

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 11, 2025

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the sixtieth day of the One Hundred Ninth Legislature, First Session. Our chaplain for today is Senator Murman. Please rise.

MURMAN: Good morning, Nebraska and colleagues. Again, I'm going to give a prayer from my son-in-law who is southeast regional director from Christian Medical Dental Association. And I think it's very appropriate as we go into Holy Week. Let us pray. Lord God, creator of all things, we thank you for this privilege to speak to you as the true and living God. This morning, we confess that you are real and that you hear our prayer not because we are important but because Jesus Christ has opened the way to God by his sacrificial death. We speak to you this morning because you can do wonderful things which we cannot. We ask your blessing and protection on these leaders who venture out into an often hostile public square in order to help their fellow man and to defend those who can't defend themselves. Thank you for each person here who is working hard to give others a better life, a life more closely aligned with your design for us. You are the true source of light, and you alone give wisdom. Left to ourselves, we are so easily confused and misguided. I ask you for courage, for us to stand up for what is honorable, true, and just, despite the many evil forces at work in this world. We also pray for our political enemies, for the grace to truly love them, and for you to draw them to yourself in the same mercy that we depend upon. You are the only great and awesome God, and we love you and serve you. I pray this in Jesus' name, his love, and his power. Amen.

KELLY: I recognize for the Pledge of Allegiance Colonel, Air Force Reserves, Walter "Thane" Baker, Air Force. He is the oldest Olympic medalist in track in the U.S., living, Bellevue, Nebraska, in Senator Holdcroft's district. He is the second-oldest medalist in track in the world. Sir.

WALTER BAKER: It has been my honor to stand on the Olympic victory stand four times while they raised our flag for me. And then they played the Star Spangled Banner. Will you please join me in saying the Pledge of Allegiance? I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

KELLY: Thank you. I call to order the sixtieth day of the One Hundred Ninth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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CLERK: There's a quorum present, Mr. President.

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

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

CLERK: There are, Mr. President. Your Committee on Revenue, chaired by Senator von Gillern, reports LB169 to General File with committee amendments. Additionally, agency reports electronically filed with the Nebraska Legislature can be found on the Nebraska Legislature's website. And a report of registered lobbyists for April 10, 2025 will be found in today's Journal. That's all I have this morning, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Holdcroft would like to recognize two guests under the south balcony who are with Colonel "Thane" Baker, who led the pledge this morning. They are his daughter, Catherine Nicholson; and Maddie Fraser, a friend. Please stand and be recognized by your Nebraska Legislature. Senator Holdcroft, you're recognized for an announcement.

HOLDCROFT: Well, thank you, Mr. President. I just wanted to provide a few more details about our, our colonel who led us in the pledge this morning, Walter "Thane" Baker, who is the oldest living male United States Olympic medalist in track and the second oldest in the world. He was born in Elkhart, Kansas, went to Kansas State University, and in 1953 was the NCAA champion in the 220-yard dash. In 19-- he attended the 1952 Summer Olympics in Helsinki, Finland and earned a silver-- silver medal in the 200-meter event. And then he attended the 1956 Summer Olympics in Melbourne, Australia, where he won a gold medal in the 400-meters relay event with the, with the United States team, a silver medal in the 100-meter event, and a bronze medal in the 200-meter event. Thane resides in Bellevue, Nebraska and has kept track-- has kept track in his life by officiating for 55 years and mentoring others. Please join me again in recognizing Thane Baker. Thank you.

KELLY: Senator Guereca would like to recognize the physician of the day: Dr. Theresa Hatcher of Omaha. Please stand and be recognized by the Nebraska Legislature. Mr. Clerk, please proceed to the first item on the agenda.

CLERK: Mr. President: General File, LB650. Senator von Gillern would move to indefinitely postpone LB650 pursuant to Rule 6, Section 3(f).

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KELLY: Senator von Gillern, first you're recognized to open on the bill.

von GILLERN: On the bill. Thank you, Mr. President. I will open on the bill, LB650. Thank you, Mr. President. Good morning, colleagues. And good morning, Nebraskans. I rise this morning in support of the Revenue Committee bill, LB650, and AM923, which is a white copy amendment to the bill. I'll open on the bill. And then when we get to the amendments, we'll share more on what that does and in-- invite other senators to speak on their parts. Pardon me. I was cuddling with a, a 2-year-old and a 10-month-old grand-- grandchildren last weekend, and, and they both had runny noses. And now I've inherited that. You all should have on your desk a program that looks like this that gives some detail on LB650, so please refer to that as we have our discussion today. LB650 pares back programs and business incentives that were all granted in the past several years and seeks to increase revenue by eliminating tax incentives or paring them back. As you all know, we're constitutionally bound to approve a balanced budget by the end of the session, and LB650 gets us approximately 1/4 of the way home to that challenge. Many of you are probably wondering on what basis these programs and incentives were selected for paring back. LB650 was designed and written with the last-in, first-out principle in mind. We've sought to highlight some of our newest initiatives and incentive programs as, as opposed to others that have been on our books for a longer period of time and been more widely utilized and therefore more heavily relied upon. If you've ever taken an accounting class, you're familiar with the term LIFO. Programs that are the newest were at the top of the list of cuts, and those that have been around longer, again, were largely left intact. Many of you will be disappointed at the prospect of cutting back these business incentives-- incentives and tax credits. I'm with you. One of the programs up for reduction, the purchasing agent exemption, was a bill I carried a few years ago. This was not a biased selection and does not play favorites. It's the reality of our responsibilities to manage taxpayer dollars to the best of our abilities. This budget process taking place here within the Legislature's simply a larger version of what we all do at home. When we face a budget deficit at home, we can either find ways to bring in more income or cut our expenses. LB650 is one of the solutions to bringing in more income to our state. The Appropriations Committee is working hard every day on the other half of this equation-- that is, cutting spending. The biggest difference between what we do here at the Capitol and what we do at home or what they do in Washington is the state cannot put our bills on a credit card. We can't take out a home equity loan or borrow against our assets or kick the can down the road.

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We have a constitutional requirement to balance the budget, and today is one of the ways that we can accomplish that. As of yesterday, the financial impact of the bill as amended is estimated to provide \$71 million in the upcoming biennium and a larger sum in the following biennium. \$71 million goes a long way towards the current projected \$289 million deficit projected for the next biennial. I'll take this opportunity to add some color to that last comment for those who are not close to the budget process or are new to the conversation. The shortfall that has been talked about and apparently has been given life on social media is a projected shortfall to the next biennium budget, which begins on July 1, 2025. If we take no action here, if this Legislature takes no action and we roll the current budget and spending into the new biennium, it is projected that we would be short \$289 million. Our current budget is fully funded, and we have substantial reserves. So, no, the state of Nebraska is not broke. We are debt free. And by all accounts, we're in a strong financial position. In fact, the state's credit rating was recently updated to Aaa. The stating from Moody's was Nebraska's credit rating has been upgraded to Aaa by Moody's Investors Service. This follows a previous upgrade to Aa from-- to Aa1 from Aa2, and the outlook is now stable. Moody's cited Nebraska's stable economy, conservative spending, low-debt liability, and financial flexibilities as the reason for this upgrade. This higher credit rating is expected to reduce borrowing costs for the state, making it cheaper to fund projects like highway construction. It also enhances the state's financial reputation and may attract more investment. Short version of that, folks, due to good stewardship by this body and the executive branch, your state is in so-- on solid financial ground. It's important to note that this version of the bill did not arrive here by happenstance. While the original version was simply a LIFO approach, over the past 100 days or so, there have been thoughtful conversations with stakeholders to ensure that as many good programs may be retained as possible. The illustration is at-- that the original estimate in the governor's budget with the-- was that this bill would save around \$140 million. Our current bill, as you see it today with the amendment, is projected to save about half of that number. Therefore-- obviously, we've been able to save about half of the programs and their budgets. There were interested parties that presented their cases at the hearing and in follow-up conversations, and to many of these we listened and adjusted in order to better identify the greatest return for taxpayers. You have on your desks, again, a breakdown of the programs and the bills, and I encourage you to review to tha-- review that. Lastly, I know that there are those in this Chamber today who have been told that if you vote for this tax increase, quote, unquote, you'll never get

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reelected. I'm not gonna dance over the question of whether cutting an incentive back is truly a tax increase or not. I don't believe that it is, but we can arm wrestle over that another day. We are rolling back incentives, tax exemptions, not increasing taxes. What I do know is that we all took an oath to uphold our state constitution, and one of those constitutional requirements is to balance our budget. I too hoped that I would never have to vote for a reduction in a tax program or be considered possibly as one who might increase taxes. I championed the income tax cuts of 2023 and worked hard on the property tax cuts of '23, '24, and the special session. The last thing on our minds while doing good governance should be reelection, folks. The first should be the well-being of our constituents and all Nebraskans. That takes courage. I trust that you will all act in a courageous way today and make good governance choices. I urge you to listen closely to the discussions, to ask good questions, and engage in the conversation. With that, I yield back the remainder of my time, Mr. President. Thank you.

KELLY: Thank you, Senator von Gillern. As mentioned, there is an-- a priority motion. Senator von Gillern, you're recognized to open on the motion to indefinitely postpone.

von GILLERN: I'd like to withdraw the IPP motion, Mr. President.

KELLY: Without objection, it is withdrawn. Mr. Clerk.

CLERK: Thank you, Mr. President. LB650, introduced by Senator von Gillern at the request of the governor. It's a bill for an act relating to revenue and taxation; amends Sections 13-3106, Sections 77-908, 77-2701.04, 77-2701.16, 77-2703, 77-2704.36, 77-2708, 77-2715.07, 77-2716, 77-2717, 77-2733, 77-2434.03, 77-27,187.02, 77-27,188, 77-27,241, 77-3109, 77-3110, 77-3111, 77-3120, 77-3125, 77-3126, 77-3136, 77-3143, 77-3152, 77-3169, 77-3806, 77-4405, 77-6605, 77-6607, 77-6610, 77-6919, and 77-7012; provides a sunset date for applications involving sports complexes and la-- and large public stadiums under the Sports Arena Financing-- Facility Financing Assistance Act; eliminates sales tax exemptions relating to towers used for furnishing internet access services, net wrap, twine; changes sales tax collection fees; changes provisions relating to nonresident income and a food donation tax credit; changes provisions relating to tax credits allowed under the Nebraska Advantage Rural Development Act, the Relocation Incentive Act, and the Creating High Impact Economic Futures Act, Cast and Crew Nebraska Act, Nebraska Short [SIC-- Shortline] Rail Modernization Act, Nebraska Pregnancy Help Act, the Reverse Osmosis System Tax Credit Act, the Renewable Chemical Product-- Production Tax Credit Act, and the

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Nebraska Biodiesel Tax Credit Act; provides and changes sunset dates for the approval of applications under the Good Life Transformational Projects Act and the Urban Development Act; eliminates the substa-- subs-- Sustainable Aviation Fuel Tax Credit Act and provisions relating to the appointment of purchasing agents; harmonizes provisions; provides op-- operative dates; repeals the original section; outright repeals Section 77-2701.56, 77-2706.02, 77-7017, 77-7018, 77-7019, 77-7020, 77-7021, and 71-7022; and declares an emergency. Bill was read for the first time on January 22 of this year and referred to the Revenue Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Senator von Gillern, you're recognized to open on AM923, the committee amendment.

von GILLERN: Thank you, Mr. President. Again, good morning, colleagues. And good morning, Nebraskans. I rise this morning, of course, in favor of AM923 to LB650. AM923 is a committee amendment that melds five other bills into the overarching LB650. These include LB270 and LB547, sponsored by Senator Rountree; LB458, sponsored by Senator Rostar-- Bostar; LB494, sponsored by Senator Dorn; and LB495, sponsored by Senator Hansen. Again, these are outlined in the handout that you should have on your desk. I'll ask each of these folks to share a bit about their bills now, starting with Senator Rountree. Senator Rountree, would you yield to a question?

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

ROUNTREE: Yes. Good morning. I will yield to a question.

von GILLERN: Thank you, sir. Would you give a brief description of LB270 and LB547, which are included in this AM, please?

ROUNTREE: Yes, sir. Good morning. Thank you so much, sir. LB270 will allow municipalities to notify the Auditor of Public Accounts of irregularity in sales tax returns. Under current laws, a municipality that has adopted local option sales taxes can designate an individual to review local option sales tax returns for those businesses located within the boundaries of the municipality. This designated individual is allowed to review sales tax returns only on the premises of the Department of Revenue. And the individual is not allowed to disclose any of the information they review to anyone. This has led to situations where the designated individual may suspect some irregularities or discrepancies in the sales tax information but is not allow to tell anyone about it. Under LB270, the individual designated

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by the municipality may notify the Auditor of Public Accounts of any suspected irregularities or discrepancies. The auditor may then conduct an audit based on the information they receive. So that's LB270. LB547 would exempt disabled veterans from the state motor vehicle tax. This bill has been brought multiple times in recent years, with the most recent iteration being LB10 from 2023 brought by Senator Blood. There is a large amount of support among veterans for this bill. Disabled vets are often on fixed incomes and can have difficulty making ends meet, especially as inflation continues to climb. Disabled veterans have various medical needs that require them to travel for appointments. Having a reliable form of transportation is extremely important to ensure they are able to keep up with their doctor's visits and stay healthy. Removing the state motor vehicle tax will help ensure that our disabled veterans are able to afford their means of transportation. Thank you so much.

von GILLERN: Thank you, Senator Rountree. Would Senator Bostar yield to a question?

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

von GILLERN: Is he here? OK. All right. Senator Bostar's not here. I will just hit on his bill very quickly. Senator Bostar's was LB458, amended by AM674, which clarifies language relating to tax sale certificates, real property sold for delinquent taxes, and tax-related foreclosure actions on land banks. Senator Bostar's bill was voted out of committee 8-0. So we will move on from there. Senator Dorn, would you yield to a question?

KELLY: Senator Dorn, would you yield to questions?

DORN: Yes.

von GILLERN: Senator Dorn, would you share a little bit about your LB494, which is now part of AM923, please?

DORN: Yes, thank you. We did have the pages to give a handout. It says number 30MD or whatever. This is a summary of LB494. This is a bill that-- visiting with the Fiscal Office, our, our legislative fiscal staff, Keisha Patant [SIC]. And this is some corrections, some wordage corrections, some clarifications on LB34, which we passed in special session, where and how those might be allocated, and, in future years, how the, I call it, the fund total is calculated. So this-- she wrote this up. She wrote the bill for me or whatever, so she very much wants to say that this gives them clarification on how that funding will be

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allocated above 100% and where it will go to and how it will be allocated also in the future years. Thank you.

VON GILLERN: Thank you, Senator Dorn. Senator Hansen, would you yield?

KELLY: Senator Hansen, would you yield to questions?

HANSEN: Yes.

VON GILLERN: Senator Hansen, would you share a brief description of LB495, which is also included in AM923, please?

HANSEN: Yes. First of all, I want to thank-- I want to thank Senator von Gillern for including LB495 into the Revenue Committee amendment. This portion of AM923 is short and simple. You may remember in 2021 I worked to pass LB644 and created the Property Tax Request Act. This requires local taxing entities whose property tax request has increased more than the allowable growth plus 2% from the previous year to notify taxpayers and invite them to take part in a joint public hearing. This process is known across the state as truth in taxation. Pink postcards are sent to every property tax owner who would be affected by the property tax increase. The postcards include information about the proposed property tax request and how it would impact the taxpayer dollar amount, along with details of where and when a joint public hearing will be held. Citizens are invited to come and voice their concerns or opinions to elected officials. At the hearings, political subdivisions are expected to provide materials that justify the reasons for their increase and how the property tax revenue will be used. Since then, over a thousand constituents-- actually, since then, thousands of constituents across the state have taken advantage of the opportunity to engage in the process, showing up in hearings, and becoming involved in local politics. I initially included the top four political subdivisions that received funding from property taxes in the truth in taxation process. These included counties, cities, school districts, and community colleges. However, in 2023, the Legislature voted to eliminate the majority of the levying authority for community colleges for property taxes, as they now receive their funding through the state. Community colleges now have a \$0.02 gap for property taxes and are limited as to what funds are used for. They went from receiving 5.4% of property taxes levied by local governments to only around 1.3%. Because of this, I introduced LB495 to remove community colleges from the truth in taxation process. This simply strikes community colleges from the act. The hearing for LB495 had no opposition, and the bill made it out of committee with a 8-0 vote. Once again, I want to thank Senator von Gillern and the work of the Revenue Committee.

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von GILLERN: Thank you, Senator Hansen. That details-- or, that con-- completes our detail of the bills that were amended into LB650. I do just want to make a quick comment on Senator Dorn's LB494. I do encourage you to read the handout that he sent around. The committee met with Senator Dorn, and we, we talked through what the change of this would be. We agreed that it was not a policy change. We actually had Keisha Patent from the Fiscal Office come in and meet with the committee members for about 30 or-- about 45 minutes to go over this to ensure that there were no policy changes, there were no changes in the program. This was at-- truly just cleaning up the math to do what, what the bill originally intended to do. So we got good assurance of that. And I'm thankful to Senator Dorn for bringing that bill. With-- I do want to mention a couple of cleanup matters that need to be addressed before General and Select File. The elimination of the purchas-- purchasing agent appointment in its entirety was not intended to be included in the amendment. It was intended to pare that back but not eliminate it, especially where nonprofits are concerned. So that needs to be addressed. Also, we dropped another amendment yesterday, AM981, which reduces funding from the Cast and Crew Act and shifts that funding to the Shortline Rail Act, thus ensuring that both programs remain viable, although at a smaller level of funding than originally desired. I thank Senator Sanders and Ibach for working out that very reasonable compromise. With that, I yield back the remainder of my time, Mr. President.

