

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate May 6, 2025

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventy-third day of the One Hundred Ninth Legislature, First Session. Our chaplain for today is a guest of Senator Clements. It's Joe Laughlin, Victory Church in Omaha. Please stand.

JOE LAUGHLIN: Thank you. Let's pray. Dear Heavenly Father, we're grateful for the history of prayer in our nation and in this great state of Nebraska. In 1 Timothy 2, we are exhorted to pray for those in authority over our lives so that we may lead quiet and peaceable lives in all godliness. And so today, we pray for this body of legislators, fill them, Lord, with the wisdom and discernment as they consider all the bills, the amendments before them today, and for the rest of this legislative session. As they face tough challenges and hard questions and difficult choices, may they remember to call on you, humble themselves under your mighty hand and ask you for wisdom. The wisdom that only you can give. And may they be guided always by the principles found in your holy word. We pray also for the people of Nebraska, may we be united in our commitment to your values, may we always seek to live in a way that honors you. And, Lord, we pray that through prayer, we continue to bring about a positive change as you hear and answer our prayers. We ask this in the mighty name of Jesus. Amen.

KELLY: I recognize Senator Clouse for the Pledge of Allegiance.

CLOUSE: Please join me, colleagues. 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: I call to order the seventy-third day of the One Hundred Ninth Legislature, First Session. Senators, please record your presence. Roll call. Record, Mr. Clerk.

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

KELLY: Are there any corrections for the Journal?

CLERK: There are no corrections this morning, sir.

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

CLERK: There are, Mr. President, amendments to be printed from Senator John Cavanaugh to LB677, as well as a communication from the governor. Engrossed LB650e was received in my office on April 30, 2025, and signed on May 6, 2025. This bill was delivered to the Secretary of State on May 6, 2025. Signed Sincerely, Jim Pillen, Governor. An

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additional communication: Engrossed LB317e was received, was received in my office on May 1, 2025 and signed on May 6, 2025. This bill was delivered to the Secretary of State on May 6, 2025. Signed Sincerely Jim Pillen, Governor. And additional communications from the governor concerning appointments to the Nebraska Environmental Trust, as well as the Superintendent of Law Enforcement and Public Safety for the State of Nebraska. That's all I have at this time, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Bosn would like to recognize the physician of the day, Dr. Rachel Blake of Lincoln. Please stand and be recognized by the Nebraska Legislature. Senator Clouse would like to recognize some guests seated under the south balcony, University of Nebraska President Jeffrey Gold, University of Nebraska Kearney Priority Chancellor Neal Schnoor, Chris Kratovil, and Jackie Ostrowicki. Please stand and be recognized by the Nebraska Legislature. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR141. Mr. Clerk, please proceed to the first item on the agenda.

CLERK: Mr. President, General File, LB621 [SIC-- LB261], introduced by Speaker Arch at the request of the governor. It's a bill for an act relating to appropriations; states intent; defines terms; makes appropriations for the expense of Nebraska State Government for the biennium ending June 30, 2027; appropriates funds allocated to the State of Nebraska from the federal Coronavirus State Fiscal Recovery Fund pursuant to the federal American Rescue Plan Act of 2021, 42 U.S.C. 802, as amended; appropriate funds for capital construction and property acquisition as prescribed; requires program statements and a request for funding; transfers funds; provides duties; provides an operative date; and declares an emergency. The bill was read for the first time on January 15 of this year and referred to the Appropriations Committee. That committee placed the bill on General File with committee amendments, Mr. President.

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

CLEMENTS: Thank you, Mr. President. First, I want to thank the Appropriations Committee members for their hard work, as we met almost every session day, hearing many budget proposals and bills. I want to thank Senators Armendariz, Machaela Cavanaugh, Senator Dorn, Senator Dover, Senator Lippincott, Senator Prokop, Senator Spivey, and Senator Strommen for many hours of analyzing agency budgets and discussing proposals. I would also like to thank Keisha Patent, our fiscal analyst, and all the budget analysts in the Legislative Fiscal Office for their hard work and expertise, and they're over here to the side

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for reference if you have questions. They may be able to ask-- answer them. My comments today will be largely regarding the blue-- the celestial blue budget book that was handed out last week. And I'll go over the highlights that's in that and, and give you an update on where we are. LB261 is the governor's mainline biennium budget bill. The Appropriations Committee advanced LB261 to General File with AM832 on a 7-1-1 vote. The committee started with the governor's agency budget recommendations as outlined in his budget book in January. The committee also reviewed the requests from agencies other than those in the governor's recommendations. The committee preliminary report contained those changes that were approved. Next, we held public hearings to hear from each agency and the public, and the public regarding those agency requests. Then, we held public hearings on 40 bills referenced with budget requests. That ends my opening remarks for LB261, and I will continue with information that's in the committee amendment. The committee amendment, AM832, is a white copy amendment, which becomes the bill and establishes the 2-year budget for fiscal years '25-26 and '26-27, starting July 1, 2025, ending on June 30, 2027. The committee statement for LB261 has a summary of 9 bills that were adopted into AM832. These are listed on page 4 of the blue biennial budget book. I'll discuss those briefly. LB55 from Senator Dorn adjusts rates for mental health providers serving eligible-- clients eligible for both Medicare and Medicaid using the hospital quality assurance access-- assessment cash fund. LB57 from Senator Dorn increases the assisted living Medicaid rural daily room rate to equal the rate for urban facilities using the Medicaid Managed Care Excess Profit Fund. LB173 from Senator Prokop appropriates \$5 million per year of general funds for aid to community colleges for high school dual-enrollment classes. LB452 from Senator Prokop appropriates \$500,000 per year from federal TANF funds for CASA, Court Appointed Special Advocates, aid. LB505 from Senator Prokop appropriates \$10 million of federal TANF funds in fiscal year 2026 only for nonprofit food banks. LB580 from Senator Machaela Cavanaugh continues grants from the Lead Service Line Cash Fund for Metropolitan Lead Service Line replacements. LB581 from Senator Machaela Cavanaugh appropriates \$500,000 in fiscal 2026 only from the Health Care Cash Fund for a childhood development center including behavioral health services. LB621 from Senator Dover appropriates \$500,000 in fiscal year 2027 only from the Health Care Cash fund for a federally qualified health center in Norfolk. LB627 from Senator Dover appropriates \$250,000 of general funds in fiscal year 2026 for a study related to a residential facility for nursing and other health students in Norfolk, Nebraska. It includes intent language to appropriate funds for UNMC in the amount of \$750,000 per year. I encourage the introducers of these bills to discuss the

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details more fully as the budget debate continues. I've just given a one-liner on each of those bills. Turning to the blue book, if you have your blue budget book, please turn to page 5, where it shows the resulting General Fund status. This status is as of April 24, 2025, the day LB261 was voted to General File. The Economic Forecasting Board actions of April 25 are not shown on this page because we, we needed to get the bill onto Bill Drafters and did not have time to wait for the forecast. Line 15 on page 5 shows the proposed General Fund increases: fiscal year 2025 increases by \$61 million, and fiscal year '26 and '27 increase by \$121 million and \$151-- \$159 million, respectively. These increases come mostly from a reduction in federal Medicaid matching funds of \$55 million in fiscal year 2025 and another \$295.5 million over the 2 years of the biennium. This was resulting from a decrease in the federal percentage that they pay for Medicaid, which increase the, the amount that the state is required to pay. Line 21 in column 3 shows the fiscal year 2027 ending balance of a negative \$124 million. The April forecast then reduced the projected revenues by \$280 million, lowering the ending balance to a negative \$396 million. Since then, the Legislature has passed bills and reduced the shortfall. The current budget status shows a \$262 million shortfall. Since then, the committee has identified additional General Fund revenues and savings and approved a Cash Reserve transfer. Those changes will be in a Select File amendment as they were not done in time to introduce on, on Select File. Turning to page 6, the Cash Reserve Fund ending balance as shown in column 3 as of April 24, the fiscal year 2027 balance is \$921 million, which was prior to the Forecasting Board meeting. The Forecasting Board action resulted in a decrease of \$100 million, down to \$821 million for the reserve balance. The committee's Select File amendments will decrease the balance to about \$690 million or 12.4%, which is still within the recommended level. There are additional fund transfers on Select File and a few General Fund savings totaling \$120 million to the General Fund, and a \$132 million reduction in the Cash Reserve is what will bring the status to a positive balance of about \$3 million. Those will be-- details will come on the Select File amendment. A history of the Cash Reserve balance is shown on page 8 in the blue book. The balance had a recent low of 7.6% in 2019 and had built up to 16% for year-end 2025, bringing it down to a little over 12% will still be within an acceptable range. Page 56 of the blue book shows deficit adjustments, which are agency requests to cover additional expenses for the current fiscal year. An increase in K-12 special education costs of \$67 million was funded by the Education Future Fund. The CHIP and Medicaid programs needed \$61 million in additional general funds. A child welfare cost increase of \$15 million was offset by savings in another HHS program. The net General Fund

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impact of the fiscal year 2025 deficits is \$61 million. Turning to page 27, it shows the calculation of the state aid to public schools TEEOSA formula. The budget fully funds the formula for \$1.192 billion in fiscal year 2026 and \$1.183 billion in fiscal year 2027.

KELLY: Senator, that's your time, but you're next in the queue for the committee amendment.

CLEMENTS: Thank you, Mr. President. I am on the-- been on the committee amendment already because I knew I would need some more time and so continuing on page 45 of the blue book, it shows a summary of the Nebraska Health Care Cash Fund allocations. The biomedical research funding is maintained at \$15 million per year. It had been proposed to be reduced, and we were-- a couple of different actions that we found, we found funding to restore that fully. You'll notice that developmental disability funding is increasing to \$16 million per year. They are-- HHS is working to reduce the waitlist for developmental disability. Project Health, a new hospital and medical school project at UNMC, is funded at \$50 million per year from the Tobacco Settlement Cash Fund for 2 years. Intent language in the budget for the Cash Reserve transfers of \$50 million per year for 3 years-- 3 additional years is also included. Those are the major provisions of AM832 to LB261. I look forward to the discussion of the budget. And I welcome the discussion and especially welcome those senators who had bills in here to give us some more detail about that. And I-- that concludes my remarks. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Mr. Clerk.

CLERK: Mr. President, Senator Meyer would move to amend the committee amendment with AM1246.

KELLY: Senator Meyer, you're recognized to speak.

MEYER: Thank you, Mr. President. My amendment to this appropriation bill stems from funding on our Meals on Wheels program and senior meals. We are experiencing about a \$4 million budget shortfall. So this is looking somewhat backwards. We've had a number of Meals On Wheels programs have taken people off of Meals on Wheels and placed them on a waiting list and there's been a number of senior centers that have closed and so my amendment to the appropriations bill is to provide funding for my LB382 bill and I would appreciate your, your positive support for my amendment to the appropriation bill. Thank you.

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KELLY: Thank you, Senator Meyer. Moving to the queue, Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. Good morning, colleagues. Good morning, fellow Nebraskans watching this very important discussion about our budget. And I have to acknowledge there is really no greater responsibility than being good fiscal stewards for our taxpayer. And dealing with the budget is, is one of our primary duties and obligations. Having said that, it is also our primary function and obligation to make sure that we ensure the economic vitality of our state going forward, not only in this biennium, but in the next biennium. So as we look at the budget presented to us and our dealing with that budget deficit that has also been a, a challenge that we now have to face, but we also have to really reflect on how did we get here? Why are we dealing with some of these overwhelming budget deficits? And I've said from the very beginning that I joined this body that when we introduced accelerated income tax rate reductions, I pointed out to my colleagues, these are not sustainable going into the future. And I remember Senator Linehan was very confident that she would have the votes to get it passed. And she certainly did have the votes to get it passed. But it didn't make any sense to me as a business owner, as a person who really cares about economic growth in our state, because there was no revenue to supplant the revenue lost. So we are dealing with part of that issue, with the accelerated income tax rate reductions that no one was calling for. We heard loudly and clearly about property tax rate, property tax rate, we're hurting our fellow Nebraskans. And you know what, we listened, and we took on something that was truly transformative by actually transferring funds to help provide that relief and to actually fund public education in our state of Nebraska and greatly increase that amount to relieve local taxpayers from taking on that burden. Nebraska was ranked 49th in all of the states at the bottom of the pile of their contributions to public education. It took years, it took years to get to that low ranking. And it's unrealistic to think that we can all of a sudden just turn the switch and be in a better shape. There was transformative things involved with property tax relief that I supported and that was the right thing to do. I understand we're going to spend a lot of time talking about this. It's an important issue. But, colleagues, we've been talking about this a lot already. And there are some easy buttons that we could push, or we could do it the hard way. We could continue to cut the university. And I had a handout talking about how that doesn't make any economic sense to do that to revenue generators. We're taking cash transfers from our problem-solving courts, which, by the way, save taxpayers a lot of money and reduce costs for incarceration.

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So doing things like that makes absolutely no sense to a business owner but a person who's been balancing budgets for 15 years in the county and the city, you know, we do things expeditiously. We don't want to waste time haggling over things that are just so self-evident. And I'm just going to run through these very simple things very quickly that would help alleviate our budget deficit and set us up better for the next biennium, which as elected officials is something we should also be focusing on, not just this short term this year and next year. So, again, I will talk more about this, but I'll run through them very quickly. We should be taking \$100 million from the Perkins Canal, which, by the way, is at least a 15 to a 19-year project because of legal delays. This makes much more sense than going to our Cash Reserve and taking \$100 million from there. Of course, I'm a fan of Senator Brandt's bill, LB171, where it freezes the accelerated income tax rate reductions, which would save us \$100 million this year and about \$395 million next year. We should also be doing a 2-year pause on the construction of the new Penitentiary and spend that 2 years' time doing value engineering to reduce those costs. I can tell you that there's going to be a lot of grief and opposition on any type of sales tax increase to our fellow Nebraskans when this problem was our own doing, our own making without having the foresight to project what are our revenue incomes going to be to supplant the revenue loss that we're facing.

KELLY: That's your time, Senator.

RAYBOULD: Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. You all have received a handout from me. This is for my amendment that is pending, and I'll discuss that further when we get to that. This amendment that we're on right now, we already have this in a bill, and it has an A bill. I just looked. The A bill is on Select File, along with the bill. So this amendment is actually not necessary for the appropriations process. And I'll yield the remainder of my time to Senator McKinney.

KELLY: Senator McKinney, you have 4 minutes, 31 seconds.

McKINNEY: Thank you. I rise in opposition of AM1246. I see we're starting Tuesday off right, you know, tried to walk in here with a, a clear mind but, you know, the Legislature is the Legislature and you always should expect the unexpected. AM1246, what this will essentially

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do just for just simple terms, if this gets attached, it means that Speaker Arch does not need to schedule LB382, which would essentially kill my priority bill that was killed on General File. It's real interesting. I'm just letting you all know that, again, my conversations that, you know, we talk about the need for support for families and those type of things, and the need for help for families, especially those with youth that are, you know, potentially could go into the juvenile justice system, and those type of things. But it's clear, at least Senator Meyer doesn't care about that because he wants to circumvent my bill because it got attached to his bill. And he can do what he wants, I just, you know, fundamentally disagree with the approach and I just disagree with this, this amendment. And it's nothing against Meals on Wheels because I think that's a good program, but my bill is important as well, and it was important at that stage of debate. So, again, as I stated, I forget when that was when a lot of you guys killed my bill on General File, we're not cool if this amendment gets attached. We're not cool, we're not friends, we're not-- I don't want to talk to you because you say you care, you say you want to help, you say want to do these things, and then things like this come up. So if this amendment gets attached, that means Terrell really just is here to be a disrupter and to make the rest of our time, how many days is left? What is it, 73rd, 73rd day? We got some time and I got some time to be a disrupter, slow this process completely down and I promise you I will. I will-- I'm putting-- I'll telling you, any way I can to slow down this session, I will do. And what that will do for a lot of you all is, it means some of you all priority bills will not be heard this session, so if my priority bill dies, some of you all priority bills will not be heard. Because we're going to take time and I'm going to spend time, I promise you, because I'll be very motivated to have time. So if you have a priority bill, especially if it's on General File, good luck because I'm taking time if this gets attached and I'm serious. So you could say, oh, we don't care. We'll still vote for this because we really like Senator Meyer. And for whatever reason, I still haven't heard a real argument why people dislike my bill, but I'm just telling you all, I will take as much time as possible. I will have all the motivation in the world to just do as I please and slow these things-- slow this thing down. So that's the warning, and I'm serious. And I'll continue more when I get back up, but AM1246 is a wrong amendment. It should not get attached. Don't nobody ask me for anything if it gets attached. I don't care if you're in the lobby, don't ask me for anything if you support this getting attached and you're not telling people to vote no. Thank you.

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

KAUTH: Thank you, Mr. President. I rise in support of AM1246, Senator Meyer's bill. The area agencies on aging do an extraordinary amount of work, and it is so critical for seniors to have the socialization and to have the food that those groups provide. This bill, they are \$4 million behind in the hole. We need to help keep them up as the economy has gotten tighter, and tighter, seniors' money is going not as far as it needs to, giving them the opportunity to have a hot meal, to have some visitation with someone, whether it's brought to their home, whether it's at a senior center. That socialization component is incredibly important. There are eight agencies throughout the state, so \$2 million a year is only \$250,000 per agency. That doesn't go far, and the need is great. So I very much support this amendment. And I yield my time to Senator Meyer.

KELLY: Thank you, Senator Kauth. Senator Meyer, 3 minutes, 58 seconds.

MEYER: Thank you, Senator Kauth. Thank you, Mr. Speaker-- or Mr. President. I'd like to address Senator McKinney's criticisms. LB48, which was his amendment onto my LB382, came about because his bill had been considered by this body and had been rejected. My bill was the next one up after. It was my words, get-away Thursday, and in an effort to be able to go home at a reasonable time on a Thursday afternoon, it was suggested, suggested that it be amended to my bill so we could have a vote and we could go home. That's not a real good basis for supporting a bill. He'd had his vote. I filed a white paper amendment on LB382 in, in order to separate LB48 from my bill after it had been attached. Senator McKinney actually filed four priority bills, two to reconsider, one IPP, and one bracket. That kind of indicates to me that he didn't really want his bill to pass either because given the time that it would take on the floor to discuss that and the probability of, of his amendments or his motions actually being successful were-- probably, probably didn't have much of a chance. The reason that I felt it was necessary to amend LB261 is simply in a matter of saving time. Had LB382 come to the floor, we would have spent a great deal of time on Senator McKinney's priority motions, debating the validity of my white, my white copy amendment and totally-- it would have been totally unproductive. The vote would have the vote. I'm very confident that the vote at the beginning of the debate would be the same vote at the, at the end. We do that quite often here, we've, we've seen-- I've, I've heard a, a, a, a senator criticize a bill for being a time-wasting bill and also participate in an 8-hour filibuster of that bill. You tell me who wastes the time. In the interest of doing productive things on the

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floor of this body, I filed this amendment. The merits of LB382 and the merits of this amendment are quite obvious. We're trying to take care of, of deficiencies in funding our Meals on Wheels, and our, our senior centers. Through inflation, costs have skyrocketed. The reimbursement from the Area Agency on Aging for these meals is wholly inadequate to provide proper funding. I'm told with the funding approximately in that \$5 to \$6 range, reimbursements for meals, meals are running north of \$9, Meals on Wheels, the delivery, which is voluntary, people volunteer to do that, they volunteer their time and, and fuel, is running over \$13. And so it's quite obvious there's a great need. We need to take care of the most vulnerable in our society, and my amendment on this bill does that. Thank you.

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

von GILLERN: Thank you, Mr. President. I rise this morning in support of LB261 and the work of the Appropriations Committee and in support of Senator Meyer's AM1246. Speaking towards AM1246 just briefly, before I move on, Senator Meyer's bill, it's unfortunate that Senator McKinney's bill was attached to Senator Meyer's bill, and I think Senator Meyer just did a good job of describing how that happened and why that happened. It certainly had nothing to do with, with his bill. I think there was-- and if pressed, I think there clearly is a germaneness issue, and Senator Meyer's bill should not be penalized because others took that unique strategy to, to get that moved forward. So, anyway, back to the budget discussion. I appreciate the hard work of the Appropriations Committee, and especially their agility in approaching a budget where the finish line, the goal line has been moved twice during the session due to changes in, in revenue projections. Certainly, didn't make their work any easier. It's hard to say no, but that committee has that pretty much perfected. There's many ways to balance a budget. One is increasing revenue, and the Revenue Committee has done their good work to assist in that way, and I appreciate the hard work of my committee members. Another way to balance a budget is what I call hitting the easy button. Some of you might remember a commercial that ran a number of years ago where every problem could be solved by hitting the easy button. Some of the easy buttons that have been proposed here regarding the budget include, we've heard them already this morning, reducing funding for the Perkins County Canal, eliminating or paring back funds for the prison, freezing or rolling back the income tax cuts implemented in 2023 and which go into full effect in 2027, or the latest idea that came out yesterday was to freeze the property tax relief increases over the next 2 years. All of these are, in my mind, easy buttons. Yes, they solve the math problem,

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but they all come with baggage and/or they're impossible to move across the floor. The question becomes, do we want to cut items that are truly investments in the future of our state? The Perkins County Canal is clearly an investment, not only in agriculture, but in urban water needs. If we pass on the opportunity to get as much water as possible today, we have failed. Not building the prison would be a mistake. The current facility is clearly beyond its life expectancy and it's been linked along from a facility standpoint for decades. It's an environment that's not conducive to rehabilitation nor is it a safe place for inmates or for security officers. Senator Raybould suggested pausing that construction for 2 years. Well, this is at a time where construction inflation is in double digit numbers year over year. If we pause that for 2 years and cut 40% out of the project, I'm afraid you might be right back where you are. Freezing and rolling back the income tax cuts would put us right back where we were 3 years ago, which was running people out of our state. And guess what, they took their money with them. I personally know of numerous people who have moved to Texas, Washington, Florida, states with no income tax, and, again, took their money with them. Nebraska moved up in the economic ratings the year that the tax cut-- the income tax cut was implemented. And if you don't think people pay attention to that, well you're wrong because they do. The last idea again, freezing the property tax relief was proposed here yesterday. Yes, the math works, but there's no world where I can imagine that 33 people would advance that. And, frankly, it's one of the things we've done recently that truly impacts homeowners' wallets. I often tell people you don't get what you want here, but you can get-- you get what you can get. In other words, if you can't get 33 people behind an idea, it is essentially dead on arrival. I'll have more time to share later in the discussion, but, again, I encourage you to support LB261, the budget bill, support the work of the Appropriations Committee. Those folks work as hard as anybody in this building in order to present a balanced budget to us. And, again, it was already mentioned today that it is a constitutional requirement of this body to pass a balanced budget. So support their work today, I ask you. Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. I want to begin where Senator von Gillern left off. I agree with everything he said. I, I rise in support of LB261 and AM1246. Meals on Wheels is an important thing for my community and I think, again, as Senator Meyer had pointed out, with all the blocking motions on that particular bill, it was heading nowhere without putting it onto LB261. So I will support that and I

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think that we have to stay focused in this body on moving good bills forward. This isn't a time to play games, play retaliation, this is a time to come together and do the work of the people and do something for Nebraskans. I continue to look at what the Appropriations Committee has accomplished. They did a lot of thought, gave a lot of thought to the budget that they brought forward. There was some pain for everyone in terms of cuts that are being made. I can tell you that as I look through the budget and I look at the fact that they're taking the interest earnings from the Perkins County Canal project troubles me, but I'm willing to accept that. Taking principal from the fund is unacceptable and it's not something that I would accept or that I'd be willing to agree to. We have, we've talked a lot in this body about vision. We better be looking at water, without water you don't have much. Water is going to be very, very important. It is today. All you have to do is go to Colorado and look at the water problems that they have today to just build a new house, what it is to get a tap fee to be of access to water. The Perkins County Canal agreement is a solid agreement, but we have to take certain steps to be able to preserve our right to it. Will there be lawsuits? There might. But I can also tell you that Colorado has a lot of compacts with other states over water. Do they really want to say that compacts don't matter? But every time we continue in this body to threaten to take the funding away, it emboldens those in Colorado that we don't have the fortitude, we don't have the stomach to stand in here and protect our agreement, to enforce our agreement. We can't just dig a ditch off the, off the South Platte River, because if things continue the way they are, there won't be any water in the South Platte River. The only way we can preserve our right is to build the Perkins County Canal the way it was agreed to. And, oh, by the way, we have a right to the land through eminent domain in Colorado as part of the agreement, and we're entitled to a minimum amount of cfs to be delivered to us, but we've got to be able to build it. There are engineers, my understanding is 13 or 14 engineers working now to design the balance of what needs to be done. Land agreements are being put in place. This is moving forward. Now is not the time to once again lose, lose our fortitude, lose our will to build the Perkins County Canal. 20 years from now, if we don't do this, we're going to look back and say we had the opportunity and we weren't willing to follow through on it. So I would encourage my colleagues to look at the budget as it's brought forward, look at what the Appropriations Committee has presented, and other than some minor tweaks, now is not the time to find a whole new path forward. I think we're wasting our time if we're going to do that. I think we need to understand how we got to where we are today. And most of this comes back to federal cuts and, and cuts in federal dollars coming our direction, such as the

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FMAP. Look at the loss of funding that we had from FMAP, we've got to find a replacement for that. So this hasn't been reckless spending, this hasn't been due to tax cuts, this has been due a slowdown in the economy and loss of federal support. So let's continue to stay on topic, let's continue to look at the realities of what we're dealing with, and let's vote green for AM1246 and LB261. Thank you, Mr. President.

