I think Senator Albrecht brought up--or somebody brought up interesting point about putting it on the county, a PDF, maybe possibly, or some kind of link. So a county that has below 10,000 people or doesn't have any cities of the second class or first class can now just have a link on the county web page that shows the PDF, because that was one of the biggest things we heard from people. And that's the whole purpose of this bill, is--we're-- it's a kind of a collaborative effort of listening to the political subdivisions and the people and what they both really wanted and try to put them together. So not everybody got what they wanted, but we kind of did our best to, at least, kind of, move the, the, you know, the needle forward. And so, I think one of the biggest things we heard was people who went to the meetings wanted access to the budget because as they're explaining it, people are like, I'm actually kind of interested in this. And they want some of the more-- of the minutiae of the budget and they didn't have access to it and so-- even in a digital form. They can look it up on their phone as they are hearing things that are being explained. I think that will be very beneficial in the educational part of this bill, which is a big part of it. They also mentioned one of the goals, yes, is to drive people to the actual budget hearings that they have before they, you know, start-- when they're actually talking about this. Hopefully, people will start to understand that process and maybe go to those more, because that's where a lot of the real change can occur ahead of time. The whole goal of this is to humanize property taxes. Again, some of us who have been on city council or local government, sometimes you go to-- you have your budget hearings and you talk about things and eventually, it's just numbers on a sheet that the county administrator gives to you or the, or the superintendent, you know and it eventually

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just becomes numbers. And you just end up passing stuff, at least that's how I felt. And then going to these meetings, now there are people in front of you, so these numbers now mean something, right? When you pass something, the person is now in front of you. And sometimes, you're like, wow, geez, maybe we shouldn't do this because there's a lot of upset people. And so this, hopefully, along with an extended timeline, might give them a chance to listen to the people and maybe make some changes in their budget if they need to do so. So putting the ball in the people's hands is kind of the goal of this bill, as well. One of the biggest things I heard was the education of these, of these hearings was their understanding of what a levy meant and valuations. A lot of people were really surprised by that, about how the valuation of their property maybe went up 10 percent, but the property tax asking only went up 5 percent or stayed neutral. And they're like, where's the other 10 percent go? Where did my valuation go? What am I paying extra money for? And so, I think they got a-- the citizens of Nebraska got a greater understanding about how they're actually getting taxed and maybe, what they can do to, to, to change it, hopefully, at the budget hearing. We did improve the timeline and it could be better. I'm not going to say that. But again, we-- and it's a very complicated structure, I found out, changing any kind of timeline, because you're talking about a whole year and you tweak one little thing and it affects everybody down the line. And so, if we were able to find a reasonable solution to at least extending some of the timeline between the, the hearings and when they can-- have to send their budget into the state. I think one thing that's also going to help quite a bit is now the clerk, who is running the meeting, has a greater understanding about how these meetings and how many people are going to show up. And I think they can maybe give some caveats beforehand, saying this is not a chance for you-- your-- this is not a property tax protest meeting. I mean, to kind of give some of that information beforehand because now you know what to expect, so hopefully, these meetings can be run more efficiently and effectively. One of the things-- and this might have to do with some of the bonding stuff, too. I think the biggest impact that the postcards had, information-wise and what we are trying to convey, is the difference between last year and this year. So basically, the information that is in the pink postcards, if some of you haven't seen it, is this is how much you got taxed last year, this is how much you're getting taxed this year and this is the difference. That difference is typically what people are going to really look at and get a greater understanding of, you know, what's happening to their taxes. And so I think that is the biggest impact. And that's one of things we're trying to, trying to make sure people understand. So not so much, in

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essence, the total tax that they're getting taxed, because there are some things we didn't include in here. You know, out of all the taxing entities, we just kept it to the top four. So they're getting property tax-- they're getting taxed in other ways. But we just left the big four and there's not so much the total tax, but among these four subdivisions, what they're changing from one year to the next, I think that is the biggest thing we wanted to make sure people could understand. And I do encourage all of you to attend the next pink postcard meeting in your area. You might be surprised what you hear, what you learn from your constituents. I think-- I know I did. And I do want to thank the Platte Institute, Nicole and the AFP, Jessica there. They did help up quite a bit on getting the word out about the pink postcards, so I do appreciate that quite a bit. And lastly, also, we-- one of the biggest things I heard was sometimes, there was not an elected official present up on the stage. Right. Not so much in the audience, even though a lot of people were paying attention to was the audience. That was a big one. They were wondering where the assessor was at. That was a big one. But again, that's-- may not pertain to with who the meeting meant, but they were looking for elected officials in the, in the audience, but on the stage, the people who were presenting it. So that was one of the changes we made. At least one elected official from each participating political subdivision shall attend the joint public hearing. An elected official may be the designated representative, so they can be the one giving the information out. Typically, it's the superintendent or the-- you know, a county board member, but the people really wanted to see somebody up there that they elected that was listening to them, because sometimes, they just got up there and it was just-- I don't know. I'd say the suits, you know, that were up there, that were giving the information and they wouldn't-- I wouldn't say it was falling on deaf ears, I think they just felt a lot better if the person they elected, that they sit next to in church, was up there, as well. So their-- the information is being heard. And so that's what we were trying to do with, with that part of the amendment. So, I think that's all of it. So I'll take any other questions if people have any.