KELLY: Thank you, Senator von Gillern. Mr. Clerk for an item.

CLERK: Mr. President, a priority motion: Senator von Gillern would move to bracket LB650 until June 10, 2025.

KELLY: Senator von Gillern, you're recognized to open on the bracket motion.

von GILLERN: I'd like to withdraw that bracket motion, Mr. President.

KELLY: Without objection, it is withdrawn. Mr. Clerk.

CLERK: Mr. President, Senator von Gillern would move to recommit the bill to the Revenue Committee.

KELLY: Senator, you're recognized to open on the recommit motion.

von GILLERN: I move to pull the recommit motion, Mr. President.

KELLY: Without objection, it is withdrawn. Mr. Clerk.

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CLERK: In that case, Mr. President, Senator von Gillern would move to amend the committee amendments with AM981.

KELLY: Senator von Gillern, you're recognized to open on AM981.

von GILLERN: AM981 is the amendment that I just mentioned that changes the funding slightly between the Cast and Crew Act and the Shortline Rail Act, re-- again, ensuring that both of those programs remain viable. It's a net zero-dollar impact to the total bill and, and again something that was worked out between the interested parties and-- to, to-- and my gratitude to them for doing that. Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Returning to the queue. Senator Brandt, you're recognized to speak.

BRANDT: Thank you, Mr. President. I want to thank the Revenue Committee and especially Senator von Gillern. These guys are in a difficult position. I'm in my seventh year here. And they're faced with helping the Appropriations Committee close the gap. You know, we as a state have had some very good years, and that was-- been reflected in the reduction in income taxes we put forward two years ago, along with increased in business tax credits and sales tax exemptions. Now we as a state, we have to reduce our spending and increase our revenue, both of which are politically difficult, and they'll become more so as this body tries to broaden the tax pace. I want the senators-- and I'm, I'm going to talk especially to the freshman class. I gotta brag on you guys. In the time that I've been here, this freshman class came in, they've got a lot of public policy experience. We've got county commissioners, city councilmen. We've got mayors, school board members. The class is older than any of the other classes that we've had. I kind of see them as sort of fearless. And maybe this is gonna be probably the start of the first time that you guys are gonna get taken out into the Rotunda and get threatened. And what they're gonna tell you is they're going to tell you you're not gonna get reelected if you vote for a tax increase. Well, man up. We got elected to make some tough decisions here. And it isn't all just cultural decisions. This is on the fiscal side of the books, guys. We've got to fill some holes here. We were privileged enough, my class, to do some of the easy stuff. And now we're back to some of the hard stuff. So I would encourage you to listen up. Don't take the bait. You have to realize that you're getting called out there because they're scared. They're scared that they could lose a tax credit or a sales tax exemption. So I support LB650, AM923, and AM981. And I would yield the rest of my time to the vice chair of the committee, Senator Jacobson.

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KELLY: Senator Jacobson, you have 2 minutes, 30 seconds.

JACOBSON: Thank you, Mr. President. Thank you, Senator Dorn-- or-- excuse me-- Senator Brandt. I want to chime in where I believe Senator von Gillern began, that you're going to have people tell you this is a tax increase, but what I can tell you it is, is that we're repealing items that were on the tax rolls and were repealed before. OK? So what we're doing is we're putting them back on. OK? Folks, we need to balance our budget. We've asked a lot from the Appropriations Committee coming in to begin with with the deficit that we had. That now has been cut by more than half. But if we're not going to support this bill, then what are we going to do instead? What's the alternative? Talk to us about what that is. Do we take the money back away from the university? I'm guessing many in this body would say no. Do we make other spending cuts? And if so, what are you willing to set up on the table? There's been a lot of discussion that went into this particular bill. There's giving by a lot of people in this, and a lot of constituents are going to be impacted. I can tell you that I continue to focus on how is ag going to be impacted. And we have to pay our piece on this as well. I think it's a very thoughtful bill that includes a number of other bills that have no fiscal impact that are good bills that need to get passed. The most efficient way to do that is through AM923 to LB650. So I'm hoping that everyone will climb on board and try to help balance our budget, which is the first priority that we need to do as a Legislature. With that, I'll yield my time. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I currently oppose LB650 and AM923. Specifically, I oppose it because, Senator Jacobson, this bill is proposing to repeal some, some incentives that have never been repealed before because they are kind of new, like the Urban Redevelopment Act. So it's never been repealed, Senator Jacobson. The Urban Redevelopment Act is a performance-based incentive program designed to encourage growth in small businesses in urban areas through hiring and investment in qualified properties. This is helpful for businesses, especially in urban redevelopment areas, for hiring and those type of things to incentivize businesses to develop in these type of areas that are high in poverty and those type of things. It's why the bill was passed, to encourage investment in these areas, to spur job growth and those kinds of things. So I-- I'm really curious what is the-- what is the increase in revenue that the state is going to get if we are going to repeal the Urban Redevelopment Act? Because it's not in this handout and I don't

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see it in the bill. What is the increase in revenue if we're repealing the Urban Redevelopment Act? So next time Senator von Gillern gets on the mic, I would like to hear that. Secondly, the CHIEF Act was just passed last year. So I would like to know, what is the increase in revenue that the state is gonna get for a bill that was just passed last year? I'm just curious. But this talk of, like, people have to make tough decisions, Senator Brandt-- dear freshmen, I, I just want y'all to know, there is one thing that you could do that we don't have to do as a state: we don't need to build a prison. That's what we don't need to do. If, if we want to increase our resources and save money, one thing that is in the budget this year that we do not need to put money into is building a new prison. That would save us-- because the prison in total was supposed to be 100-- originally proposed to be \$350 million. And it's already over budget. That-- that's not being discussed. The prison is already over budget, freshmen. We don't need to pay for it. We shouldn't pay for it, and you shouldn't vote for it. So if the state needs \$70 million, we could get that from the prison. So freshmen, here-- that's a hard-- you don't have to make a hard decision. Just vote against the prison, bring that money back into the budget, and you can walk away happy and smiling, and you don't gotta worry about votes. So I'm just saying that's an alternative, Senator Jacobson. If they're looking for a alternative, freshmen, I got one for you: don't vote to build a prison. Bring the money back into the budget. Everybody's happy. And we're not building a prison in 2025 that actually, if you haven't checked the research, will be overcrowded the day it opens. Everything says it. It will be overcrowded the day it opens up. And then the other thing that nobody's talked about, we have all these other bills that are increasing penalties that is going to help with that overcrowding. So I'm just saying you don't need to build a new prison in 2025. But again, just to get the record straight and the facts straight, the Urban Redevelopment Act, Senator Jacobson, has never been re-- repealed because it was enacted in 2021. The CHIEF Act has never been repealed, Senator Jacobson, because it was just passed in 2024. If we're repealing these bills to help small businesses and business growth, especially in economically distressed areas, please explain to me what is the increase in revenue that the state is getting. What is the savings? And lastly, freshmen, you don't have to take a tough vote. Just don't build a prison. You save a lot of money. And it's already over budget. Don't build a prison. Bring it back into the-- bring it back into the General Fund, and you don't have to make a tough vote. You don't believe me, go, go ask. It's already overcrowded. Save money by not building a prison and we don't have to have these tough decisions. Thank you.

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

JACOBSON: Thank you, Mr. President. I will-- Mis-- Senator McKinney, I will answer your questions. The way the state benefits from tax incentives that are repealed is we don't-- we get the additional revenue. We don't put that out as a negative income. That's how that works. That's how the state has savings. As far as the prison, I'm having trouble following your logic. You're telling me the prison when it gets built will be overcrowded but we don't need a new prison. Are we just supposed to turn the inmates out loose? Are we supposed to release everyone from prison? I, I understand that seems to be what you're after, but I can tell you that the state of Nebraska does not agree with you. OK? People that are law-abiding citizens do not agree with that logic. And so, yes, we will build the meeting-- the infrastructure that we need. So I think that's something we got to keep in mind when we do this, is think about-- think logically about what we're trying to do to balance the budget. We can all get up here and wave our favorite product-- pro-- projects and say we absolutely need this. And I will tell you we got along with it be-- without it before. We don't need to bring new fund-- new programs in. So right now, what we're trying to do is stop any new funding for new programs, try to repeal the most recent things that were passed, and try to balance our budget. That's what we're trying to get done. And I'm hopeful that everyone looks at this logically and brings serious, serious alternatives if you have alternatives to bring. But we're not sure what those are. I know the Appropriations Committee has worked hard to figure out how we reduce spending. The Revenue Committee has worked hard to be able to find new revenue sources or reduce the lack of negative re-- revenue by providing tax incentives. That's what we're trying to do. Pretty simple prospect. Again, if there are serious disagreements about things that we should or shouldn't be funding, let's talk about that. But let's be serious about it. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. Senator Riepe, you're recognized to speak.

RIEPE: Thank you, Mr. President. I'd yiel-- like to yield my time to Senator von Gillern.

KELLY: Senator von Gillern, 4 minutes, 53 seconds.

von GILLERN: Thank you, Mr. President. I just wanted to respond-- is Senator McKinney still in the room? I don't see him. I just wanted to

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respond quickly. And, and I'm still doing some homework. The Urban Redevelopment Act is in Sections 54 and 55 of the bill if anyone wants to look that up. And then the, the CHIEF Act we did not eliminate. He, he-- Senator McKinney indicated that was just passed last year. There was an-- there was an enhancement passed to it last year, and we're peeling back that enhancement. There was-- one of the cities-- I don't recall which one-- that was at the hearing that said, said, hey, we've relied on this for many years. We don't want to give that up. However, the enhancement we could, we could give up. So we agreed to pare back the enhancement-- again, falling within that LIFO theory-- because it was very recently done, but not the entire program. And I'm happy to visit with Senator McKinney further on the details of the Urban Redevelopment Act when he's available. And if that happens to be off mic after today's, today's discussions, that's fine too. Thank you, Mr. President.

KELLY: Thank you, von-- Senator von Gillern. Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. Good morning, colleagues. I was wondering if Senator von Gillern would yield to a question.

KELLY: Senator von Gillern, will you yield to questions?

von GILLERN: Yes.

DeBOER: To be fair, the Lieutenant Governor has it right. It's questions, plural. I said question. Sorry.

von GILLERN: You warned me.

DeBOER: Can we start with the repealer? So Sections 59, 60, 61, 62, 63, and 60-- well, actually not 64. That's the emergency clause. The other sections, 59, 60, 61, 62, 63, have a bunch of statutes listed as bill-- as statutory provisions that we're repealing. Do you have a list for us so that I-- I don't want to look up every single one of those statutes. There's quite a number of those.

von GILLERN: Thank you for not asking me to look them all up in front of you. We will get that list put together. And we may have it even before our discussion is done today. We should have included that in the handout yesterday and, and failed to do that, so thanks for asking.

DeBOER: Yeah. Because there are some things in there-- I just want to know what we're repealing in order to--

von GILLERN: Right.

DeBOER: So I was wondering also about just the reason for the tax sale deed. As you know, that tax sale deed portion, we've been working on that for a couple of years. May-- maybe even before you were here we passed some bills. I had a bill on that as well. And I just want to make sure that we're not undermining the protections that we put in place for homeowners.

von GILLERN: OK. Actually, Senat-- that was Senator Bostar's bill. He's here now. I'd be happy to--

DeBOER: OK. I'll ask--

von GILLERN: If you wouldn't mind asking him that question directly, that would-- he'd probably give you greater clari-- I, I know my way around it, but he would probably give you greater clarity on that.

DeBOER: OK. I'll ask him in a second then. And then can you explain the transfer portion? I think that is your original bill at the end of this-- well, towards the end of this-- about-- exactly what is the change? I saw the 1.03% to when they're even. So right now, you only would transfer out of the rainy day fund if you're at 1.03% or greater of the forecast. And now it seems to be missing that 0.03%. Can you explain that to me?

von GILLERN: Yeah. So that was, that was Senator Dorn's LB494. That was the portion that I mentioned that we worked with Keisha Patent on in clarifying the math. And again, it does not change the-- and, and it's interesting because it shows up several places in the amendment. It's not all in one place, which is always fascinating to me how we can have one topic show up in multiple places. Same with the tax certificates. Again, Senator Dorn might be able to, to better explain that, but it is clarifying the math. It does not change the, the percentage. It does not change the spillover amount. There was a-- there was a mathematical death spiral in, in the, the way that the bill was originally drafted to where it would have eventually worked its way down to, to, to zero, if I remember right. But again, Senator Dorn might be able to add additional clarity to that. And I know his sheet here does too, but I-- I've read this sheet, like, five times, and-- I always understand it after the fifth time, but it's, it's, it's pretty complicated how we get there.

DeBOER: OK. So then I will ask-- starting with Senator Bostar some questions. Thank you, Senator von Gillern.

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KELLY: Senator Bostar, would you yield to questions?

BOSTAR: Yes.

DeBOER: Senator Bostar, as I was reading the amendment, it looks like the main thing you're doing is creating a distinction between vacant properties and nonvacant properties. Is that the main thing you're working on?

BOSTAR: So there's a few things happening here. A number of the provisions are designed to create some uniformity in our, in our system and process. We recently passed legislation, as had-- you sort of mentioned on the tax deed certificate process and, and what-- preventing windfalls from, from people taking tax deeds. And in that original legislation, not all of the provisions are interpreted the same way across our counties, and that is leading to some real challenges. And so a lot of this is there to-- in response and at the request of a lot of counties to provide some of this continuity of interpretation. But it, it includes a number of things. So-- including how we do service. That's a change. And also how we're defining certain things. But I'm happy to a-- answer some specifics.

DeBOER: OK. With respect to the service, you know, the reason for the legislation a couple years ago was because we had gotten in a place where folks weren't actually being given real notice. So does this undermine that need to actually give real notice to folks?

BOSTAR: So-- no, I don't believe so. We were, we were requiring the--

KELLY: That's time, senators. Thank you, Senator DeBoer and Senator Bostar. Senator Sorrentino, you're recognized to speak.

SORRENTINO: Thank you, Mr. President. I'm proud that we live in a state that recognizes the benefits of a balanced budget. That simply means we are fiscally responsible, unlike many other states. As a proud member of the aforementioned freshman class and the only freshman on the Revenue Committee who brings this bill, I understand that some decisions are difficult but necessary. As a CPA for over 40 years, I am familiar with difficult budgets, and more specifically a concept of LIFO accounting, which stands for last-in, first-out. It makes perfect sense to me to address the most recently passed legislation rather than well-established, proven legislation with a record of success. Fellow freshmen, I know most of you quite well, and I know that during our campaigns that we spoke about the privilege of serving for four years. Reelection is, as it should be, the furthest thing from our minds as we

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are just in our 13th week of service to this great state. This is a bill that is necessary. And although changes to tax policy are difficult, I believe it is the correct policy. And I would urge your support for AM981, AM923, and LB650. Thank you, Mr. President.

KELLY: Thank you, Senator Sorrentino. Senator Moser, you're recognized to speak.

MOSER: Thank you, Mr. Lieutenant Governor. Good morning, colleagues. Good morning, Nebraskans. So as we face our budget deficit in the new year's budget, we're just short of \$300 million short to start with. And we need to make some adjustments to the budget for it to balance. We're not allowed to borrow money like the federal government can. We need to pay our bills as we go forward. Our budget is about \$5 billion for what we can control. And of that \$5 billion, about \$1.7 billion is for service programs: Medicaid, public assistance, child welfare, developmentally di-- disabled, behavioral health, higher ed student aid, aging programs, public health aid. There's a long list of those. And this bill doesn't purport to cut any of those social service programs. If you were going to distribute the 5% cut-- which is about what we need-- 5% of \$5 billion is, like, \$250 million, and that's a little bit less than what we're off-- then you'd have to cut all these programs 5% also. And so the whole package has to add up when we're all said and gone-- done. We can't say, well, we can't cut anything. We can't say, well, we can't enhance revenue in any way. That just does not add up. You can't set boundaries for yourself about what you can and can't do and then-- it's going to make you fail. You're going to have to look at all the pot-- potential revenue enhancements. You need to look at expenses. And the reason that there's property tax relief in the budget is because the state has not funded education the way the constitution suggests that we should. And so we've pushed that onto local governments. And the only thing they can-- well, not the only thing-- but the main way they fund local education expenses is through property tax. So if we give property tax aid, that takes pressure off the schools. That makes the schools' bond issues look more attractive because the overall property tax rate is not as high after we give certain credits toward it. So I encourage-- I'm, I'm encouraged by the bill that Senator von Gillern brought and his committee. And this is just the beginning of the discussion. We've got a number of different things we're gonna have to do to make this all add up. So I appreciate everybody's attention and, and flexibility as we work forward. Thank you.