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

ARMENDARIZ: Thank you, Mr. President. As the vice chair of the Appropriations Committee, I want to thank all of the members of the Appropriations Committee for all their work this session. We have four new members of the committee and five returning members of the committee. I try to gauge my decisions in Appropriations off of four pillars, and that is taking care of our elderly, our children who have no one to take care of them, public safety, and infrastructure. Now you'll hear some folks want to take money off of the Perkins Canal and I do support keeping the money in the Perkins Canal. We were blessed with an influx of money and decided to do a very long-term infrastructure project with that money and set it aside. It may take 18 or 20 years, it may take 5. We don't know, but taking the money away from it is just robbing our future. So if we have no plan of having Nebraskans in Nebraska in 20 or 100 years, then it may be irrelevant, but I don't believe that's true. So I think it is a good long-term investment that we need to keep charging forward with. We happen to have the extra money at the time, and I believe we need to keep it there for the infrastructure build. Water is the current gold from what I hear. So if we can get our rights to the water that are coming from Colorado, I think that's a good long-term infrastructure investment that I would like to protect. My understanding of the prison is we need a new prison. It's over 100 years old and, and has many, many issues. And when we look at the cost-benefit analysis, the new prison would cost less than refurbishing the old prison. It sounds like we may need even to put more in as Senator McKinney notes that it may be overcrowded when it opens. So the university, we did increase the university's budget by \$3.5 million over the next 2 years. And when we talk about halting the income tax adjustments that we made a few years ago, I don't support that. I think we're moving in the right direction as we want to compete with other states around us such as Iowa, we need to keep those in place and not scale back. As I've often said that we-- if we give those credits up front or scale backs up front and then turn around and take them back, we lose a lot of trust in our population here in Nebraska. So I believe that there are ways that we move forward

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with the income tax cuts and as I've said, we, we have enough money. We just have to make a few people mad. And we'll continue working on that. Property tax relief, again, we, we did have a big influx of money, wanted to bring our state higher up in the rankings for state contributions to schools, which we did a few years ago. Still trying to figure out how that sustains long term. So far we've been able to do that. But I want to note to Nebraskans that, that property taxes are levied at the local level and that means your counties, your cities, and especially your schools and all the boards that run those is where you are best able to control your property taxes. And I would encourage you to do that and pay really close attention to those local elections and who is going to control those property tax dollars at the local level and vote for those folks. I believe there's a lot of opportunity to cut our spending more than increase taxes. Over the years we've had a lot of scope creep bills that get passed for \$2 million, \$1.5 million, \$5 million, and they're going against General Fund and our obligations going forward. So we're working hard to scale back on those, which we've done this year in Appropriations. I personally have been working in DHHS to find more opportunities in wasteful spending in DHHS and I hope to have these changes and continued to be implemented over the coming sessions. And with that, I'll get back on the mic later. If there are any questions, I encourage you to ask. I appreciate your time. Thank you.

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

MOSER: Good morning, Mr. President. Good morning, colleagues and Nebraskans that follow along in our quest to solve our budget shortfalls. I do appreciate the Appropriations Committee and all the time that they put into making this all work. It's a lot of work and they should get thanks from all members for the sacrifices they have to make to make that committee work. One of the comments one of our colleagues mentioned earlier was this budget shortfall was a project of our own making. And I don't think that's true. We had money during the COVID days that the federal government was spending all over the country and we had big revenue increases, we had the cash to put aside for the Perkins Canal, we had the, the cash to put aside for the new prison, and if we were to dip into those funds and spend them on everyday expenses, at this point we'd never get back to building the Perkins Canal or the new prison, you know, even the old one is 100 years old. Our problems primarily were increases in Medicaid costs, \$350 million over the next 2 years, and then the forecast was \$280 million less than what the previous forecast was. So those two combined things were \$630 million, and that's-- even with those increases this

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budget balances. So you can pick apart little bits of it here and there but overall even though we've been dealt some kind of poor hands here so to speak in the, in the funding from the federal government, we've accomplished-- I shouldn't say we, the Appropriations Committee has suggested a solution to the problem and I-- you know, I'm encouraged by their work and I'm going to support them. If you look on page 28 of the blue budget book that we've got, the headline says: General Fund State Aid to Individuals, take a look at that page, it's \$1.75 billion that goes to Medicaid, child welfare, developmentally-- developmental disabilities, public assistance, behavioral health, children's health insurance, Nebraska Broadband Bridge Act, aging programs, public health aid, there's a whole list of them there. And even this sector got a \$52.9 million increase in the current budget. So we're still taking care of the most vulnerable, the people who need help. We're factoring in the loss of funding from the federal government on Medicaid. And we're working around the new forecast. I think the Appropriations Committee deserves great credit in working this out and making it all add up. Thank you, Mr. President.

KELLY: Thank you, Senator Moser. Senator Quick would like to recognize some guests in the north balcony. They are fourth graders from Grand Island Central Catholic. Please stand and be recognized by the Nebraska Legislature. Senator Prokop, you're recognized to speak.

PROKOP: Thank you, Mr. President and good morning, colleagues. As a, as a member of the Appropriations Committee, I'm not breaking any news here when I, when I say this has been a difficult process. No one came into the budget cycle expecting it to, to be easy. And from the beginning, we've been staring down not just one large budget shortfall, but two large budget shortfalls. So we've had a lot of work that we've had to do. And the Economic Forecasting Advisory Board made it clear revenues are down and belt tightening was not optional. It was necessary. But despite the gravity of, of that fiscal reality, what the committee did was showed willingness to work together. We debated. We disagreed. We compromised. And that collaboration allowed us to bring forward the budget that we're reviewing now and it reflects difficult trade-offs and some clear wins for Nebraska. Nobody got everything they wanted. For many of us on the committee, and I would include myself in this, there are real disappointments. Cuts were made, promising programs didn't make it into the final budget, but I don't want us to lose sight on the bigger picture. We are navigating an extremely difficult fiscal-- a couple of fiscal years, and to balance this budget, we did dip into the Cash Reserves and pulled out \$132 million, reducing our cushion from 2 months of spending to about 1.5. And we made targeted transfers from dormant or underutilized funds to protect

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essential services. Despite these challenges, I do want to highlight a few of the priorities we were able to preserve in advance. First, we protected childcare funding. The original proposal had moved \$3.25 million from the Early Childhood Education Endowment Fund into the Education Future Fund. That transfer would have directly impacted at-risk children under age 3. The committee rejected that proposal, ensuring those dollars stay where they're needed most. Second, we found a productive use for the customized job training fund, which has been sitting inactive since 2020. By transferring its \$2.7 million balance to the General Fund in FY '26, we're ensuring every available resource is used wisely without cutting active programs. Third, we restored university biomedical funding to its full \$50 million per year. Originally, \$5 million in cuts were proposed, and that would have set back vital research in health innovation, so it was important that we restored that funding. Additionally, we supported Project Health, previously known as Project NExT. When funding-- when federal funding didn't materialize, we adjusted state law through the Transformational Projects Act to allow private institutional investments instead. That keeps the door open for a high-impact initiative with real potential for Nebraska's health and tech sectors. Fifth, we partially restored funding to the Business Innovation Act, which had faced a proposed \$5 million cut. We, we were able to recover \$1.25 million of that. It's not everything, again, there were disappointments along the way, but it's a meaningful step in protecting entrepreneurship and economic growth. And, finally, we reduced harmful proposed cuts that would have impacted the Nebraska Environmental Trust. Instead of an automatic recurring transfer, we settled on some one-time transfers with language to ensure it's used in line with [INAUDIBLE] original intent. We are balancing sustainability with fiscal restraint. Colleagues, this is not a perfect budget. I'd be the first to admit that. There are things in the proposal that I, like many of you, would have done differently. There are cuts that I do not agree with. There are priorities I wish we could have funded. Funding probably for the University of Nebraska system, being, being that top priority. But what this budget does is responds to the moments we're in and balances our checkbooks while keeping a modest reserve. And does all of this in a context of declining revenues and high pressure to deliver on property tax relief. This budget reflects the reality of governing and the hard work that comes with making choices. I hope each of us, as we're debating here, can look at the proposal, not as everything we hoped for, but as a good faith effort that rises to meet a tough year with resilience and shared responsibility. I know I'm going to run out of time here shortly, but I'm going to-- I'll punch back in per the, the chairman's request so I can talk about some of the bills that I incorporated into the budget

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proposal that we're considering, and I'll detail those a little bit further next time on the mic. Thank you.

KELLY: Thank you, Senator Prokop. Senator Holdcroft, you're recognized to speak.

HOLDCROFT: Thank you, Mr. President. First, would Senator Armendariz yield to a question?

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

HOLDCROFT: Senator Armendariz, did you have some additional information on the university funding?

ARMENDARIZ: Yes, thank you. Thank you for asking me. I apologize. I misspoke on the university funding. We did fund the university at \$13.5 million over the next 2 years. I appreciate you asking me that question, Senator Holdcroft.

HOLDCROFT: Thank you, Senator Armendariz, and thank you for your work on the Appropriations Committee. I rise again to address the new prison discussion, and, and Senator McKinney and I agree on one thing, our, our prisons are overcrowded. I mean, we, we do not have enough, the building, the, the prisons that we currently-- the correction centers that we have currently are, are beyond the number of individual-- incarcerated individuals are more than the, the, the centers were designed for. But the, the reason for the new-- where we disagree a bit, is the reason of the new prison. And it's true that currently NSP has about 818 incarcerated individuals, and the new prison will have 1,500, which will give us a 700 increase-- capacity increase, which will aid. But that's not really-- you know, building new prisons is not really the answer to overcrowding. I think we agree on that also. But it's not like we've been sitting on our hands since 2020 when the decision was made to build a new prison. Back in 2020 with, with Governor Ricketts and a different Director of Corrections, they did-- I mean, they did decide to build a new prison and it was all about overcrowding and that was going to be their solution, another prison. And some things happened since then like water main breaks and deterioration of, of the Nebraska State Prison that make-- makes it no longer economically feasible to maintain. So the new prison is a replacement. It's a replacement, the Department of Corrections is on record that this is primarily a replacement for the Nebraska State Penitentiary. But we have not been sitting on our hands as a Legislature when it comes to trying to reduce overcrowding in our prisons. And I'd just like to highlight a few of the things that have

been accomplished by Senators Wayne, Geis, McKinney, and Bosn over the last 3-- even just the last 3 or 4 years. First, we've increased funding for the wellness courts. Now these are courts, this is diversion, this is keeping people out of prison at the front end. This is wellness courts that have been established in Lancaster and in Sarpy and Douglas County to address alcoholism, mental health, drugs, and for veterans. And these have been very successful in the last 3 or 4 years. We want to keep them going and they're from the Supreme Court. We have statements that say they are the most effective tool right now for keeping people out of our correction facilities. Second, we also increased funding under LB50 2 years ago for additional probation officers so that we can put more people on probation and keep them out of prison. We passed expanded parole in LB50. Senator Bosn, Senator Wayne worked on this at length. It ran into a little court problem, but that has now been resolved. And I got a note this morning from, from our Inspector General that-- Doug Kobernick, that this will impact 1,794 currently incarcerated individuals. They're not going to get out tomorrow. It's going to take a couple years to, to work through that list, but that will also decrease the overcrowding in our prisons. Also my priority-- personal priority bill, LB215, looks at individuals that have been incarcerated with life sentences who have served at least 30 years, and, and we're going to give them just a second look. We're not granting any more, I mean it's up to the, the Board of Pardons to make those decisions of whether to commute or not, but we're giving more of an opportunity to identify worthy candidates. And, finally, the most important thing, and I may run out of time here, is the, the appointment of, of Director Jeffreys as the Director of Corrections. He was hired because of his reentry expertise and the new prison is designed exactly for that. It is to help with preparing-- thank you, Mr. President.

KELLY: Thank you, Senator Holdcroft. Senator Strommen, you're recognized to speak.

STROMMEN: Thank you very much, Mr. President. First of all, I'd like to thank the Fiscal staff for all of their hard work. This was an unbelievably daunting task, and I think that they deserve all of the credit that we can give them for all of the time that they've spent helping us in the Appropriations Committee get to this balanced budget. I'd also like to thank everyone on the Appropriations Committee for their commitment and hard work, showing up every day, doing all of the dirty work that we had to do to get to where we are. As Jason said, Senator Prokop said, you know, there were a lot of decisions that had to be made, a lot of compromises that had to be made and we've found ourselves where we are today looking at the budget as it is. I'd kind

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of like to touch on a couple of things and just sort of reiterate the fact that we did face a number of pitfalls during the way, the \$350 million shortfall from FMAP created a lot of issues for us, especially when we started off in that \$450 million deficit range. We got hit with a \$350 million shortfall from FMAP. The Forecasting Board came in with a \$280 million reduction. That created a couple of issues, which caused us to have to go back and readjust and find some more money. And I think that we did a pretty good job in our attempt to do so. I'd also like to touch on some of the comments that were made about us being in a, a-- having a revenue crisis, that's not really the case. We-- actually, we're seeing net revenues go up over the next 4 years, specifically in this next year. We're looking at \$620 million increase. It's a 3.9 estimated net revenue growth over that year and then another \$62 million over that which is about 5.5% over the current year. So we see growth after that as well at 6.3 and 6.3. So we are actually looking at positive growth in the state which is going to definitely help us out down the road to try and solve some of the other issues that we're facing. The-- I also wanted to touch-- there was a question on the university. Originally, we were tasked to cut the university by 2%. We made some tweaks in that, we were able to increase their budget by 0.625 the first year and then another 1.25 on top of that the second year. So those are, those are positives. As far as the Perkins County Canal goes, as has been stated, water is our number one resource in the state. It is extremely difficult to think about not taking advantage of those opportunities that come in with the increased flow of water. I did-- I ran some numbers on this, 10% of that water will end up in Lincoln and Omaha, and I know that Lincoln and Omaha continually talk about how they're going to get their water. So 10%, so if you look at the flows at 150 cfs, we're looking at a number that equals 35 billion gallons of water. So that's 35 billion gallons of water that we're not currently getting from Colorado that will be coming into the state. 10% of that flows-- ends up in the Omaha area. That's 3 billion gallons of water. Why we would ever want to pass that up and move those funds to other programs that would ensure that, that, that, that, that the Perkins County Canal does not get built is, is beyond me. I'm not-- I can't seem to comprehend that, so. I'd yield my time. Thank you.

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

DORN: Thank you, Mr. President. First off, I, I really want to thank our Fiscal staff. They're seated underneath the south balcony, Keisha and all the members of that group, they've been very, very supportive of us, looking up when we had questions, looking, running those down, and also helping, as I call it, we addressed some of the budget

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shortfalls coming up with ideas or, or telling us what's in some of funds or whatever. So really want to thank them. I know other committee members have too and other people have, but I really want to thank them. I also want to thank all members of the Appropriations Committee for all their hard work they did on this. We had-- we'd come out with a preliminary budget and then after that we go through, we go through page by page, 77 agencies and 270-some programs, so we go through page by page in the preliminary budget, then we come back and we do that in the-- for the, the regular budget, and then we had about 40 bills also that we had to work through that process. So part of that, I want to thank Senator Clements for his leadership this year on the committee. I think he's done an excellent, excellent job. For some reason it seems like when you have money, money is, I call it, more available, and this year in the budget process we knew coming in we were faced with a deficit and as we along it seemed like there were more things that, I call it, added to that deficit or it kept growing or whatever. The FMAP and what it did with the Medicaid rate. We had-- the TEEOSA funding came in at \$57 million larger, that that was included in the budget. We had-- the special education came in at \$67 million larger. So some of these things they just kept, I call it, kind of adding to the budget so we work through all that process. Would be remiss if I didn't mention, I call it, the green sheet again, there is one out. This is-- this morning on the second page, that green sheet, that is this here bill here that was brought to the floor. Senator Clements mentioned that because of the Forecasting Board and the additional deficit that we had on and what we've done with that or proposed to do with that, there will be an amendment on Select File. The green sheet that we have looking out after that right now sits at about \$3 million extra positive number coming to the floor. So that you will see tomorrow out here or whenever we get it on Select File, you'll see that number or whatever showing. So we are working through the deficit. We are getting to a point where, yes, we did manage all these different agencies, different programs and manage, I call it, the funding of things and not the funding of things to come up with, I call it, a balanced budget. Some of the main things, most of-- everybody got the blue book, everybody got the blue budget book, but some of the main things I wanted to talk about in there was on page 8. Senator Clements talked about some of those, but it's the Cash Reserve on page 8, the historic balance. I think this page here, for those of you who haven't been here that long, this page here is very detailing in what the amount has been, the ending balance has been for the last 30, 40 years or whatever. When I came up here 6 years ago this fund had never been above \$750 million. So this, this fund today as we start the budget talk before we pass it is at \$821 million. It had some funds go in

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there by the February 28 forecast, and we took some funds out by the last forecast. This fund, when we have our amendment coming to the floor on Select File, the ending balance will be at roughly \$690 million. But this page, page 8, puts it in a historic context, what happened with some ARPA funds and some of the federal funding, why it grew so much. But when I started here, like I said, 7 years ago, this fund had never been over \$750 million. So I think that one's an important one to look at. TEEOSA funding on page 27, I know a lot of people have a lot of discussion or whatever about that and what's all involved in that, we have some bills, some tax bills, and some other things that very much affect that. That number-- excuse me-- that number like I said is on page 27, and it details all of the-- excuse me-- it details all of the ins and outs of the TEEOSA money and where it goes and everything. One other thing I wanted to talk about that nobody else has mentioned yet, it's on page 25.

KELLY: That's your time, Senator.

DORN: Thank you.

KELLY: That's your time. Thank you, Senator Dorn. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you. I'm still in opposition to AM1246. Senator Meyer says that he put this on here to save time, but he leaves out the conversation that we could have-- the time wasn't even a factor until he attached an amendment onto his bill to strike my bill. So I put up motions, yes, I did to stop that motion-- stop that amendment from getting attached to the bill. But when he talks about the need to save time, we never would have had to save time because the bill was just going to go forward on a voice vote. Then you, for whatever reason, decided to put that amendment on. Don't leave that out of the conversation, Senator Meyer, because, honestly speaking, I would have just pulled my, my motions if you would have pulled your amendment. That's what I was going to say. I was like, yeah, we have a motion to IPP, but I really don't want to IPP this bill because why would I want to kill my bill and why, why would I want to kill a bill for Meals on Wheels? That don't even make logical sense. But you put that amendment on, so that's why it happened. So don't get up and say it would have been unproductive. It only would have been unproductive because of you. Yes, my bill had its time, but it had time again, and when it did have time again it got attached. And then you talk about the need for this because of inflation and all this. Don't leave out the conversation that President Trump is the reason why there's risk of a lack of funding for Meals on Wheels. Like, let's have an honest conversation

here. And then Senator von Gillern brings up germaneness, which is not a factor. They came out of the same committee and are accessing the same fund. There's nothing "ungermane" about my bill that got attached, so don't even bring that up into the conversation. And then this whole talk about we need to build a prison. We don't need to build a prison. One, it's, it's over budget already. It's delayed, these tariffs that are going into effect are going to dramatically affect the cost of material and labor, but nobody wants to talk about that when we're building a billion-dollar prison that's going to be overcrowded day one. I mean, I hope that the department properly implements LB50, but we'll see. The jury's still out. But overall, I, I just dislike when people get up and say things without giving full context. We never had to save time. The bill was going to be up on Select File, and Senator Guereca was going to say, Mr. President, I move to advance LB382 to E&R for engrossing or to Final Reading or whatever. It wasn't-- it was not going to be an issue. There is no opposition of either bill. So nobody came to committee and opposed my bill. My bill is supported by the County Attorneys Association, the courts, ACL-- like, what are we talking about here? That's what's so frustrating because people don't-- people get up and because they want to fit their argument into something, then they, they make up these elaborate stories. But we never had to save time, time was never a factor until Senator Meyer put an amendment on the bill to take my, take my bill out. So, yes, I did put motions on to stop that from happening. But I wasn't the reason, he put them on, we never had to save time. And I, I just want that to be clear, that Senator Meyer does not support family, family resource centers and juvenile assessments, but he probably will support locking kids up at 11 years old. That need to help prior for prevention. And we'll complain about those kids needing to be detained, but nobody wants to have the conversation about prevention, helping their families, and keeping them out of those situations. That's what the bill is for. But, I mean, if we want to go down this path, we can go down this path. But I already said what I said, and things will be slowed down completely if this gets attached. I promise you, I have time, because I really don't got much else to lose at this point. So Senator Meyer can pull AM1246 and we can move on and have a conversation about this budget. Thank you.

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

MURMAN: Thank you, Mr. Lieutenant Governor. I stand up in favor of LB-- AM, or excuse me, AM1246 and also the Appropriations amendment, which has become the bill from the Appropriations Committee. When I ran for the Legislature about 7 years ago now, I said that I was good with

funding children, disabled, elderly, and veterans from tax resources because those are groups that have difficulty being able to fund themselves or have enough revenue-- have enough money to support themselves. And I think this bill does a great job of continuing the support that those groups need. The bill does not make drastic cuts. We do have a, a decrease in revenue, so we do need to make cuts. But, really, all it does is make a decrease in the increase to the agencies by the time you figure everything in. It's only a decrease in the increase. But with inflation continuing, that will eventually reduce the size of government. And when I ran 4 years ago, my top priority or one of my top two priorities was reducing taxes, especially property taxes, and at the same time, reducing the size of government. So I think this bill does an adequate job of doing that. A year or two ago, when we had plenty of revenue, we did prioritize certain things like returning the taxpayer money to the taxpayers who-- it's actually their money, it's not our money, so we did prioritize returning revenue to taxpayers as much as possible and that's why we, we did the income tax reduction over time and we need to continue doing that. But even more importantly, we started the property tax credit funds. And we need to continue to prioritize putting extra revenue into the property tax credit funds and even in tight years like we're in now we need prioritize putting revenue into those funds and, of course, we will have a couple bills that we will debate after the budget to raise taxes from sales tax, not, not raise the sales tax but eliminate exemptions and that way modernize our tax system so that we will have some revenue to go into continued property tax relief and that needs to continue to be a priority. A couple of bills that are in with the Appropriations bill I think are very important. LB47, Senator Dorn's bill. I think he talked about it a little bit, but I have had some nursing homes close in my district and, of course, we continue to have nursing homes close in Nebraska, or at least at risk of closing, and I think it's important to pay the workforce in nursing homes adequately. The, the big problem with these nursing homes, the problem that causes these nursing homes to close isn't that they don't have enough people to fill the beds, but it's that they do not have the workforce. And Senator Dorn's bill will, will help to alleviate that some. And then also LB173 from Senator Prokop, I think it's an important bill because we need to continue the dual enrollment with our community colleges. The workforce shortage we have now, the-- using the dual enrollment, it's been a popular program and it's important to address our workforce shortages to continue to do that. So-- and also Senator Jacobson mentioned water, and I want to mention that quickly. That's another investment we made, and we have to continue to fund the Perkins County Canal because water will be an even

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more important issue going forward. So I think this bill does a good job of funding our priorities. Thank you, Mr. Lieutenant Governor.

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

CLOUSE: Thank you, Mr. President, and good morning, colleagues. I rise in support of the amendment and the amendments and also the bill. It's been interesting listening to the comments as we talk about the budget and the work of the Appropriations Committee, and I, too, want to commend them. They've done a great job. As I've looked through the budget, the blue book, I've gone through section by section, had not gotten to the individual departments looking at their expenditures, but this is not an easy process. I've looked at city funding and public funding for a number of years, and it's always a challenge trying to make ends meet, keep property taxes in line, make sure that you're meeting the needs of your citizens and your constituents. So it's, it's always a challenge. The comments that I've heard from the speakers prior to me this morning I've found very positive, I'm trying to take notes when we talk about some of these things that are important. I grew up out in the North Platte area and worked at Sutherland at the Gerald Gentleman Station. I've seen firsthand the South Platte River being dry and so I think we just need to keep pursuing what we're doing with the Perkins County Canal. I think that's something that's-- our future depends on it. And as was mentioned, Lincoln and Omaha benefit from that as well. So I think we ought to keep moving forward with that. The other things that I've noticed that were important to me, obviously, is the university funding. Being in Kearney, we have the University of Nebraska at Kearney there. But also keep in mind that the University in Nebraska is one of the largest economic engines that we have in the state. And I think being able to keep that funding at a decent level, keeping the biomedical research is important. And I was glad that the Appropriations Committee were able to do that. I think that's critical for our state. As I've mentioned locally, as I've had town hall meetings and met with different groups and as I campaigned, I'm not a fan of tax shifts. And I think those are some things that we'll continue to talk about as the budget discussions move forward. But I've also mentioned that everybody's going to feel a little bit of the pain. And it's not just a state, but you're going to also see some of those things with the nonprofits. You're going to see some funding cuts and some-- maybe not eliminations but just some reductions so the nonprofits will feel some of that. I think you'll see some things from the Department of Economic Development, some of the grant funding and some of those dollars that are typically available. Maybe they're not going to be available for a while and until we figure out what's going

to go on with the federal government and the, the funds that we typically come to depend on. So I'm also pleased that we're able to keep a functional Cash Reserve. Now, there are a lot of people that say, no, we want as, as high as we can get, but the reality is we should just keep in there what we feel comfortable with and as, as a good rainy day fund, and so that percentage, I think, is right on target. You know, typically, if you run into some budget situations at home, you try to cut your spending, you try to tighten your belt a little bit. Where you get in trouble is where you start saying, well, I'm not going to make my house payment this month, I'll push that off, or I might not make my car payment and you push that off. And eventually that will get to you. And so I think as we have some of these commitments on these other funds, I think we need to keep moving forward. Now with regard to AM1246, Senator Meyer's, we spend a lot of time talking about the SNAP and doing things for our youth. And when we went through some funding things a number of years ago in Kearney, I always said we have to take care of our senior citizens as well. We can't let our seniors who have been here before us and have set the path for us, we can't let them fall in the crack. And so the Meals on Wheels and the senior centers are so vital to our communities and I 100% support funding for the Area Agency on Aging because many times these dollars and meals are the only ones that some of our seniors get. And they'll take a single meal and they will stretch it into two meals and that could be their meals for the day. So there is no doubt that I will provide that support for Senator Meyer and I was going to yield the rest of my time to Senator Dorn but I think I talked too long so with that I will just yield the rest of my time. Thank you, Mr. President.