**LINEHAN:** Senator Albrecht.

**ALBRECHT:** Just one quick question. On these postcards, because the state, we have that property tax relief fund that isn't being utilized by all people who own parcels of land. Is there any way that, on those postcards, that somebody could put have you, have you collected on your parcels of ground that you have money coming back? Again, I don't know. The state hasn't-- we must not do enough. And maybe we have to put it in the newspaper, online, statewide. But we have a lot of money

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left over and people are looking at that money for other purposes. It's the taxpayers' money. It would just be nice if there was a way to incorporate that into what you're doing here.

**HANSEN:** That is possible. One of the things I did when I went to all these meetings, myself--

**ALBRECHT:** Just tell them.

**HANSEN:** --is I got up there and I spoke and I tried to answer some questions. But when I said I want to make sure everybody applied for their property tax credit relief fund deduction or-- not deduction, but, you know, tax credits and some people looked around like, what the hell is that? You know what I mean. And some people raised their hands and asked what that was and how they get more information about that. So I was able to share that.

**ALBRECHT:** That's great.

**HANSEN:** And so, I think that might be a way to kind of, you know, communicate this to the public, too. And I even heard some of the people up there presenting mentioning that, too. I mean-- and so that, that helped out quite a bit. So I'm hoping maybe that might also kind of--

**ALBRECHT:** Thank you.

**HANSEN:** --get this going.

**LINEHAN:** Thank you, Senator Albrecht. Are there any other questions? You-- would you have concerns whether the committee said the bonds included-- the problem is they're either not included-- we just need to be consistent. Right.

**HANSEN:** That's the thing.

**LINEHAN:** Your, your situation-- because I don't think it's fair to maybe some of the smaller school districts that still use their building fund, that I'm not a big proponent of building funds, if they use their building fund, so they're going to have to include it in what they're saying. And then, if you have a school that's got a bond, they don't have to include, but I think it needs to be all in.

**HANSEN:** I see where you're coming from. But like I mentioned before, I think it's not so much the total that they're getting taxed, it's the difference from one year to the next. It's-- I want to make sure we

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are consistent from both years. So I don't want to have the, I don't want to have the bond on one year and then not on another year.

**LINEHAN:** Right. That's what I'm saying.

**HANSEN:** Or vice versa.

**LINEHAN:** Just as long as it's consistent.

**HANSEN:** Yes. Yeah.

**LINEHAN:** OK.OK. All right. Any other questions from the committee? With that-- and I read the letters, right?

**HANSEN:** Thank you.

**LINEHAN:** No, wait a minute. I didn't read the letters.

**HANSEN:** Right.

**LINEHAN:** I could-- may-- wait. Don't leave until I read the letters. We had five proponents-- yes, I did-- zero opponents and zero neutral. Thank you. And with that, we will close the hearing on LB529. That's OK. I don't think I have a book for mine. Oh, I do have a book.

**von GILLERN:** You'll open on LB322.

**LINEHAN:** Yes.

**von GILLERN:** Welcome, Senator Linehan.

**LINEHAN:** Good afternoon, Vice Chair von Gillern and members of the Revenue Committee. I'm Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n, and I am from Legislative District 39, Elkhorn and Waterloo. I'm here today to introduce LB322. LB322 is wonderful in its simplicity. LB322 would eliminate the ability of joint public agencies that are created after October 1, 2023, to wield any power or authority regarding taxation. I would ask the committee to approve this bill and advance it to the floor for consideration of the body. Thank you and I am happy to answer any questions.

**von GILLERN:** Are there any questions from the committee? Seeing none, I'll save a question for close. Thank you.

**LINEHAN:** Thank you.

**von GILLERN:** Welcome up proponent testimony.

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**DOUG KAGAN:** Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n, representing Nebraska Taxpayers for Freedom. In all fairness to Nebraska taxpayers, we urge you to support LB322. The current statutes allow joint public agencies to levy taxes in some circumstances with a vote of the people, but not for refunding bonds under specific circumstances. This statute also gives the Legislature authority to repeal or amend the Joint Public Agency Act, which was originated in 1999. The objective of this original act, meant to allow local government subdivisions to make the most efficient use of their fiscal resources by allowing them to cooperate with other subdivisions to provide needed services, yet we see local governments joining forces to levy taxes without a popular vote in Lincoln, Lancaster County with the ESU 18, Randolph, Nebraska and other local subdivisions, in some instances ignoring the popular vote. Our taxpayer group closely scrutinizes budgets, bond issues and tax levy overrides proposed by local taxing authorities-- excuse me-- like cities and school districts. In the first instance, upset voters who vote out public officials. The latter two requests for additional tax dollars require a vote of the citizens and therefore, allow citizens to campaign in favor of or to oppose such requests. We believe it only fair that joint public agencies may promote a tax and spend issue, but not have the authority to circumvent citizen input. In order to hold all these elected officials accountable, the authority to tax must return to the individual, local subdivisions to ask for citizen approval. Please vote to advance LB322 to the full Legislature. Thank you.

**von GILLERN:** Thank you. Any questions from the committee? Seeing none, thank you, Mr. Kagan, for your testimony. Next proponent.