KELLY: Thank you, Senator Moser. Senator Quick would like to recognize some guests in the north balcony. They are fourth graders from Newell

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Elementary in Grand Island. Please stand and be recognized by the Nebraska Legislature. Senator Murman, you're recognized to speak.

MURMAN: Thank you, Mr. Lieutenant Governor. I'd like to speak in favor of the amendments and LB650. As a-- the senior member of the Revenue Committee, I'd like to at least echo a few of the points that have already been made today. This bill, of course, does remove some especially recent credits and exemptions and incentives that-- the most recent that have been made for the most part. And in these difficult times when revenue is coming in much less than we would like to see-- unlike in recent years when we did have a good revenue-- we, we need to make these difficult decisions. First of all, constitutionally-- and just as a matter of common sense-- we need to balance the budget. And then the next priority after that should be reduce taxes, especially property taxes, and that's what I ran on when I first ran for the Legislature about eight years ago now. So we also need property tax relief. And these are difficult times in agriculture. Of course, agriculture does provide a, a, a large share of property taxes that are paid in the state. And farmers are being forced off the land now because of the high property taxes. Also, the high property taxes are forcing people out of their homes. So we do need to do what we can to cut those taxes. That, that should be our first priority after balancing the budget. So we-- we're cutting spending as much as we can. The governor has swept revenue from every nook and cranny in the budget in, in the departments that he can. And that's difficult to do also. And it's never easy. We can't worry about getting reelected. The main thing we need to worry about is, like I said, balancing the budget and cutting property taxes. And if we can do that, we, we don't need to worry about getting reelected anyway. We need to modernize our tax system. And that's a broader sales tax base. That's what many states are, are moving to-- most-- all states are moving to, actually. And we've got a long ways to go there. So I totally support what, what the Revenue Committee is trying to do here. And we need to all get behind that and keep our state healthy, the budget healthy, and cut taxes, property taxes, where we can. Thank you, Mr. President.

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

DORN: Thank you, Mr. Lieutenant Governor. We're-- we'll-- wanted to-- I call it, one more part I forgot to explain about LB494, and that is the part about the certified forecast. When we-- when the fisc-- when the forecasting board meets three or four times a year, when they meet in October, that's the original certified forecast. So that can stay as a certified forecast throughout the year based on whether we have

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additional increases in revenue or not-- excuse me-- when they meet again because they did what they did this year in February. Now, that is the new certified forecast, not the October. So part of the reason in LB34 that there was a lot of confusion was-- in LB34, it said actual last year over actual this year, not-- that doesn't take into account some of these-- some, I call it, extra things that could happen, like, for instance, when we had all the ARPA money. We had a whole big growth in, I call it, revenue. Well, some of that played into the certified forecast and we had a-- I call it, an anomaly because it wasn't actually revenue that was kind of earned as the state of Nebraska. So this is also a major part of the clarification in LB494 how and when and where the certified forecast will be calculated, and then based on those exactly where the transfer goes to. So thank you very much. And I'll yield my time.

KELLY: Thank you, Senator Dorn. Senator Hansen, you're recognized to speak.

HANSEN: Thank you, Mr. President. Just for a brief time period, I want to discuss a little bit about not so much my portion of the bill but, but what my amendment to this amendment brings is-- talking about the pink postcard. So for those who are not familiar with the pink postcard-- I'm sure a lot of people here are-- that pretty much puts some onus on the taxing authorities-- the local taxing authorities to explain what they're doing, why they're doing it, and how they're doing it to the people. This is some-- this is something we typically would, would do during a budget hearing. And again, this is what I'm encouraging everybody who's listening-- my constituents, but everyone in Nebraska-- is attend the budget hearings for your local taxing authorities, which would be your county, which would be your city, which would be school. That's where you make the change. We believe in local government entities. We believe in local taxation when it comes to property taxes. So the pink postcard is the ability for the people to voice their concerns in one hearing where all the taxing authorities have to be in one, you know, one location with representatives up there at a certain time past-- you know, not at 1:00 p.m., where everyone's working. And so this is a great time for you to attend-- so when these pink postcards start come-- start coming out, attend the hearings. Voice your concerns. Talk about levies. Talk about budgets. Educate yourself. When we introduced this bill and passed it a cou-- about two, three years ago, we've seen a huge impact on, on local taxing authorities and what they levy. I don't know how many times I've heard throughout the state of Nebraska from counties and cities and schools-- that damn pink postcard. I do not want to be on it. That's the point. Now it's not just the people who are paying attention. It's the people

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who are taxing you. It's working. And so I just want to encourage everybody to attend the pink postcard hearings and educate yourself and ask a lot of questions. Now, pertaining to LB650, what Senator von Gillern is trying to do-- and something we honestly have to do. This is kind of budget 101. When we don't have any money, we can't give out as much money. I would like to cut more. I have definitely my own personal concerns with business incentives, tax incentives because in a way I feel like we're picking winners and losers as a government. If you're going to do it, you give it to everybody or you give it to nobody. Just like we see with the federal government, I don't want to see the state of Nebraska go down that road. And so what Senator von Gillern and the Revenue Committee is trying to do here is scale back some of these tax incentives that we have given throughout the years, especially last year and two years ago, because we don't have any money. We're not broke by any means. We got to balance our budget. But just like if your household revenue falls short, you need to cut back on stuff. We're also trying to read the tea leaves a little bit about what the federal government's doing. They're gonna start-- they are scaling back, and they're gonna scale back even more. When they start cutting back grants, incentives to states, their business incentives, we have to do the same thing. And then also, the local taxing authorities have to do the same thing as well. So pay attention, people, to what your cities, your counties, and your schools are doing. They need to scale back just like we're doing as a state, just like the federal government is doing, and it's about time. Nobody likes the word cut-- cutting things in the budget. Nobody likes that. But you know what? It has to happen. So I, I applaud the Revenue Committee for what they're trying to accomplish here, and I encourage everybody to, to vote green on the bill and the underlying amendments. Thank you, Mr. President.

KELLY: Thank you, Senator Hansen. Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. I would like to just actually ditto to Senator Hansen. This package of bills puts together a lot of clarifications. Senator Dorn did a really good job with L-- the-- his part of it that clarifies some of the issues in LB34. We have Senator Rountree's bill, which is actually complimentary to one of Senator Andersen's bills, LB613, which is on Select File. It helps flu-- fill that out. So it's a piece that was missing. When we offer tax credits, it's done as an incentive. It's a, hey, we'll give you this if you come build here, if you come do something, if you expand. It is an extra. It's something that we do when we have the extra money. We ha-- are, are in a budget crunch, and so we have to, as Senator Hansen said, look at cutting those extras. A tax credit is something that we give to

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someone to build, to move here, to do something bigger in the hopes that it will develop more, that we'll get more benefit from it, but there's no guarantee. So while we're in a crunch, rather than going to the taxpayers and saying, hey, by the way, we need more money from you, we're saying, hey, we are going to tone down what we are offering as incentives so that we don't have to take more from taxpayers. So LB650 is going to help hold on to our General Fund money to make sure we can balance our budget because that is part of our constitution, that we have to have a balanced budget. I agree that we need to cut more spending. I would like to cut a lot. It's very hard when you see programs that are either not being used or money that is sitting there and isn't being used effectively to think, gosh, shouldn't that go back to the taxpayers? And I have to reiterate: the government does not make money. The government takes money. I talk to people who think, you know, well, the government will pay for it, or-- that's federal money. That's not state money. It's not my taxpayer money. Well, the federal government gets all of their money from the taxpayers also. We always have to keep that in mind. By bringing back some of the incentives, by toning them down a little bit, we will do a much better job at balancing our budget and preserving our-- the money for our constituents. Thank you, Mr. President. I yield my time.

KELLY: Thank you, Senator Kauth. Senator Ibach, you're recognized to speak.

IBACH: Thank you very much, Mr. President. I'm a new member on the Revenue Committee. And part of the reason that I wanted to be on Revenue Committee is to do exactly-- or, listen and, and do exactly what we're trying to do with LB650. The last-in, first-out approach is-- not everyone will agree with it. Many of those programs that are last-in are not in effect yet. They have commencement dates, maybe 2026. Some of them have shortened sunset dates. So they might be in effect now, but they will sunset earlier. That's a strategy that we need to really consider because much of the media, if you listen to think tanks or different media articles, they say we need to cut spending and increase revenue. Senator von Gillern was exactly right when he said this is not a tax increase. This is really an attempt at finding a solution to removing these exemptions and finding that revenue that, that might be there. Several folks have said, what is the benefit? Senator McKinney said, how much are we saving? If you look at the information that the-- that Senator von Gillern handed out this morning, there's an estimated increase in revenue. This is not a tax increase. This is an estimated increase in revenue of over \$71 million. When we look at Appropriations and Revenue and how do we work jointly together to make this work this year, that's an effort from the Revenue

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side without increasing taxes to make the program work. The doctor of the day the other day, I had a really good conversation with him about health care. But his final note to me was-- to me was, don't sacrifice good for perfect. Is this perfect? No, it's not perfect to everyone, but this is good and we have to look at the good in it. Thank you, Mr. President.

KELLY: Thank you, Senator Ibach. Senator Hallstrom, you're recognized to speak.

HALLSTROM: Thank you, Mr. President, members. When I campaigned, to nobody's surprise, property tax relief was the number one issue on everybody's mind. To a little bit of my surprise, however, there was a good deal of pushback with regard to shifting taxes. They weren't particularly interested in raising one tax to lower another. They didn't want us to just reshuffle the, the deck chairs, if you will. And so I, I would tend to agree with what Senator von Gillern said in terms of what we're attempting to do under LB650. And we do have a completely different dynamic, at least for the moment. And that dynamic is balancing the budget, as we're constitutionally obligated to do. And so, I think in looking at that, I, I certainly would implore the, the Appropriations Committee to continue to look, as Governor Pillen has with reduced expenditures, cutting, cutting expenses in-- expenditures is, is certainly the, the first priority. And I think we ought to continue to look at that in tandem with what we're doing in positioning these measures going forward. I think that we also should not overlook the fact, as Senator Dorn has indicated, that, come April 25, we're going to have the Economic Advisory Forecasting Board meeting again. I've heard estimates that the good work of the Appropriations Committee thus far has got us within \$180 million of balancing the budget. And if we get another \$165 million infusion like we did back at the end of February, perhaps we're going to be closer to that mark and maybe some of the things that we're looking at today in terms of deferring or delaying some of these tax incentives will be things that we can take a renewed look at as, as these measures move on down the line. And I think overall my position has typically been, in a perfect world, we'd have a tax structure that was so robust that we would have individuals and employers moving to Nebraska based on our overall tax structure and we could be more targeted in looking at our business tax incentives. And I think the Revenue Committee has taken a prudent approach in looking at where we can defer or delay. We're not eliminating programs. We're simply saying we're not going to fund increases that were going to go into play. And I think in terms of looking at our overall tax structure, the ALEC "Rich States, Poor States" came out, and we testified earlier this year when I had a bill to repeal the inheritance

tax. But that particular measure would move us from 28th to 16th among the 50 states. And so I think those types of issues need to be looked at in the long haul. But for immediate purposes, we need to balance the budget. We need to put everything on the table that we can to be poised to do that as we move closer to day 70 to 80 when the Appropriations Committee budget will forthcome and we will making final decisions in that regard. One last issue in-- and in terms of looking at the last-in, first-out, LIFO, approach that the governor has suggested and that has been talked about here this morning on a number of occasions, one item which is in Section 5 of the original bill that I'd just like to tee up-- don't intend to take any action or propose any amendments today-- has to do with what's called the sales tax collection fee. The reason I don't necessarily look at that as a LIFO issue even though it was just adjusted in 2022 is that back in the special session-- I believe in about 2002-- we had a fiscal crisis and we removed a, a big chunk of that sales tax collection fee that the businesses collect on behalf of the state as they make sales. And so to have at that time indicated that, due to the fiscal crisis, it'll be a year or two and that sales tax collection fee will be put back in play as it was originally intended only took 20 years to get done. So the fact that we just did that in 2022 is not a new program to me. It's not a new increase in that particular measure. It was one that was long overdue and perhaps should be taken with a little closer look in terms of removing that. I don't know that it makes a great deal of difference in the overall scheme of the budget, but it's important to individual small businesses. So I thank you for your time and encourage your support of LB650.

ARCH: Senator Spivey, you're recognized to speak.

SPIVEY: Thank you, Mr. President. And good morning, colleagues, folks that are wa-- watching online, joining us in the Rotunda, and upstairs. It's Friday, y'all. We made it through the week. And I'm really excited to be able to dig in more into the revenue side and our budget. I wanted to start out just with some reflections just around our priorities. And so we have had conversations on the mic about different bills and just in general around what is it that we are trying to prioritize. What does that look like? And I do not think that cutting expenses is our first priority. I truly believe that we have to decide what is our strategy and really the vision for our state. And then how do we align our policy and practice to that? And so, for example, there was some conversation between Senator McKinney and Senator Jacobson around the prison and, and how do we fund. And so when I think about that framework of deciding our strategy and vision for the state and how that comes into practice, instead of funding incarceration, putting

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people inside of institutions, we can fund, for example, affordable housing. We can ensure that our public schools are quality in meeting the needs of community. We can make sure that there are mentoring programs in our community for young people that are navigating different complexities. We can ensure the folks have the wages that they need to take care of their families. We can address mental health and addiction, which we know is a driver for why we see more people coming inside of our prison system. And so that's a difference in ideology. And so instead of saying, I'm going to address the symptoms of the core root issue or symptoms of the core root issue, we should address the true core root issue. And so I think again, from a funding and budget priority standpoint, if we put dollars into those types of programs, we would see that our prison population would decline. We would see that we are not using taxpayers' money to have people inside of our system. And so within the appropriations process, for example, of how this applies, we are having conversations about the judiciary budget and some of those preventative programs. Because of the cuts that have been proposed by both this body as well as the governor's budget, which is separate-- they're not the same and, and I don't think should be accounted for as the same-- that they are looking to cut some of their diversion and preventative programs that would not just put people inside of detention, prison or jail, but it would allow for them to get the support and resources that they need in order to be able to add value and be contributing citizens to their communities and families. And so there is an investment on the front end, but then you see the difference long term and-- again, from our tax base and, and how much it actually costs to incarcerate someone. I brought some data last time on the mic around Senator McKinney's family resource bill that it costs annually-- or, you would save, actually, annually about \$117,000 if you did diversion programs through-- like what I mentioned in Judiciary-- versus putting a young person in detention. And so again, I, I think-- and appreciate this conversation and just wanted to uplift some different frameworks and ideology around how do we prioritize and vision for our state. And then what do those investments look like that do have an ROI that not only grow our economy and our workforce but also just create vibrant communities that people can live in? As a fresh member of the Appropriations Committee, it has been an interesting process to see how we budget as a state. I don't know if I would budget my business in this way or my personal budget, but this is the budgeting process. And I think it can be difficult in what's in front of us, just being transparent, of that you have finite information. We get to see every agency that comes in front of us, and we have a finite view into that agency. We also have a finite view into revenue. And so I do not have specific views yet on LB650 or any of the

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amendments because I need to dig in and spend time. And there's going to be a point when these two committees converge our ideas and hopefully present something that really supports the, the future of Nebraska. And, and I'm hoping that that continues to be our, our goal and our, our guidepost, that, how do we really create something that invests in the people assets of our state and not just the institutions? So with that, Mr. President, I yield the rest of my time.

ARCH: Senator Ballard, you're recognized to speak.

BALLARD: Thank you, Mr. President. I just want to briefly highlight one of the programs that is being cut in the last-in, first-out approach of LB650: a bill that I passed last year, the Relocation Incentive Act that I worked with the Governor's Office and the Revenue Committee that passed in LB1023, Senator von Gillern's bill. This is a bill that is providing relocation tax credits to companies that bring new talent into the state and then also providing a tax credit for individuals that relocate to the state. We talk a lot in this body about attracting and retaining new talent, and LB1400 from last year is something that tried to address that problem. So I look forward to working with the Revenue Committee and Senator von Gillern in, in future years to bring programs like this back. With that, I would like to yield the remainder of my time. Thank you, Mr. President.