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

MEYER: I'd like to thank Senator Clouse for all the time he left me and I'll just, I'll just move into my time. I think we're probably-- we probably exhausted his. I want to thank my supporters from both sides of the aisle. I didn't get an opportunity to do that when we were initially discussing LB382 on the floor when it was introduced on General File. And so I had a great deal of support from both sides of the aisle and I actually had members of this body from both sides of the aisle that were cosponsors of my, my bill. And for that I want to, I want to thank all of those that supported it. I don't want to get into a he said, he said situation with Senator McKinney. His bill had an opportunity to be discussed on the floor. Senator McKinney came to me prior to that bill being considered, asked if I supported it, I said I, I would not, primarily because there was no substance to it. There

was no specifics in it. And, and so he's, he's assigning motives on my part, positions on my part that simply don't exist. I'm not opposed to philosophically of what, what he's proposing, but we need something, if we're going to spend dollars, we're going to spend taxpayer dollars, we have got to have something pretty solid going forward. That's what LB382 is. It's something solid, it's simply now, it's something we can all understand. I've got some emails I'd like to, I'd like to read, initially from David Bauerle and Laura Barton. We are the Director and Board Chairman of the Chase County Senior Center in Imperial Nebraska and we provide 9,000 meals annually, of which 1,700 meals are delivered to the homebound. Inflation has been-- has had a dramatic effect on our food costs, and keeping food costs under control has become a major undertaking. Our average annual food total cost for 2024 to prepare a meal was \$12.02 per meal, our suggested donation from our over-60 seniors is \$6, and our current rate of reimbursement from the state is \$4.55 a meal. It costs \$12.02 a meal, reimbursement is \$4.55 a meal. We are very concerned about raising our suggested donation rates as our seniors have been hard hit with inflation. Just, just another example of the needs and, and the discrepancy or the great disparity, I would say, between what actual costs are and what the reimbursement rate is. From Carla Frisch, as the Director of Blue Rivers Area Agency on Aging in southeast Nebraska, I wish to highlight the growing challenges we face. Since 2018, our funding has stagnated and in some programs it has even decreased. A staggering 24% of our clients struggle with affording the cost of living primarily due to outliving their savings and retirement funds. Often their families are unable to provide assistance due to various physical, cognitive, financial, emotional, and geographic-- geographical barriers, and the requested funds of this bill are essential to maintaining their current level of services for those in need. They reference that the cost of preparing a single meal has more than doubled from \$5 to \$10.62 in their particular area in the past year. They provided 85,553 home-delivered meals across 8 counties with 35% of the recipients 85 years or older. Just think about that. And 67% of them being frail and disabled. Our services are crucial in allowing them to remain independent in their homes, preventing the high costs associated with nursing homes. Looks like I'm, I'm running out of time. If I get an opportunity, I'll, I'll share some additional, I've got at least one more additional testimonial. But it's very obvious, my concern here is getting the funding for the Area on Aging to fill a shortfall in our Meals on Wheels and in our senior centers. And so that's my focus. I, I have no other purpose other than to ensure that that is provided. And this is the avenue I chose to do it. Thank you, Mr. President.

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KELLY: Thank you, Senator Meyer. Senator Dover, you're recognized to speak.

DOVER: Thank you, Mr. President. I rise in support of AM1246, and I want to express my appreciation for Senator Meyer bringing that important amendment. I also rise in the support of LB261. I want to thank Chairman Clements for his commitment and dedication to balancing the budget. I know that-- I don't know but I believe-- I mean, unless you walk in his shoes, but I can't imagine the amount of hours that, that he has put into working on and, and figuring out how to make this, this-- to balance this budget. So I want to thank Chairman Clements. I also want to thank the LFO here under the gallery. They are quite an impressive bunch, who without we could never have produced the budget that we are discussing today. So please, for those who are still on the floor, please join me in showing appreciation. I want to take a, a little different direction as we will all be repeating ourselves over and over today. But I want to point out there is, there is an unlimited amount of good causes to fund in our state. The problem is that there is a limited amount of money and that money is not our money. It is the money that we take from those who earn it. Whether it is a person who takes a leap of faith and starts their own business risking the future of their family, or those who seek to go to work for a business. The government makes no money. The government, in fact, cannot give you anything that it does not first take away, whether it's the people's hard-earned money, the right to drive, the right to hunt or fish. It would be nice if we could agree how much money we can fairly take from the people's money that they use to support themselves, and then take that amount of money and decide where to allocate or appropriate those funds and take no more, but we can't seem to do that. In 1967, we started a state sales tax of 4%. We are now at 5.5%. And if the past is any indication of the future, it will continue to go up. So we, as the Appropriations Committee, had to make some very difficult decisions. We didn't all agree. But as a committee, we took a vote, and we moved forward. I do think we need to deal with our budget as families do. And if we are short, we need the cut spending. And we did. I know some are looking at the prison and Perkins Canal, but I believe that we need to leave these alone as they are necessary and important projects as has been stated on the floor already. We are divided by party and by urban and rural, but hopefully we can reach-- we can respect each other and have a good debate today. Thank you.

KELLY: Thank you, Senator Dover. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I appreciate those who have been speaking in, in support and it has been a lot of work, but I've been glad to be doing it and appreciated the committee's help along the way. I wanted to address a couple of things. First item, if you look at today's green sheet, I did talk a lot about the forecast being reduced. The green sheet, line 9, shows our projected revenues. And the revenues still do increase just not as fast as they were projected previously. In 2025, it shows \$6.245 billion of revenue. Then in 2026, we're projecting \$6,865 billion. That's a \$620 million increase just starting July 1 in this first year of the budget. And then in 2027, \$6.925 billion, which is \$60 million above that. So they're projecting \$680 million of increased revenues over the next 2 years. So there was a reduction in the forecast, but not a decrease in revenues. Regarding generally around the budget, there was no across-the-board cut made to agencies. We, in fact, funded the salaries for each agency as agreed. Some of them had excess funds they could use for their salaries, but if they didn't, we did fund the-- about a 3.25% increase in salaries. Health insurance increased for employees by 11%, and that was also funded. The, the Supreme Court's been mentioned. If you look on page 82, you can see the Supreme Court's budget increases \$5.8 million the first year, and \$11 million more from the current in the second year. That's a \$16.8 million increase. The governor's recommendation was no increase at all for the Supreme Court, but they made a good case for needing to fund some programs and their salaries. So they did get an increase. On the Select File amendment, there is a \$3 million decrease, but there'll still be a \$13.8 million increase for the Supreme Court. And the university is currently \$699 million. The first year of the-- in the blue book, you'll see \$708 million, but on the Select File, it'll be \$704 million for the second year, and for the first year, excuse me, and the second will be \$708 million, plus Project Health, \$100 million for that project. And I-- then I've got-- I heard Senator Dorn ran out of time, and would he yield to a question?

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

DORN: Yes.

CLEMENTS: Senator Dorn, would you complete what you were wanting to talk about earlier?

DORN: When I was-- thank you, Senator Clements. When I was talking earlier on page 25, it has historic homestead exemption appropriations. This, this, I call it, on the floor, we haven't heard too much. Last year in the process of everything else when we were talking property tax relief and stuff, this became quite a topic also. And when you look

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at about the fourth program over-- or fourth column over, some of the increases that have gone on, and in the second year of this budget, it's going to be \$170 million that we're going to have for a homestead exemption. This is, if you're a certain age, if your house has a certain value, under a certain value the state picks up, I call it, that homestead exemption, there's criteria you have to meet, but what this does is because of some of lower cost homes now increasing in value as the valuation goes up before it reaches a certain point, then you get reimbursed for that. So when you look at those numbers, and in the last 5, 6 years, it's gone from \$100 million to \$170 million. This is additional property tax relief that we, the Legislature, is also passing onto many people out there and across the state of Nebraska and stuff, so.

CLEMENTS: So, Senator Dorn, that reduces how much people pay to the county on their property tax. Do the counties have to pay any of that reduction?

DORN: No, but--

KELLY: That's time, Senators.

DORN: Oh, sorry.

KELLY: Thank you, Senator Clements and Dorn. Senator Lonowski, you're recognized to speak.

LONOWSKI: Thank you, Mr. Speaker, and thank you Senator Clements and the Appropriations Committee and all who have done work on that. I rise in support of LB261 and also in support of AM1246. I would like to speak a little bit about Meals on Wheels from the ground level. Meals on Wheels are available Monday through Friday. A sliding fee scale is applicable through local family services for those who qualify. Some recipients may qualify also for county assistance to help cover the cost of the meals. And now I have an email from Twila Knehans, she's a friend of mine at Adams Central and she's also the Honor Society-- the National Honor Society sponsor. She said every Friday during the school year, August through May, Adams Central National Honor Society members deliver Meals on Wheels, so we're talking about juniors and seniors getting on a couple of vans and going out into the community. Meals on Wheels is a service that delivers meals to those residents of Hastings in the community who, for whatever reason, cannot fix meals themselves or cannot get out of their homes. This past year was the 12th year that Adams Central National Honor Society members chose to partake in this community service project. We delivered over 400 meals this past year.

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National Honor Society members really enjoyed delivering the meals, having conversations with people, and making that connection between Adams Central family and the community of Hastings. I know for me the stories relayed by these students when they returned to my classroom were always amazing. Our youth helping out our, our elderly neighbors is an education that is hard to top. Thank you, Mr. President. I yield the remainder of my time to Senator Meyer.

KELLY: Thank you, Senator. Senator Meyer, 3 minutes, 3 seconds.

MEYER: Thank you, Senator Lonowski. Thank you, Mr. President. I want to point out in AM1246, the funding for the Meals on Wheels program and our senior centers, the money that's going to the Area on Aging, is coming out of a Medicaid, Medicaid Managed Care Excess Profit Fund. Say that three times fast. And so, therefore, it's not going against the General Fund and it's not going against the budget. I just have a, a couple things to touch on. I, I think we probably spent a good deal of time, perhaps a disproportionate amount of time on this. The need for funding for rising food and provider costs are making it increasingly difficult to sustain vital senior services. This is coming from testimony from Erin Arensdorf, chairperson of the Nebraska Association in the Area on Aging. The west central area of Nebraska, for example, the average cost to prepare a meal at a senior center is \$9.21 per meal, yet they are only able to reimburse-- get reimbursed at \$4.70. Without additional support, meal programs will become unsustainable. As demonstrated in a map that had been provided to us, over 20 senior centers across the state have closed in the last few years, leaving many seniors without a reliable source of nutrition. I think that's the important part that we have to focus on here is we have people that have been receiving services, certainly Meals on Wheels, there aren't sufficient resources to continue providing that. Some that rely on that heavily have been put on waiting lists. I, I find that unacceptable here in the state of Nebraska. We're not taking care of our seniors. One other thing I'd like to hit on is Nebraska's population is aging rapidly. As of 2020, 15.7% of the state's residents were aged 65 and over, representing 17% increase over 2010. In 60 counties, 20% of the population is 65 and older, and in 26 of those counties, the number exceeds 25%. We have heard that every 5 years, our, our aging population increases 30 to 35%. This is going to be an ongoing situation we're going to have to deal with. We have an opportunity here to do the right thing, and I would appreciate your support on AM1246, LB261, and the committee amendment, AM832. Thank you.

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

DUNGAN: Thank you, Mr. President, and good morning, colleagues. I just wanted to speak to a couple of, of facets of what we're talking about here this morning, both about sort of the process of what we're dealing with with Senator Meyer's amendment, as well as some of the other issues with the budget. I anticipate we're going to have, obviously, hours to speak about our budget over the next number of days. And so I will, I guess, reserve the majority of my comments about some of the specifics maybe for when we get into that. But I did want to start by speaking a little bit about some of the overarching concerns that I have as a whole. Obviously, the, the main rhetoric we've heard this year about our financial situation is that we are in a deficit. And I've seen it everywhere from the newspaper to TikTok. Everyone's talking about the fact that Nebraska is struggling financially. And so the question that I get, I think most often from constituents and from folks who are asking about the process of what we're doing in here is what are we going to do about it? And as somebody who sits on the Revenue Committee, I at least feel uniquely positioned to have some insight into what some of our different avenues are for addressing at least one-half of the equation. When you're talking about the budget, what's in the blue book that we have here in front of us, it really does boil down to revenues and expenditures. And I think we all have different ideas of what are the right things to spend on, what are right ways to save our money, but it really is at its core about are we spending more than we are making? And, you know, anybody in here who's had to balance a budget at home or has tried to teach their kids about balancing a budget knows that that's one of the most difficult things to do is to restrain the spending in such a way that it's even with what you're earning at the same time and trying not to overextend yourself. So our conversations in the Revenue Committee this year, I think, have centered around ways to potentially recognize or see more revenue. And, to me, the fundamental breakdown of that really comes down to, are we interested in going on the more sales tax route, which is what's been proposed, I think, for the last three sessions that I've been here, two regular sessions and a special session, or do we want to try to be a little bit more inventive and maybe address some of the other concerns that people have brought up like trying to find ways to make corporations pay their fair share and things like that? So what's interesting is Senator Brandt this year, obviously, brought a number of bills that dealt with revenue. We've already debated or in the committee we've heard all three and you have really that exact same dichotomy, you have a couple of bills that seek to expand the sales tax and what we spend sales tax on with regards to small businesses and various taxes on foods. And then on the other hand, you have a bill that freezes the income tax reductions moving forward in such a way

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that it's not saying anybody's tax has to go up, they've already dropped down a significant percentage or 1.5-ish percent down to 4.99, but it stops the continued step down during this era of us saying we don't have enough money long enough for us to assess our situation. And, to me, the breakdown really, I guess, boils down to this. Do you want to try to make up the hole in our budget on the backs of everyday working people who are going to see a larger portion of their money they make go to sales tax or do we potentially freeze the corporate tax cuts at 4.99% and recognize upwards of \$50 to \$120 million in the next year and the year following that? Senator von Gillern mentioned this on his first time on the mic, and he and I have had a lot of really good conversations about this in the Revenue Committee, and he said that, you know, he considered this being an easy button. That to freeze the income and corporate tax cuts is an easy button. And I guess I would respectfully disagree. I think that making any of these decisions is very difficult. But the fact that we are, I think, in at least a lot of the conversations I've had with folks in this body, not even taking seriously the idea of freezing the corporate tax income reductions when we're at the same time negotiating, you know, over the next few days, \$100,000 here or \$200,000 here, and debating that we want to raise what people pay sales tax on, it seems a little bit out of touch to me. So, you know, my general belief is that we should be making sure that everyday hardworking people aren't having to pay more. And, in fact, that corporations and larger businesses not pay a disproportionate share, but pay a fair share. And so I hope that as we continue this conversation about where to find a little money here and a little there, we are cognizant of the fact that there's a continued revenue discussion that we can continue to have here in this body and I think we should have over the next, you know, 10 to 20 days about where this money could potentially come from. We have to be financially responsible, we have to be fiscally responsible and make sure we're not wasting money, but we also, above all else, colleagues, I think have to make sure that we're balancing this budget on the backs of everyday people. Thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President, and good morning, colleagues and folks that are watching online and joining us in the Rotunda. I wanted to first echo sentiments of thanking the Fiscal team and staff for all their hard work and getting us the information that we asked for and ensuring that we are able to try to make the best decisions possible on what's in front of us. I also want to thank my colleagues on the Appropriations Committee. And, again, echo the sentiments of that we

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did not always agree, that we had tough and hard conversations, which I think needs to continue as LB261 and our other bills have moved to the floor for discussion. So in terms of what's in front of us, AM1246, I wanted to just recenter the conversation that it's not about if people like or want to support Meals on Wheels. I think we saw the vote count with LB382 and it was really clear that folks supported that initiative. It comes from a cash fund. I was one of those people that is across the aisle from Senator Meyer and voted for it. I think the question here, and I don't support AM1246 as is, because if I don't like the process of where my bill is going, I do not think it's appropriate to then just add it to the budget bill and conversation because it has an A bill or a fiscal note. If that's the case, I have a slew of bills that I could just amend and add to LB261 here. And so I think it goes around the process of the Appropriations Committee. It goes around the process for how we budget and what we are looking in front of. And, again, I think it's inappropriate. And I also just wanted to, to name from the conversation around the Family Resource Center bill that is attached to LB382, that it does not impact taxpayer dollars. It also has a cash fund, a funding source, so it came from the same committee. It is germane. They both are supporting safety net, social services, and it's a pilot. It's a pilot to address what we are seeing around juvenile services. I sat on the mic a lot last week talking about LB583, which would cause taxpayers actually more money to put 10- and 11-year-olds in baby jail and folks voted for it. So you want to spend taxpayer money on that, but you will not support a pilot that would then allow for us to be more intentional around the rehabilitation of young people navigating on being system-impacted and potentially incarceration, and that also has a cash fund source. So I think there is some difference in what people are saying versus their behavior, and I hope folks can sit in that conversation and really center the people that are most impacted. Those are our youth. And so the conversation should not be about the introducer, they didn't like the process. There's a lot of things that I don't like that I think it's not appropriate to center myself. I am an elected official. And my role is to center the people that I'm here to represent, no matter the big feelings that I may or may not have. As it relates to LB261 and what's in front of us, I think that it's really important to also know the context around how we got to this place. As some folks have mentioned, we have a deficit in front of us now. It got larger with the Forecast Board. And if you look at the out years, it's even bigger. And so the, the decisions that we make today about this budget absolutely impact the future and the decisions that were made last legislative session impacts why we are here and I think we need that context and accountability. We really need to invest in, in things that grow our

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economy, things that bring us a true return on investment, and we cannot put this budget and filling the deficit on the backs of working families of low- and middle-income people. I do not think that is appropriate and I think that is a misstep as a legislative body working for the best interest of our communities. And so as we've said before and talked about, as this budget has gotten to the floor, that everything is a choice. And we have to decide, what are we prioritizing? This is really our budget. So we should know, what is it that we are saying we are investing in? Why is that important? What have our constituents said? And then, again, start to make hard choices that are in front of us. I see my light is on, and I want to talk about some of those hard choices, because I, I think the conversation in front of us has nothing to do with an easy button. Any conversation that we have, any decision that we make, we should be deliberate. We should critique ourselves and push ourselves to have intentional, hard discourse because the, the everyday lives of our neighbors and our communities are what we are impacting. I don't live in a bubble where the decisions that we make here don't impact me. The decisions that we all make together impact not only my family, but my community. And we have a responsibility to do that in a way that allows for everyone to access the good life here in Nebraska.

KELLY: Thank you, Senator.

SPIVEY: Thank you, Mr. President.

KELLY: Senator Brandt and Dorn would like to announce some guests in the north balcony. They're fourth graders from Tri County School in DeWitt. Please stand and be recognized by the Nebraska Legislature. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. You know, I have to apologize to my colleagues if I came out punching this morning on our budget. I really forgot my manners to thank, really, truly, the Appropriations Committee, the Revenue Committee, and, of course, our Fiscal team and staff for their hard work on the budget. But really, now I ask my fellow senators, let's, let's do our work on this. I just want to address some of the comments from Senator von Gillern. There, there is absolutely no evidence to support our loss of revenue from corporations or individuals leaving our state because of our income tax, our inheritance tax, or our sales tax structures. Senator Dorn said this correctly, that our tax revenue has actually increased somewhat. That is true. However, during the next biennium, we will have a, a shortfall of around \$120 million just for the income tax accelerated, income tax accelerated cuts, along with about \$150 million times two for the

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future fund. So-- and as long as I've been here, I believe we have been cutting and transferring funding from many departments already, including the university, at least since I've been here. However, we have achieved a lot of positive things on the economic front due to the extraordinary resilience of our existing Nebraska corporations and agriculture industry. However, that future is being challenged with potential tariffs, supply disruptions, and the general daily economic volatility with potential inflationary impacts, as well as we are seeing grant funding being eliminated or federal funding being dramatically reduced, particularly for essential childcare. You know, I could not agree more with my colleagues that water is essential. However, our budget doesn't reflect our shared vision on this at all. You have heard me talk about the \$2.3 billion, that's billion with a B, request for aging water infrastructure and contaminated wells and obsolete water systems throughout our entire state and in every single one of our counties. The question I have to my colleagues who could probably address it better than I, isn't shifting \$100 million from our Cash Reserves robbing part of Nebraska's future? Taking \$100 million from Perkins Canal is not jeopardizing the construction of the Perkins Canal project at all, I 100% support the Perkins Canal project. Albert Einstein gets credit for this definition of insanity. Insanity is doing the same thing over and over and expecting a different result. Well, I'll remind my colleagues, the Republican River lawsuit lasted 19 years, and that's once it got to the special master appointed by the U.S. Supreme Court. That was 19 years for a much less complicated project that had an ultimate resolution, but certainly after 19 years. News alert, we haven't even started that clock with the legal process with a special master being appointed at the U.S. Supreme Court level. You know-- and even early legal [INAUDIBLE] from the legal council representing a lot of the Colorado property owners have said repeatedly that they feel Nebraska's cost projections to build the whole project are woefully inadequate and underestimated. So that's some of their comments. But I have to tell you that I do support the Perkins Canal. I think you've heard me talk about, we need to do-- get the reservoir built first that would allow us to capture the surplus water flows now. That reservoir is on the Nebraska side because it's going to take years to resolve what is just starting to be a prolonged legal battle with Colorado. And combined with the onerous environmental impact statements and the Army Corps of Engineer requirements necessitates that we push forward as quickly as possible with the additional single reservoir construction that has been part of the Perkins Canal project development since the beginning. And that projected budget cost is about \$210 million. So we absolutely should move forward with that as expeditiously as possible. You know, we're going to be hung up with

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Colorado for, you know, let's say 15 to 20 years on this. And so I feel like we have a duty-- we're duty bound to make some good decisions, tough decisions on how best to find our way out of some of the, the fiscal deficits that, yes, I believe have been self-inflicted. Thank you, Mr. President.

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

STORER: Thank you, Mr. President, and good morning. I have a lot of things to say, so I'm going to try and get back on the mic, but I think we're going to have a lot of time to address a lot of different aspects of the budget. First and foremost, I want to rise in support of AM1246, Senator Meyer's bill. I cannot emphasize how important it is to all of our communities across the state, but, but I will specifically speak to those in my district because I know them best. As I campaigned, I traveled to every single senior center in the 11 counties that I represent and to sit and visit with these people and really have a firsthand-- a front row seat into understanding how important the senior center meals are to these aging citizens in our communities, it just can't be, it can't be over emphasized. And as Senator Meyer appropriately pointed out, we've all experienced the increase inflationary cost in, in food and that applies to our senior centers as well. So most of the, most of the-- a lot of the people there deliver those meals voluntarily. Communities are willing to do their part in, in keeping their senior centers alive and keeping those meals available, but food does-- is costing significantly more money. So this is a program unlike the other-- and I, and I hesitate a little bit, I don't, I don't want to get into sort of throwing stones, but unlike Senator McKinney's program that he's frustrated about here, Senator Meyer's program has, has an impact across the state. This is a program that's been in place for years and is going to impact, positively impact communities all the way from Scottsbluff to Omaha. So I do strongly support AM1246. I do want to speak, I guess, just to a couple things while I have time on this time in the queue regarding the budget overall, and I've been spending quite a bit of time here this morning trying to get-- dig down into some numbers but 8 years on the county board, when we would get our budget it always showed us the, the previous, usually 2 years' budget, and then the actual expenditures, so what did that-- whether it was the clerk's office or the treasurer's office or the sheriff's office, every division had their previous budget, and in this case it would be appropriation, in addition to actual expenditures. And, and I, and I do find it a, a little frustrating, that would be my one constructive piece of criticism for today, on the budget process here in the Legislature is that we have

those numbers more readily available to make more transparent and informed decisions agency by agency in terms of appropriation and what their actual expenditures were. Seldom, once in a while, but seldom did any specific office spend 100% of their appropriations or their budget in the case of the county, and so you would make those decisions based on the trend line oftentimes as to whether or not they needed additional appropriations or maybe a smaller or reduced percentage or, in some cases, you know, a reduced percentage budgeted for the next year in the event that they had just spent less, they didn't need as much of the taxpayers' money. I always felt, felt very strongly on the county level, and I feel that way here as well in relationship to that comment that we're elected to manage the taxpayers' money. When we talk about revenues, I do get sometimes frustrated that we're not creating new things in government, revenues are, are taxes, so as long as we are all being honest about that. And when we make decisions whether or not we need to generate more revenue, it's a matter of how we need to manage those taxpayers' dollars. I am a firm believer that taxpayers' dollars are first and foremost best left in their pocket until they're needed for government services that we are, that we are here to manage. And so having that transparency and actual expenditures to make decisions about future appropriations I think are very important. With the remaining time, and I'll probably jump back on here, but there was a comment made earlier about property taxes and I can have a whole nother 5 minutes to talk about that issue. But I do get a little bit frustrated when it's a balance between whether or not it's a local issue or a state issue. Certainly, your local elected officials are incredibly important in terms of knowing who you're electing and whether or not they're fiscally responsible. But, but on a local level, whether it's schools or county services or fire districts, all of the things that are-- thank you. I see my time is up, so I'll jump back on later. Thank you.

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

JUAREZ: Good morning, everyone, and good morning to everyone watching us online. Today is my first opportunity to listen to information that we're discussing on our budget and it's going to be fascinating to me to continue to hear the conversations. And as I've previously mentioned before, remember that I did put forth a bill to increase the liquor tax. I keep mentioning it all the time because it hasn't gone anywhere, but I did put forth something to increase our revenues. I went out to eat last night after we had our medical cannabis town hall, the third one being in Lincoln, and I did attend the other two, and was able to make it for the last hour in Lincoln. And I definitely found very

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interesting. And on my receipt, I actually paid attention to all the taxes that I paid last night. So we had a 2% stadium tax, I paid a state tax on food, a local tax on food. I paid a state tax on liquor, which I'm assuming if my bill had come forward that that's where mine would fall. So, again, it would be going throughout the state. And there was also a local tax on liquor. So I'm proud of myself that I actually paid attention to my receipt to, to notice all those taxes. I certainly don't eat often in Lincoln and finally paid attention last night to the taxes I was paying. So I'd like to yield the rest of my time to Senator McKinney. Thank you.