**JESSICA SHELBURN:** Good afternoon, members of the Revenue Committee. My name is Jessica Shelburn, J-es-s-i-c-a S-h-e-l-b-u-r-n. I'm the state director of Americans for Prosperity. We're here today in support of LB322. For those of you who haven't been on this committee for the last couple of years, one of the things that I have often said in front of this committee is that if we really truly want to rein in our property tax issue, we have to address how many entities have property taxing authority. In the state of Nebraska, we have over 20 entities that can levy a property tax. That number only grows when you have entities combining together to form a JPA that then has additional taxing authority. So with that in mind, we were thrilled to see LB322, from Senator Linehan, that would remove that ability of a JPA and that is created after October 1 of this year. With that, I'd answer any questions.

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**von GILLERN:** Any questions from the committee? Seeing none, thank you, Ms. Shelburn.

**JESSICA SHELURN:** Thank you.

**von GILLERN:** Any other proponent testimony? Good afternoon.

**KATIE BOHLMeyer:** Good afternoon, Vice Chair von Gillern and the members of the Revenue Committee. My name is Katie Bohlmeyer, spelled K-a-t-i-e B-o-h-l-m-e-y-e-r, and I am the policy and research coordinator at the Lincoln Independent Business Association. LIBA represents over 1,000 small businesses, primarily located in Lincoln and Lancaster County. And a significant part of our mission is to communicate the concerns of the business community to elected and appointed officials at all levels of government. Our organization was founded to give small businesses a voice with local government, a mission which we will serve today. Thank you for the opportunity to be here and to speak for our members in the small business community. On August 28, 1999, the Legislature enacted the Joint Public Agency Act. The purpose of this act was to permit local governmental units in the state to make the most efficient use of their taxing authority and other powers by enabling them to create a new agency by agreement between two or more subdivisions. A JPA has a separate board of representatives covering the agency. Joint public agencies are allowed to levy and collect property taxes, occupation taxes, enter into contracts, purchase land, build buildings, hire staff, issue debt, as well as revenue bonds. A typical Lincoln homeowner pays property taxes to a dozen government entities here in our city, yet they're unable to vote on whether they should be created. Property tax dollars are being used to pay off the remaining \$8 million in bonds for construction of Lancaster Event Center, whose tax rate is \$0.002753 per \$100 valuation. Property tax revenue is also being used to pay off the \$65 million bond issue to build a jail. Two JPAs are involved because voters did not approve bonds to do it in one package. The county tax rate is \$0.007498 per \$100 valuation, and the city tax rate is \$0.010967 per \$100 in valuation. With the massive increase in property valuations here in Lincoln, property taxes have hit staggering numbers for all of our community members. Property taxpayers, which include homeowners as well as renters, deserve the chance to vote to increase what they are required to pay. If a community decides not to vote for a bond, there should not be a separate government entity eligible to be formed just to get around this obstacle. For this reason, we support and encourage your vote on LB322 and we thank Senator Linehan, Linehan for introducing this bill. Thank you and I will answer any questions you may have.

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**von GILLERN:** Thank you. Any questions from the committee? Seeing none, thank you, Ms. Bohlmeier, for being here. Any other proponent testimony? No more proponents? Are there any-- is there any opponent testimony? Seeing none, we welcome-- is this opponent testimony or are you anticipating the neutral?

**JON CANNON:** Opponent.

**von GILLERN:** Pardon me?

**JON CANNON:** Opponent.

**von GILLERN:** Opponent. Thank you.

**JON CANNON:** Good afternoon, Vice Chair von Gillern, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify in respectful opposition to LB322. Senator Linehan brought-- has brought this bill and we certainly appreciate the opportunity to discuss levying authority and why we, why we have it and why we devolve to certain other organizations within, within the local government. I'll certainly defer if, if, if, if Lynn Rex is in the room. I've already summoned her once over the course of this year. I don't want to speak for her, but she's certainly the expert on, on these sorts of issues. I would certainly defer to any testimony that she has, no matter what, what stance she has for it. When we get to levy rates and levy limits, the one that we have for counties is constitutional. We have a 50 cent limit for counties that we wrote into the constitution. I don't-- I'm not sure that there's any other political subdivision that has that constitutional levy limit. We have a further statutory cap and that was, was propagated by the authority that allows for joint public agencies. That statutory cap is, is essentially, is in Nebraska Revised Statute, Section 77-3442(8), where counties have that \$0.50, \$0.50 available to them, but really, it's only \$0.45. And then, the additional \$0.05 is for any interlocal agreement or joint public agency. When we initially adopted statutes that allow for joint public agencies, that was to encourage those sorts of collaborative efforts between counties, cities, any other political subdivisions. And so, I, I, I guess one of the things that I would say is that we, we had that authority. The people of Nebraska put that into the constitution, that we have an authority up to \$0.50. We have statutorily limited it by another \$0.05. Frankly, if we want to, to remove JPAs, essentially, the logical conclusion is that counties should be able to go up to the full \$0.50 that they, that they otherwise would have,

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constitutionally. The policy was wanting to encourage those joint efforts. It's more efficient, as certainly, you can have greater opportunities for partnership between local political subdivisions. If the JPA limitation was removed, the, the limitation that we have in 3442(8), if that were removed, we could certainly reconsider our opposition. With that, I'm happy to take any questions you might have.

**von GILLERN:** Any questions from the committee? I have one. The, the proposed change, did you approach the senator regarding that proposed change or the one that you just mentioned at the very end there?

**JON CANNON:** We-- I, I visited with her this morning. We didn't really have a lot of opportunity to visit in the rotunda today.