ARCH: Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I talked to Senator von Gillern. He said he won't be able to give a, like, a breakdown of, like, what the increases in revenue will be once we get rid of these programs until Select. So I definitely will be interested in seeing what, what, you know, the increases from each of these will be. I think that's interesting. The other thing, Senator Jacobson, you said you questioned my logic when I discussed the prison. I don't know if I've ever said that I wanted to just let people out of prison. I don't think I've ever said that. I just said we need to be smart about it. I said that it don't make a lot of sense that we're one of probably three places in actually the world that is still building prisons. Especially, we're building a prison that is going to be overcrowded the first day it opens. And the reason for the, the, the proposal for the new prison was that the current prison was overcrowded. So where's the logic? You, you kind of get where I'm getting at? It don't make sense. So we're wasting away money, and the prison is already over budget. And we're talking about cutting programs. If the current prison is already overcrowded, the, the new one is going to be overcrowded, why are we spending \$400-plus million on it? Where's the logic in that? The current one is

overcrowded. The new one is going to be overcrowded. The new one was sold as a replacement to address the overcrowding situation. Please tell me the logic of spending \$400-plus million on that. Please. I want somebody to get up and explain the logic. If overcrowding was a issue and you're still going to have a overcrowding issue, why is the state of Nebraska spending \$400-plus million? Explain it to me. Please. I, I dare you to explain it to me logically. That's my logic, Senator Jacobson. So I think we shouldn't be spending money on a prison. We could be spending \$400-plus million on essential programs that are gonna be cut. We could be spending money on some of these programs like Senator Ballard's that's getting cut that was just passed last year. We could be doing a lot of things. So when we talk about balancing the budget and spending, I'm really interested in the conversation when the budget hits the floor and spending for the prison is in the budget. Because let's have that, that conversation. When we talking about smart spending, taxpayer dollars, we need to be smart with taxpayer dollars, is it smart that it was a proposal for a new prison because of overcrowding but we're going to have a new prison that is going to be overcrowded the first day it opens? Explain the logic. Every projection shows that the new prison is going to be overcrowded. That's not Terrell's math. That's a lot of other people's math that are probably smarter than me. I'm just saying. So if we need \$71 million in revenue, let's cut it from the spending for the prison. Yeah-- and people might stand up and say the new prison will have better access to-- for programming and lighting and all these fancy things. But at the core of it, what I'm saying is it will be overcrowded. All the fancy bells and whistles are irrelevant to me if it's going to be overcrowded because it's going to affect the operations of the prison. Just like it's affecting the operations of the prison today. You can't do those things in an overcrowding situation. So you could build a fancy prison, but if it's overcrowded, that don't matter. That's all I'm trying to say. So freshmen, if you're having a hard time on this, just don't vote for the new prison. Save yourself and let's not build a prison in 2025. Thank you.

ARCH: Senator Juarez, you're recognized to speak.

JUAREZ: Good morning, colleagues. And good morning, everyone online. This has been an interesting conversation this morning in regards to the budget. And I don't serve on Revenue or, or Appropriations, so I'm really trying to listen intently to the topics being discussed. And my only comment in regards to the funding sources that we have is I don't know what happened to the bill that I submitted on increasing the alcohol tax. My bill was LB330. And surely increasing the alcohol tax will increase revenue for the state. And yet my bill isn't being

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mentioned at all. And it definitely can help in our funding shortage if we take a look at that bill. And I also was willing to have even more of the funds that we receive from my bill go to the General Fund to assist, to assist with paying our expenses. And I would just like to suggest that we take a look at that bill. And believe me, in-- me introducing this bill, I'm definitely not concerned about my potential reelection issues. That doesn't come into play. I don't worry about that. I feel with good conscience I am making good efforts on behalf of my-- on behalf of my district. And so I just move forward with what I think is good policy. Thank you. I yield the rest of my time.

ARCH: Senator Bostar, you're recognized to speak.

BOSTAR: Thank you, Mr. President. And good morning, colleagues. As we had a little bit of a discussion about already, AM923 takes some steps to address property, delinquent property taxes, and minimum tax sale certificate redemption provisions. A couple that I want to just draw some attention to is within AM923. We make some adjustments to the notice requirements to the tax certificate sale process, as Senator DeBoer brought up previously. Current statute requires that sheriffs make repeated efforts over weeks or even months to drive out to properties in the hope that the homeowner is present and will answer the door in order to deliver notice via personal service. The requirement of personal service causes excessive strain on departments across the state, preventing them from being able to exercise their numerous other obligations to the community. Allowing for service by resident service and, if unsuccessful, by certified mail service will significantly reduce the strain on our law enforcement departments, particularly out in rural areas of the state of Nebraska. Legislation also modifies the tax certificate administrative fee from a bureaucratically burdensome dynamic amount to a set and automatic fee of \$150 to be charged to the homeowner. Under the current system, tax certificate holders are required to prepare a claim for fees, which includes coordination with the sheriff's department for submission to the Treasurer's Office. The treasurer then has to review and make a determination of whether or not the claim applies to the statute. Many treasurers interpret the statute differently and have disparate bureaucratic requirements before recording the administrative fee against the property. This is time-consuming for treasurers and tax certificate holders. The proposed change to a one-time fee upfront, which is immediately applied, will preclude treasurers and tax certificate holders from having to individually interpret the statute, will remove any ambiguity, and will relieve both from having to prepare, file, receive, and process claims. This change will have no other effect on the requirement of service-- simply to provide a

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consistent fee framework. Because currently with the varied interpretation of this particular statute across all of our counties, we're seeing in some cases some fees that are I, I think a lot of us would consider to be potentially excessive. We're seeing others that are maybe on the other end. So this is a, a, a simple fee applied. And this really came as a request from the counties itself because I think they were understanding that having this level of variability within the interpretation of our statutes was problematic for their [INAUDIBLE] and operation. Finally, under current law, nearly all of the tax certificate collection efforts required to go-- are required to go through the foreclosure process. Our existing statutory language allows for recovery of attorney fees of 10% of the value of the delinquent taxes. The proposed language in the amendment would allow for reasonable attorney's fees, thereby providing consistency in our process. Again, with the, you know, current language that allows for the assignment of attorney's fees based on a percentage of the outstanding tax liability, we're not really representing any of the real costs for the process. And in some cases, we could be undervaluing it; in other cases, we could be overvaluing it for a property that's worth, you know, let's say, you know, millions and has a significant amount of back taxes that have been piling up. You could see a-- an extraordinary award for attorney's fees for what, what could just be simply a small filing exercise. And so-- again, putting this in line with the level of legal work required to process this and consistent with other areas of our laws and statutes I think helps improve this section of our statutes and is, is a win-win for all involved in the process. And with that, I would encourage your support of the underlying amendment. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. And good morning, colleagues. While I have appreciated the opportunity to learn more about the component parts of LB650-- and I appreciate my friend, Senator von Gillern's, leadership on the Revenue Committee and many of the senators who've talked about the legislation that they have as part of this committee priority. There's probably some components that sound fairly technical, maybe some updates, maybe some tweaks, but there's, I think, a, a larger issue lurking herein. And definitely this measure needs to be put into context as well. So I was looking through the handouts from the Revenue Committee because I didn't have a chance to attend their briefing, and trying to get through the bill and the corresponding fiscal note. And what's not clear to me exactly-- the fiscal note seems very confusing-- is, who's paying? Who's paying the \$70 million you're

banking on by passing this bill? Is it legitimately unused funds sitting in an account some place or that haven't been ta-- that haven't been bestowed? Or are you doing some sort of clawback on existing revenue programs, and why? And why is very clear. The Revenue Committee's briefing on AM923 to LB650 is titled "Closing Nebraska's Budget Gap." So let's talk about what that really means. Nebraska has squandered historic revenues both in terms of state revenues and federal aid that came to us in the last biennium, where we had historic surpluses. And in less than a biennium, you've blown a hole in the state budget through inequitable, irresponsible, unsustainable tax cuts that primarily benefit the wealthiest and the largest corporations. And now you're scrambling around, last year, in the special session, in the regular session, and this session to come up with a way to fill the budget gap. That-- that's a tax increase. No matter what verbal gymnastics you try to utilize or assuage your principles or guilts in pushing those forward, it is a tax increase. Otherwise, it wouldn't show a \$70 million increase in revenue on the fiscal note. And nobody has been clear thus far who's paying that \$70 million. It's to prop up the hole you blew in the budget. And now you're asking the univer-- you're asking the budget writing committee to make deep cuts. You're increasing taxes with this measure and measures to come this session. You're nickel-and-diming everyday Nebraskans to death to pay for your fiscal mismanagement. We're not cutting budgets and increasing taxes because we're in a recession. In fact, quite the opposite. We have low unemployment. We have a vibrant economy. But you have failed to manage a budget appropriately to meet our appropriate constraints that require a balanced budget. So everybody's scrambling all over themselves to figure out ways they can bring in revenues and cut appropriations to cover the tax cuts you can't afford. And you knew it. And that's what's going on here. So no matter how we dress it up in speeches that repeat the same talking points about first-in, last-out, whatever, you haven't been clear who's writing the checks for this \$70 million you're banking on. And then the other component parts you have out there are still a raid on teacher retirement, are still deep cuts to human services and education, and more tax increases to come from the Revenue Committee on primarily small businesses and consumers that we'll take up shortly. So that's the bigger picture. That's the bigger picture that nobody's talking about and needs to be talked about, because it has relevance for the context of this measure. And nobody has any plan or any clarity about the bigger hole in the budget you have blown for the outyears. Where do we go from here? Senator Murman was honest that we've already begged, borrowed, stealed, utilized every shaking of the couch cushions to sweep cash funds to prop up this budgetary hole. Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. Well, I was able to talk off the microphone with Senator Dorn about the provisions of his bill which are in this package. I think he's done a good job of finding a kind of middle ground to make sure that, when necessary, we can get money into the general funds and potentially maybe the rainy day funds if the budget circumstances are, are right. I would have liked to be a little more aggressive with that approach, but it's something I can live with. Senator Bostar and I also spoke off the microphone. His provisions of the tax sale deeds' notice requirements are a little concerning for me. He explained the reasoning, and I get it. It's-- we're kind of in a bad situation where somebody has to spend a lot of time tracking people down to give them notice. Or we're not as sure that they have notice. So we're in a kind of a balancing situation of how sure we are that they get actual notice and how sure-- or, in how much time of sheriffs and others we devote to trying to make sure that happens. Some of you will recall that it used to be that one of the options was a newspaper publication notice. That's obviously very insufficient in ma-- many, many cases. So the movement now towards certified mail is, of course, better and, and may be a, a good balance of those things. I'm willing to give that a try and look at it for the time being, especially in light of the other changes we made to tax sale deeds in terms of costs. So not ideal, but probably acceptable on both of those bill portions. The piece that I really need before I can vote for this bill is just more clarification on the repealer. You all know-- well, many of you know that I do not like tax expenditures. That's what this-- tax credits, et cetera, are. So I'm apt to support these kinds of things when we do so in a, in a smart way. And I'm just wanting to see what's all in this to know if that's what we're doing here. So I am open to voting for this. Just making sure that I've done my due diligence by looking at all of what we're repealing. Thank you, Mr. President.

KELLY: Thank you, Senator DeBoer. Senator Clements would like to recognize some guests in the north balcony. They are fourth, fifth, and sixth graders from First Baptist School in Plattsmouth. Please stand and be recognized by your Nebraska Legislature. Senator Clouse, you're recognized to speak.

CLOUSE: Yes. Thank you, Mr. President. I rise today just to share a few of, of thoughts that I've been collecting as I've been sitting here reading through the amendment and all the various bills that have been tied to this. And it's just really interesting when I sit here and just listen, because that's important. One of the things that I heard for

the last month or two from all my constituents is, when are we going to get the tax relief? When are we gonna get off these social issues? When are we start doing something that's meaningful? Well, folks, here we are. And these decisions aren't easy. They're tough. But nonetheless, we have to deal with them. It's really interesting that to-- to me too is, you know, being considered a freshman in this body. I've been in public service and in a leadership role in a community for 40-some years. And every decision that we made was always-- come to my mind that every dollar we spend is a dollar that either ratepayers pay or our taxpayers pay. So you always have to keep that in the back of my mind. And that's just ingrained in me, is, where's the money coming from that we're spending? And we're always spending it. So it's important to find out, well, where's it, where's it coming from and what's our revenue look like? And our city manager and I used to sit around a lot and we'd talk about different things in our community. And one of the things that we also talked about many times was that no one has ever darkened our doorsteps and come into our offices asking for less. It's always, we want more. OK? We want more entitlements. We want more services. We want more amenities. And most of the time, there never was much thought given to, well, who's going to pay for it? And what's the cost of all those things? And so those are always tough budget decisions. They're always tough things. And we have to look those constituents in the eye and say, well, I can appreciate that, but here's what we need to do and here's why. And so as we sit here and, and we look at the revenue side, I know that the next things that we're seeing is in Appropriations Committee and the challenges that they have. And I agree with Senator Conrad. That's one of the questions that I have being the freshman-- a freshman, is, where are we spending our money? And those, those cuts are going to be tough. And people aren't going to like those. And even the exemptions that we see-- there's always a question of fairness, and I, and I get that, because there are always winners and losers. If you don't want to pick a winner and loser or you don't think you affect winners and losers, then don't push a button. Because any time you push a button, you will choose a winner or loser because somebody will always feel that they're losing. So in order to make any decision, you have to have that constantly in the back of your mind. OK. How do I mitigate the impact of those that are-- feel like they're going to be losing something? So that should always be in the back of your mind. But the exemptions, they're just lost revenue. And we need to make sure that there's a fairness issue involved with those. And I think as I went through these bills and the work that the committee did-- even though I've had it a short time, I trust a lot of those people that are on there. We helped elect them to those committees. I've been a firm believer in let their communities--

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the committees do their work. They see a lot more information than we do. And we ask the appropriate questions. We talk. We communicate. And then at the end of the day, we'll get the right decisions. So I would just state that it's not an easy decision. And to our colleagues, we're doing the best job we can. And to our constituents, the best job we can. And we'll just keep moving forward the next number of days with long hours of debate. We're just going to keep working hard to see if we can get these things rectified. So with that, I yield the rest of my time. Thank you.

KELLY: Thank you, Senator Clouse. Speaker Arch, you're recognized to speak.

ARCH: Thank you, Mr. President. I want to talk a little bit about incentives. Now in my seventh year here, I've heard that word often. And I remember when I came into the Legislature now seven years ago, it was-- we, we often referenced ourselves as a high-tax state. We're a high-tax state. We, we-- it-- regardless of what tax you're looking at, we're a high-tax state. And, and, and I think it was Senator Hallstrom that referenced the ALEC study, "Rich State, Poor States," ranking us, where do we-- where do we fall in there? And, yes, we were, according to their ranking and other rankings, a high-tax state. So the argument was, look, if we're a high-tax state, we need to incent people. We need to give them something in order to either expand their business here, come into the state with a new business, move here to take a job. We, we need to have some incentives. So we over the years have been, have been busy building incentives to encourage people to develop business and grow our economy here in the state. But something changed about two, three years ago when we began to actually take a look at the fundamental tax structure of the state and lowered income taxes and lowered-- put, put dollars to local taxing entities to get them to reduce on property taxes. And we took that revenue and we lowered. As a result of that, we saw our rankings in those, in those various studies where we, we, we, we went up. We, we became less of this high-tax state. So the question now becomes, I say, which is better? Because it's going to be very difficult to do both. It's going to be very difficult to forgo revenue when, when it comes to tax incentives and at the same time also reduce our taxes. It's, it's revenue that we're talking about. And so it is-- the, the discussion here is, is philosophical as well. What's best for the state? Is it better for us to be a lower tax state across the board on our taxes and keep striving for that or continue the process of building incentive programs to attract? There's another piece to the incentive programs-- and I sit on the Performance Audit Committee. And we often do those studies of tax incentive programs. Did it accomplish what we actually intended? Did

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we, did we see businesses grow? Did we see employees? And I remember years ago when Senator Kolterman was leading the charge on an incentive program. That was a big question. Well, are we incenting-- are we incenting the right things? Are we, are we actually accomplishing what we want? Are we attracting higher paying, higher skilled jobs? Are we attracting larger employers or entrepreneurs? And all of those were part of the discussion. So at the same time that we have incentive programs, we also assess the incentive programs as to, as to whether the outcome is what we intended. So now we're at a point where we have reduced revenue by reducing taxes in our state. And so we now see ourselves-- as, as it plays out in the budget numbers-- we see ourselves with a deficit that we need to address as we balance the budget this year. And tax incentives are one of those things where we are giving away future revenue with the I say hope-- and it's more than a hope-- but, I mean, with the intention that it would-- that it would grow our economy and actually increase revenue over time. So I, I don't see it as a bad thing backing up from tax incentives, as we have done some very structural, fundamental things in reducing our taxes the last several years. So for that reason, I do support LB6650. Thank you, Mr. President.

KELLY: Thank you, Speaker Arch. Senator Guereca would like to recognize some students in the north balcony. They are political science students from the Schlegel Center for Service and Justice at Creighton in Omaha. Please stand and be recognized by the Nebraska Legislature. Senator Holdcroft, you're recognized to speak.