KELLY: Thank you, Senator Juarez. Senator McKinney, 3 minutes, 5 seconds.

McKINNEY: Thank you, Mr. President. I still oppose AM1246. And also the argument this-- my bill doesn't have statewide impact. Actually, it does, because if we reduce the amount of youth in the system, it saves the state money. So it does have statewide impact. I, I swear, it's, it's just crazy. And then this argument that my bill does not have substance. And I ask, did you read the bill? Like, it's just kind of frustrating to say that. You obviously didn't read the bill. You obviously just glanced at it and said, oh, I don't, I don't want to support this. I haven't heard a legitimate argument why my bill should not go forward. Not one. Haven't heard one legitimate argument. I just heard baseless arguments that my bill don't have substance when you could clearly read it and see it has substance. Two, the argument that there's, there's programs in Omaha that could do this. If so, why aren't they doing it? I ask you that question. Then this-- the bill was-- don't, don't have statewide impact. Do you know if we reduce the amount of kids in the system, it saves the tax-- the state money? That does have a statewide impact, because you guys want property tax relief. And you can't get more property tax relief if we don't have more resources. So it does have statewide impact. It's just baseless arguments that just-- words to say words. That's all it is. And, again, if we want to go down the path of killing my bill, as I said, even on General File-- they're ringing an alarm just in case you all don't want to support my bill and support this and just saying there will be issues and I promise you there will be issues. And I will be very disliked for the rest of this session and probably for the rest of my time here. But when people get up and make baseless arguments, I just call it ridiculous. You know, make a legitimate argument, read the bill and tell me what you don't like about the bill, but I won't get that. I'll just get baseless arguments, and we'll see how it goes, but please don't support AM1246, but I see how this conversation has went. So we're going to have some fun for the rest of the session. Thank you.

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KELLY: Thank you, Senator McKinney. Senator Hunt would like to recognize some guests in the north balcony. They're sixth, seventh, and eighth graders from St. Cecilia School in Omaha. Please stand and be recognized by the Nebraska Legislature. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Well, first, I rise in opposition to AM1246. But a point of clarification, St. Cecilia School, I believe, is in District 9, so I feel like I should have gotten to introduce them. I actually won the St. Cecilia's trivia night 2 years ago. I didn't win it this year, so-- but I'm glad now that's officially in the record. Everybody knows it, because I've talked about it a lot, that I won the St. Cecilia's trivia night 2 years ago, but now it's officially in the record. So thanks for being here kids, beautiful school. So, yeah, so I'm in opposition to AM1246. I support LB382. I voted for LB382, I would have voted for LB382 if we had not included, I believe Senator McKinney's bill was LB48, if I remember, was the original bill. And so I support both of those bills. I continue to support both of those bills as combined. And I think AM1246 is unnecessary. And the fiscal note, I printed off here, both of these come from cash funds. So there's no General Fund implication to these bills. And even if we adopt AM1246, there will still be a requirement of another bill to have enacting language. So AM1246 doesn't actually accomplish the same thing as LB382. It just moves the money around. But it doesn't actually give an enabling language that LB382 does. So this-- AM1246 is, is at this point, is a, is a waste of time and it is circuitous, it is, it is internal personal politics is what's happening here. And so I'm opposed to AM1246, but I continue to support LB382 because I support all of the good things that folks are talking about the intention of AM1246. But AM1246 is at least part of LB382. I think it might even just be the A bill of LB382. So that's my point. I got a lot of other things to talk about. I did think, aside from talking about St. Cecilia's, I wanted to talk about. I'm wearing my Scrooge McDuck tie. So folks can see it, I'll hold it up for the camera. So this is a tie, those of you who, who were here before know Senator John Lowe. John Lowe was in Kearney. Senator Clouse replaced Senator John Lowe, but whenever we debated the, the budget, Senator Lowe would wear a Scrooge McDuck tie, and so he gave me one of his ties when he left. So very honored by that. And so I'm wearing it for the first time here while we're debating the budget. But I guess, you know, I, of course, enjoy that and try to remember fondly Senator Lowe's time here. But the thing about Senator Lowe and I are-- is we almost never voted the same way. We were on opposite sides of almost every single issue of, you know, whenever there was, whenever there was somebody voting one way

and somebody voting another way, Senator Lowe and I were probably on opposite sides of that. We came together a few times, but we worked well together. He was the chair of the General Affairs Committee and he was on General Affairs my first 2 years. So we worked together for 4 years and we always had a good relationship and always respected each other. Obviously, I think that as by demonstrated by the fact that he gave me a tie. So I, I respected him and his perspective and, and, you know, what he brought to the Legislature, though, I disagreed with him and voted with him-- voted against his position many times. But I think the, the tie, you know, speaks for that sort of mutual respect and admiration that we have. And I guess I'm talking about it, it's relevant here because AM1246 is not a representation of a policy disagreement. It's a representation of a personal disagreement. And we're here on the budget, which we have a huge amount of things we need to talk about to balance this budget, but we're having a conversation that is a manifestation of personal animosity. And we can disagree on the policy here, but we should not tie up the budget in our personal grievances and we should not have our personal grievances take the form of policy. And so LB382 is good policy on both fronts, on Senator McKinney's bill and Senator Meyer's bill, and I support both of those things. And AM1246 is not about whether they're good policy or not, it's about attempting to separate from people based on personality. So I'm opposed to AM1246 because it's unnecessary, I'm opposed AM1246, because it is about personality. I support LB382, I support the LB382A, and I will-- that's where I'm going to continue to vote on those bills to support folks who need meals, to support kids who need services. And, yes, providing services for these kids will have a fiscal impact, positive fiscal impact on the rest of the state, will have a positive impact on the rest the state overall. So LB48, Senator McKinney's bill, does have stand-alone merit. Thank you, Mr. President.

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

HALLSTROM: Thank you, Mr. President. Colleagues, I rise in support of AM1246 and the underlying LB261. I think it's important for us to promote funding for our senior citizens and vulnerable adults and to enhance our Meals on Wheels programs at local senior centers. I'll join the chorus and the unending hymn of my colleagues in commending the work of the Appropriations Committee and the Fiscal staff. They've obviously been faced with a number of obstacles in late February. We were looking at potentially adding \$100 million to our Cash Reserve, and 2 short months later we're facing \$190 million shortfall in the, in the current year and similar amounts in the next biennium. Excuse me. Part of the process and debate that we have results from individuals in

the body having different perceptions of what should be our priorities, and that's perfectly OK. Historically, however, when we've been faced with shrinking budgets, or as Senator Murman noted, reducing the amount of increase in state agency budgets, we tend to be on occasion penny wise and pound foolish. One area in which I believe that has happened under the proposed budget, particularly with regard to some provisions in LB1264 is a proposed \$4 million cut in rural workforce housing funding. The Appropriations Committee itself struggled with this issue, taking it up on three occasions, retaining the funding the first two times, and then at the 11th hour removing or proposing to remove the \$4 million. I will be proposing an amendment on LB1264, either on General or Select File to reinstate that \$4 million in funding. And when I approached Senator Clements, while I anticipate he's going to oppose my amendment, he also asked an appropriate question, which is how are you going to pay for it? And what I will also be doing on LB261, most likely on Select File, is proposing an amendment that addresses state agency budgets. Senator Clements has already indicated that we did not cut state agency budgets. Part of the Appropriations Committee process is to have agencies, when they come in with their funding request every biennium, to identify 5% of the budget that they could live without, without harming the services that they provide to the public. My understanding is that the Appropriations Committee, to this point, has made no recommendations to dip into any of that 5%. I've worked with Fiscal and I thank them for their prompt action on this issue. But for every percent of that 5% that was identified by the state agencies, we would raise approximately \$13.5 million. So I will be bringing an amendment to try and pay for my hoped for reduction or reinstatement of the \$4 million in funding for the rural workforce housing project. And I think, again, in line with my comment about being penny wise and pound foolish, each and every one of us, I believe, in rural Nebraska, where the rural workforce housing program applies can tell about the stories and the merits of the program. It's provided at least a 7 to 1 return on investment for the state in the moneys that we have appropriated in the past. And I, I object to the, to the proposed reduction in funding for that. So that's kind of a foretaste of the things to come later on in the budget process. Again, I commend the Appropriations Committee for their work with that one exception and look forward to working with the body on that amendment. Thank you.

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

SORRENTINO: Thank you, Mr. President. I rise this morning in support of AM1246 by Senator Meyer. I would momentarily like to steer the conversation away from the hard work of Senator Clements and the

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Appropriations Committee. All of the prior testimony is-- on the budget is very worthwhile, but at the end of the day, the state of Nebraska is a business. It's an \$8 billion business and a, a business-- we're a business that doesn't really have an identifiable product. We're a business that relies on taxation and grants from the federal government. That kind of a business rarely survives in my 35 years in business. Those are the first businesses to fail, and we don't want to, and we can't afford to fail. The simple math says this, if you need to cut expenses to further your business, you don't have a long future. But if you have to do that, you need to start with the biggest expenses. And you need to start with biggest annually recurring expenses. In our state, everybody knows that's education and that's Medicaid. By far the two biggest expenses. It is not the one-time Perkins Canal project. It is not the one-time building of a prison. And these are hard decisions when you talk about Medicaid and when you talk about education. And we probably don't spend enough time on the mic talking about those. But it's probably too late in the game for the 2025-26 budget today. But in future budgets, I would like to see substantive changes to our education budget that are tied to performance. I'm not willing to continue funding anything whose results are not identifiably every year getting better. I say the same thing about Medicaid. In future budgets, I want to improve our Medicaid program by cutting expenses without cutting services. And we can do that, and we proved it last week. Last week, we passed a bill to Select, a PBM that will accomplish probably, in my estimation, on the Medicaid program, \$200 million a year, just in savings on our Medicaid program. We talk about the things that we're worried about spending now. If we create money by cutting expenses, we can handle this. We can better address the annual recurring expenses that can be made just by good government. These expenses that we're talking about today are, are very important, but there's a better way. Let's treat this as a private business. If all of you were shareholders in the state of Nebraska, how many of you would continue to make contributions toward equity when you have a body-- and I'm talking about the 49 of us here-- who are not able to put us in a better position every year, so we're having to talk about expenses? There's a term in the corporate world called derivative lawsuits. We would probably be all the victims of a derivative lawsuit, and we would be fired by the citizens of Nebraska for not doing our job. Let's not go there, let's not sit here and argue on the mic, let's just get busy and make this a better state. Thank you.

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

WORDEKEMPER: Thank you, Mr. President. I just want to make a, a few comments. I, I appreciate the Fiscal staff and the Appropriations Committee to bringing us a good bill forward for us to consider and all the hours they put in. And, and I want to kind of touch on one thing that's important in my district. And Senator Prokop brought LB173 forward, and that's part of this, this bill, this package. And a few things that this has done in my community in Fremont, and it also helps surrounding communities is-- our Fremont Public Schools Superintendent Mark Shepard and some others in our community had a vision. They, they worked with Metro Community College and a lot of businesses within our community to want to invest in our future. And our future is our kids. And so they, they did a public-private partnership and they built a state-of-the-art CTE building. That's for a career in technical education. And the building is state of the art, and it couldn't have happened without that partnership. And right now some updates. I know they're graduating between 25 and 28 welders into our community just out of high school. We have Spartan aerials up in Snyder, Valmont is a big industry in our community, RK Aerials. There's a lot of these local businesses that are looking for these students and, and these students aren't necessarily the ones that want to go to a 4-year college, they may not be able to afford going to a 4-year college, and they don't know what their future holds. And, and I think this program that is in this package, the dual-enrollment program is a great investment in our future. The, the other thing that they're doing in there, they have robotics. And I know that's being sought after for a lot of different medical places. Costco, Lincoln Premium Poultry, they have a lot of robotics for their processing. And, and these are important careers that these kids are able to come out of school, earn a good living, and, and be able to contribute an income to our society. And, and the other part they have, they were rolling out this last week, they built a house. They actually built a home in the school, and they rolled it out, and it's going to be moved a few blocks from there and it's, it's part of the Habitat for Humanity. So these kids are earning a skill, they're earning a trade, and I believe we, you know, as a Legislature, we, we spend money to support services that we have in process. And, and those are important services. But I think if we can invest money in our future to provide people from using state services and be able to survive on their own, I think that's, that's a bonus. And along with that, the Perkins Canal project, that's a vision into the future for water. That is important. There's a lot of places that don't have water, and, and there's no growth there. So I, I support investing in our future and-- because that's what we have to invest in. If we want a return on our money, it's no different than doing our personal finances. We invest it for the future. And if we can do that wisely and

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prudently, I think that's-- we're money ahead. The courses that are offered in Fremont, I believe they have 25 dual-enrollment courses now and 6 of them by the colleges. And, you know, many of us maybe didn't have those opportunities and, and I think we need to continue those programs and I, I appreciate the funding that the Appropriations put in there for it this year. I don't believe it was what they always had but I believe every little bit and investment in our future is a big plus and we'll be farther ahead. Thank you, Mr. President.

KELLY: Thank you, Senator Wordekemper. Senator Prokop, you're recognized to speak.

PROKOP: Thank you, Mr. President, and, and thank you, Senator Wordekemper, for those kind comments about the dual-enrollment provisions in the bill. I appreciate that very much. My first time on the mic, if I did not mention it-- I think I did, but if I didn't, I'd like to thank them again, is the Fiscal Office staff and, and just the tremendous amount of work that they did on, on the budget. I know you've heard that from, from lots of committee members that have, that have spoken already, but they, they do a terrific job for us and, and we all really appreciate that. I also want to recognize our chairman for all of his hard work and, and long hours and, and also the work of all of the committee members. It was an arduous task, but I really appreciated the opportunity to work with everyone on the committee. The chairman asked for us to touch on the bills that we had included in the budget proposal, and I didn't get a chance to do it the first time on the mic, and so I'd like to just take a few minutes now to touch on bills that I had incorporated in the budget. The first is, is the bill Senator Wordekemper was just talking about that is LB173. In a tight budget year like this one, my top priority on the bills I introduced was to focus on high-impact investments that are going to deliver strong returns for our state and, and dual enrollment is exactly that. LB173 provides \$5 million each year of the next-- of the biennium to continue providing Nebraska students with access to college-level coursework and career training while still in high school. This wasn't just an education bill, it's a workforce development strategy. Students who participate in dual enrollment graduate at higher rates, enter the workforce faster, and with less debt. Employers gain a skilled labor pool that's job-ready on day one. Since the end of ARPA funding, the program was staring down a \$5 million gap with the appropriation in the budget bill of many community colleges, particularly in rural areas, without it would have been forced to cut back on these opportunities. And let's not forget, community colleges offer 85% of all dual-enrollment courses in Nebraska. LB173 helps Nebraska meet its future workforce needs, supports students across all income levels, and

delivers one of the best returns on state dollars. Another bill included that I worked on is LB452. Children who have experienced abuse or neglect need more than just a legal process, they need someone in their corner, and that's what CASA provides. LB452 appropriates \$500,000 in federal TANF funds to support court-appointed special advocates who are trained volunteers to ensure the best interest, interest-- excuse me, interests of at-risk children are heard in court. CASA's shortened time in foster care, improves school success, and increases the chances of a permanent safe home. This bill uses federal dollars, not general funds, and it supports a proven program at no cost to the state's bottom line. It's a compassionate, fiscally responsible investment and our most vulnerable. Food insecurity remains one of Nebraska's most persistent and heartbreaking challenges, and that's what I attempted to address with LB505, also included in the bill. LB505 continues a lifeline for families struggling to afford food by extending a \$10 million TANF-funded grant program through the next biennium. This program supports large nonprofits, like the Lincoln Food Bank, Food Bank for the Heartland, and Catholic Charities, who in turn partner with pantries and churches across our-- across all of our districts. These grants ensure federal dollars flow directly to families who need it most through trusted community networks. The cost of food is rising, demand is growing, and this program is working. And LB505, included in the budget bill, simply keeps this program growing without increasing our deficit. The last bill I had included in, in the budget proposal that I want to highlight is LB451. And it's a restoration fund for the State Capitol facility. Our State Capitol is not just where we legislate, it's the national historic landmark and a symbol of Nebraska's history, art and civic pride. But preservation requires more than admiration, it requires consistent funding. LB455 [SIC] would create a dedicated restoration fund by redirecting just \$1 million per year from the unclaimed property cash fund over the course of the next 10 years, a fund that currently transfers \$10 to \$50 million annually to the Permanent School Fund. This change leaves that core mission intact while setting aside a modest amount to care for the building that serves all Nebraskans. Without this fund, every future project, no matter how urgent, will need to compete for General Fund appropriations. LB451 offers a reliable solution rooted in fiscal prudence and long-term planning. It ensures that our Capitol now nearing its 100th year stands strong for another 100.

KELLY: That's your time, Senator Prokop.

PROKOP: Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. President. Last time on the mic I was talking about some of the things that we have accomplished over the last 4 or 5 years to try to reduce our overcrowding situation in the, in the prisons and we talked about diversion by wellness courts and probation. We talked about expanding parole within, within-- for those incarcerated, currently incarcerated. We talked about my new effort with LB215 to give long-sentence performers a, a second look. And then I touched very briefly on the hiring of director Rob Jeffreys, who was hired back in 2023. In fact, it was one of the first hearings we had, gubernatorial nominee hearings I had on the Judiciary Committee, and I was very impressed. The reason that he was hired was because of his reentry experience. He came to us from Illinois. And, and he is considered to be quite the, the expert on reentry. And last year, in February, he launched Reentry 2030, which is a program that's kind of nationwide and I'd like to spend a little time on that. I did send out this morning, just a few minutes ago, an email that I received from Marcus Miles. So Marcus Miles is the Legislative Coordinator for the Department of Corrections. I recommend you get to know him. If you want to visit a correction center, if you want to learn more about what the Department of Corrections is doing, Marcus is your guy. And you'll see his email address with the email that I forwarded from him this morning. But he-- I'd like to read just a portion of it. He's announcing the launch of this new program. NDCS launched a new publication on 4-14-25 aimed at providing individuals in our custody with access to the information they need about resources available during and after incarceration. It has been shared with the incarcerated men and women via their tablets, including a video. And there's a link there for this video which is available to you online. It's about, it's about 2 minutes and 42 seconds. I'd highly recommend that you take that time to look at that video. The catalog is, is publicly available on-- and there is a link to the NDCS public website. I went myself and looked at it. It's 102 pages. It's pretty darn slick. It has all the resources that are available to the incarcerated individuals from all the various educational services and organizations like RISE and, and the others. The catalog is, is publicly, publicly available as well as at the social platforms, Facebook and LinkedIn. The resource represents months of hard work, collaboration, and care. What makes this catalog especially meaningful is that it's, it's built around the 5-key model for reentry and well-being development. Each program or service is clearly connected to one or more of the 5 keys with a color-coded reference that shows how it contributes to our overall strategy for rehabilitation. It's another, another way we're making sure everything we offer lies-- ties back to the model that grounds our work. Please take a few minutes to explore the catalog. And

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I highly recommend that. I would also recommend you visit the new Nebraska Department of Corrections website. It's been revamped, better organized, more, more up to date. And I'd like to just read a few portions from, from that under the rehabilitative services. And, again, this is all about trying to reduce the overpopulation of the correction centers. And this specific part is to try to reduce recidivism, which is the, the act of recommitting crime and getting resentenced into prison. So rehabilitation is at the heart of NDCS efforts to ensure public safety, offering individuals a chance to address challenges, build skills, and prepare for successful reentry into the community. Through the 5-key model of reentry and well-being development, a strengths-based approach that empowers individuals to take control of their choices, we help people engage in opportunities for growth. This model fosters self-determination and focuses on cultivating well-being, resilience, and readiness for life beyond incarceration. Just one last thing before my time is up here, more about the Reentry 2030 program.

KELLY: That's your time.

HOLDCROFT: Thank you, Mr. President.

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

DORN: Thank, thank you, Mr. President. Wanted to talk about a couple things again, and Senator Prokop reminded me that, yes, I hadn't talked about the two bills that I also had in the budget this year, and they're on page 150. It explains LB55 and LB57, and it appropriates-- LB55 appropriates funds for behavioral health service Medicaid rate, and cash-- the cash amount is \$1.5 million, and that comes out of the Hospital Quality Assurance Fund. It's just for the first year, but also with that is about \$2.4 million in, I call it, federal matching funds. The second one, LB57, is for Medicaid assisted living facilities to increase the rural rate to the same as the urban rate. The urban rate's been about \$7, \$8 higher than the rural rates all these years. This is just, again, for 1 year, a cost of about \$1.4 million out of the managed-- Medicaid Managed Care Excess Profit Cash Fund. It also has, I call it, some federal match there of about \$1.8 million so thank Senator Prokop for bringing, I call it, to my attention that, yeah, we needed to talk about some of our bills in there also and Senator Clements mentioned that. One thing I also wanted to talk about was on page 52, Senator Prokop has a bill to, I call it, transfer some funds every year from a cash fund, but also on page 52, one of the things we did have come before us was the State Capitol HVAC Project, which I think most of you, especially some of the senators that have been here

for 7 years, we've seen, I call it, each set different quadrant of the Capitol redone. That is also one that required to do, I call it, the upper floors now, required about, I think, \$27.4 million more because they just didn't have enough funding. This has been an 8-year, 9-year project, and I think they've done an outstanding job of what they're doing, but we did pull that \$27 million out of the Cash Reserve. So that also, I call it, lowered that fund, one-time cost, one-time fund. So some of those things also that just make people aware of that, what is going or what sometimes happens in the budget or whatever and stuff, so. The homestead exemption, and Senator Clements was going to-- when I talked last time on his time, he was going to ask me a question about if the counties funded any part of that, and I think maybe Senator Raybould talked about it a little bit, but, no, that is an amount. The homestead exemption of the state of Nebraska picks up all of that amount. Like I said, the second year of the 2-year budget here, that's going to be \$170 million. That's increased by \$70 million over the last 6, 7 years because of some certain criteria you have to meet. You have to apply in the county where you live, and then they check to make sure you meet those qualifications or that you do-- yes you do meet the criteria that is needed so that you can now have a homestead exemption. Then the state refunds the county. They don't bill you for those taxes, and then the state refunds that amount to the county so that, that still comes in or whatever. So there's a lot of different things in here, page-- oh, I had page, I think, 19, that was increases, significant increases and reductions in the budget. And some of those, when you look at the different ones, aid to local government, it also has TEEOSA. TEEOSA-- when we started TEEOSA this year, we get what they call a preliminary number in December, and that's what the original or the preliminary budget then comes up with. About in February is when we get the certified number or whatever. That did come in about \$57 million higher. Here it shows \$26 million higher the first year, but we were expecting a decrease in TEEOSA or whatever, so. And further down there, I know it also had, I call it, special education. Right now, about \$235 million a year comes out of the, I call it, our general funds, and that still is a [INAUDIBLE] level at that amount. A part of what we did when we went from an 80% rate that we pick up, the state of Nebraska, from a 40 to an 80%, the other part of that came out of the future education fund that was also expected to be 40%, is about \$234 million, the other part is expected to about \$234 million. Well, this year here in late February we got, I call it, certified numbers again and that had increased by an additional \$67 million above what that flat-- what that rate was expected to be, so that also came out of the--

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KELLY: That's time, Senator.

DORN: --future education fund. Thank you.

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

STROMMEN: Sure, I just wanted to-- thank you, Mr. President. I appreciate that. I'm going to knock over my coffee. I just wanted to talk-- property taxes came up a minute ago. I just wanted to say that everyone benefits, everyone in the state benefits from property tax relief, everyone, homeowners, landowners, renters, everybody benefits from tax relief. Everywhere I went during my campaign, everyone I speak to-- currently, I was at a town hall in Hyannis over the weekend, the number one topic is tax relief. What is happening with tax relief? Property taxes? And the tax increases that are being proposed on the floor currently in, in the body, they do not directly affect this budget, just as an FYI. I want people to understand that, that those tax increases or taxes that we're seeing possibly on like pop and soda or pop and candy, those aren't directly incorporated into this budget currently. But while it is important and should be a priority as to what Senator Storm said-- Storer said earlier, that we elect fiscally conservative individuals on the local level, that is extremely important, your school boards, county commissioners, city council members. It's also incumbent upon us and the legislator to help drive that property tax relief, that property tax policy. Also, I just wanted to point out-- I know that we're not supposed to use props, but if you look at the LFO directory, which everybody gets, it gives them the opportunity to see, as Senator Storer had asked the question, where-- what funds are there within the agencies? You can look up a specific agency, that agency will then be delineated out as far as all of the different funds available within that agency. So if you looked at the Coordinating Commission for Postsecondary Education, which is Agency 48, you could open that up and look at all of the different funds that are available. So Program 691, which is Access College Early Scholarship Program Aid, Program 692, Higher Education. So these are things that can help if you're curious about what's going on with the numbers, what's going on with a budget, where that money is being spent and how it's being spent? This is a great guide for anybody that's looking to, to, to have those questions answered for them. And then I also wanted to touch on, just real quickly, outside of the operational costs, outside of our operations, on page 12 of the blue book, General Fund transfers out. This is all the money that's spent outside of that operational-- all of the operational costs. So these are like the Property Tax Credit Fund, Cultural Preservation Endowment Fund, Water

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Sustainability Fund. So if anybody's interested in knowing what we've spent outside of all of that, if you look on page 12, you look at table 7, General Fund transfers out, that gives you a really good indication and understanding of how more of this money is being spent throughout the state. Thank you, Mr. President. I yield the rest of my time.