**von GILLERN:** OK.

**JON CANNON:** And that's, that's entirely my fault.

**von GILLERN:** OK. No, that's, that's fine. I just didn't know if that was something that was-- and the senator will certainly reply as to whether that's something she's interested in or not. So seeing no other questions, thank you for your testimony.

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

**von GILLERN:** Any other opponent testimony? Just a moment. Thank you.

**TED DETURK:** Good afternoon, Senators.

**von GILLERN:** Good afternoon.

**TED DETURK:** My name is Ted Deturk, T-e-d D-e-t-u-r-k. I'm the administrative for Educational Service Unit 2 in Fremont, Nebraska, serving Burt, Cuming, Dodge and Saunders counties. I'm here today to oppose LB322. I'm fully aware the legislators oppose any kind of creative financing done by schools. This includes the joint public agency agreements. I believe most of this concern is created from the overwhelming complaints about high property taxes throughout the state. However, I also believe it's necessary for the senators to look beyond the single issue of property taxes and clearly investigate both sides of the issue. The true impact of a JPA, for example, is to work collaboratively for the betterment of all parties. To provide you with a more specific example, I'd like to outline the Pathways to Tomorrow program or fondly, we call it P2T, a program focused entirely on career and technical education programs, located in West Point, Nebraska. P2T was established in 2016 with a, a revision grant. To

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sustain the, the program and grow it, in 2017, a JPA with eight public schools was signed. We issued two acts as the fiscal agent. This first JPA limited the levy to not to exceed \$0.01. What began with one pathway and 28 students, all in computer science, has now support-- is now supporting roughly 120 students, annually, in five different pathways. We built strong partnerships with Wayne State, Northeast Community College and one of our parochial high schools in the area. P2T-- P2T's pathways today are computer science, health science, building construction, manufacturing, which encompasses welding and CDL licensing and education. The funding is still completed by the JPA, but our levy is now less than half a cent. All the original partners are still members and we look to increase or expand what we have built, annually. Our JPA is not a new tax. It simply shifts the levy authority from a single school district to a collective JPA. None of the schools involved could support individually one of our pathways being provided, much less five of them, definitely not with half a cent on their levy. I realize LB22 [SIC] indicates no new JPAs and that P2T may not be affected. However, you are also tying the hands of every other district in the state. Just three weeks ago, we had representatives from the State Chamber of Commerce and the Department of Education tour P2T. We had multiple conversations about how to replicate this elsewhere. That would simply be impossible without creative, flexible funding opportunities like a JPA. I'm certain some of you are thinking why not just charge tuition for the program? I can assure you we went down that route. The problem is tuition-based programs cannot plan for the future beyond any given year. You simply will not know how many students are in the program, in which pathway and how many instructors you're going to need. I keep hearing about these public-private partnerships. The JPA allows for successful partnerships. Please do not advance the bill from committee. I'm happy to try and answer any questions you may have.

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

**MURMAN:** So the Pathway to Tomorrow program, that has a building to-- is in several different school buildings or how does that work?

**TED DETURK:** It's actually a consolidated site, all in West Point and we partner with Northeast Community College. So I think the Nielsen Foundation was the foundation that built the building and Northeast rents it from the city and then we rent it from Northeast.

**MURMAN:** OK. Thank you.

**von GILLERN:** Other questions? Sorry. I've got a, I've got a couple of questions. The-- it sounds like a great program, sounds like a creative solution, but certainly outside of the norm of pursuing bonds and having a bond election, bond vote and everything else, with, with what would go along with a normal school bond situation. Is that-- why, why, why did you-- why did this situation take you outside of what the school districts would have normally done if they wanted to build a building, start a new program?

**TED DETURK:** So we didn't-- we don't-- we didn't do any bond. There's no bonding with our JPA. Our JPA pays for staff and equipment only.

**von GILLERN:** OK.

**TED DETURK:** I , I was--

**von GILLERN:** So no capital, no capital improvements associated with that. It's all programming?

**TED DETURK:** Not with our JPA, no.

**von GILLERN:** OK. And what's your-- what's the budget of this JPA? Roughly.

**TED DETURK:** Our, our current levy is generating \$230,000 and our current budget is 430. So that extra 100 grand is some grants and some other things that we've, that we've been able to work with Wayne State and Northeast.

**von GILLERN:** OK. All right. Any other questions? Yes, Senator Murman.

**MURMAN:** So if the joint venture just eliminated the bonding part of it, you would still be able to do your program, Pathway for Tomorrow?