HOLDCROFT: Thank you, Mr. President. I wanted to address some of the comments that were made by Senator McKinney in that we are building a new prison because of overcrowding. We are not building a new prison because of overcrowding. It's because of obsolescence. We are replacing an aging prison system. I had, had passed out a-- just a moment ago an article that talked about the groundbreaking of the new facility on the 28th of August. And I highlighted the paragraph, the fourth paragraph down, which I'll read. This facility will replace the Nebraska State Penitentiary, which serves as the oldest facility in the NDCS system. Portions of that campus date back to 1869. 1869. That was two years after we became a state. Over the decades, the campus has been expanded and modified to maintain the facility's viability. However, the facility's agent conf-- configuration has made it difficult to operate as a modern correction facility. So back to Senator McKinney's comments-- yes, the prison-- we-- the prison system is overcrowded. After we build the new system and we replace and we tear down the old system, the old prison, we will still be overcrowded because it's a ratio. It's a ratio between the numbers of incarcerated individuals and

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the number of cells that we have in Nebraska. Let me-- for comparison, let me, let me-- let's take a comparison to the state of Ohio-- Ohio, who has 70,000 incarcerated individuals-- Nebraska, about 6,000. They're not overcrowded. Why are they not overcrowded? Because they have 29 maximum security facilities that hold 2,000 or more. It's not because their-- don't have a higher incarceration rate. It's just because they have more cells in their state. Now, I'm not going to argue that we should build more prisons, because I don't think that's the right answer either. But what you should be comparing are not the overcrowding of the prisons but the incarceration rate. That is the number of prisoners per, per capita. In Nebraska-- and there's a website here. It's, it's under The Sentencing Project. So you can look it up. It's online, available, where they have all of the incarceration rates in, in, in the country, which is a ratio between the number of incarcerated individuals per capita, per, per 100,000 people in the state. Nebraska's number's 284. That puts us at number 22 for the lowest, the lowest incarceration rate in the-- in, in the country. The highest is Mississippi, with 661. But guess what? Mississippi's not overcrowded. They have plenty of cells in their-- in, in their state to be able to handle the number of prisoners or the number of incarcerated individuals. So the solution is not more prisons. The solution is to reduce the number of people who are going to prison and reduce the recidivism of people who are coming out of prison. And that is what Director Jeffreys' program, called Reentry 2030, is all about, trying to ensure that people that are being released have-- do not reoffend, that they have skills, that they can get a job, that they can have a, a, a good place to live. And, and so that is, is one way to cut down on recidivism, which cuts down on your, on your overcrowding issue. The other way, of course, is what we've been doing in Nebraska-- Nebraska being recognized for this by many organizations-- is our problem-solving courts. We have continued to increase funding for problem-solving sort-- problem-solving courts for drug, for alcohol, for veterans, and now we're establishing them for mental health. And all of these functions, all of these courts do keep people out of prison, which does-- which reduces our overcrowding situation. So the new prison, which is going to be designed to help with pr-- programming to try to reduce recidivism, to reduce overcrowding is the right thing to do because the longer we keep NSP, the worse it's going to get and the more expensive it will be to the state to maintain. So the reason we are building a new prison is not because of overcrowding. It's become-- because of obsolescence of NSP. Thank you, Mr. President.

KELLY: Thank you, Senator Holdcroft. Senator Quick would like to recognize a guest under the north balcony: former State Senator Mike

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Gloor of Grand Island. Please stand and be recognized by your colleagues. Senator Spivey, you're recognized to speak.

SPIVEY: Thank you, Mr. President. And again, good morning, colleagues. I just-- I wanted to touch on a little bit more of LB650, but Senator Holdcroft made me think of some things during his time on the mic that I just wanted to uplift. And I totally agree with Senator Holdcroft around how do we think about reentry support and what does that mean to keep people out of incarceration, being system impacted. And I guess the, the follow-up and the critical point to that is not-- it's not enough to say that we know that those are the right solutions, but how are we as a body and a state investing in that? And so Senator Holdcroft uplifted problem-solving courts and the difference that it actually makes. Those are actually being cut in our current budget through jud-- through the judiciary portion of the appropriations. And so, again, we can-- we have the data to show that that is a viable solution to address not only the tax burden it puts on people when we send folks inside but also the community benefit, that, that having problem-solving court, having these preventative measures, looking at reentry are viable, improving solutions to addressing incarceration. But in our current budget and in our decision-making, we are cutting those. And so that is not coexisting. And, and so I think that is the conversation that I hope that we situate ourselves in, again, is around our intention and vision for our state, what has a return on investment, what actually grows our economy, what actually invests in the people asset of our state. And it doesn't seem like that philosophical approach is aligning to, to what we're seeing. So I, I just wanted to uplift that. And thank you, Senator Holdcroft, for kind of setting the stage around what we know to be true around reducing our prison population. The other thing that I wanted to mention and just touch base on is, is, how do we creatively think about our budgeting process? Again, as a new member of the Appropriations Committee, there's a lot of things in this body that folks are, like, well, this is how we've always done it. This is precedent, right? Like, this, this might not be in our rules, but this is how things are done, which I can appreciate and want to sit in tradition. And I think that we can also push ourselves as leaders in the body now as the elected representatives to think creatively around our approach to balancing the budget, our approach to revenue. I'll know later on where we'll get to the conversation around sports gambling on the ballot and, and what that would look like. And again, thinking about new and, and-- revenue that would come into our state that currently isn't there. But also wanted to uplift Senator Raybould's bill, LB673, which would look at addressing the canal, the Perkins Canal, and where we have money

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situated for that. And so because this is an appropriations bill that she brought that came in front of our committee-- and what I appreciated about the bill is that it looked at the Perkins Canal, the money that we have set aside, and where we are now. Specifically, the governor and colleagues in this body have said, yes, we've decided on something, but times are different. So we get to reevaluate that. We get to look at it again. We get to decide if this is still the case given the landscape that we are in. And I think when this was decided-- I was not in this body-- and the landscape has changed. And so LB673-- and hopefully I do it justice in the synopsis-- really looks at taking dollars that were set aside for the canal to put into water projects. So \$200-and-some-odd million still go to that, and then the other portion to go into addressing the current gap in our budget. It, it-- she was very clear in our hearing that she supports the canal project and the process, however, because of litigation and with the Republican River project that took, like, 19 years, that we have time to be able to put those funds back in a different fiscal environment. But right now, we need a creative solution to use those funds to address where we are. And so, again, as we look at not only this Revenue package but some of the bills that are in front of Appropriations, I hope that we can really try to find creative solutions and think outside of the box as colleagues because I-- we do all want the same thing. We want a balanced budget. And I for sure want us to continue to prioritize, as I mentioned earlier, the people assets in our communities. Thank you, Mr. President.

KELLY: Thank you, Senator Spivey. Senator Arch has some guests in the north balcony. They are 60 fourth graders from Walnut Creek Elementary in Papillion. Please stand and be recognized by the Nebraska Legislature. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. And good morning, colleagues. So I-- we don't yet at this stage of the session have a complete worksheet in front of us that kind of shows where we are with our, our bud-- our budget and A bills and impacts for this biennium and projections for the next, but that will, will be available soon. I know that we have been provided updates generally from our colleagues on the Appropriations Committee about-- even just yesterday. We actually had to adjourn early so that the Appropriations Committee could scramble to complete the budget and fill massive budget deficits that have been created by Kansas-style tax cuts. And we'll see what the final impacts are in terms of human services, workforce development, infrastructure, tuition increases perhaps at our state colleges and university. And the list goes on and on. So the other part of the solution from the Revenue Committee to close the budget gap in Nebraska through LB650, there's

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some other tax credit programs in here that I want to give some particular attention to. So the Revenue Committee is putting forward a plan to claw back tax credits for food donations to food banks that assist families in need. So we're clawing back tax credits to help feed the hungry and the poor. There's also in this package a clawback or adjustment to tax credits that provide a modicum of assistance to Nebraskans who need a reverse osmosis filtration system because of high levels of nitrate in their water, which poses significant health problems: blue baby syndrome, cancer, et cetera, et cetera. Nebraska's challenges in regards to nitrate levels and implications in our water system are well-established. We've taken some strides to try and help communities have the resources and infrastructure they need to ensure clean water for their residents. And as part of that work, it includes providing a little bit of tax relief-- one-time tax relief I believe-- on the installation of the o-- reverse osmosis system to have a tax credit to encourage that. And we're clawing back or adjusting or changing the tax credit, the little bit of help that we can provide to Nebraskans who have undrinkable water in their homes and need to have a costly filtration system to protect their health and their family's health. So we're clawing back donations that help foo-- tax credits that support donations to help the food banks and food pantries. We're clawing back tax credits that help Nebraskans ensure they can have drinkable water in their home because we have a budget gap, because we have a budget deficit, because we have a structural imbalance in terms of the tax cuts that the governor and this Legislature championed that were too much too fast, that were inequitable and unsustainable, that put us squarely on the path of Kansas-style tax cuts that primarily benefit the most wealthy at the expense of the poor in critical state obligations. And now we're seeing in the last biennium and the special session and again this year all kinds of attempts to beg, borrow, and steal, to increase taxes on local businesses, local consumers, increase tuition, increase fees across the board to fill the budget gap that is self-created and reckless and irresponsible. And it's not just my opinion. If you go back and you look at the committee level and the floor debate on those issues, it's clear. If you look at the projections today, it's clear. If you look at comments even from our own Speaker Arch at the beginning of this session, he noted the tax cuts were driving the budgetary deficit. Thank you, Mr. President.

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

JUAREZ: Thank you. Thank you very much. Senator von Gillern, would you yield to some questions, please?

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KELLY: Senator von Gillern, will you yield to some questions?

von GILLERN: Yes.

JUAREZ: OK. First of all, I'd like to just-- I have a polite ask, please, if your legislative aide could give me the other sections to focus on for all-- for this handout that you gave us on LB650. If we could get that highlighted, I would appreciate it. And I wanted to know, on the sales tax exemption for internet access towers, does that potentially mean that my fees that I pay to access the internet at home will go up? Is that a potential ramification that might happen?

von GILLERN: It's a potential ramification. That was a, a tax incentive that was given to-- or, tax credit that was given to those providers, I believe, last year. So I don't even know if they have passed that on to consumers yet. I don't-- I, I, I don't look at that. There-- there's some bills I don't look at very closely because they're always painful to look at, and that's one of them. And I don't recall seeing a reduction in my internet fee at home when we passed that last year, so I can't say whether they would pass on any potential increase.

JUAREZ: OK. So on the next one where you have reducing sales tax collection fees on re-- retailers-- so what I wanted to get clarified is, is there a fee that a retailer pay-- pays separately from the sales taxes that they collect? Is that what that-- is that what that line means?

von GILLERN: Well-- no. If you look on the AM923, page 52, the bottom of the page, it has that changed. Retailers are able to retain currently 3% of the first \$5,000 remitted in sales tax. That was changed last year. Prior to that, it was 2.5% of the first \$3,000. So the net difference in that to any retailer, no matter their size, would be \$2,000 annually, whether it's Hy-Vee Corporation or the mom-and-pop convenience store on the corner.

JUAREZ: OK. So you're saying that what they were able to retain is going to go down now?

von GILLERN: It would go down by a maximum of \$2,000--

JUAREZ: OK. Thank you.

von GILLERN: --annually.

JUAREZ: And then in regards to this Nebraska biodiesel tax credit, so does that mean now that potentially my gas prices that I pay at the, at

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the service station could potentially go up because I just see now that we have even more biodiesel in our gasoline?

VON GILLERN: Well, we don't have biodiesel in our gasoline.

JUAREZ: What's it called? Do you know?

VON GILLERN: Well, it's, it's biodiesel. And it's primarily consumed for long haul trucks or agricultural, agricultural use. So-- again, I-- there's so many factors that go into petroleum cost and fuel costs. I don't recall-- I don't recall anyone saying-- telling me that they got-- that their biodiesel or their diesel prices went down last year. In fact, they generally increase throughout the year. So whether that was passed on or not, I can't say. But again, that's a very short-term benefit that occurred here a year ago. I think it was-- do you remember? Was it \$0.5 million?

JUAREZ: So you're saying that--

VON GILLERN: It was an additional \$0.5 million incentive to the entire industry, of which not all of it was even collected. So if you divide that out by the number of gallons that were provided in biodiesel, I, I can't imagine that it probably moved the needle last year.

JUAREZ: But that's primarily something that truckers use?

VON GILLERN: Truckers and ag.

JUAREZ: OK. I'll have to pay attention next time I go to the service station on what I'm putting in my car.

VON GILLERN: My greatest recommendation of the day is don't put biodiesel in your car. I know people-- I know people that have done that. It doesn't work out well.

JUAREZ: I know that-- there was something new that was at the service station because I go to Costco, so there was something brand new that I tried.

VON GILLERN: That's the 88. You can talk to Senator Dorn about that. He knows all about that.

JUAREZ: OK. Thank you. And also I wanted to get clarification about this buyer-based sales tax exemption. So is that something that will affect me at the store?

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von GILLERN: No. No. And actually, I have got an amendment that I dropped that we're going to talk about here in just a minute that primarily impacts--

KELLY: That's time, senators.

von GILLERN: --nonprofits.

JUAREZ: Thank you.

KELLY: Thank you, Senators Juarez and von Gillern. Mr. Clerk for items.

CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB140, LB428, LB504 as correctly-- excuse me-- and LB504A as correctly engrossed and placed on Final Reading. Additionally, motions to be printed from Senator Storm to LB677; Senator Kauth amendment to be printed to LB89. A letter from the Speaker confirming receipt of a conflict of interest filed by Senator Hallstrom. Notice of committee hearings for the Health and Human Services Committee. And that's all I have at this time, Mr. President.

KELLY: Thank you, Mr. Clerk. Returning to the queue. Senator McKinney, you're recognized to speak. This is your third time on the amendment.

McKINNEY: Thank you, Mr. President. So just to provide some clarity, the new prison was proposed to deal with overcrowding, which was clear in a article in December 22, '22. Nebraska Correction Department will propose to lawmakers a new \$230 million prison to reduce chronic overcrowding that's likely to get worse. That was 2-- that was the \$230 million proposed prison to deal with chronic overcrowding. So again, Senator McKinney was not wrong in saying that, because that's what was presented to the Legislature and that's what it was sold as. They've been doing a little, you know, readjustment and trying to say what it is and wasn't, wasn't for since then. But the original plan, the original proposal, Senator Holdcroft, in this article with Director Frakes and then-Governor Ricketts was to deal with overcrowding. I wasn't wrong. I knew I wasn't wrong. And I just wanted to present that. And that was \$230 million. So to date-- I'm looking at the Nebraska Capital Construction Fund for, for prisons or whatever. So to date since then, I'm seeing, you know, about \$412 million-plus that went to that since '22. I don't even got '21 or '20. And then they're, they're asking for, I think, \$180 million. So that's almost \$600 million to prison stuff. So I'm just saying. Like, we're saying all this stuff is on the table and we need to think about spending, but nobody wants to think about spending to this prison that was sold as we need to do it

to deal with overcrowding. I didn't lie. I didn't stand up and lie. The article clearly says I didn't lie. And anybody that wants to say I lied, I dare you to reread this article and tell me I lied. They sold it as a prison to deal with overcrowding. So again, I ask you the question, if it is-- if, if it was sold as overcrowded-- a prison to deal with overcrowding, why are we building another prison that will be overcrowded? It doesn't make sense. Secondly, I had multiple bills and amendments on the budget and other things to demolish NSP. Because, as Senator Holdcroft said, it is in such disarray. It is so old. Nobody needs to live there. It-- we, we need to build another prison. So my idea, OK. Let's demolish it. You know what happened? Senator McKinney, we can't demolish NSP. A lot of those buildings are new because they were built in, in the 2000s and the '90s. So. You can't have it both ways. We can't be building a new prison because the buildings are so old, and then you can't say, Senator McKinney, we can't demolish NSP because we have to-- some of those buildings are new. Which one is it? Come on. What is it? I'm just trying to ask. Somebody just tell me what the argument is gonna be. Either the buildings are old or they're not, either you're building it for overcrowding or you're not. The, the story keeps changing, but what's not changing is the request for more funds from taxpayers to spend on a failing project that is going to be overcrowded. And nobody, nobody is standing up and asking those questions. Senator Andersen, I, I want you to stand up and ask those questions to Senator Clements and ask him why do they keep dumping money into the prison project like you ask me questions about money. Ask him questions about that. That's my, that's my problem. People pick and choose what dollars and what taxpayer dollars and what winners and losers you wanna choose and pick from. This prison project is a failure, and that's my problem. We don't need to cut these programs and try to get back \$70 million. There's a bunch of money that we could just save from not spending \$600-plus million on a prison that was sold as a prison project to deal with overcrowding. And I am right. And everybody knows I'm right. And this article proves I'm right. Thank you.

KELLY: Thank you, Senator McKinney. Senator Jacobson would like to recognize some guests under the souc-- south balcony: the sister of legislative aide Tom-- Tori Osborne, Ashley DuBray; and Mikey, and Mikey Egger from Arizona. Please stand and be recognized by your Nebraska Legislature. Senator Rountree, you're recognized to speak.