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

McKINNEY: Oh, thank you. I didn't expect to come up. So trying to figure out a pathway forward around all of this, you know, I still disagree with the AM1246 for a lot of reasons. And my biggest gripe about the conversations around all this is it is clear that we pick and choose what bills we read and, and what bills have substance. Because the crazy thing about my bill is it's a bill I had introduced, I think, in '22 or '23. And it never went anywhere, because I had to work on it, and which I did. I crafted a bill that kind of addressed it-- addressed whatever issues were there. I had a hearing for it. I had no opposition to my bill. I had support of just about all sides of the, all sides of the spectrum. I had support from advocacy groups like the ACLU. I had support from the County Attorneys Association. I had support from the courts. And it, it gets to the floor, and for whatever reason, it doesn't move forward. But there was never any talk to me asking me any questions about my bill. It's just like, oh, we don't understand it. It-- like, some things I might not understand that many people come to me and say, hey, can you vote for this? And I don't understand how you can't understand something you didn't read. I think that is, that, that is a valid point. If you read it, maybe you would have understood it. And then the talk that there's already all these entities in Omaha that are doing all these things. And I would tell you, go talk to the families of kids in the child welfare system. Go talk to the juveniles in the juvenile justice system. They will tell you a different picture. And that's why I brought the bill again because of the importance of making sure families get support and juveniles especially get support that they need so they don't end up in the system. They don't end up in detention. We can make sure we're not dropping the ball and essentially keeping our prisons filled if we swim further upstream and help the youth and the families because that's what's needed and that's why I brought the bill. We can have disagreements on, on a lot of things. I just-- some days I get perplexed, and some days it's like, it's like-- I guess it's just me as a person. I don't know why. But it seems like this session it's been a hyper-focus on things I am trying to do, things I've said, things-- but the crazy thing is, I'm probably one of the most reasonable people in this place. I could work with anybody. I could have a conversation with anybody, and I could try to find a, a

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compromise or a middle ground with anybody that's willing to. And I've done that since I've been in the Legislature. But it seems like this year, maybe-- yeah, we do have, I think, 16 or 17 new people, maybe it's that. I'm not sure. But the fact of the matter is, I had a priority that had no opposition, literally, voted out of committee, either unanimous or on, like, a 7-1 vote. Anybody else that would have had that happen to their priority, it would have moved forward, guaranteed, especially when you have the, the different spectrum of support for the bill. But the bill said McKinney on it. And if, if it's me, it's me, and, and I'll deal with that and I'll traverse this place knowing that. And people will have to deal with me because of that. But let's keep the facts to the facts. We say we don't need the bill because it's not statewide and it won't have statewide impact. It will. If we decrease the amount of families in the system and youth in the system, it saves the state money, which in return has statewide impact. So that argument is invalid. But if we're not-- if we're going to stand up and say things, let's stand up with contextual--

KELLY: That's your time.

McKINNEY: --contextual conversation and valid information. Thank you.

KELLY: Thank you, Senator McKinney. Mr. Clerk.

CLERK: Mr. President, your Committee on Enrollment Review reports LB346, LB316, LB468, LB704, LB166, LB640, LB311, LB647, LB380A, LB120, and LB614 to Select File, some having E&R amendments. Additionally, your Committee on Enrollment Review reports LB258, LB319, LB380, LB383, LB613A, LB649 as correctly engrossed and placed on Final Reading. New A bill, LB288A, introduced by Senator McKinney. It's a bill for an act relating to appropriations; appropriates funds to aid in the carrying out of the provisions of LB288. Notice of hearing from the General Affairs Committee as well as the Nebraska Retirement Systems Committee. New LR, LR144 and LR145, both from Senator Kauth. Those will be, will be referred to the Executive Board for reference. Announcement, the General Affairs Committee will have a hearing in 2102 at noon; General Affairs now in 2102 for their hearing. And, finally, Mr. President, a priority motion, Senator Spivey would move to recess the body until 1:00 p.m.

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

[RECESS]

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KELLY: The Legislature has reconvened. Mr. Clerk. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Record, Mr. Clerk.

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

KELLY: Are there any messages?

CLERK: There are, Mr. President. Communication from the governor. Engrossed LB645 and LB645A were received in my office on April 30, 2025 and signed on May 6, 2025. These bills were delivered to the Secretary of State on May 6, 2025. Signed sincerely, Jim Pillen, Governor. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. Speaker Arch, you're recognized for an announcement.

ARCH: Thank you, Mr. President. I want to let the body know that Senator Meyer, McKinney, and I have come to an agreement on how to proceed with the current amendment and the issue of LB382 and LB48. Senator Meyer has agreed to withdraw his current amendment to LB261 and his amendment to LB264, and that-- to place the substance of LB382, the provision of additional funding to the eight Area Agencies on Aging, into these two bills. I have agreed to schedule LB382 on Select File, and Senator McKinney has agreed to withdraw his priority motions on that bill to allow a vote up or down on Senators Meyer [SIC] amendment to strip LB48 from LB382. If that amendment is successful, we will take up Senator McKinney's LB48 for a second time on General File. While my memo on how I would be handling procedural motions indicate a priority bill which failed in-- to advance from General File was completed for the year, I did allow myself flexibility to make exceptions with the use of the term "in general." I believe the current situation warrants an exception. First of all, given the body on its second opportunity to consider LB48, did attach the bill to Senator Meyer's bill, but also second, consideration of Senator Meyer's position as principal introducer of LB382 and his present opposition to LB48. By scheduling both bills, LB382 on Select and LB48 for a second time on General File, it will allow us to consider each issue separately. Additionally, it will also allow us to move on to the real discussion today of the mainline budget. Thank you, Mr. President.

KELLY: Thank you, Mr. Speaker. Mr. Clerk.

CLERK: Mr. President: Senator Meyer, I have an understanding that you would withdraw AM1246.

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KELLY: So ordered.

CLERK: In that case, Mr. President, Senator Machaela Cavanaugh would offer AM1303 to LB261.

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

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. I-- sorry. I got to open up my opening, because I wasn't expecting us-- this to go as fast as it did. And of course, I don't actually know how to-- I forgot my PIN. No. OK. Well, I guess I'm going to have to wing it, because I forgot my PIN into my computer, so there we go. Great. It's only 172 pages. Who needs an opening? Not me. Not this gal. I've talked with less, I suppose. OK. Colleagues, AM1303 is essentially a white copy amendment to the Appropriations Committee package. Could I have a gavel, please? Thank you. Colleagues, this is our constitutional responsibility, so I would appreciate you at least pretending to listen, or just not talking loudly on the floor. This is an alternative proposal. I believe firmly that the fact that I've been, you know, essentially discussing-- some might say complaining, but I'll say discussing-- the introduced governor's budget proposal and how it is a manufactured crisis and deficit, I thought that I should at least offer an option, a different option. And what this option does is it takes money from the-- now, this is the great part about me having the microphone, because if I didn't, I'm pretty sure I would have, like, people interjecting, trying to get me to stop explaining because-- you're going to object, and that's OK. It takes money from the two tiers of property tax funds, and it does this crazy thing where it puts it towards actual property tax relief, direct property tax relief. It takes-- and this will take-- because I am, you know-- I, I love good public policy and doing things the right way. This will take another bill that's going to be moving through the body to enact, but it sets aside \$452 million for TEEOSA. What that will do is bring the local effort rate down to 75 cents. Taking the local effort rate down to 75 cents will automatically lower your property taxes. So we're going to do that with another bill, which I'll talk about later, and then we're going to put money towards counties. Why are our property taxes so high? Because every time we've had a budget deficit, we have cut state aid to counties. And the only way counties can pay for the functions of their government is to increase property taxes. So we're going to increase the state aid to counties. We're going to put it towards their, their jails-- public health, behavioral health, federally qualified health centers are getting some money in here. And we are-- well, let me see if I can open my computer again, because I actually have more written out there. But, you know, whatever. I am just, again,

on the fly here. OK. So we've got a summary here. And this is in the handout. We have \$100,000 going to the NSP in Lincoln. And this was an idea that was born out of Senator Ashlei Spivey's brilliant mind and thoughtfulness, is that we can take some of the money out of the fund to build a new prison. And then we can-- we can take the money out of the fund to build the prison. We can do the de-- deferred maintenance for the correctional facilities. And then there's an additional money to be taken to do programming and diversion programming so that we-- while we are currently going to be seeing a reduction, hopefully, in our prison population due to LB50 being deemed constitutional, so we are having less of a crisis of needing to build a new prison. This doesn't mean we don't have to build a new prison, but the money right now that we appropriate in this biennium and this budget isn't actually going to be used this year. It's just the remainder pot of money that we set aside for the prison being put from one fund into another fund. So we can still build the prison. We can still-- there's still money set aside. We can put more money into the prison if we so deem necessary. But in the meantime, we can do that deferred maintenance that has been going on for quite some time. OK. What else does this do? It takes all the code agencies and holds them where they were at. The non-code agencies, it does a 2.5% increase-- or, I should say up to 2.5% increase. So that's pretty much like every agency you can think of that isn't DAS, DHHS, Corrections. There's a few other smaller ones. Those are the big ones, but the university is a non-code agency. State college is non-codes agency. The parks, non-code agency. So it takes all of their budget requests up to 2.5% of their request. If their request was over 2.5%, they only get 2.5%. If their request was under 2.5%, they get their full request. So for example, the university, in the AM832-- I can't recall the exact amount of money that is cut from the university-- but in AM1303, that money is put back and, and they get their 2.5% increase. OK. So next, we've got aid to local health departments, \$3.5 million; aid to FQHCs that-- sorry. FQHC, federally qualified health centers, \$500,000; Nebraska Health Care Cash Fund appropriation, \$2.5 million; aid to food banks, \$10 million; aid to domestic violence housing, \$3 million over the biennium, 1.5 this year and 1.5 the next year; TEEOSA aid increase, \$0.75 local effort rate, which would be \$455 million each year; county jail reimbursement, \$202 million, point-- well, \$202.9 million; funding for behavioral health services, \$15.2 million; state specialized court operations, \$1.2 million. I'd like to note that this-- the specialized courts-- so these are alternative courts that help-- they reduce money and they reduce people becoming incarcerated. They're problem-solving ca-- courts. And if we don't fund them, we're going to be spending even more than we already spend on corrections and the juvenile system, and just the

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justice system writ large. So that's why that money is there. And I will note that that is less than the judge's salary increase. So just FYI. OK, specialized court. Office of the Public Guardian, \$284,000; probation, community corrections, \$1 million; juvenile justice, \$307,000. And then it estimates Tier 1-- or, eliminates Tier 1 tax credit transfer out of the General Fund. That's \$780 million. I think that's actually Tier 2. That's a typo. I apologize. Tobacco Settle-- Settlement Fund annual transfer to the Health Care Cash Fund, \$2.5 million; Perkins Canal-- I know, I know, it's the Perkins Canal. We can't touch that sacred cow, but it's \$135 million out of the Perkins Canal. Here's the great thing, though, about the Perkins Canal: we can put money back into that account over time. If the Perkins Canal actually moves forward with construction, being built, we can start to put money back in there. And we know that the Perkins Canal is going to cost more than the money we have to begin with, so having it sit there unutilized when we have essential government services to be providing for, to me, is not strong public policy. The NCCF prison sub-fund, that's a \$50,000-- \$50 million transfer. And then it strikes transfers from the Nebraska Soil and Water Conservation Fund-- these are all in LB264, but I'm telling you anyways. The Nebraska Water Sustainability Fund, the Nebraska Soil and Water Conservation Fund, economic recovery and incentives division retains its interest. Rural workforce housing gets its \$4 million back and middle-income workforce housing gets its \$4 million back, and we don't make the \$8 million transfer out of the Education Future Fund, which is already underfunded and not quite sustainable, which is another problem we'll have to address. OK. Well, I apologize without my opening remarks available, because I don't remember my PIN. I can't give you my full introduction as I had intended. But what I can say is that this is, this is serious. This is a very serious amendment. I'm grateful to the Fiscal Office for all of the work that they did on this amendment and AM832. They have been just really amazing people to work with and to get to know, and I'm sad that they're sitting on the other side of the Chamber this year, but, you know, I guess, I guess I'll just have to muddle through. But thank you all for your hard work. And I look forward to having this conversation about AM1303. It is an alternative--

KELLY: That's your time.

M. CAVANAUGH: Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Moving to the queue. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I stand in opposition to AM1303. I believe the budget that we've brought forward is essential for passing and going to preserve programs that we need to keep. The Perkins Canal, of course, is one of them. Of-- talking about deferring money out of the Perkins Canal, \$135 million, is going to weaken our position with Colorado, in my opinion. Taking money from the prison construction for maintenance at the State Penitentiary, I disagree with that. The State Penitentiary facilities have been determined to be needing decommissioning, and I'll talk about more of those items in the amendment later. I was in the queue because I wanted to talk about some more things that are in the budget. Page 22 shows the salary increases that we did for state employees. And the preliminary budget, we had a \$21 million increase the first year and 43 the second year. Then it turned out that the salary increases-- there was some, some special requests on salaries for certain positions, and so on page 22, with the-- it has a green heading-- has-- we're \$27.6 million of general funds in the first year and \$54.6 million additional over current in the second year, and-- so we did hold most agencies flat, but we are funding about \$80 million of salaries for employees, and we've absorbed that into the budget. And I was glad that we were able to do that. The next thing I wanted to talk about was on page 140. Page 140, it shows the Health and Human Services system budget, and their operations are showing an increase: 2.8% the first year, 4.6% the second year. I think most of that will be the salary increases that they're getting. And then aid to individuals is the second section on that page-- and there's a 5.9% increase in the first year and 0.1% in the second year. So there is increased aid to individuals. And I think most of it is the FMAP, federal matching percentage that-- the federal dropped and the state increased. And-- so we have continued to increase aid to individuals and the operations for Health and Human Services. I wanted to also reply or respond to Senator Hallstrom's suggestions about an across-the-board cut that he was talking about. And I looked up some comments that we got from Health and Human Services. They said an across-the-board reduction would have a detrimental impact to their services. And also if you reduce their budget across the board, you're also going to lose federal funds because there's a federal match to some of the general funds. They also said their call center would probably be cut back, so it would have slower or longer wait times for calling in to HHS to apply for applications for benefits. And so I-- that was one of the reasons we didn't do an across-the-board cut. I also looked at Department of Corrections and what they were talking about if they had a reduction. They said the first thing they would do would be to-- let's see-- they would cut community corrections, Lincoln Community Corrections, Omaha, WEC, and re-- relocated--

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relocate those inmates to other housing units. Well, the other housing units are already fully occupied and then some, and so we're going to end up with more crowding if we do an across-the-board cut for corrections. Those were just--

KELLY: That's your time, Senator.

CLEMENTS: Thank you.

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

DUNGAN: Thank you, Mr. President. Good afternoon, colleagues. I do rise today listening to the conversation about AM1303. The first time I was on the mic, I, I didn't join in the echo of appreciation, which I meant to, for our Appropriations Committee, which includes, obviously, Chair Clements and Senator Cavanaugh, and all of the other people who worked tirelessly to get this done. My new friend, Senator Strommen, sitting in front of me here, I know has put a lot of work into this. I joke all the time about how Appropriations-- especially when you're a freshman, you get here and you just kind of disappear into a room every day, and then a few months later you come out and the budget's there and we finally get to know the folks who are on the Appropriations Committee. So I know that they've been working really hard along with the Fiscal Office. I think this is probably one of the most intense weeks for them, so. Much appreciation to all the people who were involved in this. I do appreciate Senator Cavanaugh diving into a number of these issues, and I think it's helpful to be able to have a conversation about how a, a budget could look different, perhaps, than maybe the one that's been presented. What I find particularly interesting is we, we get to dive into not just the big picture differences between the budget in terms of where we think money should come from or shouldn't come from, but we do get to dive into some of the more specifics and have conversations about what we fund and why we fund it. One, obviously, that's near and dear to my heart is the funding that is generally going into these problem-solving courts that have been talked about by both Senator Cavanaugh and others on the floor. For those who are maybe newer to the body, you, you might not have heard as much of the conversation about problem-solving courts as some of the folks who have been here for a few years. But last year, there was a very large effort; it was a bipartisan effort between, I think, Senator Brewer and Senator Wayne to expand access to and the general support for our veterans' courts. We've seen a huge effort put into also DUI courts to deal with the issues of drinking and driving. And then we've specifically seen, obviously, mental health court and drug court

expanded with pilot programs in various parts of the state. Most of my time as a practicing attorney-- or, all of my time, really-- has been in the Lancaster County courts and district courts here in Lincoln. And I will tell you, the Lancaster County Court system, district court system, and the county attorneys along with the public defenders have put hours and hours and hours into creating these problem-solving courts in a way that are evidence-based and achieve goals that everyone can agree on, which is actually helping to rehabilitate the folks who are willing to put in the time and the effort, but frankly also focusing on community safety. What we know from the data around these problem-solving courts is that if people engage in them and if you follow best practices and use the evidence-based practices in these various problem-solving courts, you are far more likely to have a safer community on the back end because people have actually worked through the issues that got them into the situations they're in. Instead of simply incarcerating people, maybe they get involved in programming, maybe they don't, and then they're released back out onto the streets having not addressed any of the underlying problems. And what's interesting is you see, at all different levels, engagement in problem-solving programs and problem-solving courts is beneficial. We see it on the juvenile level, when they're getting involved in family drug courts, when kids are also getting involved in truancy diversion programs-- you see a vast impact on their behaviors there-- all the way through adulthood when you see folks who are high risk, high needs getting involved in, in things like drug court. And I will tell you, colleagues, if you have not attended a drug court graduation or a vets court graduation, it's one of the most powerful and impactful things I think you can do as a state legislator who's asked to, to talk about these issues and to fund these issues, because you understand the benefits that these programs provide. I've spoken, obviously, at great length with our friends in the county attorney's office over the years about the efforts they've put into these as well, and I think that any budget that we put forward that ultimately has a detrimental impact on things like veterans court and DUI court and mental health court is doing a disservice not just to the people that are in those programs-- the vets and, and people that we care about here in the state that we're trying to support-- but it does a disservice to the state as a whole, because you are absolutely putting us in a more dangerous situation and putting us in a place where, frankly, we're not actually addressing the problems and focusing on community safety but instead are just trying to cut corners in the name of the budget. So I'm still listening to the debate on AM1303, still listening to the debate, frankly, on the other AM and the underlying budget. Want to make sure I

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understand all the facets that go into it, but on this round of debate, I think it's really vital that we identify--

KELLY: Thank you, Senator.

DUNGAN: --some of these issues as it pertains to those programs. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Well, I'm, I'm looking through this amendment. I think it's 176 pages long. But I wonder if Senator-- the other Senator Cavanaugh would yield to a question.

KELLY: Senator Machaela Cavanaugh, would you yield to a question?

M. CAVANAUGH: Yes.

J. CAVANAUGH: All right. So I'm working through this, but my first question, of course, is on page 73, carryover 74, the Department of Natural Resources water projects, \$65 million, fiscal year '25-'26, and then '26-'27, \$62 million for-- and then it says this includes program for the Perkins County Canal Project. So is this taking money from the Perkins County Canal Project?

M. CAVANAUGH: Sorry. I'm trying to get the page open. What page number was that?

J. CAVANAUGH: 73, carrying over onto 74 of AM1303.

M. CAVANAUGH: 73. Critical-- I might have to get you an answer about that, but I believe yes.

J. CAVANAUGH: So I guess my-- well, my question is just-- in your proposed budget, are you taking that \$61 million out of the Perkins Canal that we talked about that I proposed to [INAUDIBLE].

M. CAVANAUGH: Oh. No. I'm sorry. No. Taking \$135 million.

J. CAVANAUGH: 135-- oh. OK. So this is cumulative, 160-- or-- I'm sorry-- 65.3 plus 62.8. Is that-- something around there?

M. CAVANAUGH: Something around there. I'm going to ha-- yeah.

J. CAVANAUGH: Well, I'll get back to you.

M. CAVANAUGH: Yeah. No, that's actually-- yes. That's 135, yes.

J. CAVANAUGH: OK.

M. CAVANAUGH: Our mother would be very disappointed in my inability to make that math happen quickly.

J. CAVANAUGH: So-- well, thank you, Senator Cavanaugh.

M. CAVANAUGH: Yep. Absolutely.

J. CAVANAUGH: So I-- there are other parts of this I'm going to keep looking at, but this is one that I've talked about before and Senator Raybould talked about this morning. And I know some folks have gotten up and defended the need for the Perkins Canal and say that, you know, the big-- biggest justification, aside from there's an actual need to secure our white-- right to water was that we should do this when we have the money for it. That was the argument when it was first proposed, because this is a project that's been around for over a hundred years. And I remember Governor Ricketts at the time proposed this idea and everybody said, well, this came out of nowhere. It's a huge project. Why are we doing it now? And essentially, it was-- we, we need to do it and we have the money. So the need has always more or less been there, but we had the money at the time. So one of the reasons I, I support this particular part and I supported my proposed amendment to Senator Brandt's bill and I support Senator Raybould's proposal, one of these proposals is to take back some of the money that is being allocated to the Perkins Canal because we don't have it anymore. We have-- we are-- have a budget shortfall and we're scraping to find money in all sorts of places. And-- so I think this an obvious location where we can take back some of the money. And, of course, I originally proposed not appropriating the additional 100-- 135-- I think I actually proposed 150 or 175 in the initial budget for this four years ago, but-- or maybe it was two years ago. I don't know. Whenever we did the budget on this. But I proposed not allocating that extra money, and it was because it was the difference between what Department of Natural Resources had asked for for a 500 cubic feet per second canal, and what we were appropriating was for 1,000 cubic feet per second canal. And I've talked about this ad nauseam. And I'm sure everybody's sick of hearing me talk about it, but I will continue to talk about, as I'm getting looks, because I feel passionately about this and I think that I'm right that we should not be building a canal that's bigger than the one we are allocated under the compact. I think that, that we should be following-- if our intention is we need to build the canal because we need to follow the letter of the law, then

we should follow the letter of the law of the compact, expressly for a 500 cubic feet per second canal. So I think we should adjust that. And by adjusting the canal from 1,000 to 500, we save money. We don't need to appropriate the additional 150, 135, 61, whatever. We can, we can have a conversation about where that number is exactly to change that number. But if we're-- if we need to find money in lots of different places and we're talking about cutting problem-solving courts-- we're talking about cull-- cutting problem-solving courts so that we don't have to cut money to build a canal that, that is too big, is bigger than we need. We only need 500 CFS to get our water, and that includes a reservoir that Senator Raybould was talking about that does bring value. We can still cut at least \$61 million, maybe up to 150, and still get the canal and get our rights and store the water and do all the things that we need positively. And then we can use that money to not make some of these more draconian cuts to things like problem-solving court. So I think-- I support this section. I support funding problem-solving courts.

KELLY: That's your time.

J. CAVANAUGH: I'm going to keep reading. Thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President. And good afternoon, colleagues and folks that are joining us. I appreciate the conversation and us actually moving to some really important parts of LB261, and appreciate what Senator Cavanaugh has proposed with AM1303. I wanted to pick up-- pick up where some of my colleagues left off, just around our investment in our criminal justice system reform processes, the prison, as that has been a theme that I have talked about this session, as well as some of my other colleagues, but I also have brought up in Appropriations. And so I can appreciate Senator Clements getting up and speaking to his point of view. And this is not a new conversation that I have had with him. I have brought that up through our appropriations process around our strategy, intentionality, and investment into our prison system and what does that actually look like in this new environment. And so I agree with Senator Holdcroft, as he spoke earlier before lunch, just around the landscape and where we are. I disagree with the new prishen-- new prison conversation, which I will talk about in just a second, but we are in a different place. LB50 will allow for nearly 1,400 people to be eligible for parole. Again, it's not tomorrow and it's not next week; however, our corrections system will need to work those folks through to limit prison population. That means that

our prison population will decline, addressing our overcrowding situation, as well as there's not a need for a new prison. So while NSP is slated for decommissioning, that can still happen. And I want to be clear that decommissioning is not going to happen next month, next year, next five years. It's going to take a long time to decommission, and it's going to cost a lot of money. So when we talk about providing money to the deferred maintenance, that will create a somewhat better living condition for folks that are currently inside of NSP while prison population decreases, and we can start to move some of those folks to other correctional facilities that we have, like McCook, like Tecumseh. And so I think, you know, as we talk about specifically what I have recommended to Chair Clements of the Appropriations Committee, what I have talked on the mic, what Senator Machaela Cavanaugh is uplifting in AM1303, still needs to be a comprehensive conversation. We cannot take this in a silo, and we need to look at our investments across the board. Senator Dungan brought up some of this with the Supreme Court appropriation and allocation in LB261, which I also wanted to uplift. So based on the actions of our committee and the recommendations of the governor, we received from Corey Steel, the State Court Administrator, a letter speaking to specifically what will need to be cut. And so if our goal is to be good stewards of taxpayer dollars, then we need to invest in preventative program that does not cost more money from the taxpayers to incarcerate people. So what is on the chopping block is DUI problem-solving court in Lancaster County; mental health problem-solving court; veterans treatment court in Sarpy County, which is now slated to be delayed; drug court in Platte County; transitional living reimbursement for adults on probation; problem-solving court-- courts and post-release supervision, which we know housing is a key component of staying out of prison, staying out of jail, and being successful. As well as services for juveniles on probation, which is really interesting given the conversation that we had last week around LB530, which would ultimately put 10- and 11-year-olds in a space of detention that are on probation or potentially allowing them to have more probation. They'll have increased services because we created the superpredator category that we have not said that we are funding. And yet we're cutting services for juveniles. So right now, as, as when we talked to the Supreme Court and the judicial branch around what what does this look like, services will go from 120 days to 90 days. And so imagine as we have enhanced felony-- penalties and felonies, where more kids are in need of services, we're already not funding it, we cannot pass legislation that would then create these unfunded mandates which will ultimately in turn mean that kids will just sit in detention versus getting the services that they need. And so I have a lot more data just around how the money

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allocation works and how that could really be good stewards of our taxpayer dollars and what that investment really needs to look like from a, a larger strategic conversation in the body, which I think is important. So I hope all of my colleagues as y'all are listening, having side conversations will really engage in this topic, because I think it's important. I think your point of view needs to be a part of this process. Thank you, Mr. President.