**TED DETURK:** Yep.

**MURMAN:** OK. Thank you.

**TED DETURK:** Yeah. I'm, I'm indifferent about the bonding, to be honest with you. I, I don't care.

**von GILLERN:** Any other questions? Seeing none, thank you for your testimony.

**TED DETURK:** Thank you.

**von GILLERN:** Other opponent testimony? Good afternoon.

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**COLBY COASH:** Good afternoon. Thank you, members of the Revenue Committee. My name is Colby Coash, C-o-l-b-y C-o-a-s-h. I represent the Nebraska Association of School Boards and I was happy to go following Mr. Deturk so that you could hear the kinds of projects that we think are valuable for, for K-12 education and that the, the CTE program he described is exactly the kind of program that districts are trying to find partners to do with. JPA is just one way to partner, right, with other political subdivisions. So we know that schools are doing JPAs, not just with community colleges, as you heard. There's also partnerships with cities. For example, I know about a JPA where a school district partnered with the city in order to keep their local swimming pool open. All right. It was a small community. They need-- they weren't going to be able to keep their pool open. It was something that the students wanted, the school wanted, but the city couldn't do it alone. So the JPA was the mechanism by which they could partner together and keep that pool open. I don't believe there was any taxing authority with-- within that particular JPA, but I, I use that as an example to share the kind of partnerships that we see that are important. The school districts are working to be as creative as they can. And I think the example from the program that was described by Mr. Deturk is exactly the kind of partnerships that I think the state needs to continue to do more of. Right. And it's a tool. And we don't want to lose, lose this tool. We certainly understand that there are tax dollars involved, but with these JPAs, they are, they are formed by elected officials from the JPA organizations and we feel like they stand accountable to their taxpayers. And I don't-- can't think of any offhand, but I do know of JPAs that have been disagreeable to taxpayers and that was addressed in the very next election. And we think that's the way to address these. We would just ask that this tool remain available to, to districts moving forward. Thank you for your time.

**von GILLERN:** Thank you. Questions from the committee, Senator Bostar.

**BOSTAR:** Thank you, Senator von Gillern. Thank you, Senator Coash. I mean, that's obviously-- the program that was highlighted previous to your testimony is-- seems fantastic. But, you know, as you alluded to, we certainly are aware of JPAs that are created, maybe not with the express purpose, but seemingly, to obfuscate unpopular spending. And it isn't always clear to the public why unpopular things are happening and money is being spent. So the idea that, sort of, direct democracy can fix all of those, I don't necessarily think is true. I don't necessarily think that we should get rid of this whole tool, but what do you-- what else can we do to try to address where this becomes problematic?

**COLBY COASH:** Well, I think one of the things that I would, would look at is what kind of mechanisms are currently under law that relate to transparency of how these things are formed and how the public knows that political subdivision A and political subdivision B are getting together to assure that-- to put together a project, whether-- so that the public has an opportunity to say, we, we think that's a good idea. And we think that's a good mechanism. Elected officials have to sell those ideas to their public, just as they have to sell-- when, when a school district, for example, goes up for a bond, they, they have got to sell that to their public with a JPA. I think taking a look at how the public has influence and understanding of what's happening would be something that I would advocate for before I would advocate for getting rid of the tool that they would be talking about.

**BOSTAR:** Thank you.

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

**ALBRECHT:** Thank you. Vice-Chair von Gillern. I have a quick question. Is the Beatrice-- the new school down there, was that a JPA?

**COLBY COASH:** That was an interlocal co-op agreement.

**ALBRECHT:** OK.

**COLBY COASH:** And that was addressed in the Education Committee, LB299, which is working its way through the Legislature right now.

**ALBRECHT:** Thanks.

**COLBY COASH:** So it was a different-- it was-- they're similar, in that it's two political subdivisions coming together. But the, the Beatrice example, was an interlocal agreement, which is a statutorily different scheme, but with the same idea of a partnership. And that-- there's a bill in Education, LB299, I believe, which is eliminating the bonding authority for them, which is sitting-- passed General File right now.

**ALBRECHT:** Thank you.

**von GILLERN:** Other questions? Mr. Coash, Mr. Deturk clarified on the previous conversation, that it was programming that was set up, not, not capital facilities and therefore, the bonding issue was not, not an inappropriate vehicle. My question-- and I'm, and I'm looking at multiple testimonies that we've heard here, heard here, this afternoon, is that other than, other than and I'll use the school board, for example, if that school board enters into a JPA, other than

voting out that school board member because you don't like what they did, what input do the taxpayers have on whether a JPA is created or not and, and correlated to that, the taxing authority from the JPA?

**COLBY COASH:** Right. So first of all, if a-- if a political subdivision is going to enter into a JPA, they have to do that in open session, right? They can't just show up and say, well, you know, we had the school board president sign the JPA. That's a, that's a function of an open meeting where that political subdivision has to put it on agenda, which has to be noticed, which can have public comment. And so, that action of, of both political subdivisions entering into that JPA is done in an, in an open session. And so, that-- that's the way that the public will know, that's the way that the public can, can weigh in.

**von GILLERN:** OK. I-- and I understand that and that would be the same conversation around establishing of a school budget, but the difference being that that school budget is the, the value-- total value of that school budget would have been set by the bonding authority or the-- not the bonding authority, the, the levy authority the taxing authority that that school district would have been granted by the voters, which would have been a direct input from the voters. So there, there-- we still are not having a direct voice from the voters, at least I'm not seeing it.

**COLBY COASH:** Well, the-- if you took-- the budget meetings for, for schools are separately noticed. There's a separate budget hearing--

**von GILLERN:** I understand that.

**COLBY COASH:** --which is separately noticed, hopefully to give the public the opportunity to say hey, this is where the budget is we sure we've I've said this in multiple hearings in the last couple of years. We sure wish the public would engage in that process more. The postcard bill that we just got done talking about kind of illustrated there are people who want to engage in that, but the most effective way to engage in the budget process is those budget hearings, which it's very interesting. You know, there were several budget hearings following the postcard meetings, where the postcard meeting had dozens and dozens of people and then the actual meeting where they voted on the budget didn't have anybody. Right.

**von GILLERN:** And I don't think anybody's looking for line item veto power from, from a member of the public on a, on a school budget. But the members of the public do have a, a, a say in what the total school budget is through the, the taxing authority that's given to that

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school district. So I think there is a fine line difference there. You mentioned a city and a pool, JPA. Where was that, just out of curiosity.