ROUNTREE: Good morning, and thank you, Mr. Lieutenant Governor, Mr. President. Good morning to all of our colleagues here in the Unicameral and those that are watching us online this morning. I just rise to just take a little different direction this morning as we look at the

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budget, looking at the revenue. I know I have a couple of bills that are in this particular amendment going forth, and those bills are looking out for our municipalities and for our veterans. In my past life, I spent seven years as a deputy budget officer and budget officer out at Offutt Air Force Base handling multimillion-dollar budgets. I know this is a big budget that we're dealing with here, trying to balance this out. I always thought when I was running in the campaign that I wanted to come here and be a part of the Appropriations Committee, deal with the revenue. But when I look back, I've had 42 years of dealing with the dollars and experience. So I also want to try to do something different. And I've landed on our Judiciary Committee, which has been very, very different but tremendously eye-opening. Urban Affairs and General Affairs, really looking at a lot of the issues and items that we deal with in the state. So for the bills that we have dealing with the municipalities and there are taxes and authorizing the auditor to go in and to audit maybe where funds might be misdirected or misdeposited is really critical when a bond issue is passed or revenue 2% or \$0.02 is passed by a municipality for a specific item that those funds come back for that item. And so I think that's a critical bill. It doesn't raise any type of fiscal note, but it does allow funds to get back where they are intended to go. And I think that's what all of us want in here this morning, is that funds should go where they've intended to go. Yesterday, when Senator Andersen talked about, you know, giving money or not giving taxpayer dollars, also about philanthropy, I thought about that long and hard on the way home last night. I've thought about churches that their members may be tied to the churches, the churches having a lot of community outreach. I've heard something about clawbacks in here earlier this morning on those. But I know that in our church, we take a lot of opportunity to raise food, have food donations, drives, and, and reach out to the communities to try to ensure that we can help to cover that hunger drought, to cover that so that our people will have more than enough. I don't know if any of you have ever gone to bed hungry. But I can tell you that when my dad worked-- and he took care of us-- 11 of us living in a three-room house, with one of those rooms being a kitchen, so we didn't sleep in that. But we had government milk, government cheese. But my daddy didn't want it. He said, I can provide for my family. And sometimes people need a little bit of help through. You know, as a budget officer out at Offutt Air Force Base, we went through one of these items called sequestration. I know that those in the financial arena know what that is. And we had to claw back a lot of dollars from our flying operations. And we had to come together, just like we're doing this morning, to sit down and see, hey, we have a finite amount of dollars, but we have a mission that does not allow a plane to be

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grounded. We have to keep it aboard for the national security. How are those dollars gonna go? So we had to shut down some services. Fortunately, some in the community came together and they began to augment that. So a lot of the social services that we weren't able to fund, they were able to come back and keep those things open. And it was a great joy. So it is-- it's a tremendous feat to try to balance the budget, not take away from anyone, but make sure that the needs of the people are met. And that's what we've been elected to do to come here to Nebraska, come here to this Unicameral, follow the rules and regulations that we have stated. If we're required by our constitution to balance our budget, then we need to balance the budget. Some things are going to get lost. Some things will be funded. But it's all about priorities. I keep a spreadsheet and I keep an active budget in my household. So all of us on a very small scale are doing in your own personal lives what we're doing here this morning. Sometimes, whenever you find you don't have room for something, it has to go on the waiting list. But when funds come available, like-- April the 15th is going to be tax filing day. Most have already gotten their tax refund. Some of us are waiting until that day to file and get refunds. But when the funds come in, then we can cover some of the items that are deficient. So we want to do our best job in here this morning. I see that my clock is red. So thank you, Mr. Lieutenant Governor. And I yield back any time which-- I don't have any, but thank you for the opportunity.

KELLY: Thank you, Senator Rountree. Senator Moser, you're recognized to speak.

MOSER: Good morning, colleagues. And thank you, Lieutenant Governor. I was back talking to Senator Clements a little bit about the budget. And one of the points that we talked about is-- well, one of the pinch points in the budget is the increase in Medicaid expenses. The federal government is not reimbursing as much of our Medicaid expense. That line item alone is \$280-some million. Also, the increase in special education expenses. We increased the amount of special education expense that we would reimburse to the schools, where before I think we paid around half, and I think now we're paying 80%. But I-- we had that budgeted, but then the actual amount spent went up \$67 million. So if you took the \$67 million and then-- of the special education funds and the \$280-some million that the federal government changed in our re-- reimbursement rates for Medicaid, those two things alone would put us \$50 million in the black even with the tax cuts. So, yes, we've had tax cuts. We are a high-tax state. I think we need to look at this from all angles. But the \$280 million change in Medicaid reimbursement is a huge part of the tight spot we're in. Thank you.

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KELLY: Thank you, Senator Moser. Senator Conrad, you're recognized to speak. This is your third time on the amendment.

CONRAD: Thank you, Mr. President. And just wanted to appreciate Senator on-- von Gillern for providing a little bit more information about the committee's thinking on some of these pieces that we've been talking about today. I think he does a great job leading the committee, and I've really enjoyed getting to know him during our, our service together. So I think that will provide some more clarity in regards to kind of what the committee's thinking is on the reverse osmosis tax credit program and the food bank program. I do just wanna underscore the fact that it's undeniable that we have a clear issue in terms of nitrates in our drinking water. That does pose a significant amount of health risks. It does require a very expensive, significant response for local water systems. And one thing that I'm particularly worried about with the clawback on the reverse osmosis system is that that's really an individual remedy. And so that's going to be most beneficial for individual families who live outside of the city who might need to utilize that technology to ensure they can have access to clean water. So if it's a matter of some of those funds being allocated and underutilized, perhaps that tells us that we need to do a better job in terms of community education or engagement so that Nebraskans know that there's help available to them if they, they need to install one of those systems to protect their health and their family's health. Additionally, I do want to talk about another piece that I didn't have a chance to insert into the record in regards to the context for this measure, our budgetary picture as a whole, our fiscal approach as a whole. And I know this will definitely ruffle some feathers, as it has been a hotly contested discussion in the halls of the Capitol and amongst Nebraska citizens, but let's just not forget as well that there is a huge reliance within our budgetary framework on the missing year of property tax relief. It's tax time. We're hearing from more Nebraskans every day asking for some sort of clarity about what's happening with the fix-it bill, LB81, that I was proud to cosponsor with my friend, Senator Hardin. So folks will remember that, after the special session, there became clear to many that there was a issue in terms of how LB34 was written and the fiscal assumptions contained therein. Once I had a clear and better understanding of that, I was happy to work with Senator Erdman and others to try and lift up fix-it legislation for this session, which Senator Hardin is carrying this year. And I understand it has a huge fiscal note to it, but also I believe that is an admission. It's an admission that Nebraskans who were relying upon tax relief were not afforded that tax relief with the passage of LB34. And so we can't forget for a second if the body's not

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going to move forward with the fix it on LB81-- and I think they've been very clear about that for philosophical and policy and fiscal reasons-- and I appreciate the legitimate point of view on the other side there as well. I do just want to underscore the point that that's literally hundreds of millions of dollars in what was supposed to be property tax relief that's baked into this budgetary and revenue scheme as well, that we're relying upon the clawback of those property tax funds to balance the budget. And that has a really, really big impact for a lot of Nebraska property taxpayers, and particularly in our, our rural communities, which we've heard a lot of feedback about how LB34, in terms of its design, impacted them and their bottom line and their cash flow for their home and their business. So I do just wanna-- and I know it's kind of salt in the wounds, it's a hot topic in regards to that missing year, but it should be part of the conversation as well, because literally the hundreds of millions of dollars that we need to fix that property tax issue are not, are not going to be available. And it comes on the heels then of cutting the budget for critical services and increasing taxes otherwise. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Spivey, you're recognized to speak. This is your third time on the amendment.

SPIVEY: Thank you, Mr. President. Again, good morning, colleagues. And I really appreciate the conversation. Have been listening to the different points of this bill and folks that are supporting and also have some points of tension about what's in front of us. The last thing that I just want to bring up and I've been kind of talking about every time on the mic just-- the appropriations side to this and, again, trying to have a full picture-- is just our future budget. So I know folks are really focused on this biennium. Like, what does our budget look like that we-- that is in front of us, but I hopefully have a little bit of longer time here than some of us. And that means I am also thinking about the decisions that we make today and how does that impact our future. And so the last time that I looked-- the Fiscal Office does a really great job of updating the numbers-- it looked about to be a \$600-and-some-odd million deficit. And so, again, the conversation around how do we balance our budget and our priorities is not just a now conversation but also for the future. And that's what I'm really hoping to situate ourselves in, of the decisions that we make today impact the future and what does that look like from a structural perspective, a sustainability, from our priorities, and, and again, the things that we know are important to our constituents who we're here to represent. I've spent a lot of time knocking doors. I always talk about that. I went through, like, two pair of those little Hoka shoes-- they were, like, the best walking shoes ever-- but I ran

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those into the ground. So I was out in community. And what I heard was, you know, public education is so important. And there's lots of conversations about the TEEOSA formula, how do we invest in quality public education in our communities, and, again, how does that actually set the foundation for our workforce and economy? And so public education is not a siloed topic but really, again, situates Nebraska and our future. It situates the conversation about workforce. It situates the conversation around economic growth because if we do not have an educated population, we are less likely to be successful in the ways in which we say we need to, to have a thriving state. And so I just wanted to make sure again that as we continue to debate LB650, as the budget comes to the floor and we have those conversations, how are our decisions that we make now absolutely impacting the future budgets and the vision and future of Nebraska. The last thing that I just wanted to uplift-- again-- and I, and I appreciate the conversation around what our priorities and what does that look like, is that we also have to make sure that we're investing in economic development. As we think about the tax incentives that may change in this package, as we think about on the appropriations side the cuts to economic development programs and grants that-- through the DED and, and some changes with the Department of Labor. Those are the things that really should be invested in that will continue to expand and solidify our economy. There was lots of conversation about Senator Quick's LB113. I'm hoping I'm getting that number right. And, for example, Senator Storer got on the mic and was talking about, how do we invest in entrepreneurship? And, you know, small businesses are the, the backbone of economies and are creating the jobs, employing the most net new jobs within our economic structure. And so if we in this budget cycle cut economic development in a way that does not align to grow our economy, what is that doing for the vision and sustainability of the state? If we do not invest in the university system that has a tenfold return and is investing in not only the economic side of our state but also the health care and well-being, that also has consequences. And so for every action, there's a reaction, positive or negative. And I, I hope that we as colleagues can continue to sit together and challenge each other and think critically so that we can produce the best outcomes for the people that we are responsible to represent. Thank you, Mr. President.

KELLY: Thank you, Senator Spivey. Seeing no one else in the queue. Senator von Gillern, you're recognized to close on AM981.

von GILLERN: Thank you, Mr. President. I'm going to do kind of a broad closing that hopefully will cover most of the issues from the AM and, and the bill. One of the things I do whenever we have a hearing or

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we're on General File or if I'm presenting on a bill is I kind of keep a to-do list of questions that people have asked. So I'll kind of hit on that before, before I go to the rest of my closing. One of the things that was asked-- Senator, Senator McKinney was, was asked about-- you know, asked several times about the Urban Redevelopment Act. We've spoken about that. He asked about the rollback to the CHIEF Act, and we've spoken about that. It just rolls it back to what it was originally. Doesn't eliminate it. He asked about a fiscal note. And just kind of a note to everyone who might be listening or that may not be familiar with the process here, you don't get a new fiscal note until after we come-- after we get voted past General. So when you get past General File and move on to Select, then Fiscal will provide a new fiscal note. Senator DeBoer asked about the repealer's list. My office was working on that. Her office pulled one together also. And the committee statement provides a lot of information about the repealers in the bill, so you can go there if you'd like to. Couple matters of-- just to add additional clarity. There was a lot of conversation this morning about the prison and problem-solving courts and others. And every, every individual in the room has the right to talk about what they want to talk about. I just want to, to clarify to anyone who has not read the bill or the amendment: there is nothing in this bill that impacts funding for the prison, that, that cuts funding to the problem-solving courts at all. There is no, no relationship there. So if anyone believed that that may be the con-- or-- anyone may have drawn that conclusion. Spoke with Senator Conrad. She talked about programs that provide clean water. The reverse osmosis program is in here. Senator Bostar did some homework on that to find out how ma-- how much of the funds have been utilized, and then we pared that budget back. We did not eliminate that program. We pared it back. And so there are still funds there to be utilized for reverse osmosis for clean water systems for those in rural areas. Senator Conrad also mentioned the food bank credit rollback. I talked to Senator Fredrickson yesterday, asked him to find out whether that credit has been used. And if so, how much. And if it's been substantially used, I offered yesterday to visit with him further about whether we could provide some funds to keep that program valid. Senator Conrad mentioned at one point increased tuition and fees. And there's nothing in this bill that addresses tuition and fees, so I think that was just a broader comment. Again, I want to just remind people there-- there's just nothing in the bill that addresses that. LB650 with the amendment is a rollback of exemptions, incentives, and credits, all to businesses. Senator Juarez asked some good questions about the consumer impact of these. The-- I can honestly-- ave-- as I went through the list, I did not see any of these that I, I or others have mentioned to me that they've seen a

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positive impact from, from a consumer basis. These again are business incentives. All of these were created because they were believed to have a return on investment, and I'm confident that they do or they did. All entities that are affected by these rollbacks did business before these programs were implemented and they'll do business after these programs expire. Let me say that again. They survived before and they will survive after. It's not my intent, it's not my, my greatest wish that these things go away. And I've shared that thought before. Again, I, I carried one of these bills that's going away today. And others in the room have carried the rest of them. Some have said let's do something different. Well, I don't know. What do you have in mind? We can't just cut our way to a balanced budget. It's a two-sided equation, like I said, just as-- just like at home. You know, should we take money from Medicaid? Should we take it from education? Should we take it from public health? Should we take it from income tax relief or property tax relief? Is that better or worse than what we have here? Senator McKinney said we could not build the prison. I suppose that's an option. I don't support it. Maybe others do. But he's not wrong that those dollars could pay for it. We have options. But every option, every decision has consequences. We have to pick the least-- most least-- not appealing-- we live in a land of double negatives here-- the best least-appealing option. And hopefully mo-- I and most of the people in the room feel that this is the least negative impact to taxpayers. Some have said that, again, there's too many benefits to rich business people. Heard that several times today. This bill is--

KELLY: That's your time, Senator.

von GILLERN: Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Members, the question is the adoption of AM981. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays, Mr. President, on adoption of Senator von Gillern's amendment.

KELLY: AM981 is adopted. Mr. Clerk.

CLERK: Mr. President, Senator von Gillern would move to amend with AM1020.

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

von GILLERN: Thank you, Mr. President. This is actually the fix that I mentioned in my opening statement regarding the purchasing agent

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appointment. This is-- we inadvertently-- the bill was inadvertently written to where this would negatively impact nonprofits. Currently, nonprofits are able to pass on their sales tax exemption through a certificate to a buyer, such as a contractor, so that if a church is, is doing a project or the YMCA or the Salvation Army-- whatever your local nonprofit is-- they can pass on that nonprofit's certificate to a contractor so that they can purchase their materials on a nonprofit basis so that the church or the, the, the organization gains a benefit from that. So that's what AM1020 does. And I will end my comments there. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. Thank you, colleagues. It sounds like this is a very state-- straightforward kind of technical amendment to make sure that the measure is workable and in accordance with the understanding that all stakeholders had on this particular measure. So I definitely don't think there's need to belabor the point. But I do want to thank Senator von Gillern not only for his leadership and friendship but for additional information on some of the questions that were posed during initial debate on this measure. And I know you can take his word to heart and will continue to work on it from General to Select File to see if there is some additional adjustments that, that might be-- that might be workable and amenable to, to all people. The one thing that I do want to put a finer point on, though-- and, and I think this where maybe some colleagues were struggling or trying to kind of suss out, is, I took my friend, Senator Juarez's, comments and questions to, to really try and discern what is the impact of this measure on an everyday family. What is the impact of this measure on an everyday consumer? And I, I think she was able to try and get some clarity on, on some of that information because that's really the question I think that we're all grappling with. And I appreciate the sentiments that Senator von Gillern brought forward that, in many ways, he sees this as perhaps more equitable or less regressive in terms of the tax components and credits and adjustments being made as, as perhaps part of the thinking behind what the, the Revenue Committee's trying to do under difficult circumstances to perhaps keep tax increases away from the most Nebraskans possible and to first identify maybe underutilized programs. But my, my sense in listening to his dialogue with Senator Juarez and his closing comments on the prior amendment is maybe it would be helpful if we were able to discern from General File to Select File kind of what this package means for a typical small business in Nebraska, what does this package mean for a typically Nebraska household. I know sometimes we're able to generate

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impact statements or scenarios for different families. I know that was a big part of the discussions on sales taxes and income taxes over the last biennium and into the special session. Perhaps it may not be completely ascertainable because the tax credit, clawbacks, rollbacks, reformation, and abolitions contained in LB650 seemed very perhaps disparate, and so it might be hard to, to create an impact statement for an average Nebraska family or average Nebraska small business. But that, that might be helpful because I know people are really trying to get a better, clearer understanding of how that \$70 million is being generated, what that means for short term and long term, and how that affects taxpayers in Nebraska. Because, of course, while we have an obligation to have a balanced budget, we also need to have a keen understanding of how we're going to balance the budget and who that is-- who's primarily writing the check to close the gap, right? That's what we're trying to discern through this measure. I think in other measures that it sounds like are forthcoming from the Revenue Committee there's a pretty clear indication that those are particularly sales tax reliant, significant sales tax hikes on a variety of different services and products. And, and we know that sales tax-- taxes are regressive. We know that those increases hit low-income working families and seniors the hardest. And so I'm just trying to get an understanding how those packages are coupled with this packages-- package and what that means for the average everyday Nebraskan who are also going to be looking at a reduction in services and programs, perhaps higher tuition fees, and a host of additional costs and fees increasing in order to close Governor Pillen's budget gap. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Seeing no one else in the queue. Senator von Gillern, you're recognized to close. And waive closing on AM1020. Members, the question is the adoption of AM1020. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays on adoption of the amendment, Mr. President.

KELLY: AM1020 is adopted. Mr. Clerk, are there any other items?

CLERK: I have nothing at this time, Mr. President.

KELLY: Members, the question is the adoption of AM923. Senator Conrad, you're in the queue and recognized to speak.

CONRAD: Thank you, Mr. President. Good morning, colleagues. I was hoping that my friend, Senator Dungan, would be available to yield to questions.