KELLY: Thank you, Senator Spivey. Senator Holdcroft, you're recognized to speak.

HOLDCROFT: Thank you, Mr. President. Again, I'd just like to continue on with the efforts within the Department of Corrections as we've-- we talked about reducing the population, we've talked the, the deferment or a diversion of the wellness courts-- or, problem-solving courts, probation, and then the expanded opportunities for parole within, within the current population. And then, and then Director Jeffrey's effort with Reentry 2030, and I'd like to spend just a little bit more time on that because it's really starting to take off. So Nebraska became just the fourth state to join the national Reentry 2030 initiative in February of 2024-- so just over a year ago-- reinforcing its commitment to improving reentry outcomes for individuals leaving prison or supervision. This effort is driven by TRANSFORM Nebraska, a comprehensive framework that in-- integrates rehabilitative services, programs, and initiatives into a unified approach. At its foundation, TRANSFORM Nebraska emphasizes holistic re-- rehabilitation, focusing on personal development, behavioral change, and long-term well-being. By addressing multiple aspects of rehabilitation, the initiative supports successful reintegration and helps reduce recidivism. Central to these efforts is the 5-Key Model for Reentry and Well-Being Development. And again, I sent out an email this morning to all the senators-- an email from Marcus-- Miles-- Miles Marcus [SIC] from the Department of Corrections, and it had in it a video that, that kind of outlines-- and in fact, it's the actual 2 minute and 40 second video that was sent out to the incarcerated individuals on how to use this program. So again, I encourage you to look at that. But I'd like to just cover, with my remaining time, and talk about the 5-Key Model for Reentry and Well-Being. Rehabilitation is at the heart of N-- NDCS's efforts to ensure-- oh, I'm getting off here. So there are five keys to this TRANSFORM Nebraska, designed to support people's growth and long-term success by addressing the key components of well-being that are critical for successful reintegration. By integrating these five keys into the reentry pro-- process, the model not only enhances an individual's well-being but also significantly improves the chances of successful reintegration. So quickly going through these five keys, the

first one is effective cope-- coping strategies. Affecting [SIC] coping strategies recognizes that stress, anxiety, and feeling overwhelmed have the potential to sabotage even the best plans. Creating strategies that build on experiences and strengths prepare participants of this program for the feelings that come from challenges and ensures that they have tools to stay away from things that can divert from goals, values, and the preferred future. The next key is healthy thinking patterns. The healthy thinking pattern key is we-- how we think, feel, and communicate, and they can be barriers-- let's see here. I've lost, I've lost my page here, I think. That can be, can be barriers to effective decisions. The next one is positive relationships. Humans need social support to thrive, and this key encourages participants to consider what support they need to create their desired future, how to obtain the support based on their, their past successful relationships, and way to strengthen skills needed to create new positive relationships. And so I'll stop there. There are two more keys that we'll cover on my next time up on, on the mic. Thank you, Mr. President.

KELLY: Thank you, Senator Holdcroft. Senator Strommen, you're recognized to speak.

STROMMEN: Oh, hey. There we go. Thank you, Mr. President. I just wanted to talk for a quick second and reiterate the fact that-- I, I know that there's this narrative running around that we're in this fiscal nightmare, this budget deficit. And while the Forecasting Board did come back lower, I would just like to point to line 8 on the General Fund financial status again, which shows that we have an increase in \$620 million and-- '25-'26, and another \$62 million increase in '26-'27. And then if you go down to line 25, estimated revenue growth, 3.9%, 5.5%, 6.3%, 6.3%. I understand those are estimates, but those are based on historical values, so I think that we should pay attention to those and not discard them. Also wanted to touch on-- we talked about the General Fund transfers, cash-funded agencies. I do want to say, though, that this has been a fascinating process. Coming from city government, business, and then starting to work on the state budget, this has been completely different and unbelievably interesting process. Spent a lot of times with my cult members, as I think it was put by Senator Dungan. It's been just a, a wonderful, extremely interesting-- if you like numbers and you like spreadsheets, this is the place to be, so. The-- let's see here. I wanted to talk about the mainline budget. Another interesting point that I think people need to understand is that while our mainline budget is \$5.5 billion-- so if you look at the-- where are we at here? Yup. And then you go down-- \$5.5 billion, essentially. The real spend, if you add everything in--

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so federal, cash, and General comes out to \$18.7 billion. So that's just something that we should be aware of, that it's-- it, it is actually a diff-- those, those numbers are separate, so. I wanted to yield my time to Senator Jacobson, who's up next, and I think he's going to touch on some of the revenue information as well, so thank you.

KELLY: Thank you, Senator Strommen. Senator Jacobson, 2 minutes, 35 seconds.

JACOBSON: Thank you, Mr. President. Well, I can echo what Senator Strommen has, has put forward, that we're taking a reason-- approach. The Appropriations Committee has to bring forward a budget that, that makes sense. And we have a path forward in terms of, of balancing the budget, still leaving 12% in our rainy day fund, which is one of the highest levels we've had historically. So this is not a disaster. It's not time to jump off the top of the Capitol. Senator Machaela Cavanaugh sits on the Appropriations Committee, has had input all through the process, and now comes with an amendment, a very large amendment that you would think would be a white copy amendment, but it's-- it seems like it is. But there are two issues-- and I haven't read the entire amendment, I just read two parts of the amendment that told me that I'm a, a no on the amendment. The first one, of course, deals with the Perkins County Canal. So I want to put a couple things to rest on the Perkins County Canal. We keep hearing that we can only build the canal at 500 CFS capacity. That is false. We are entitled, and Colorado owes us a minimum of 500 CFS in the summer months-- if it's available-- coming down the river after the prior appropriations are removed. That's what it is. It isn't a limit on how much, how much we can take. It's not a limit of how big the canal can be. It's 1,000 CFS in the winter months. Right now, we're not getting our 1,000 CFS in the winter months because Colorado contends that if and until we build the Perkins County Canal, they don't have to honor any of the agreement. And every time we take steps like we're attempting today to defund the Perkins County Canal, we embolden Colorado to dig their heels in and say we're going to-- we're going to sue, we're going to do all these delaying tactics, because they don't think we're serious. Now, we talk about when the money is available. The money was available, and that's why it got put into the fund. So if there's a year that you see that we're going to have an extra \$500 million laying around in the General Fund to fund--

KELLY: That's your time, Senator.

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JACOBSON: --the Perkins County Canal, say, three to five years from now--

KELLY: Senator Jacobson, that's your time. And Mr. Clerk for an item.

CLERK: Mr. President, the Judiciary Committee will meet in executive session in Room 2022 at 2:00. Judiciary Committee, 2:00, Room 2022.

KELLY: Senator-- thank you, Mr. Clerk. Senator Jacobson, you're next in the queue.

JACOBSON: Thank you, Mr. President. It's just not going to happen, OK? We can say-- talk all we want about we can take the money now and bring it back later. It's not going to happen, folks, and we all know that. We also hear that if you double the capacity, which isn't going to cost much more to build than the original-- than the bill-- than the canal itself, we also know that building it even at the 500 CFS is not-- it's going to cost more than \$500 million. Let me underscore this. It will cost more than \$500 million. The canal is not overfunded. It's still underfunded at the levels it's at today. And according to the proposal in the budget, the earnings off of that \$500 million will go into the General Fund and may not find its way back. So let's be very clear. We're taking away the state's future to the water rights that we have if we take money out of that fund. I don't hear anybody saying, let's take it out of the Education Future Fund. I don't hear them take it out of other funding out there. No, what they want to do is spend the money. Spend the money for some other use now. What does that remind you of? The immediate gratification society. We want something now. We can't plan for something that we're going to need and invest in it. And that's what we've done with Perkins County Canal. So I'm adamantly opposed to the proposed-- that portion of the proposal. I would also tell you, on property tax credit, we all read and heard over the weekend a think tank that came out and said we should pause those dollars for two years. I can tell you I'm not going back to my district and telling my constituents, oh, by the way, you told me every time I knocked on the door that we want property tax relief and I voted to pause it for two years so we can spend the money on something else. I'm not going to do that, and you shouldn't either. Everyone in this body knows that you have constituents that are screaming for property tax relief. How we can even consider such a proposal to take money out of property tax relief fund or pause it is ludicrous. That idea, coming into the Legislature and coming to the floor, is dead on arrival. There's no way we should be doing something like that. So really, what this comes down to is this amendment is really reorganizing. And I might also add the idea that we should do direct property tax relief

instead. Well, I don't know. A property tax credit on your property tax statement seems pretty direct to me. I think the only way it can become more direct is you send them a check in the mail. But no, here's the idea. We send it through TEEOSA or we send it through state aid to public schools, and then they will reduce their property taxes accordingly. Well, there's something out there called friction, OK? Friction means you go send money somewhere, and you send them a \$100 bill, and you get 50 cents back. That's how that works. The best way to get property tax relief is to give direct property tax relief, either into the property tax relief fund or send a check back to the taxpayer and say, we overcharged you. We continue to forget that tax dollars are not our dollars. They're taxpayers' dollars. We should be deciding what we absolutely need to spend and tax it accordingly, find the revenues accordingly. Not how many dollars can we collect and now let's go figure out what we can spend it on. And that's what we seem to do in this body, time and again, thinking of creative ways to spend money. Every project's a good project. If only we could fund them all. You can make a case for every project that's out there. But we can't afford it. I support-- I oppose AM1303, I support AM832, and support the underlying bill, LB261. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I am still wading through my friend Senator Cavanaugh's amendment on the budget. And appreciate the hard work that she's put in to put forward an alternative proposal to try and mitigate some of the harmful cuts in the budget. And my hesitation is just trying to, to make sure that the, the financial components that she's included therein to ensure a balanced budget would meet with state priorities and, and my district priorities. So I'm excited to learn more about her thinking there and, and to get into the details more so. But, you know, one thing that occurred to me in now my 11th year in the Legislature and having sat through many budget deliberations and special sessions related to budget deliberations recently and formerly is, there's a lot of context, I think, missing from the debate thus far. And we got kind of sidetracked on a side fight this morning in regards to one of the substantive amendments that was up. And I'm glad that the parties involved were able to find a good path forward. But what we don't know from the debate at this point in time is, what does this budget mean for an everyday family's life? What does this mean for key priorities? What does this mean for our present structural imbalance and our growing structural imbalance in relation to revenues and expenditures? And how does this budget meet sound budgetary and appropriations

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principles kind of writ large that our state has always adhered to in order to be in compliance with our balanced budget amendment-- which is appropriate and right and legally required-- and has helped to make Nebraska really an envy of many of our sister states because of the conservative approach we bring to our budgeting work and the seriousness of purpose that we do as well? So we've heard a lot about how this budget will cut criminal justice reforms, including diversion programs that support veterans and mental health and behavioral health. We've heard about how this budget will put significant pressure on our institutions of higher education, particularly the university, to increase tuition, on moms and dads who write those tuition checks, and kids that are, are putting themselves through school. I didn't have a chance to watch all of the Appropriations Committee hearings, but I did hear from a chorus of partners in local government that if we move forward with this budget, it will put increased pressure on property taxes. We know that there is a peel-back on critical investments in clean water and water projects. And so I-- maybe I'll just ask my friend Senator Clements, who's chair of the committee, if he'd yield to a few questions.

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

CLEMENTS: Yes.

CONRAD: Thank you, Senator. Are we in a recession?

CLEMENTS: I don't believe so, no.

CONRAD: OK, then why do we have a, a budget put forward to cut programs and services?

CLEMENTS: We kept agency budgets level.

CONRAD: OK. And you do understand that in-- with inflation, that a flat budget is a cut because of increase in the cost of goods and services, health care, insurance, employee salaries. I mean, that's, that's not really my opinion. That's a well-established fact, right, that, that the state agencies have increased costs. So a flat, a flat appropriation is a cut.

CLEMENTS: Many of them are using carryover funds, approp-- unused appropriations from the past, and we're allowing them to do that.

CONRAD: OK. So do we have a present budget structural deficit or incongruence?

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CLEMENTS: Yes.

CONRAD: OK. And is that looming greater in the, the outyears in the next biennium?

CLEMENTS: Yeah. The projection is that-- does do that.

CONRAD: And Senator Clements, so in regards to deep cuts that this budget has for criminal justice reform, for increases in tuition at our institutions of higher ed, pressure on local property taxes, peeling back investments in clean water, how does this budget make Nebraskans' lives better?

KELLY: That's time, senators. Thank you, Senator Conrad. And Senator Machaela Cavanaugh, you're next in the queue.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, thank you for engaging in this conversation this afternoon. I do want to speak to a couple of things that were brought up. Senator John Cavanaugh had asked me questions about the canal, and I got clarification on, on that. So the canal appropriation doesn't change from this amendment to the committee amendment. What it does is we're taking \$100 million from the base that doesn't touch any spending authority. And they still have the same spending authority. And there's still plenty of money in there for them to utilize their spending authority. So that's what's coming from the canal. So essentially, the canal, for all intents and purposes, from Colorado's perspective, it's A-OK. It doesn't, it doesn't harm the future of the canal at all. Yes, we need to probably put more money into the canal if we're going to build the canal, but taking \$100 million from the base is not going to send a message that we aren't serious about the canal. Then there is the thought about the property tax relief funds. I get it. That's-- it's a big idea. It's a big idea. But when we created the second-tier property tax fund through income taxes in LB1107, that was a big idea. What this does is essentially say, that was a big idea, but let's go back and do it a different way. Let's not undo it; let's just do it a different way. So to Senator Jacobson's concerns on that, lowering the levy, the local effort rate, through TEEOSA would automatically lower your property taxes in that regard. Then the state-- increasing state aid to counties, it can be done the same way it's being done now. It can still be a statement on your property taxes that say state aid. It-- that doesn't have to change. All we're, all we're doing here with this amendment is saying we're not going to require people to go through their income taxes to get their property taxes. You are automatically going to get your property tax relief when you get your property tax statement because

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your local effort rate for TEEOSA is going to be lowered to \$0.75 and your state aid is going to be increased by-- I don't even remember how many hundreds of millions. I started to count it. At least, at least an additional \$200 million. I think there's more throughout here, but at least a 200-- an additional \$200 million in state aid to counties will show up on your property tax statement. You are voting for property tax relief. You're just voting to give it directly through property taxes. What AM832 does is, with those cuts, without entertaining taking any funds from the prison or from the, the canal base or from the property tax funds, what AM832 does is cut-- it cuts non-code agencies that still have two avenues: levying authority, tuition increases. So in con-- in voting for AM832 without AM1303, you are essentially voting for actual property tax increases because the cuts to some of these entities are going to be so severe that they will have to use their levying authority. I asked them this in committee, they said this in committee. If you do this, we will have to increase our levying auth-- we will have to utilize our levying authority to increase property taxes. It doesn't make sense. I have no horse in this race. There is not something in AM1303 that I get, except for strong public policy. AM1303 is a balanced budget that looks at the resources available to us and how we can do the most good for the most Nebraskans while maintaining our obligations across the state. That's what this does. I really hope that people will give it serious consideration. I worked on this pretty much for the whole year, and I am again grateful to the Fiscal Office for all of their support on all parts of the budget, those that I supported and those that didn't support. And one last comment to Senator Jacobson's criticism of me sitting on the committee: I sat on the committee, and I couldn't convince nine people to do this, but I didn't think that meant that it wasn't worth bringing forward to see if I could convince 25 of you to do this. That's how committees work. Appropriations isn't any different. It's not a magical unicorn. I've sat on other committees and I've sat on Appropriations. It's the same. We bring forward ideas. If we don't get traction in committee, we see if possibly we can get traction on the floor. And if I can't, then I can't. That's how it goes.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Mist--

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

CLEMENTS: Thank you, Mr. President. I-- let's see. I wanted to turn to the Supreme Court budget on page 82. If you look at their total

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funding, currently, it's \$233 million, general funds. That's the first column. The next two columns show the governor's recommendation, which is \$233 million, which is keeping them flat. If you look at the committee proposal in fiscal year '25-'26, it goes up to 2-- \$238.8 million, a \$5.8 million re-- increase. If you look at the final column, goes up to \$244.1 million, another \$11 million over their base for a \$16.8 million increase. Now, after the Forecasting Board met, we did re-- reduce that \$16.8 million increase by \$3 million. So it's still a \$13.8 million increase to the Supreme Court. And they are saying they may eliminate some programs, they may re-- reduce them. But in my analysis in talking to budget office, the second year is where they're really going to be a little bit tight, not so much in the first year. And next January, if they are really short that much, they can have-- they can re-- have a deficit request and justify that if these programs are in danger. I do like those problem-solving courts, but there is opportunity for this agency and for other agencies to come back next January to try to increase the first year or the second year both, but I think it's-- really, the first year is adequate, and the second year is, what I understand, is going to be a little tighter. But we-- the governor's analysis was for no increase at all. And we did give support to the Supreme Court with at least \$13.8 million of increase over the two years. Next, we used a lot of cash funds and kept those sustainable in the agencies that were held flat. We are allow-- allowing them to use some of their carryover funds to make up for having a flat budget. I think this is a-- the, the state's been hit with \$630 million of reductions of revenues, a \$350-- \$350 million more of Medicaid expense, \$280 million reduction in forecast revenues. And we have, we have absorbed those without making drastic cuts. And, and already, I mentioned that we did increase employee salaries \$27 million the first year, \$54 million the second year. And we've absorbed that as well. So we're protecting our employees and then asking agencies to get by until revenues are increased. So I just ask for your support for AM832. And I oppose AM1303 because I think we have done a good job of balancing the budget without damaging programs. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. You know, I have become quite the scholar of the Perkins Canal, and I just want to respond to something that Senator Jacobson said. You know, it's, it's really nothing that this Legislature is doing, nothing that this Legislature has been saying, nothing that this Le-- Legislature has been funding or defunding, or talking about removing funding that is upholding the project from its trajectory of getting done. But I'm just going to read

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a comment from the attorney representing the Colorado property owners dated March 7, 2025. And they clearly don't take us seriously, but it's not because of what the Legislature has done or said. This is what the attorney representing the Colorado property owners have sa-- says: finally, it is a principle of Colorado eminent domain law that a landowner should not be needlessly dispossessed of property. Here, Nebraska appears to be years away from actually needing possession to start construction. As of today, Nebraska lacks the 1041 approval from Cedric [SIC] County, has no approved wetlands mitigation plan, has no federal permits, has no final construction drawings, no crossing agreements for utilities, and no relocation agreements for displaced owners or tenants. There is no legitimate good faith basis for proceeding at this time. So that was the response concerning the Perkins Canal. As I said before, I'm an avid supporter of Perkins Canal, but it needs to be done smarter, wiser, and in a different order. And I'd like to yield the rest of my time to Senator Spivey, if she would accept it.

KELLY: Senator Spivey, will you yield to a question? Or-- so--

SPIVEY: She yielded me her time.

KELLY: --you have 3 minutes, 15 seconds.

SPIVEY: Thank you, Mr. President. I appreciate that. And thank you, Senator Raybould. As I said, when we had the conversation around that agency, our resources and water agencies came and we talked about what's currently happening. Senator Raybould did have a bill, and I thought she did a great job in just providing a different perspective, which I can appreciate. She absolutely is-- has become a scholar. She has so much information and knowledge that I have learned from her testimony then-- and then just being close rowmates-- that I hope people will just consider. I think the whole point of dialogue and discourse and us being 49 individual senators with our own ideas and constituents is that we can challenge each other, that we can challenge ourselves and our thoughts and what we thought we knew versus what we know now. How do we move forward? How do we find new solutions? And so I am a lifelong longer-- learner. That is the approach that I take. I continuously challenge how I show up, why I show up, what are the impacts not just now but in the future? And I just would encourage my colleagues just to have that same point of view, an approach where we can have intentional discourse and dialogue, again, because it's not about us and what we want to achieve but really us being conduits on behalf of our communities. I wanted to revisit and continue the conversation that I started, and some of my other colleagues started,

just around our approach and what we are investing in. As a new member of Appropriations and this body, I really intentionally came from a place of inquiry. I asked our chair and the committee, you know, what is it that we prioritize as a Legislature? What has been our process? What does that look like? What is Revenue doing? I didn't have a lot of interaction with Revenue unless I sought them out. And so just, again, how do all of these work together so that we can have full information to make the best decisions? Because these are really big decisions. These are big decisions that impact our community now into the future, and we can't take them lightly. And I think everyone has tried to sit in that, which I can appreciate, that, that, that-- the heaviness and the responsibility associated with what we put forward. I think, from an intentional strategic conversation and approach, we needed to better understand, for example, what is our approach to higher education as an Appropriations Committee, and what does that look like? We have community colleges, state colleges, and the un-- university system under our purview for higher ed. And so our approach to the community colleges and state colleges has not necessarily been a standard approach like we have to the university. You see cuts being made in a different way, what has been appropriated, and I think that is an intentional and important question that we should ask ourselves not only as a committee but now as colleagues that are debating this budget. I think the work happens in committee, absolutely, and I'm appreciative to my committee members and my colleagues for all of the time and energy that we spent. And now that we have brought our bills to the floor, we have to continue that discourse and dialogue with the rest of our colleagues here.

KELLY: Thank you, Senator Spivey. And you're next in the queue.

SPIVEY: Thank you. I thought I'll just keep rolling, that's why I didn't say "thank you, Mr. President." And so I think that is an important approach as we think about that. How that decision rolls into other comprehensive intentionality around the public policy that we put forth is we have to invest in things that return and, and really grow our economy. And so I have worked in the spaces of economic development-- that is something that I'm not only passionate about, but have a lot of professional experience. And so as we think about, for example, the cuts with the university, what does that mean for, one, jobs? They are a major employer across the state, not just in the Omaha area where I am located and not just at the physical university space. They have lots of shoot-offs and other entities and projects they are catalyzing that actually provide high-wage jobs to the folks across the state. And so if-- and what is proposed with them being cut, what does that mean for the amount of jobs that will be lost? Right now, it, it

looks like it's about a thousand. Not to mention the cuts that they're seeing at the federal level. I think it's about 200-and-some-odd million that they are seeing in cuts, and that grows every day. They are also a driver for economic opportunity, not just in their specific portfolio but what they help to catalyze. So think about Project Health, for example. That initiative that would create this learning institute. It'll be great for folks across the state. They're partnering with, like, their nursing programs in more rural Nebraska. It, it has a lot-- it has lots of impact. Well, they also are catalyzing and providing support to the construction industry. Think about the number of people that will build that from the trades perspective, the amount of supplies that will be bought. And so again, as we think about what grows our economy and what is a good return, that investment and economic opportunity through some of the things that we as a legislative body have purview on, I think, are important, strategic decisions that we need to invest in or, as we are at this point debating the budget, reconsider. I think we also really need to have an intentional conversation-- which I have appreciated thus far this afternoon-- around our basic services and safety net and what is it that we use for taxpayer dollars and how do we use that wisely, which I do agree with. We know that a majority of folks are on Medicaid in our state, and so how do we have a real conversation to ensure that Medicaid is accessible, that we are providing correct reimbursement rates to our practitioners that are billing Medicaid, that we have comprehensive services all across Medicaid, whether it's health care, mental health services-- we need to look at child care. And I think that is a, a big place where we have not really talked about on the floor. We know that child care is an issue and has been an issue across our state for decades. It's a workforce issue, it's an economic opportunity issue. The committee did not take action around cutting back early childhood, which was in the governor's budget to do that. And we need additional investment in child care. And I don't think I've been here a day-- some of my days are running together, so sometimes I feel like I'm in this whirlwind-- but I don't recall a day where we've talked about child care in this body. I have a bill that is still in HHS that would address a Nebraska-based subsidy to help really support our workforce and, again, grow our economy. And so my hope is that, through this continued debate this afternoon and over the next week, that, that we can sit ourselves not only in the tactical choices and activities that are in front of us but also that really high macro level. What is our strategic initiative, our approach, our decision-making? Because again, what we decide today not just impacts this cycle for budgeting but our outyears. And I have been looking at that, and I-- I'm really concerned about where we will be in the next

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budget cycle. I have about a minute left, and so I think I have one more time to punch in. And so I, I will get back on the mic to finish our conversation and, and add, hopefully, some more points of view just around our criminal justice system, all of the reforms that we have done, and some of the decisions that are in front of us not only with LB261 with the cuts to the Supreme Court, to their base adjustment which supports some of our diversion and preventative measures, but how does that look for us overall and what type of investment we could make that honors the intention and good use of taxpayer dollars while ensuring that citizens have what they need as they are navigating being system-impacted or are at risk of being system-impacted. I think that is a big driver of our budget. We see that from the services that are provided, and I think it deserves more time as a full body for discussion and debate. And so I appreciate folks engaging in that conversation. And look forward to getting back in. Thank you, Mr. President.