**COLBY COASH:** It, it was a small community in, in central Nebraska where the-- and I don't have all the details here, but--

**von GILLERN:** OK. That's fine.

**COLBY COASH:** --the city, the city struggled to keep the, the swimming pool maintained and open under the city's budget. They were looking at closing the pool. And then-- of course, the, the number one user of the pool were the students and the young people in the community. And they were really worried about that. And so they, they-- the city went to the school and said, could we do a JPA, where the school helps maintain the pool to share some of the cost of, you know, the maintenance of it, and then they can use it, you know, for PE and things like that. So it was this partnership where it's kind of this joint maintenance effort and of an ownership and I don't know if it's ownership, but of the pool, which resulted in keeping the pool open, which is what the community wanted.

**von GILLERN:** OK. Any other questions from the committee? Seeing none, thank you, Mr. Coash.

**COLBY COASH:** Thank you.

**von GILLERN:** Any other opponent testimony?

**CHRIS CONNOLLY:** Good afternoon, members of the committee. My name is Chris Connolly, C-h-r-i-s C-o-n-n-o-l-l-y. I am the chief assistant city attorney for the City of Lincoln. I'm here to speak in opposition to LB322 on behalf of the city, but I am also authorized to speak on behalf of the county in opposition to LB322 today. I have spent much of my 14 years with the city working with the West Haymarket Union Public Agency that owns Pinnacle Bank Arena. It's been a very successful partnership between the city of Lincoln and the University of Nebraska. The countless shows, basketball games and other events have provided great entertainment for the people of the state of Nebraska and in doing so, has generated millions of dollars in tax revenues for the city of Lincoln, Lancaster County, and the state of Nebraska. This is-- this success story would not have been-- would not have worked nearly as efficiently without a joint public agency. JPAs can provide the needed governing structure, financing capabilities and accountability needed for large capital projects. By having multiple

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agency partners in a JPA, the public is well-served by the cooperative nature of the agency and the oversight that each partnering agency brings to the organization. We have seen this at the West Haymarket Joint Public Agency. Interlocals are good and valuable tools also, but the formalities and the automatic creation of a separate political subdivision makes a better functioning entity, with more transparency and accountability. To be clear, we recognize this bill does not affect the West Haymarket Joint Public Agency. However, this kind of a structure could be very effective for future large capital projects for the city and the rest of the state. If there is no ability to provide funding for bonds or other financing needed for such large projects, there may be no benefit to agencies in cooperating on any given project. JPAs are designed to promote the joint cooperation of state and local government agencies to effectively and efficiently use taxpayer dollars. Indeed, a best practice for governments is to create and maintain diversity of revenue sources and this bill would eliminate this valuable tool. Cities, counties and even the state would have to find other mechanisms instead of working jointly for the benefit of the taxpayers. While interlocals can work, we believe G-- JPAs are more streamlined and remain a valuable tool for joint cooperation. With the changes that were made in 2015, any efforts to issue general obligation bonds will require a vote of the taxpayers. Thus, there is direct authorization from the taxpayers. This bill would remove the ability of the taxpayers to permit such financing. Japanese have no independent taxing authority. They can only use the levy allocation pledged by a member and that levy allocation cannot happen without approval of the taxpayers, through an election. Local taxpayers should be permitted to express their support or opposition to such projects. For these reasons, we respectfully oppose LB322 and ask that it not be advanced to General File. Thank you for your time today and I'll be happy to answer any questions.

**von GILLERN:** Thank you for your testimony. Any questions from the committee? Senator Albrecht.

**ALBRECHT:** Sorry. Quick question. Thank you, Senator von Gillern, and thank you for being here. You said that you're also representing the county?

**CHRIS CONNOLLY:** Correct.

**ALBRECHT:** And how was the Lancaster Event Center financed? Do you know?

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**CHRIS CONNOLLY:** They worked with the Agricultural Society, I believe. I'm not, I'm not familiar with the funding mechanism for that.

**ALBRECHT:** But that was not considered a JPA?

**CHRIS CONNOLLY:** That is not a, that is not a JPA.

**ALBRECHT:** OK. I mean, I guess my biggest concern is when things go to the vote of the people and the people say no and they do it anyway.

**CHRIS CONNOLLY:** Well, I don't know how that can happen under the way it's structured.

**ALBRECHT:** OK. If the JPA is, is like that, that's great. I remember memorandums of understanding. Would you say that that's a JPA? Somewhat like that?

**CHRIS CONNOLLY:** A memorandum of understanding? No. JPA is, is-- it's defined in the statute as to how it gets organized and your specific steps.

**ALBRECHT:** OK. So-- but like when we talk about the West Point project that they have with the University or the Northeast Community College and Wayne State College and some of the schools and, and the city, I mean, there's a, a large group of, of entities that get together to take care of that, correct?

**CHRIS CONNOLLY:** There can be. And I suppose it could be a joint public agency or it could be an interlocal cooperation entity.

**ALBRECHT:** But you're saying that, that to get authorization to do all of these things, that it should go to the vote of the people?

**CHRIS CONNOLLY:** Well, what I'm talking about, specifically, is with regard to bonding. I mean, the-- any joint public agency still has to be formed through the steps that are called for in the statute and, and that requires votes of the boards that are representative of the entities that seek to get together. And so what I'm referring to, with regard to the vote of the people, is really the bonding ability. And, and since bonds would have to be approved by, by the taxpayers before they could be issued, this, this bill would eliminate that possibility. And so we're asking that, that JPAs, if they're properly formed, then they should still be able to issue bonds, if presented to the people for a vote.