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

DUNGAN: Yes.

CONRAD: Thank you, Senator. I know that you've been a member of the Revenue Committee during your tenure in the Legislature-- and always appreciate the updates that you provide to colleagues about kind of the, the big picture that that committee is looking at in terms of overall revenue structure, in terms of tax i-- increases, tax cuts, and, and how that, that hits families and businesses and coincides with the budget-- but could you perhaps just spend a little bit of time trying to help the rest of us who don't serve on the committee get an understanding of really kind of what the, the main goals of the committee are this year and, and really how the committee plans to effectuate that with some of the-- this package and others?

DUNGAN: Yeah. And I think that the-- thank you for the question. That's a really, I think, big-picture kind of question where there's a couple of different moving parts going on here. So obviously, LB650 I think represents an effort by the Revenue Committee to try to find a little bit more revenue that can assist in sort of filling the gap that we've talked about here. And I do think Senator von Gillern, as well as others of the committee, have done a, a lot of work to find a package that is relatively agreed upon. I understand there's obviously consternation about certain programs. Certainly, I have some hesitations about some of the programs that are being cut in LB650. But all said and done, I do think it represents a good step forward with some proverbial low-hanging fruit in order to try to make up some of that, that budget deficit. I do think, though, Senator Conrad, you made some really good points on the earlier conversation about this bill with the big-picture problems we have moving forward about the budget. Some of the other efforts which you've touched upon that I think have come out of the Revenue Committee and that we're likely going to be debating here soon deal with an expansion of the sales and use tax base. I would agree with you that certainly I think that sales and use taxes are regressive. And I think we need to be careful as a state if we are looking to balance the budget on the backs of everyday working people. And so once we get to the debate on what I believe is going to be LB169 and LB170, that's going to be, I think, a part of the conversation we have. So those two bills I think represent part of efforts of the Revenue Committee as well. I generally have been opposed to some of those efforts in the past unless we are talking about reducing the sales tax rate. Certainly I've been opposed to those in the regular session as well as the special session. So I anticipate we'll continue that conversation moving forward. The other sort of

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moving piece here that has to do with I think some of the revenue that we're looking at and ways to make up that revenue is Senator Brandt's bill, LB171, which is the freezing of the income tax reductions both for personal income tax and corporate income tax. And so that is-- we had a, a really good hearing on that, and there's continued to be discussions around that as well. So there are a number of proposals that were before the committee with regards to how to try to fill back that, I guess, hole that we see in the budget. But I think we'll, we'll deal with LB169 and LB170 in particular I think next week.

CONRAD: Very good. Thank you, Senator Dungan. I, I really appreciate that. And I'm guessing that measures that have a price tag are, are basically kind of a, a nonstarter in Revenue this year. So rather than providing perhaps additional tax relief, it's all about raising revenue, which means increasing taxes one way or the other, either by clawing back credits or by increasing sales taxes on services or goods. Again, that's usually only part of the dialogue in Nebraska politics during a period of deep economic downturn in trying to fill significant budget deficits. I'm not aware of any time other than in the more recent history in Nebraska politics where there's been a rush to increase the tax burden on some Nebraskans in order to, to fill a budget deficit during a time of economic prosperity. But nevertheless, we've had those debates many times in the last biennium and over the special session, and I anticipate we'll have a chance to have those debates at great length in the remainder of this session as we take up more tax issues and more budgetary issues, which I wholeheartedly agree with my friend, Senator Clouse, really should be the focus of this Legislature for our remaining-- gosh, what is it, 30 days-- in this long session. Thank you very much.

KELLY: Thank you, Senators Dungan and Conrad. Seeing no one else in the queue. Senator von Gillern, you're recognized to close on the Revenue Committee amendment, AM923.

von GILLERN: Thank you again, Mr. President. Again, AM923 is the white copy amendment to LB650. Thanks to everyone for their patience as we've had this good discussion today. Just a couple of quick feedback items. Senator Juarez, I, I know of at least three people that have put diesel in their car with, with unfortunate circumstances. And one of them is in the room, and I'll let you figure out who that is. That'll be your own investigation. I too am concerned about impact to consumers, and I am confident that with LB650, with the AM923, that we are talking about minimal impact to consumers. It's, it's primarily a negative impact to businesses. And again, I wish we weren't here, but we are here. I-- I'm-- I hearken back to my time in, in owning and operating a business,

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and one of the interesting things about that is that your income is quite variable. Some years you have good years, some years you don't. And the years that you don't, you pare back on things that you can't afford. And in the years that are good, you might take a vacation with the family or you might replace appliances or get a different vehicle, those kinds of things. But we're in a little bit of that same boat here. We had some good years and we were able to do some good things for taxpayers in Nebraska and particularly for businesses and-- at the moment, we need to pare some of those things back. Hopefully we can revive some of these things going forward. But it is hard work that we do here. It's rarely black and white. I thank Senator Clouse for his comments and, and the history that he brings here, having been involved in public service and having to vote on many many budgets over his time of service. And he's correct: pushing the red or the green button always has consequences. I mentioned in my opening that some are concerned as being seen as tax raisers. I don't like that being categorized that way, but the reality is we've got some hard work to do here. And we all took an oath to uphold our state constitution. And again, one of those constitutional requirements is to balance our budget. Our first priority should be the well-being of our constituents and all Nebraskans. And folks, that takes courage. And so I trust that you'll act today in a courageous way as you have on the amendments and make good governance choices. I ask for your green vote on AM923 and your green vote on LB650. Thank you all today.

KELLY: Thank you, vo-- Senator von Gillern. Members, the question is the adoption of AM923. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 1 nay on adoption of the committee amendment, Mr. President.

KELLY: AM923 is adopted. Mr. Clerk for an amendment.

CLERK: Mr. President, Senator von Gillern would move to amend the bill with AM690.

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

von GILLERN: Thank you, Mr. President. I had to confer there for a moment. AM690 was the original amendment that was replaced by the white copy amendment that we just passed. So we want to pull AM690. Thank you.

KELLY: So ordered.

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CLERK: In that case, Mr. President, I have nothing further on the bill.

KELLY: Senator von Gillern, you're recognized to close on LB650.

von GILLERN: I think I've made all my comments with regards to the amendments. Again, the white copy amendment we already passed, so LB650 will just carry that white copy amendment. So thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Members, the question is the advancement of LB650 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Has everyone voted who wishes to vote? Record, Mr. Clerk.

CLERK: 36 ayes, 2 nays on advancement of the bill, Mr. President.

KELLY: LB650 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President, next item on the agenda: LB383, introduced by Senator Storer. It's a bill for an act-- Senator Storer at the request of the governor. It's a bill for an act relating to social media; it adopts the Parental Rights in Social Media Act; provides an operative date; and provides severability. Bill was read for the first time on January 17 of this year and referred to the Judiciary Committee. That committee placed the bill on General File with committee amendments. When the Legislature left, pending, Mr. President, was the bill itself, as well as the first portion of the divided committee amendment containing the contents of LB383 and an amendment from Senator John Cavanaugh to said division, AM1007.

KELLY: Senator Storer, you're recognized for a two-minute refresh.

STORER: Thank you, Mr. President. There were-- I won't take long on this, but there were some questions yesterday that I just want to, want to address regarding the Arkansas bill, the differences between LB383 and the Arkansas bill. I don't know that I'll have time to go through all of this. Maybe I'll jump back in just to, to clarify anything. But there, there are some very distinct differences. LB83-- LB383 very clearly, the state does have an-- that compelling interest to protect minors from predatory online behavior, which is not protected speech, and is endemic to social media. Two, the addictive and manipulative structure of social media-- which is present and working in the background regardless of the content of speech taking place-- this structure distorts reality and pers-- and a person's sense of self and relationships. The state interests have been acknowledged as vital and valid by numerous people who have spoken on the bill so far, proponents and opponents. The Arkansas Court cited an Eighth Circuit case law that

is relevant to us here. The law must advance its interests without sweeping too broadly or chilling more constitutionally protected speech than is necessary and must not raise serious doubts about whether the statute actually serves the state's purported interests by leaving out and failing to regulate significant influences bearing on the interest. So in other words, to pass the Arkansas Court's narrow tailoring test, LB8-- LB383 must be neither overinclusive-- in other words, sweeping too broadly-- or underinclusive-- leaving out or failing to regulate significant influences bearing on its interest. Underinclusivity and overinclusivity are the two rocks that the good ship of LB383 must avoid, and we believe we have. We're done?

KELLY: That's time, Senator.

STORER: All right. Thank you. And I'll [INAUDIBLE] and, and finish.

KELLY: And Senator John Cavanaugh, you're recognized for a refresh on AM1007.

J. CAVANAUGH: Thank you, Mr. President. Good almost afternoon-- good noon, colleagues. So AM107 [SIC] is a serious amendment, and it does not undermine the intention of Senator Storer's bill. And I wanna be clear about that. This is just like the amendment we adopted on LB504 the other day that specifically states that any fines or fees that are collected in enforcement of Senator Storer's bill go to the common school fund in the jurisdiction where the offense occurs. It's required by the constitution. I think it's good practice for us to start putting it anywhere in the statute to clarify that. Because if we don't, there is always the potential that somebody isn't going to do that and then it'll be litigated to make sure that it goes to the right place. And since we all agree that the constitution explicitly requires that, we should start putting it in there. To be clear, I'm not a supporter of Senator Storer's bill, but I do think if we choose to pass it, we should do this to make sure that it is clear when it is enforced that those fines and fees go to the common school fund. So I encourage your green vote on AM1007. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad-- or, Senator Cavanaugh. And Senator Storer, you're first in the queue.

STORER: Thank you again, Mr. President. Again, I just did want to take some time to clarify some of the questions that were very, very relevant, and I appreciated regarding the differences between LB383 and the Arkansas law that was recently struck down. So I'm just going to pick right up where I left off. Basically thinking about it this way.

So the need to, to find yourself to be-- in between being underinclusive and overinclusive, and we believe that LB383 has indeed done that, which is different than how the Arkansas law was laid out. The Arkansas law lays out what it considers to be social media companies and social media platforms, but then it undermines its own state interest by protecting minors from harms of social media by explicitly exempting from regulation any company that derives less than 25% of its revenue from operating a social media platform and also offers cloud storage services, which shields Google and its subsidiary, YouTube-- and any platform owned by a company that generates less than \$100 million annually, which shields Parler, Gab, Truth Social, and many others. These exclusions are fatal in the Arkansas law because leaving these platforms out in the Arkansas Court's view raises serious doubts about whether the statute actually does serve the state's purported interest of protecting minors from the harms of social media. These exclusions leave out in the Arkansas law and fail to regulate significant influences bearing on that interest, like Google, YouTube, Parler, Gab, Truth Social, and others. Simply put, the court said that you cannot seriously pretend to advance a state-- and again, this is in reference to Arkansas's law-- you cannot seriously pretend to advance a state interest to protect kids from the harms of social media if you allow platforms like YouTube, Parler, Truth Social, and others in through the back door. Allowing those platforms to escape regulation defeats the whole purpose of the Arkansas law, and that makes it constitutionally problematic. In contrast, LB383 has none of these large-scale, backdoor exclusions. Unlike the giant exclusions in the Arkansas bill, the few exclusions that we have presented in LB383 do not individually or all put together poke it so full of holes that it raises doubts about whether the state's purported interest to protect minors is still being served. That is the most important distinction between the Arkansas law that was enjoined and LB383. And this distinction is what makes LB383 more like the Tennessee, Florida, and Louisiana laws, none of which have been enjoined. LB383 does not leave out and fail to regulate significant influences-- Google, YouTube, Truth Social, and the rest-- bearing on its interest of protecting kids from predatory online behavior and the intentionality-- intentionally addictive and manipulative structure of social media. LB383 is not fatally underinclusive. The second part of the analysis that we have to look at is the overinclusivity. Again, LB383 has very few exclusions. These exclusions are for a very different and constitutionally required purpose: to avoid such sweeping regulation that online platforms not relevant to the state's interest are arbitrarily swept up and regulated by the bill. So the few exclusions in LB383 include things like

broadband internet service. If we didn't exclude those, the law would be so broad as to encompass the whole internet, and we can't and don't want to do that. Email service. Email does not have the same seek and prey-upon capabilities of social media, nor does it inherently tend to addict and manipulate a sense of self and relationship as social media does. And an internet service, internet application, or website that consists primarily of content that is not generated by account holders-- we allow for those exemptions-- but rather is preselected by the service application or website provider, and for which interactive functionality is incidental to, directly related to, or dependent upon such preselected content. The remaining exclusions are necessary to exclude for the same reasons. Including them would be overinclusive, which is something we need to avoid. We have had discussions since we talked yesterday about any remaining exclusions that, that we should, should take a second look at. We remain open to any recommendations from any of the opposition-- Senator Dungan, Senator Cavanaugh, Senator DeBoer-- and, and we'll continue to work with them to do any cleanup they see necessary. Thank you.

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

McKINNEY: Thank you, Mr. President. I rise in support of AM1007, in opposition to AM1010 and LB383. On the conversation of overinclusivity or under-- underinclusivity, first, for age verification and parental consent requirements, compared to the Arkansas law, both laws prohibit minors from accessing social media without verified parental consent and require age verification. LB383 is not significantly more overinclusive than the Arkansas law. Both impose wide restrictions on all minors regardless of content consumed or maturity. Second, parental oversight requirements. LB383 actually goes beyond the Arkansas law by requiring platforms to let parents view all posts and messages, control privacy settings, and monitor and limit usage. This level of mandatory parental access to minors' content could be seen as an excessive intrusion into minors' privacy and speech rights, especially if those minors are older teens. It applies uniformly across all ages and content types regardless of whether there's a legitimate risk of harm. This makes LB383 more overinclusive than actually the Arkansas law in terms of parental control mandates. Third, platform scope and exemptions. The Arkansas law was criticized for being vague about which platforms it applied to. Some platforms were subject, others exempt without clear reasoning. LB383 attempts more clearly to define exempt platforms such as email services, cloud storage, e-commerce sites, and career platforms. LB383 may be less underinclusive than the Arkansas law, but courts could still find this list arbitrary or not clearly

related to the bill's interest in protecting minors from harm. Fourth, content neutrality. Both laws attempt to be content neutral on the surface, but because they restrict access to entire platforms regardless of the nature of the content, they may be interpreted as functionally overinclusive, limiting access to speech that isn't harmful, educational, or even constitutionally protected. LB383 is actually arguably more overinclusive by regulating e-- regulating even benign or beneficial content minors might engage with under parental supervision. LB383 is more overinclusive than Arkansas mainly because it forces platforms to give parents full access to and control over their chil-- children's speech. It broadly appol-- applies to all minors without age, graduation, or content-specific triggers. It may chill a broader spectrum of constitutionality protected speech. So that's why this might face stronger challenges than actually the Arkansas law. And that's something to think about. And that's what I've been trying to bring up in this whole conversation. It's not that we don't want kids to be safe online. I talked to somebody off the floor earlier, and I think we all want our kids to be safe. But we have to balance safety with their rights. And I'm not for violating our children's constitutional rights in the way of safety. Because I don't want nobody to violate my rights in saying I just want you to be safe. I-- I'm just not for that. So this is something to think about as we have this discussion. I'm sure this might probably move to Select File, but neither here or there. These constitutional issues are clear and cannot be unavaoided. So thank you.

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

CONRAD: Thank you, Mr. President. And again, good morning, colleagues. I really appreciate Senator Storer's initial kind of overview in building a record about what is analgo-- analogous or distinguishable in her measure as compared to the very similar Arkansas measure that was recently enjoined in our circuit by the courts on primarily free expression, First Amendment grounds. I think that's critical for the record and important for colleagues' understanding. And I appreciate the care and attention that Senator Storer brings to her work in the Legislature. And I think it's, it's very impressive. So the other piece that I wanted to pick up on in regards to some of the dialogue that we started on with LB383 yesterday was in kind of a clunky or rather kind of clumsy way to talk about the fact that there are redeeming aspects to online content for young people. I was able to share how my children utilize online content. And I was actually telling our-- my kids about that at the dinner table last night. And Will said, you know, what did you say that I watched? And I said, well, primarily fishing and hunting

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videos. And he's like, well, don't forget to mention that I watch basketball clips sometimes too. So shout-out to, to Will in that regard, but. It, it-- the, the, the point being that not every screen or clip that is available on-- online is detrimental. There's a great deal of expressive content that's educational, that's informative, or that's just silly and fun as well. So I, I just wanted to, to kind of lift that up, that we've heard a lot about some of the identified concerning aspects of what happens online. But there's also a lot that is part of modern life. And whether that's children discussing serious and important issues impacting their lives, their schools, their community, their country-- many of the same issues that we grapple with as adults and in this legislative body, actually. They talk about school violence. They talk about racial justice. They talk about what's going on in politics. And then they also, you know, talk about silly stuff that young people talk about, like, you know, trading skincare tips or gossiping about what happened after extracurriculars got over. Much like we did back in the day on our teen lines. So not everything that happens online is automatically detrimental. And I think that that commonsense understanding exists, but I want to make sure it's in the record as well. And the other thing that I, I think perhaps is striking to me about that reality is just kind of how the legislation itself works. So we've heard a lot from proponents about some of the deeply concerning aspects of content that might exist online, and, and that speaks for itself. But then we've also heard that we need to have this restriction or ban or prior restraint because of potentially concerning comments showing up in the feed of young viewers. And-- but it-- then it's also subject to a parental veto. So if a parent were to provide access to a young person to utilize some of these social media functions-- I guess I'm just kind of struggling with how that meets proponents' goals. I'm guessing that they bring in the parental veto as some sort of a balancing of parental rights--

KELLY: That's your time, Senator.