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

FREDRICKSON: Thank you, Mr. President. Good afternoon, colleagues. And good afternoon, Nebraskans. So this is the first time I'm punching in to speak a little bit about the budget, the mainline budget in LB261. I've certainly been listening to the debate, and I'm going to continue to listen as, as folks share their thoughts on this. I, I want to also share just my appreciation for the Fiscal Office, for the Appropriations Committee, and the, and the work that's gone into this. I know it's not an easy task, that's for sure. I also really appreciate the conversation that's been having-- we've been having on the floor. I know there's a lot of different areas of the mainline budget that folks can choose to talk about-- and I've actually been learning quite a bit from different areas of the budget. But I want to speak a little bit more to-- about a specific part of the budget that was brought up by a few senators, which is the appropriations specifically as it relates to, to criminal justice. And, you know, I've been thinking about this quite holistically. I've been doing that a lot this session, where I've be thinking about the various pieces of legislation that we're debating and passing and how each and every one of these actually interact with one another, and, you know, what impact does, you know, LB123 have on LB124? And if we pass one, how does the other impact? And, you know, I was thinking how on the one hand, we're, we're being asked to support legislation this year that, you know, really-- that expands criminal penalties, that adds new felony classifications, you know, proposals that for all intents and purposes are likely going to increase our already overcrowded prison systems. And then on the other hand, we're

kind of watching this erosion or this cutting of some of the critical rehabilitative services that give folks a path out of that exact system. You know, Senator Spivey highlighted this a little bit earlier, and I think it's important to continue to look at, was a letter that the Appropriations Committee received from the judicial branch which explicitly states that if our budget passes as it's currently proposed, the following services will be eliminated or reduced effective July 1, 2025. So that-- that's pretty imminent in terms of that. So the elimination or reduction of DUI problem-solving courts in Lancaster County, mental health problem-solving court in Sarpy County, veterans treatment court in Sarpy County, drug court in Platte County, transitional living reimbursement for adults on probation, problem-solving courts and post-release supervision services for juveniles on probation. So these are real programs that we're being told directly by the judicial branch that will imminently either be cut or completely eliminated if we pass this budget as it's currently written. And this is happening, again, at the same time that we are moving forward pieces of legislation that are increasing felonies in our state. So I just want to share the perspective that if we, if we really do care about public safety, we have to care not just about the sentencing, but we also have to be invested in what happens after sentencing is served. Rehabilitative services like the ones I just mentioned that are at risk for being lost-- things like job training, substance abuse treatment, mental health counseling, reentry support-- these aren't luxuries, and we shouldn't be viewing them as luxuries. They are the backbone to a safer Nebraska, to safer communities, and they're actually how we reduce recidivism, and they're how we save taxpayer dollars in the long run. To slash these programs now while expanding felonies is frankly not fiscally responsible. It's both, I think, morally inconsistent and, and strategically flawed. I also want to highlight quickly how out of step this is with all of our sister states. Nearly every other state in our country, it's-- either red states or blue states, this is out of step with what we're seeing across the country. We're seeing growing consensus in our sister states, that criminal justice policy should be guided by data, by outcomes, and by fiscal responsibility, not by fear, not by politics, and certainly not in blind faith and punishment for punishment's sake. Nationally, we're seeing other states are reducing penalties for nonviolent offense and focusing on diversion. They're investing in community-based alternatives to incarceration, expanding access to mental health services and transitional housing. And they're tracking these outcomes to make sure the dollars are going where they make the most fiscal impact, and that's exactly what we're not doing here. We're moving in the opposite direction here in Nebraska: increasing felonies

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while stripping away the very supports that prevent the reoffending. And that, my coll-- colleagues, is what I think is ultimately pretty short-sighted. So this is one area-- I know my, my light's on, so I'm running out of time. But this is one area of the budget that I have some concerns about that I certainly want to-- think we need to have further discussion on. There's a lot of other areas of the budget that I'm happy to speak more about, but I wanted to at least highlight that minimal piece. So I'll get back in the queue and speak a little bit more later. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Well, I pushed my light originally when Senator Jacobson was talking about the canal. My read of the canal report-- or, the canal compact is that we have a right to 120 cubic feet per second in the irrigation months, and we have a right to 500 feet-- cubic feet per second during the non-irrigation months, which is October to, to April, and we only have the 500 right if we build the canal. I don't know what other rights he's talking about to get up to 1,000 or what he's talking about there. And we do have a right to the 120 even without the canal. So that's kind of the-- what I'm talking about is, if we're trying to perfect our right to the, to the 500 to make sure that we actually get that right-- I've talked about calling out and all that a lot of different times, but-- that we have to build a canal for that purpose. We don't have a right to call out for any other water, as far as I know, unless it's part of a different compact. But under the Perkins Canal Compact, it's for 500. But anyway, I wanted to talk about the budget a little bit more. I wonder if, if Senator Clements would yield for a question.

KELLY: Senator Clements, would you yield to questions?

CLEMENTS: Yes.

J. CAVANAUGH: Thank you, Senator Clements. And I appreciate all the hard work of the, the Appropriations Committee. And I know this is a hard task. And I was watching your conversation with Senator Conrad and-- so is AM832 a white copy amendment to 2-- LB261?

CLEMENTS: Yes, it is.

J. CAVANAUGH: OK. So is AM832 a balanced budget?

CLEMENTS: Yeah. Well, no, but it would be on Select. It's--

J. CAVANAUGH: OK.

CLEMENTS: Not, not yet.

J. CAVANAUGH: Why-- well, so 830-- So what changes about AM832-- so-- I guess my question is, we're here having a conversation on General File-- and AM832 is the budget we're talking about. So if we adopt AM832 and nothing else, would the budget be balanced?

CLEMENTS: No.

J. CAVANAUGH: No. OK. Thank you, Chair Clements, Senator Clements. So I-- I'm trying to wrap my head around-- I was looking through the rules here. We have an obligation to pass a balanced budget under the constitution. The Appropriations Committee has an obligation to refer to the floor by the 70th day and we have an obligation under the rules to pass a budget by the 80th day. And so those are the broad strokes of the, of the requirements. I think today is day 73? 73. And we're having a conversation about what are-- how are we going to meet this obligation? That is the question we have here, is, how do we meet the obligation of a balanced budget? And then within that confines of meeting an obligation, what are our priorities? So how are we going to effectively have a conversation about what our priorities are and how we meet this obligation if we are not starting from a place of a balanced budget? The body itself-- and we could, we could radically defer, which is what I think-- well, I don't know about radical is the right word-- but we could, we could defer from the suggestion of the Appropriations Committee to a great degree, which is what I think is what Senator Machaela Cavanaugh is proposing under AM1303. But Senator Cavanaugh's proposal is balanced, in principle. And so we could adopt AM1303, and then we could make changes to that within the confines. But if somebody was to suggest-- which is the normal budgeting process, is we'd come in with a, a proposal from the Appropriations Committee with a balanced budget suggestion, and then we would be able to tweak that, and you would know, if I'm going to move a million dollars here, I need to move a million dollars here. Or I'm going to eat into the amount of money that's on the floor. I, I don't understand the conversation that we are having here, and I don't understand how-- I guess maybe that's why there's a lot of people who are just sort of checked out and not invol-- involved in this. But this is a big question, is, when we have a budget shortfall and we have projected outyear shortfalls, how do we meet that balanced budget obligation? And, and, and I don't get the sense that people are, are meeting the, the challenge here of suggestion of how we do it. There are suggestions about raising revenue in some places and there's suggestions about raising revenue for the

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outyears by raising taxes on working people and small businesses, but we have a structural problem going out. And a zero-growth budget is not realistic. I'll have to push my light to talk about this some more. But we're not even-- we don't have-- on the board right now, we don't have a proposal for a budget that we could pass. So we're not even talking about what is it-- our vision for the future of the state of Nebraska is. We're not talking about that. We're not even at the baseline question yet. So why are we having a General File debate about a-- if we're not at the baseline question? So I'll push my light again to talk a little bit more about that. Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. I, I just want to continue to reiterate what I've been talking about before. We are entitled to that flow of the-- water through the canal. At a minimum, they must deliver that, if it's available, after the priority rights. If there is more water available, we can have that too. A few years ago-- I mean, if you look at-- without the Perkins County Canal, we have no right-- they have no re-- requirement to deliver water down the South Platte River. So if we can take the plan that says let's do a diversion on the Nebraska side of the border and build the canal south of the South Platte River, I can tell you that when the river is not flowing any water at all, we get no water. I can also tell you that if you did the Perkins County Canal tour and if you went and looked at either the cooling pond at, at Gerald Gentleman or you came on to North Platte and looked at the lake south of North Platte, Maloney-- I can tell you what happens if Lake Maloney doesn't have a constant flow of water going into it. It goes empty because it has a sand bottom. So we can't just every now and then fill the Perkins County Canal south of the-- of, of the Platte River and expect that water to stay there. It will go into the soil-- into the-- it'll seep away and it'll be empty. We have to have the water flowing into the canal, store it, and keep water coming in to keep it full. So I'm just telling you, any indication that we're not prepared to fully fund the canal is an indication that we're not serious. It's as simple as that. Everybody can think they're-- everybody's looking at the \$567 million. It's [INAUDIBLE] it'll be in-- and, and \$500-plus million in the fund and saying, oh, wow, there are so many programs that we could do good with. Let's go take that money and spend it. That's the problem with taking money out of the fund, because everybody's got a project to go spend it on. And those projects-- I'm not making any judgment whether they're a good project or a bad. All I know is that this Legislature made the decision to fund the Perkins County Canal, and we need to honor that decision. And we

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need to keep the money in the canal. No one can seriously sit here today and say let's take \$135 million out of the canal project and then down the road when we need that money, we'll just ask the Legislature, hey, we'd like to have another \$135 million. Go ahead and stick that in the mainline budget. Does anybody realistically think that's ever going to happen? Of course not. Of course not. We are going to need more money. No matter how big we build the canal, we're going to more than \$500 million. Now, if you don't want the water and you want to be in allocations at some point in the future, our-- the people that follow us are going to go back and say, what was the Legislature thinking? They had the opportunity to build the canal, they had the money to fund the canal, and they didn't do it. With regard to the amendment, it's a 167-page amendment. So here we are, we got our budget books, we studied the budget books, we looked at them over the, over the-- we had a briefing last week. We looked at them over the weekend, and now we're supposed to digest what's in that amendment-- money going here, money going there, taken here, taken there. We can't really make heads or tails as to what this ame-- what this amendment really does. Let's work off of the budget we have. You want to bring a line item, you want to bring a small change? Bring it, but not a 167-page amendment. That's, that's why I'm voting no. I see too much in here that I oppose, so I'm going to continue to remain opposed to AM1303. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I'd like to continue my dialogue with Chair Clements if he's available. And as he makes his way to the mic, I'll, I'll make some additional comments. But it's very interesting to me that Appropriations Committee members, particularly conservative members, can't quite seem to get their talking points right. I heard from my friend Senator Strommen that-- nothing to see here, friends. Everything's rosy. It's all good. This, this is a great budget. And then two speakers later, the chair of the Appropriation Committee admitted that we have a structural imbalance and we're cutting the budget despite there being no recession and that the structural imbalance is growing and the deficit is growing worse with each biennium, so. That's just a very, very interesting juxtaposition in terms of, of where we are with the debate and dialogue. Also to my friend Senator Jacobson's points, the budget briefing you attended and the budget book that you are looking at also doesn't have updated numbers on it-- everybody already acknowledges that-- due to forecast and other reasons. So I don't think that we need to only work from those. And any member at any point is allowed to

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bring forward an amendment as they see fit. So if Senator Clements would yield.

KELLY: Senator Clements, would you yield to questions?

CLEMENTS: Yes.

CONRAD: Oh. Thank you, Senator. Senator Clements, you mentioned the last time that-- and I appreciate-- appreciate your admission and concession that we do have a structural imbalance and we're cutting the budget even though there is no recession. And you indicated that you're allowing state agencies to cover salaries, benefits, and operations with essentially one-time funds, carryover funds and reappropriations. Is that right?

CLEMENTS: Yes.

CONRAD: OK. Is that sustainable?

CLEMENTS: It's--

CONRAD: Aren't, aren't carryover funds one-time funds and salaries, benefits, and operations are ongoing expenses?

CLEMENTS: It will get them through the next two years.

CONRAD: OK. And on that point, you noted that we just need to hold on through this biennium until revenues increase. How will revenues increase beyond this, this biennium?

CLEMENTS: The income tax rates will be at their bottom January of 2027. And there won't be any more income tax loss of it-- revenue. And so economy then will-- we won't take out any more because of income tax cuts. So I'm, I'm assuming that we're going to have a continued growth in revenues after that.

CONRAD: You're-- and what are you making those assumptions based upon? Fiscal Office projections, Revenue Forecasting Board, or your own gut instinct?

CLEMENTS: The Fiscal Office is projecting 6% increase the two outyears.

CONRAD: In revenues overall?

CLEMENTS: In revenues, yes.

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CONRAD: OK. And then, Senator Clements, I know that you care about taking a conservative approach to budgeting, and one of the key principles in taking a conservative approach to budgeting is ensuring that we have an adequate Cash Reserve available in case we hit volatile economic conditions or a downturn, which we're not presently in. But I think if memory serves, kind of dusting off my Appropriations experience, you want to see that Cash Reserve at about 16% or 17%, typically. And I think the Appropriations budget moves that down to about 12%. So could you share some of the committee's thinking about whether or not 12% is going to be adequate to meet future volatility?

CLEMENTS: Yes. The, the Fiscal recommendation is 12% or more, 12% to 15-- to 16%. And I saw that, back in 2018, it was down to 7.5%, but we recovered from that. And the \$690 million I believe we'll be proposing is adequate, in my opinion.

CONRAD: OK. And then could you help perhaps the body to understand-- we've paid out millions of dollars to consultants to help us figure out cost savings measures in state government, these Epiphany Consultants and otherwise. Are their findings and recommendations a bedrock of this budget?

CLEMENTS: No. We haven't had specific findings or recommendations from that consultant.

CONRAD: Oh, how interesting. OK. So we've paid out millions of dollars to figure out how to tighten the belt and we've-- we haven't--

KELLY: That's time, senators.

CONRAD: --applied any of those findings. Thank you, Mister-- thank you, Mist--

KELLY: Thank you, Senator Conrad. And Senator Machaela Cavanaugh, you're next in the queue and recognized to speak. And this is your final time before your close.

M. CAVANAUGH: Thank you, Mr. President. So AM1303 is a white copy amendment. However, as I said in my opening, the, the code agencies-- which is a substantial portion of, of the bill-- remain the same as in AM832. And I did pass out a handout at the start of debate this morning that sort of outlined what changes there are to the original AM832, the committee amendment, so I'll just go back to those. And, and to be clear, the substantial changes here are reversing cuts that the committee made to budget requests. So when we're saying, like, substantial changes and we don't know what's in here, I do have it

delineated for you, and it is reversing cuts that are in AM832. Additionally, I have tried to explain, taking money from the canal base, not the spending authority, there's still 500-- there will still be \$500 million left in the canal fund to fund the canal. Taking money from the capital construction fund, which is for the prison, which also-- still there is-- the money that has been previously obligated is still there. This takes money to do the deferred maintenance that we have not been doing at our penitentiary, which I think is also criminal, but there you have it. Then there's another \$50 million from that fund going to programming. And then we are putting money towards the problem-solving courts-- which ultimately will save us money-- and community corrections. Also not cutting the funds to the Office of the Public Guardian, supporting the court interpreters and mediation support. Then there's the aid to the local health departments, \$3.5 million; \$500,000 to the federally qualified health centers; behavioral health services, \$15.25 million; aid to food banks, shifting that from TANF to general funds for \$10 million; domestic violence housing, \$3 million; Health Care Cash Fund allocation, \$2.5 million for strategic public health investments. These are things that are going to lower our property taxes. Any aid that we give to our local taxing authorities will result in lower property taxes. So, so I'm-- I, you know, I appreciate, like, this is a big thing, like I said. This is a big thing, and it's a big idea. And I dare say it's a bold idea, but it doesn't mean that it shouldn't be considered. And I brought this to the floor because it didn't seem like it was something that the committee itself was interested in entertaining. Any time that myself and my colleague Spi-- Senator Spivey would bring up alternatives of, of taking some of the money from corrections or some of the money from the Perkins Canal or the property tax relief funds, it was a non-starter in committee, and that's what brought me to do this. It was-- the only option was to cut, cut, cut, cut, cut and then increase taxes on Nebraskans, on, on cigarettes and food and candy and pop and services and car repairs and going back to that old tried-and-true attempt to give property tax relief to the governor on the backs of, of tax increases across the base to everyday Nebraskans, making the cost of living more expensive. What AM1303 does is it actually gives property tax relief directly to Nebraskans by funding public education at a higher rate and by funding-- giving increased state aid to counties, which will lower our property taxes. And then not cutting our university, state colleges, and community colleges, which will either result in increased property taxes or increased tuition, which is going to price out our low-income families from sending their kids to school for secondary degrees. And while we are also not funding all of the waivers that we keep putting towards the university and state colleges,

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it also includes dual enrollment, something that everybody has been talking about as such an essential program for us to have. So there's a lot in here to be considered. It doesn't necessarily feel like it's being considered since only the same couple of people have stood in opposition and they don't seem like they've even taken the time to consider what is in the, the bill.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Hansen would like to recognize some guests in the north balcony. They're fourth graders from Lyons Decatur School in Lyons. Please stand and be recognized by the Nebraska Legislature. Senator Strommen, you're recognized to speak.

STROMMEN: Thank you, Mr. President. Since we're going down this Perkins County Canal road, I just want to read again, for the umpteenth time, what the Fiscal Office said about transferring funds from the Perkins County Canal. The transfer of funds will effectively end the Perkins County Canal Project, as permitting agencies and other compacting states will view the project as speculative, having a low probability of being completed, and will not expend time or resources on review. As a result, all design, land acquisition, and legal efforts by Nebraska should be wound down in the interest of fiscal responsibility. So even our Fiscal Office is saying, if we pull money out of it, it should-- it will be canceled and the project will not be-- get done. And I just wanted to bring up-- earlier, I had mentioned the number of gallons that would be flowing downstream. I had talked about that at 120 CFS, when you look at the irrigation season, which is 500 CFS, you're looking at 53.8 billion gallons. 53.8 billion gallons of water. During the 120 CFS season, you're looking at 15 ba-- billion gallons of water. 10% of all of that water ends up in Lincoln and Omaha. So just remember, if we don't do this project, if this doesn't happen, we're missing out on billions of gallons of water that this state is effectively going to just cede to Colorado. The other thing that we have to look at on this canal is that agriculture is our reven-- number one revenue-generating industry in this state, and the majority of this water is going back into agriculture to help ensure that we can generate those revenues for those farmers, for those ranchers in those areas so that we can have a robust agricultural community which, really, the state is based on. And I, I think that it's short-sighted for us to start pulling money out of the Perkins County Canal Project and puthing into-- putting them into things-- the short-term projects and really not looking at the long-term aspects of how this is going to

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affect the state, so. I just wanted to comment on that. Thank you for your time. Appreciate it.

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

DUNGAN: Thank you, Mr. President. And good afternoon, again, colleagues. I do rise today listening to the debate, obviously, about the, the budget and where we find ourselves. And it's been interesting because I've been trying to sort of understand how we got to where we are and what some of the problems are that led us to the sort of deficit crisis we find ourself in right now. I think it's a little bit frustrating or it's a little bit difficult to understand because when I first came into the Legislature a few years back, we found ourselves in this record-setting, it felt like, time where we were able to spend money on certain projects. And, you know, Senator Jacobson mentioned earlier that other people might look back on us right now when we talk about the canal and say, oh, well, why did they defund that? But I look back at on some of the decisions that were made before I was here, and I think, why did they put all that money aside for a project that may take 19, 20 years to get done? But that's neither here nor there. The, the real problem that I, that I want to highlight this time on the mic is this feels to me, all of this, this, this-- every part of this discussion feels to me to be a self-inflicted wound. And the first time that I spoke today, we talked about revenues and the question over why we're in this situation in the first place. And when I go out and I talk to members in my community, when I talk to people from LD 26 here in northeast Lincoln, they continue to ask me sort of why we're in this situation. Why do we find ourselves in a position where we see not just some lean times, but a systemic, ongoing reduction in our revenues that is creating a problem to the extent of which we are not cutting governmental programs because we're trying to be efficient. We are cutting our budgets to essential programming because we-- feels like we have to. And to find ourselves in a situation where we're acting as though we're in this austerity measure as government is really problematic when you go back just a few years and see that we actually had an, an ability to spend money on the things that we felt was necessary. And I, I don't want to say I told you so, certainly-- and I think there's a number of people who might feel the same way-- but if you go back and listen to the debates that we've had over the last couple of years, you will hear a persistent and consistent concern that the decisions that were made over the past couple years are going to put us in a situation where we're not going to have enough revenues in order to meet our obligations. And now we find ourselves in a situation, colleagues, where we're debating whether or not we want to

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raise the sales tax on everyday people. We're debating whether or not we can continue to fund essential programming, like what Senator Fredrickson was talking about with regards to these problem-solving courts and community safety issues. You go through this budget and you see just a vast number of cuts to things that raise concerns, whether it's State Patrol or the Crime Commission. I mean, you, you, you can easily leaf through this and find any number of concerning cuts. And again, I don't envy the Appropriations Committee for working within the confines or having to work within the confines they did to reach a balanced budget, because we do need to have a balanced budget-- and that is something that is constitutionally required here in Nebraska. But I guess I just want to push back on the parameters that we find ourselves in in the first place. When I talk to people in my neighborhoods, they ask me, why are we in this situation in the first place? Is this a self-inflicted wound? And my answer is yes. We've made decisions as a body that have put us in a place where now we are needing to eliminate various expenditures that people rely on. And it's not a Democrat issue or a Republican issue. It's just a Nebraskan issue. I agree with Senator Hallstrom and his concerns about housing. I agree with the concerns that have been raised by others about creating more workforce. I agree when I talk to my friends across the entire political spectrum that there's a concern about bringing people back into the state or keeping people here. There's brain drain, there's job loss, there's housing issues, there's wage problems, there's issues accessing health care, there's issues trying to make sure people have access to good education. But rather than continue to invest in those things that make this state great, we see in this budget, in this proposal, continued cuts. And it doesn't have to be that way, colleagues. We could find a way pretty easily to make sure that big corporations are paying their fair share and that everyday Nebraskans have the ability to access the things that they've come to rely on. And it's not a lot. They're not asking for a lot. They're asking for decent schools, good health care, affordable housing, and jobs that make their life a little bit easier. So my concerns with this budget are that we continue to cut, cut, cut, cut in a self-created environment that we don't have to find ourselves in. Thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President. And I just want to kind of continue the train of thought that Senator Dungan ended us on, with the environment which we have us-- put ourselves in. And then how-- what does that look like from a strategic decision-making standpoint? I will say again on the mic and for the record that I do appreciate my

colleagues on the Appropriations Committee. We had really tough conversations. We did not agree. We disagreed with each other, we talked about our disagreements, we talked about what could be and what currently is. And so while there isn't maybe necessary alignment on all parts of this budget, I just want to ensure the rest of the body that the, the conversation that's happening now with AM1303 and in the full package for LB261 and AM832 absolutely happened within our committee as well. And so that is not a surprise. And it's just, again, a continuation now that the budget is to the floor. I wanted to go back and, and really think about, again, our investments strategically and kind of wrap up my time on the mic as I have talked a little bit each time just around our investment in our judicial system. I think Senator Fredrickson laid out-- and Senator Dungan also laid out some really im-- important parts. Senator Holdcroft uplifted where we are in the landscape, again, with LB50-- so reducing prison population, what it looks like for folks eligible for probation and parole. And so we, we are in a very different landscape. And nationally, across-- no matter if it's a blue state, red state, purple, or anything in between, folks are really thinking about justice reform and what does it mean to be on the preventative side, to not just be reactionary. So how do we invest in the resources, the services needed so that people, one, don't become system-impacted and that, again, we're saving taxpayer money and that folks are really just able to actualize for themselves their full potential? Data and research shows that in order to do that through this kind of smart justice approach, that you have to really address housing, child care, workforce and wages, transportation, food access, which are, like, all the basic needs that someone has to have in order to be successful. The conversations within those five categories I named has been a topic in this legislative body for a very long time. This, this body has wrestled with child care and what does it mean for workforce. We are in an affordable health care-- or, affordable home crisis right now. So what does it mean for people to actually have affordable homes that they can buy and stay in, not just from a property tax side but they can actually purchase and have? And then also renters. We need to have a strong market of affordable options that are safe and quality for renters. When you look at our employment numbers, we have really low unemployment. However, if you dig more into that, you see a lot of folks are working two and three jobs just to get by. And so folks are underemployed versus just unemployed. And so, again, these are, these are the conversations as I came into this legislative body that I was really excited to grapple with. These are the things that I think across political spectrums, age, gender, race, whatever identity folks are holding that we can find alignment that we need different options. We need better options because we are not where

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we need to be as a state around providing that social safety net in key areas that, again, taxpayers are paying into that really should be funded. And so with the prison, I think that is not an investment. I know early on-- I think this morning there was a conversation around, like, how do we invest in the future of Nebraska? And folks talked about the canal, they talked about prison. And I want to be clear that investing in a new prison is not an investment in our state or our people. There are absolutely programs like the preventative courts, the drug treatment courts, juvenile probation that really would allow us to not continue to spend money to incarcerate people but really ensure that they are not system-impacted and get the services that they need. And so what I propose would allow us to have maintenance on NSP, which can still be decommissioned-- which will take a period of time-- allow us add money back to the General Fund, as well as invest in some of those reentry and preventative services that we know are coming with LB50 and the lack of funding and appropriation of the base adjustment for the court and other things that are going to be impacted by our inaction within the budget. And so again, I appreciate the conversation this afternoon. I appreciate folks digging in--

KELLY: That's your time, Senator.

SPIVEY: And thank you, Mr. President.

KELLY: Thank you, Senator Spivey. Senator John Cavanaugh, you're recognized to speak. And this is your third time--

J. CAVANAUGH: Thank you--

KELLY: --on the amendment.