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**ALBRECHT:** And you probably know more about the JPA than I do, but who's the authority that oversees whether everyone that's in that JPA is-- that it's working properly?

**CHRIS CONNOLLY:** Well, for the West Haymarket Joint Public Agency, the way it was formed was to have a board of representatives and so, there were three members on that board right now.

**ALBRECHT:** OK. Very good.

**CHRIS CONNOLLY:** And they, they, they oversee the activities. There are no employees for the, the West Haymarket Public Agency. City employees, such as myself, fulfill the roles that the JPA may need in various kinds of services.

**ALBRECHT:** Very good. Thank you.

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

**DUNGAN:** Thank you, Vice Chair von Gillern, and thank you for being here. So you're currently a part of the West Haymarket JPA?

**CHRIS CONNOLLY:** I am not a member of it. As, as a chief assistant city attorney, I assist the, the board members and the board in any legal activities that they may have.

**DUNGAN:** And I'm, I'm just not very familiar with the West Haymarket JPA. Can you, I guess, go into a little more detail about what exactly they've done for Lincoln or what kind of things they've done for the community here?

**CHRIS CONNOLLY:** Sure. The West Haymarket JPA was formed in 2010, primarily to facilitate building of, of Pinnacle Bank Arena. But in the process, it also acquired everything that was in the Burlington Northern Railyard, which is now the West Haymarket area of Lincoln. It has sold off most of those properties and has generated revenues from that to help pay off the bonds, along with occupation taxes. So it's, it's primary function, at this point, is to sell off it's, it's remaining properties that it has for sale, for development and to operate Pinnacle Bank Arena. It is the owner of Pinnacle Bank Arena. Now, it does not directly operate Pinnacle Bank Arena. That's an arrangement with the city through contracts that were necessary, in order to satisfy the underwriters in getting the bonds issued to build the building. But it is the owner of Pinnacle Bank Arena.

**DUNGAN:** Thank you.

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**von GILLERN:** Any other questions from the committee? Seeing none, thank you for your testimony today. Other opposition testimony? Good afternoon.

**LYNN REX:** Good afternoon, Senator von Gillern, members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today respectfully opposing this particular measure and I do understand frustrations with some of the statutes. But just to underscore the point that Chris Donnolly [SIC] just made, in 2015, with the passage of LB132,13-27-- 13-2507 was amended to include 4(a)-- and this was a bill by Senator Ebke at the time. Prior to the issuance of bonds and the pledge of property tax levy authority allocated to a joint public agency to pay the principal of an interest on bonds to be issued by the joint public agency, the joint public agency shall hold an election to present the question of issuing such bonds and levying such tax to the registered voters of the participating public agency which allocates its property tax levy authority. And it goes on and on. So basically, you have to have approval for that. That passed, basically, in 2015, again, with LB132. One of the things that I can share with you is that when the levy limits were put in place, in 1996, with the passage of LB1114, took effect-- 19-- took-- passed in 1996, taking effect in 1998. That basically, Senator Warner, who was then chair of this committee, said he's going to do everything he can to incent cooperation. If you can go together, for example, a city and a school and have one library instead of each having your own or do something else together to do it that way. So they really incentivized interlocal agreements by saying that municipalities would have a maximum levy authority of \$0.45 per \$100 valuation, plus \$0.05 within an interlocal agreement. As Jon Cannon indicated, they're the only political subdivision with a constitutional levy limit of \$0.50. So the way that this committee handled that was to say, counties, you have \$0.50 -\$0.05 and that \$0.05 has to be used for an interlocal agreement. The point being, work together. Don't every-- if everybody doesn't have to build their own library, don't do it. Work together. I think one of the best examples of a JPA was in the little village of Exeter. And the school district worked together with an H-- with a JPA and built a school, which is used during the day for the school kids and everything else that they need to do and at night, by seniors and others for an exercise type-- you know, for a little community like that, it's a big deal to have a facility like that. So there are those types of examples. But I just want to underscore, too. I, I understand the frustration with property taxes. I understand that. I understand the great work that this committee has done in that, as well. But I just

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want to underscore that this does not let you increase, as a political subdivision, what your levy authority is. So as I indicated before, I've been saying we have 529 cities and villages. Sadly, I was informed by my staff yesterday there's only 528 now, so 528 cities and villages in the state of Nebraska. Half of them up against the maximum levy authority, half of them can't even raise the money to spend the lid on restricted funds that you give them in 13-519, which is 2.5 percent over the prior year, plus 1 percent with a supermajority vote. So again, a JPA does not let you just piggyback on it and have more levy authority. It does not let you spend above what your lid on restricted funds would be in 13-519 and 13-520. So you have this limitation no matter what. This is a way in which they can facilitate and work together. And I do agree with what Chris Donnelly [SIC] was telling you, which is that it has a lot of transparency built into it. These are not just some folks that get together to decide, let's issue some bonds. There's a board, they are under the Open Meetings Act, they're under the public records law. In terms of how they're handled, they're audited. There are all kinds of requirements with this. Now, yes, the Interlocal Cooperation Act is also there as an opportunity for political, political bodies to partner together. But I would just underscore the fact that this has been a very valuable tool. And so I hope that you don't advance this bill. I do respect, tremendously, Senator Linehan and the work that she's done with property taxes. We just strongly encourage you not to advance this bill. And we're happy to work with this committee if there's something we need to do to tighten up JPAs, if there's-- needs to be more accountability, we're open to that. I just think there's maximum accountability with JPAs. And those are the other statutes that you don't have before you. With that, I'm happy to answer any questions that you might have.