CONRAD: Thank, thank you, Mr. President.

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

BOSN: Thank you, Mr. President. Good morning, colleagues. I rise in support of LB383, both the amendment we're debating right now as well as Senator Hardin's portion of that bill. I just want to take a quick moment to address a letter that apparently 48 senators received yesterday from NetChoice. Amy Bos submitted a letter to 48 senators. Guess who she didn't submit it to? Me. So I took the time in

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conversation with Senator Storer this morning to go through that letter and why I, I think it's pre-- pretty obvious why that went to 48 senators and not to me is because, one, I can tell you all that NetChoice did not testify in person at the hearing on LB383, Senator Storer's bill, nor did they submit one of the roughly 70 comments in support or 20 comments in opposition to LB383. So it's telling that their-- their silence speaks volumes. But in their letter dated April 10 to 48 state senators, they do make sure to mention multiple times how much they share in Senator Storer's goal to better protect minors from online comment. I don't think that's probably as genuine as they can write it, but they go on to talk about all the efforts they're making to help keep kids safe. NetChoice members have taken issue-- taken issues of teen safety seriously and in recent years have rolled out numerous new features, settings, parental tools, and protections to better empower parents and assist in monitoring their children's use of social media. I appreciate those efforts. They're not working. We wouldn't be here if those efforts were sufficient in and of themselves. So I will submit to all of you that I think this is a yes-and-and. We can do those things, and we can do more. And unless and until we're seeing protections that are being put in place that are having a positive impact on our youth, we should keep going. That is our responsibility as legislators. She goes on in her letter to talk about the constitutional rights that minors have to receive information and ideas through various media. And colleagues, I would submit to you that nothing in Senator Storer's bill that I have now read multiple times compared to the Arkansas bill and compared to the Tennessee bill precludes minors from receiving or ingesting or participating in any of those constitutional rights. It really just puts up a guardrail, not a barrier. I take issue with the term barrier. It's a guardrail so that parents can participate and have the ability to have a meaningful interaction with their children about what social media means, how to best use it, and how to be safe online. They go on again to talk about their shared goal of protecting people online. This is on page two of their letter. And then on page three, they shirk their responsibility onto others. And this is a common theme of the social media platforms, the billion-dollar companies, is, just put it on the schools. I would ask any of you to contact your teachers or your school departments-- or, Department of Education and see if they want to add yet one more responsibility on their plate that they should be providing the digital education in the, in the classroom. If they want to do that, that can also be part of the yes-and, yes-and. But I don't know that shirking the responsibility that these billion-dollar companies are profiting off of onto the schools is really our best method or our best plan of attack here. On the last page, the most interesting to me was that we

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are only investigating 1% of all reports of child abuse because law enforcement doesn't have the resources they need to investigate and prosecute child abusers. I'm going to need some more citation on that before I'm gonna take that as the gospel truth. So I wanted to take a moment to go through this letter that all of you received and then also talk a little bit about the severability portion of this because I think it's important to note that no matter what Senator Storer does here to improve this bill-- which I'm sure she's willing to do-- they're still able to sue. We can't prevent that based on the work that we do. So there is a severability clause in the amended bill. And I see I'm out of time. So I'm happy to answer any questions or continue the conversation on the debate. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. So I just want to highlight some-- few more points, and I'll be done for the day, I believe. So number one, the bill is dealing with restricting access to social media for minors. The bill prohibits minors from creating social media accounts unless they obtain parental consent and complete an age verification process. Courts have recognized social media as a modern public forum where individuals express themselves. The pil-- the potential issue here is that this could be seen as a broad restriction on minors' speech rights, as it significantly limits their ability to gage in public discourse online. And a case was ruled that the internet and social media platforms are vital spaces for free expression. Two, parental monitoring requirements. This bill mandates that social media companies provide parents access to their minor's-- minor child's posts, messages, and privac-- privacy settings. The potential issue here: this could infringe on minors' rights to private speech and association, as recognized in some cases. Third, age verification requirements. This bill requires users to provide a digitized identification card or use a commercially reasonable method for age verification. The potential issue here: this requirement may chill free speech by forcing users to reveal personal information before speaking, which could be challenged. And this is-- was-- this has been upheld by the Supreme Court, as anonymous speech as Fir-- as a First Amendment right. Just saying. Fourth, enforcement and penalties. The Attorney General can enforce the law and impose fines on companies that do not comply. The potential issue here: this could be challenged as overly broad government regulation of online speech. So in conclusion, this bill's intent to protect minors is valid, but the First Amendment concerns exist due to its restrictions on access, monitoring, and potential chilling effects. And this is more than likely going to be

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caught up in the courts because of this. And-- I don't know. Maybe it's a way to amend this bill to address those concerns-- I think it might be-- but I just want to raise those concerns. And-- thank you.

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

JUAREZ: Thank you very much. Thank you, Senator McKinney, for raising the issues in regards to whether or not we're infringing on others' rights. And, you know, I really have a concern about that aspect when we're looking at this bill. You know, I don't have any kids at home anymore, so it's really not a real-world issue for me, although I did discuss the issue with my daughter-in-law and about the monitoring of my granddaughters, because that's who I thought about. And it really seems to me to be a challenge to fi-- to figure out where we want to go with this or how we can go forward, because I do think that having the guardrails are important. I'm not ignoring the reality of what has happened in our environment with our kids. And that's what I'm really struggling with. And I don't want to get any arrows shot at me because I don't know how many lawyers we have in the room, but I've asked Senator DeBoer to try to help me understand about the rights, for example, of our teens and how we might-- can we really get to a solution on this? Will we really be able to find the amendments that we need so that we're not infringing upon what they wanna do online with their phones? To be honest with you, I've gotten more feedback from the teens about restricting their phones at school than I have, you know, any of these bills of, of getting online with the media. So I'd like to yield to Senator DeBoer if she would make some comments for me. Thank you.

KELLY: Senator DeBoer, you have 2 minutes, 50 seconds.

DeBOER: Thank you, Senator Juarez. Well, I think one of the things that we would want to look at is whether or not we are restricting teens with respect to the content of their speech. That's one of things that the Arkansas court talked about. And I was pleased to have a conversation with Senator Storer, who said that she would work with me to try to work on that and make sure that we're not, we're not worrying that particular issue. So thank you, Senator Storer, for that. And then the-- I believe Senator Conrad called it a prior restraint, but that concept of the-- needing to jump through a hoop before you have speech. I don't, I don't know much about that aspect of it where the-- the Arkansas court pointed out the fact that all users would have to do something to indicate their age. We saw some really fascima-- fascinating testimony in the Judiciary Committee about apparently you

can look at the side, the-- like, the pinky side of someone's hand and that that is identifying so that they could scan that and that would somehow be identifying of age. In the Arkansas case, I think they envisioned speech and having someone's voice. Of course, I'm losing mine today, so maybe I would sound older or younger-- I don't know which-- from that. So there are a variety of ways in which-- could be envisioned to verify age. Of course, one is using a driver's license or something like that, and that would have a slew of issues as well. I, you know, I am looking forward to working with Senator Storer on what might be some things that we could do to just absolutely belt and suspenders make sure we don't have any kind of issues with speech. I don't, I don't know if we can get there or not. Not because she isn't going to try, but just-- it's, it's a hard thing. This is new areas of, of law. And so it's hard to figure out how to, how to do it properly without limiting speech. And so, you know, she works hard. She's got a laudable goal. We'll see if she can-- you know, we can figure it all out together. Thank you, Mr. President.

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

CONRAD: Thank, thank you, Mr. President. And again, maybe this is too law school hypothetical, but it occurs to me in regards to the discussion on Senator Bosn's bill and, and perhaps Senator Storer's bill as well is that ber-- proponents have spent a great deal of time lifting up some of the concerning aspects of social media use and drawing connections to youth mental health or development. And to be clear, I'm not giving a free pass to social media companies or big tech by any means. But I do think it's important to not draw-- paint with too, too broad a brush, particularly when free expression hangs in the balance. But my-- I guess my question is, with all of these harms and this kind of parade of terribles kind of trotted out in regards to different studies or information at the committee level or a part of debate or in the handouts that have been shared, if in fact social media use is so detrimental to young people's development, then why, why are you allowing-- why aren't you putting a straight block in place? Why are you allowing parents to let their kids access something that you find to be so objectionable and harmful? And my question is, then what's the next logical step? If a parent does provide access to social media and it does create some sort of harm or detrimental effect or perhaps even linked to a tragedy, the-- then what's the next step? Is there a parental liability? Does that raise questions and concerns in relation to, I don't know, child abuse? I mean, I'm trying, I'm trying to just think through perhaps what, what is related to this measure as well and what it means in terms of expansions of

governmental authority and control and mass surveillance when it comes to families and individuals, not only what they're thinking and talking about and learning about but also what the broader ramifications might be or the lo-- more-- next logical kind of step. So, you know, when it comes to very well-documented, clear harms to children's health, for example, you know, it, it would be clear that if a parent did allow their child to somehow access something that was so particularly harmful that the child abuse statutes would come into play, right? And proponents seem to lift the harm of youth engagement online with other, you know, undeniably harmful actions or activities that, that could implicate a young person's life. So I-- I'm not quite sure exactly how to lift that out. Like I said, it's maybe better suited for a law school classroom than the legislative floor at this point in time. But there is something lurking there that, that I'm wary of and want to think about. The other thing is, in terms of what happens when you have a ban or a restriction or a speech code, we know from history that those are always weaponized against the most vulnerable. We know that those are always weaponized against unpopular points of view. And what we know about free expression and the First Amendment is popular ideas do need protection; unpopular ideas do. And that's why it's an important component in a free society, in a democracy that has a clear First Amendment. And it's the first, friends. And that's different than what's happening in France and the United Kingdom and in other countries that don't have the same constitutional framework that we do and that we cherish as Americans. The First Amendment protects unpopular ideas too. And that has to be a part of the conversation. And if we don't work hard to protect not only popular ideas but unpopular ideas and unpopular speakers, it undermines the free speech values and rights that we all have, enjoy, and cherish. And sometimes it's hard when speech is hateful or harmful, but it's still perhaps protected by the First Amendment.

KELLY: Thank you, Senator Conrad. Senator DeBoer, you're recognized to speak. And waived. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you. So on the close to, I would say, \$400-plus million that's went to the Nebraska Capital Construction Fund for prison stuff, about \$205 million has been sent to Nebraska Department of "Punitive Services" since 2021 for the prison. There's \$145 million in the budget for the new prison. But I will re-- I will remind you, when it was originally proposed, it was proposed for \$230 million. So if we give them that \$145 million, that means that the prison will be \$120 million over budget. Talk about spending. Talk about taxpayer dollars. The proposed prison was 100-- was \$230 million. If we give them the \$145 million, they will be \$120 million over budget. Think about what we

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could do with that \$120 million. I'm just saying. I just wanted to clarify that cause, you know, people-- I'll-- I'm-- I, I get corrected a lot when I say things on the mic, and I just wanted to correct myself to make sure I was saying accurate things today. And-- I'm just saying. There's \$145 million that is going-- most likely going to be put in a budget for a prison that was proposed in 2020 for \$230 million to address prison overcrowding that will be \$120 million over budget. That's not talking about operational cost. That's not talking about delays. Because this prison was supposed to be done-- if you read that argu-- article-- by this year. So it's already delayed. So let's talk about delayed costs. Let's talk now about these tariffs that are going on, how much that is going to affect cost. I'm just-- it's, it's a fair assessment and a fair question how far over budget this prison is going to be. But currently-- I'm just throwing it out there-- if people vote to put \$145 million in the budget for a new prison, it will be \$120 million over budget, more than the original proposal of \$230 million in 2020. And it's already behind schedule because the original proposal was for, for it to be done by 2025. And we are in 2025, and they have not began construction. So just throwing that out there. It's going to be massively over, over budget, and the taxpayers are going to pay for it. So just letting you know. Just got up here to correct myself. Thank you.

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

KAUTH: Thank you, Mr. President. I'd like to ask Senator Storer a question, please.

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

STORER: Yes.

KAUTH: Senator Storer, in your bill, it talks about the process for age verification. Can you tell me when they take a picture or however they get the information about the parents' age, what do they do with that information?

STORER: Yes, I would be happy to. That was a very important component of the bill that we wanted to be sure and cover. We actually have provisions that, whether it's the social media platform themselves or a third-party verifier, in either case, they-- this requires that they do not hold onto that information. They, they have to dispose of that age verification source or information after they have verified your age. And there are penalties if they do not dispose of that.

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KAUTH: OK. Thank you very much.

STORER: You're welcome.

KAUTH: Nothing further. Thank you.

KELLY: Thank you, Senators Kauth and Storer. Seeing no one else in the queue. Senator John Cavanaugh, you're recognized to close on AM1007.

J. CAVANAUGH: Thank you, Mr. President. Thank you, colleagues. So just so everybody remembers what we're talking about here, this amendment doesn't take anything away from Senator Storer's bill. It just means it-- all it says is that if there's any enforcement that assesses a fine or a fee, that money goes to the common school fund, which is what's required by the state constitution, but it is not explicitly in statute. But it is explicit in some places, including-- we put it into LB504 now two days ago. And so in the interest of consistency and clarity, AM1007 puts the requirement that the money assessed by fines or fees is apportioned in compliance with Article VII, Section 5 of the state constitution. So that's all it does. Doesn't change anything else about Senator Storer's bill. Doesn't take anything away from it. It just is for clarity's sake. So I'd encourage your green vote on AM1007. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Members, the question is the adoption of AM1007. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 39 ayes, 0 nays on the adoption of the amendment, Mr. President.

KELLY: AM1007 is adopted. Seeing no one else in the queue. Senator Bosn, you're recognized to close on AM1010. And waive. Members, the question is the adoption of AM1010. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 30 ayes, 4 nays on the adoption of AM1010, Mr. President.

KELLY: AM1010 is adopted. Senator Storer, you're recognized to close on L-- excuse me. Mr. Clerk.

ASSISTANT CLERK: Mr. President, second division of the committee amendment is AM1009.

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

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BOSN: Thank you, Mr. President. AM1009 is the portion of LB383 that was Senator Hardin's bill, so I would encourage your green vote on it. That is-- and I-- and then I'll just yield the rest of my time to him if that's possible.

KELLY: Thank you, Senator Bosn. Senator Hardin, you're recognized to speak.

HARDIN: Thank you, Mr. President. Colleagues, just a reminder, AM1009 from the division is my bill, LB172, which amends the Child Pornography Prevention Act to now be called the Child Sexual Abuse Material Prevention Act. Definitions are expanded to include computer or AI-generated images in what qualifies as CSAM. I want to thank the Attorney General's Office, the Nebraska State Patrol, the Judiciary Committee, and Senator Storer for the opportunity to join her priority bill. I ask for your green light in support of AM1009. Thank you.

KELLY: Thank you, Senator Hardin. Senator Bosn, you'd be recognized to close on the second division. And waive. Members, the question is the adoption of the second division on AM1009. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 41 ayes, 0 nays on adoption of the second division of the committee amendment, Mr. President.

KELLY: The second division is adopted.

CLERK: Mr. President, Senator Storer would move to amend the bill with AM1016.

KELLY: Senator Storer, you're recognized to open on AM1016.

STORER: Thank you, Mr. President. This is a very simple amendment at the request of Meta. This just puts the enforcement date back to July. And that, that would be in line with actually how the-- the date that Senator Bosn's bill would go into enforcement as well. That gives the social media platforms adequate time to make any necessary changes to fall into compliance. So I would ask for your green vote on AM1016.

KELLY: Thank you, Senator Storer. Seeing no one else in the queue. You're recognized to close on the amendment. And waive. Members, the question is the adoption of AM1016. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays, Mr. President, on adoption of the amendment.

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KELLY: AM1016 is adopted. Mr. Clerk.

CLERK: I have nothing further on the bill, Mr. President.

KELLY: Members, the question is the advancement of LB383 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 2 nays on advancement of the bill, Mr. President.

KELLY: LB383 is advanced to E&R Initial. Mr. Clerk for items.

CLERK: Mr. President, amendments to be printed from Senator Meyer to LB382. New LR: LR116 from Senator McKeon. That'll be laid over. Notice that the Appropriations Committee will meet at 2:00 in Room 1003. Appropriations, 2:00, 1003. Nebraska Retirement Systems Committee will have an executive hearing on Friday, April 11 upon adjournment in 2102. Retirement, exec upon adjournment in 2102. And the Education Committee will have an exec session in Room 2022 at 1:00. Education, 2022 at 1:00. Senator Juarez, name add to LB417. Finally, Mr. President, a priority motion: Senator Brandt would move to adjourn the body until Monday, April 14 at 9:00 a.m.

KELLY: Members, you've heard the motion to adjourn. All those in favor say aye. Those opposed, nay. The Legislature is adjourned.