**von GILLERN:** Thank you. Questions from the committee? I just have one. Which town or village did you lose?

**LYNN REX:** Preston.

**von GILLERN:** Prescott?

**LYNN REX:** Preston.

**von GILLERN:** Preston.

**LYNN REX:** Yes.

**von GILLERN:** Thank you.

**LYNN REX:** Very sad. Unincorporated.

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**von GILLERN:** I'm sorry, sorry for your loss.

**DUNGAN:** I had the same question.

**von GILLERN:** Thank you for your testimony, Ms. Rex.

**LYNN REX:** Thanks very much. And again, sorry that I didn't have an opportunity to talk to you beforehand, Senator Linehan.

**von GILLERN:** Thank you.

**LYNN REX:** Thank you very much.

**von GILLERN:** Any other opposition testimony? Seeing none, anyone like to testify in the neutral position? Seeing none, Senator Linehan, would you like to close?

**LINEHAN:** So I am glad they have to have a vote of the people if they bond. But here, just-- they said it was passed. And I didn't know Senator Warner. So I'm all for efficiency, but nobody came up here and explained how they were being efficient. I-- the project in West Point, I'm sure, is a wonderful project, but if their budget is, for just that, that part of their education, is \$430,000 and they've got 120 students, that's \$3,588 per student. And they're already in high school, which means the high school is getting at least \$10,000 a student. And they've also got the community college involved, which is also getting property taxes and state funding. So I don't-- great programs. I just-- where is-- when a, when a high school junior or senior is spending most of their time in community college, then where's the savings in the school? I just-- these are the things that I don't understand. I'm worried. Lincoln wants a convention center. I don't want the University of Nebraska building Lincoln a convention center. I understand the Pinnacle Bank because the university uses it, but I'm sure the university would like to have a convention center, too. You're right. The same situation-- Albrecht-- same situation in Beatrice, where you were at that hearing. I think you all were. I can't remember. I can-- I'm confused between Revenue and Education. But they had two bond elections. They lost both of them by significant margins and went ahead and did it anyway. I think this was Education, but maybe it was here. We had the people, the hearing where there were like five or six people from Norfolk. They drove down here to testify because the city couldn't afford to put-- they've started sports now at Northeast Community College. So now they have a baseball team. So now they have to have a softball team. Title IX, I understand that. But now, they're going-- they don't have a softball field, so they can

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use the city's softball field or are they going to go together and a community college and a high school are going to build a sports complex on the softball field. And that, too, was put in a-- it was a city election to raise their sales tax by a half percent. The election failed and now the community college and the school are going to do it anyway. I, I don't know. I, I want people to be efficient and work together. I don't want work-arounds a vote of the people. And that-- and another example used, it's great that it-- to keep a city swimming pool open, but it's not OK to use school funding to do it. It's just not OK. We're about to give, if this session goes as the way our new governor plans it to go, we're about to commit another billion dollars to public education. Do we want them building city swimming pools? I just think it's something we need to look at. We got a lot to do this year. I don't know if we get done with this year. I'm happy to work with anybody on this, but we need, we need some strings around this or we're going to have-- well, we're going to have what we heard. We're going to have swimming pools and all kinds of other things going on that shouldn't be going on.

**von GILLERN:** Any questions from the committee? I just have one. We've talked about-- there's really been two, two different conversations that we've had around this, from both proponents and opponents and that is one is programmatic and the other is capital expenditures. What are you more? Is your bill directed more, one or the other or particular projects going forward? What is it that you're most concerned about?

**LINEHAN:** Capital expenditures are my biggest concern.

**von GILLERN:** OK.

**LINEHAN:** Because you're putting people in debt with bonds. And the reason we have votes on that is because people are going into debt. And they're committing for 20 years to be-- pay off a note, just like your mortgage. It becomes a part of your mortgage. Right. So I think we're going to do that. I actually think it's a little concerning that it's only a 50 percent vote that can put half-- all, 100 percent of the people in debt, but that is what it is. Another thing is and I don't know the JPAs, the way I understand it and maybe I'm wrong on this. I would like some clarification. I think anybody who serves on a JPA board ought to be elected somewhere. They at least ought to be a city official or county-- it should be-- whoever is on that board, they all need to be elected. And I know and I don't know how this is even set up, haven't dug that deep. But with the streetcar authority in Omaha, we've got a-- we have a person that the Omaha-- and I like

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the Omaha Chamber, but I don't think they ought to be appointing people to boards. I think board members should be elected. So I just think we have, kind of, a lot of creative accountants and attorneys. And this, I think, the JPA was passed for a big project, Pinnacle Bank Arena. And now, it's keeping swimming pools open. We just need some tightening up.

**von GILLERN:** Very good. Any other questions? Seeing none, we have letters. We have five proponent and two open letters and zero neutral.

**LINEHAN:** Oh, really. OK. Thank you.

**von GILLERN:** So we will conclude the testimony on LB322 and conclude the Revenue hearing for the day.

**LINEHAN:** Thank you.

**von GILLERN:** Thank you.