J. CAVANAUGH: Thank you, Mr. President. Well, colleagues, first, I wanted to point out-- so a couple of people have asked me-- I, I-- my tie. I talked about it earlier, but I thought bears repeating. It's got Scrooge McDuck on it from DuckTales, which is a fantastic television program, but-- and comic books and whatever. But-- so John Lowe was a senator here, was replaced by Senator Clouse, always wore a Scrooge McDuck tie when we were debating the budget. So I-- he gave me this tie as a gift, one of his ties, when he left. So very honored to wear John Lowe's tie while we're debating the budget. So anyway. A few people missed when I mentioned it the first time, so I thought I'd re-mention it for you. So obviously, folks get real passionate about the canal, and I, I, I, I also like talking about the canal. So I'll, I'll talk about it a little bit. But in the context of-- I appreciate what Senator Strommen and Senator Jacobson have been saying, which is the

canal-- it represents an important investment in the future. And I, I really do appreciate that, that, you know, we had an opportunity to make a big, transformative investment where we perf-- we ensure that we have water coming in at a certain level, 500 CFS in those months, and then we were able to build a reservoir to store that water, which then-- both of those things increase recharge, which is, like, water into the, the, the aquifer and the groundwater table, and then makes more water available. And then, obviously, that extra water with your, you know, irrigation application, of course, helps with the economy of products, the availability of water, and then of-- and, and increases recharge in other spots. So I, I get it. I understand the value of this. I've done the tour. I've talked to the people. I've learned what return flow means. So I, I understand why people are so passionate about making a monumental investment in the future, and-- which is also why I have not tried to stop the canal. All-- I-- it is-- it did-- not true that what I have proposed would prevent the canal from being built. What I have proposed is say that we should build the canal as the compact says. So taking away \$61 million is just the amount that is additional cost between 500 and 1,000. That's it. It's not the rest of the canal. It does not make us les-- look less serious. I think it makes us look more serious because we are more truth-- faithful to the investment or to the, to the project. But-- so I'm still-- I'm not proposing that we stop building the canal. I'm not proposing we don't build the canal. I'm just proposing we build the right size canal, because when we originally appropriated the money, we had more, and we are short funds now, as is evidenced by the fact that this budget is not balanced, as Senator Clements told me off the mic, that the biggest portion of this is the reassessment of the Forecasting Board. And so-- but neither here nor there. This balance-- budget's not balanced. We're talking about picking up funds in a lot of other places by, by sweeping cash funds, and that's what I wanted to talk about, is the Nebraska Water Conservation Fund. A reduction in general funds to the So-- Soil and Water Conservation program of \$1.8 million balance from the general funds to be replaced by a transfer of \$2 million into the Soil and Water Conservation Fund per fiscal year, transferred from the Nebraska Environmental Trust. So the Environmental Trust-- I'm opposed to us taking money from the Environmental Trust for a lot of reasons, one of them is that it is constitutionally obligated to go to the Environmental Trust as part of the ballot initiative that was passed for-- when we legalized the lottery in the '90s. So the people voted for this money to go to this. But the other point is the very thing that Senator Strommen and Senator Jacobson and others are so excited and fired up about about the canal is this is money that is meant as an investment in the future. And we are taking that money out of the

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Environmental Trust to be inve-- invested in habitat restoda-- restoration, in things like bike share in Omaha and Lincoln and other communities, to be invested in, in habitat for animals that we can hunt and fish and enjoy those wild spaces. That's just one small example of the future-looking things, investments that we are undermining in this budget because we refuse to look at building the canal to the right size that the, the compact allows us. I'm not suggesting that you don't get your water. I'm not suggesting that you don't get your reservoir. I'm not suggesting that we don't build the canal. I'm suggesting that we build the right size canal and save the \$61 million so that we do not have to steal money from the Environmental Trust and the Soil Health Conservation Fund, because those are investments that will make the water we get go farther.

KELLY: That's your time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

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

MOSER: Thank you, Mr. President. Good afternoon, colleagues. Good afternoon, Nebraska. I rise in opposition to AM1303. I'm against any bill or amendment that waters down support for the Perkins County Canal. We have money set aside for that. It's like inheriting a surprise amount from a distant relative-- which in this case is the federal government-- and then taking that money and spending it on everyday expenses. We should spend that money-- it's a one-time windfall. We should spend that to build the canal. We take 3-- \$130 million or whatever, \$61 million out now, we'll never put that money back in there. That'll just, you know, that'll just doom it in the long run. The discussion about the budget not being balanced when it came to the floor is a technical observation that couldn't really be avoided. Up until the Forecasting Board came in \$300 million short, the budget balanced. So the Appropriations Committee did what they had to do to balance the budget. But then the forecast came in \$300-and-whatever million less than what they predicted two or three months ago. So if they would have built a \$300 million cushion in the budget just in case the forecast came in bad, they would've looked pretty silly coming in here and saying, whoops. We were off by \$300 million. We want to amend that. You know, that, that would look silly. This makes sense. They came in with a balanced budget. The Forecasting Board came in with a negative forecast on revenue, and so they made some adjustments. They didn't have enough time between the Forecasting Board issuing their prediction and the bill coming to the floor. So again, I support the

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work of the Appropriations Committee and the main budget. And I oppose AM1303. Thank you.

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

RAYBOULD: Thank you, Mr. President. Of course, I'd like to continue the conversation on the Perkins Canal. And I agree. Senator Cavanaugh and myself, we're not saying to end the Perkins Canal. It needs to be built. We all agree on that. It can be built. It needs to be built. And I just want to address some of the maybe misinformation going on about it. But Article VI of the Perkins Canal Compact permits diversion and storage during both the non-irrigation dates and the irrigation season only when surplus water is available. So that is why I'm such a big advocate of the reservoir. Right now, we could be storing and releasing a tremendous amount of water when our irrigators need it during the growing season. And so we have full right to be able to, to do that now. And the reason why it's more important-- we've noticed and they've documented it during the last 25 years in particular, but even starting in the 1980s, when they have seen heavier, intense rainfall that has actually created flooding on the Colorado side, that even though they have tried to divert it to a reservoir of their own to try to capture all that excess water, they still don't have sufficient capacity to retain it all during the unpredictable flooding seasons of the Platte River that has been going on for centuries. So the point of this discussion is that we should have had the reservoir built quite some time ago. And we have the funds to do-- build the reservoir, and we should be doing that. The Department of Natural Resources has a great video-- they do a fantastic job-- called the surplus waters of the Platte, and it very clearly talks about how important this is. And it says, in 2023, the water flows in mid-May after heavy, serious down-- downpours were 900 cubic feet per second. You've heard us talk about 120 cubic feet per second. And we all know that 900 is more than 120. And that was in June of 2023. Late June, there were 9,000 cubic feet per second. That is a ton of water, exceeding what we currently and lawfully have the capacity to store. We do not have the capacity to store it today. To better understand the amount of water, it was called out to be roughly 72,500 acre-feet of water, or 240 times the size of Memorial Stadium. Controlling and capitalizing on the stored water supply is essential to help become another funding source for the other essential, costly components of the Perkins Canal. In the video, they talk about just this element alone of the reservoir would generate \$580 million of additional funding not in the original projections. I have not seen anything in writing that validates that, that claim of \$580 million, but it's something worth exploring. So-- and I also

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wanted to jump off onto the other issue about the structural imbalance that we have created. There can be no denying that, when we passed the accelerated income tax rate reductions in 2023 that I objected to, that we were setting us up for this structural imbalance. And I've passed this handout a few times-- and I'll pass it out again as we continue our discussion on the budget. But just showing in 2025, they show a deficit of \$423,587,000 in revenue. The following year of 2026 to 2027, it is a compounded number of a deficit of \$575 million. And so this is what was predicted from the fiscal note from 2023. Senator Brandt, you have heard me talk about his LB171, which is a mechanism that would freeze that accelerated income tax rate reduction. And so from the fiscal note dated March 12 of 2025, they estimated that just by freezing it starting in 2025, that would bring in a-- an additional \$100 million in revenue, which would help stem our-- part of our deficit. But it goes on further. In our next year of our two-year biennium, in 2026-2027, it would be additional revenue of \$395,851,000. So it's important to look at all things but also to do our jobs as state senators to be fiscally responsible not only in this biennium where we're slashing a lot of important projects and departments and programs and do the responsible-- and it's a difficult decision to make, but it's something that we are fiscally responsible-- not only for this biennium but the next biennium. I can tell you-- thank you, Mr. President.

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

ROUNTREE: Thank you, Mr. President. Good afternoon, colleagues. And good afternoon to all of those that are yet watching online, and everyone else in their respective capacity. I just rise today-- we've had a lot of vibrant discussion around the budget today, and there are so many programs that are really working so effectively here in Nebraska, benefiting so many people, and it makes it really tough as far as trying to come to a balanced budget. I know we've got to make some changes. But we listen to every input and try to make the best decisions. But I had an opportunity to visit with our deputy county attorney down in Sarpy County and look at a lot of the processes, and I just want to read some of their comments regarding the budget. And it said: it's come to our attention that our committee has incorporated looking at a \$3 million cut from the Supreme Court's budget. Identified cuts in that budget include two incredibly important programs in Sarpy County-- and we've talked about those some earlier-- but the veterans treatment court and the mental health wellness program [SIC] solving courts, and I know those are very effective. These programs are instrumental in ensuring the health and safety of our communities. We

cannot get their funding. Graduates of Nebraska's problem-solving courts have a recidivism rate of 19%, compared to nearly 30% of those released from prison. We have been-- we have seen similar numbers in Sarpy through the-- through our mental health problem-solving court. On average, our mental health court serves 20-plus individuals at a time. Our veterans court is a recent creation but already has 12 enrolled participants. Cutting off funding July 1 jeopardizes their success and community safety. And we see this spread throughout a lot of the other bills that we do here on the floor. The individuals we serve are high-risk, high-needs individuals that are successfully rehabilitated and stabilized through our problem-solving court. They simply do not belong nor can they be served in our county jails or state prisons, which is where they will end up if this program is cut. Continued investment in problem-solving courts saves money for the taxpayers of Sarpy County and the state. Time and time again, our participants point to the support and structure our problem-solving courts provided, including transitional living reimbursements for their success and ability to finally lead a normal, productive, and healthy life. The same can be said for our juvenile court participants. For many, the only way their parents would be able to access mental health services or drug treatment for their children is through probation-paid services. We exhaust all possible payment options before turning to probation. Cutting off this funding would be ripping away the last chance a juvenile has to get the services and support they need. When we visited, we had a great discussion-- this was my time down with them just a few months back-- about what investments we need to help people in our community, and we've seen how diligent you work with our committees. And so with that, they're asking that we stand together to ensure that we still get the funding needed to take care of these critical programs that impact our members at the grassroots level where they live. And as we continue to hear other bills and legislation on the floor, those begin to deal with these critical services, the wraparound services are preventative and restoration. And so again, I just want to commend each one of us for the great work that's being done as we look at this budget. We'll get there, I firmly believe it, and we'll try to take care of all of our people as we travel down that road. So thank you so much, Mr. President. And I yield back any remaining time. Thank you.

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

McKINNEY: Thank you. I forgot I was coming up. Just, you know, want to rise in support of AM1303 and just try to continue the conversation, because what's interesting about this conversation is it's a

conversation, conversation about protecting investments that the Legislature in previous years decided to invest in, right? And it's a novel conversation because there were some other investments that the Legislature chose to invest in that budget bills are trying to take away from. So I hope we have some consistency on the floor that, when the Legislature choose to invest things in previous years, the Legislature won't come back and renege on the deal, because investments in communities and investments in our future is critical for the sustainability of our communities and our state. So when people get up and say that we need to protect investments that the state had invested in, I want you to be consistent, or else I'm going to stand up and call you a hypocrite. So I'm going to draft some amendments on some, on some budget items that are trying to take away from investments that the Legislature chose to invest in. So if investments are cool for one side of the state and we need to protect them, they need to be cool for the rest-- whole state as a whole. So we're going to have that conversation and see if we have some consistency or if we have some consistent hypocrites in this body. We say-- people say and do a lot of things on this floor and on these mics, and I don't even think you think about what you're saying, because you're just making an argument to try to make your point. But as I've stated many times, I listen to the words you say. So if you are saying we need to protect investments and we need to make sure we're looking forward to the future of the state for sustainability in our communities and those type of things, then I, then I hope that you keep that same energy. I have my assumptions on how that's going to work out, but I'm going to save them for when we, when we reach that path. You know, a lot of conversations about, we need to invest in a prison. I don't think we do. And I've been against the prison for forever, and I'll stay against it. I don't think we need to build a prison because I don't think it's the solution to the problem. The solution to overcrowded prisons is making sure that the environments and communities in which people from-- in our prisons come from are doing well. The solution is make sure-- making sure we invest in, you know, basic necessities for Nebraskans, making sure that people have adequate housing, making sure people have jobs, making sure they get mental health support and substance abuse support. Those are solutions, not prisons. There's no metric in the world that says prisons is the solution to any problem. They might put a Band-Aid on it. It might-- prisons throw people away. And some people forget about people in prisons, but at the end of the day, it doesn't solve anything. Because if it did, we wouldn't be spending what we're spending on a prison that, one, is delayed by-- well, it's supposed to be built this year. Now, it's probably, I'm guessing, supposed to be '28. But that's probably going to get delayed, especially if all these

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tariffs go into place, which is going to delay material costs and increase material costs. So we're going to be spending almost a billion dollars on a prison that's going to be overcrowded the day it opens. How's that for a return on investment? How's that for looking out for the financial sustainability of our state? How's that for smart and fisc-- being fiscally responsible to taxpayers' dollars?

ARCH: Time, Senator.

McKINNEY: Thank you.

ARCH: Mr. Clerk for items.

CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB90, LB183, LB364, LB399, LB419, LB519, LB560, LB561, LB635, and LB696 as correctly engrossed and placed on Final Reading. Amendments to be printed from Senator Hallstrom and Senator Bosn, both to LB79. Your Committee on Enrollment and Review reports LB385, LB69, LB470 to Select File, some having E&R amendments. New A bill: LB647A introduced by Senator von Gillern. It's a bill for an act relating to appropriations; appropriate funds to aid in the carrying out the provisions of LB647; and declare an emergency. LB275A introduced by Senator Hunt. It's a bill for an act relating to appropriations; appropriates funds to aid in the carrying out the provisions of LB275. That's all I have at this time, Mr. President.

ARCH: Returning to the queue. Senator Conrad, you're recognized to speak. And this is your third opportunity.

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I am so proud to represent north Lincoln's 46th Legislative District. It's such a beautiful and diverse district. And I know everybody is very biased towards the district that they represent, but north Lincoln and District 46 are home to some of the most iconic features in our beloved Nebraska, including Memorial Stadium, the University of Nebraska East Campus, University of Nebraska City Campus, and being home to the flagship campus of our university system is something very special to my district and very special to me, as a proud graduate of that institution for both undergraduate and for law school. I know how formative that experience was in my career and in my personal and professional development, and I know how critical that institution is to countless students, countless parents, countless faculty and staff in my district that attend the university, work at the university, are a part of the university family. And I know that most members appreciate and understand that lifting up the University of Nebraska

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system-- which has rightly been a generational point of pride in Nebraska-- means more than just cheering at Husker games. That means making sure our university system has the resources it needs to continue cutting-edge research, to be the vibrant economic engine that it has been and is in our state, to ensure that it's at the leading edge of innovation when it comes to supporting our ag industry and when it comes to educating our workforce, whether that's medical professionals, teachers in the classroom, engineers-- the list goes on and on. We know that the university system is critical in terms of drawing down federal research dollars, private research dollars, and it has a host of other key attributes and benefits, such as a statewide system of extension offices, which is critical to community well-being through a, a host of vital programs. And we know that the university is something that's very special as a land-grant university that is meant by its very foundational documents and approach to be accessible to all Nebraskans, to not be out of reach for low-income Nebraskans or working Nebraskas, but it has a-- literally a, a special charter, a special role to ensure that it is accessible to all Nebraskans who want to avail themselves to a, a high-quality, higher education to improve their lives and to improve the society which they are a part of. And every time that we remove state support from our university system, that means impacts on research, that means impacts on programs, that means impact on our ability to recruit and retain top talent and leading researchers and the top minds that are teaching the next generation, and that means more pressure on moms and dads who are writing those tuition checks and kids who are deciding where they're going to attend school and where they're going to start their career and their family. And one of the things that I'm most worried about in the overall budget that our friends on the Appropriations Committee have advanced to the full floor are the negative impacts that the university system will face. I haven't heard yet any sort of clarity from our friends on the Appropriations Committee about, if this budget moves forward, what does that mean for research? What does that mean for over 50,000 jobs in Nebraska? What does that mean for increased student debt with rising tuition? What does that mean for our state? And why is the university being singled out and hit harder than many other critical programs in this budget? I think that we need to have a broader--

ARCH: Time, Senator.

CONRAD: --conversation about university funding in regards to the budget. Thank you, Mr. President

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ARCH: Senator Jacobson, you are recognized. This is your third opportunity.

JACOBSON: Thank you, Mr. President. Let me make some final comments on Perkins County Canal. In the summer months, we're entitled to 120 CFS per minute; in the winter months, non-irrigation season, 500. What that means is that, on the Colorado side, that any money that doesn't have a prior appropriation, irrigators are required to shut off and allow that water to flow through the river and be diverted to the Perkins County Canal. Until we build that, Colorado is diverting all the water they want. And they're not honoring even the minimum 120 CFS. I went on the Perkins County Canal tour two years ago. It was dry. We were in-- we were in irrigation season. And I remember on the Nebraska side of the border, the South Platte River was dry. No water running through the South Platte River at all. We were required to receive 120 CFF [SIC] per minute. Meanwhile, the Western Irrigation District was not able to deliver the flow of water to their irrigators because the water wasn't there. And so consequently, you look over and you see they were irrigating fields-- well, gravity irrigating, and you could see exactly where the water ran out. Colorado is not going to give us the water without building the canal, and anything we do to take money out of this will take away and we will not be serious. And as has been said, there's no reason to continue working on it if we aren't committed to the funding. So I'm being very clear: any proposal of taking principal out of the Perkins County Canal is a hard no for me. I want to talk a little bit now about property taxes. I'm looking at the amendment, and I'm saying that we've already made one change in that we have taken the property tax credit and we've converted that-- actually, we've taken the income tax credit-- rebate, so to speak-- which would have-- the-- from the 2023 tax year, would have flowed-- would be flowing about now. OK? Now is when they would have filed their '24 tax return and they'd be receiving a refund. But instead, we gave them a property tax credit, a credit on their property tax statement. The first half of the property taxes were due in, in Lincoln and Omaha the first of April, the rest of the state the first of May, and the second half is due August 1 and September 1. So there's about a two- or three-month timing difference in terms of when you received the credit. I'm not going to go any further in trying to sell people on whether there was a missing year or not. I'm just telling you what happened in terms of the flows. And now we want to talk about, well, we want to take that away. We want to pause that and we want to run it through the counties or somebody, the school districts-- and ultimately, that will result in property tax relief. Folks, it doesn't. It doesn't work that way. The only way you get real property tax relief is you give real property tax relief

directly in the form of a credit. It's the only way it can work. I will tell you that, if you look in rural Nebraska, 60% of the property tax statement generally goes to public schools. What's happened over the years? In my district, District 42, North Platte Public Schools is the only equalized district in, in District 42. All the other schools in District 42 do not receive equalization aid. So all that money, other than foundation aid and SPED, have to be paid by property taxpayers. Years ago, before all the changes have occurred through TEEOSA, there was more money coming for that relief. So ultimately, we've got to figure out a way to fix that. But in the meantime, the best thing we can do is offer the property tax credit, and that's what we've been doing. And it's been working. And we need to continue to leave that untouched. The last thing I would tell you is that, if you look at people talking about an income tax cut or slowing the, the cut on the income tax-- I can tell you, I can look across the street at my neighbor who spends half his time in Florida as a citizen of Florida and spends part time in North Platte because when he inherited-- was going to get his inheritance from his, his father, he knew that he didn't want to pay the income tax in Nebraska and he didn't want to pay the inheritance tax to Nebraska, so he moved. He's not the only one that's done that. It happens all the time. And it happens with businesses too. Taxes do make a difference, folks.

KELLY: That's your time, Senator Jacobson.

JACOBSON: Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. President. I need to wrap up the-- this piece about Reentry 2030. We talked about, you know, using a diversion to keep people out of prison. We've increased the opportunities for parole while in prison. And now we are trying to reduce the rate of recidivism-- that is, repeating crime that puts people back in jail. And we've talked a bit-- little bit earlier about recidivism rate being over 30%. In other words, about one-third of the individuals who leave the prison end up back in prison. And the, the whole idea behind this ridis-- this Reentry 2030 is to better prepare our incarcerated individuals for release. And again, TRANSFORM Nebraska has the five keys to well-being development. Just very briefly again: effective coping strategies, healthy thinking patterns, positive relationships, positive social engagement, and meaningful work trajectories. And so-- now, if you go to the website from that email I sent out this morning, you can actually go through the 102-page catalog that the Department of

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Corrections has put together. And you'll see all the education opportunities, all the activities that are available to the incarcerated individuals either in person or on their tablet. We have the, the Nebraska Consortium for Postsecondary Education in Prison. It's a number of education thing-- units that have come together to support this. You have the Crown College supports Tecumseh, you've got the Mid-Plains Community College supports the Work Ethic Camp in McCook, and then you've got MCC in Omaha-- you've got Metro Community College in, in Omaha. You've got the Southeast Community College here in Lincoln-- supports them. UNO is supporting the, the, the correction facilities. And York University is an online facility that, that supports these, these activities and courses that can support this program that the Department of Corrections is, is taking-- has put out in this new catalog. But that brings me back to, you know, the-- there's been the suggestion that let's not build a new prison. We'll just kind of hang on and leap along on, on NSP. The issue with that is NSP cannot support this kind of programming. I have toured NSP a number of times. It is-- it was-- some of the buildings in there date back to 1869. There are really only four or five buildings that have been built within the last five years. There is one building there, the medium security building, where it is row-- it is row after row of bunk beds, and that's the facility. And you wouldn't-- I was there in the daytime in kind of wintertime-- I think it was February, so it was cold outside. So the incarcerated individuals were sent-- essentially laying in their, their bunks with their tablets or just sleeping. I mean, what a tremendous waste of humanity. And Director Jeffreys has tried to turn that around now with this, this new program. But it needs, it needs facilities that support that program. And so Director Jeffreys and Governor Pillen are prying-- trying to pull us into the 21st century as far as prison facilities, and the new prison will-- is designed to be able to support this programming, to have classrooms, to have, you know, industrial facilities that support the developing of technical skills. And so that's why it is important that we go forward with the, the, the current design for the new prison and that we, we get rid of NSP as quickly as we can, because it is nothing but a maintenance burden. So I highly encourage support of the current funding for the prison. I support AM832 and LB261. Thank you, Mr. President.

KELLY: Thank you, Senator Holdcroft. Senator Strommen, you're recognized to speak.

STROMMEN: Thank you, Mr. President. Just a quick correction. The fiscal note that I read earlier was presented by the Department of Natural Resources, not LFO. I just want to make sure that I'm not misrepresenting the LFO, so. Quick, quick note there. But that still

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does not underscore the importance of the Perkins County Canal and the water that we have coming in to backfill the aquifer, which is extremely important to help with agriculture. We desperately need water out west, and to not deny the western part of the state the water that we are supposed to be getting from Colorado would be extremely non-productive, so. Just a quick note there, and thank you. I cede my time.

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

DUNGAN: Thank you, Mr. President. Colleagues, I, I rise again just to continue my discussion on the larger picture that got us here. And I'm listening to the debate because I'm trying my best to understand how we got into this predicament. And it's, it's good that we're having a back-and-forth and it is good that we're talking about the various things, I think, that have gotten us to the problem we're in with our, with our budget. And I just had to respond briefly to Senator Jacobson's comments on the mic earlier about how, you know, we can't freeze the income tax reductions for corporations or, or other folks because he's concerned that people are going to move away. Well, I want to be very clear: there are certainly any number of tax considerations that have to be part of our conversation, and as a member of the Revenue Committee, it's vital that I-- we-- I know we consider all the different avenues that, that we have to look at and, and the effects that those will have on the state of Nebraska. But when I talk to people in my district and when I talk to people that are everyday Nebraskans about what we do in this body, they don't respond by telling me they're going to move to live in Florida part time, because they can't afford it. Right? Like, the idea that the larger portions of the state are going to leave the state and start "snowbirding" somewhere else or have a second home in a different state because they want a more favorable tax policy I think is out of touch with what an everyday, normal person considers when we pass policies in Nebraska. Is that something we have to consider? Sure, because I think we represent all Nebraskans. Here in the Legislature, we have a duty and an obligation to not just represent our constituents but to represent Nebraskans across the entire state. And we have a duty and obligation to make sure we consider the different effects that our legislation can have on different people from all different walks of life. But I think that cuts both ways, right? We can't just consider the people that have the ability to move because they don't like what we're doing. We can't just consider the people who have a second home or have enough income that they're going to relocate somewhere because they don't like something that we pass this year. I will tell you the majority of

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Nebraskans-- that I talk to, at least-- are struggling day in and day out just to make ends meet with their one job, their two jobs, their three jobs. And I talked about this a little bit last week because I think it bears repeating. I had the opportunity to listen to a number of Nebraskans at a couple of town halls that we had this last weekend. There was one in La Vista. There was one in Omaha. We had one here in Lincoln. I was able to attend the ones in Omaha and the one in Lincoln, and these were primarily focused on what it is we as a Legislature are or aren't doing when it comes to the ballot initiatives about medical cannabis. But there was a larger through line in all of the conversations we had, and it was a frustration-- I think would be a polite way to put it-- and anger from some that we as a Legislature are disconnected from the wants of everyday people. And what I found particularly compelling about it is it wasn't left versus right. It wasn't conservatives versus liberals arguing about who's right or who's wrong. We had a number of people who I believe are Republicans and a number of people who believe are Democrats and a bunch of people who don't care what party you're from-- they just want you to do the right thing-- get up and tell us that they're frustrated at us because we continue to not take into consideration everyday people and what they want us to do. And it's a through line of this entire session. We've talked about it with minimum wage. We've talked about it with paid sick leave. And now we're talking about it with the budget, because what this budget reflects is a cutting of services that actually help people in an effort to continue to allow corporations and high earners to not just keep what they currently have as a tax cut but to get more tax cuts in the future. So when I talk to my neighbors about what we're doing down here and I tell them that there are some in this body that are suggesting we increase the taxes on some of the foods they buy or that we increase the amount of sales tax they pay because we want to make sure that larger corporations continue to get a tax break here in Nebraska and we're going to balance that budget on their backs, they're mad at me. And they should be. They should be frustrated with us, colleagues. So please, I know we have to take into consideration everybody across the state, but don't just make decisions based off of the people that can or threaten to leave, because those are the ones who have the means to. It's the people that will stay here that will suffer the consequences of the decisions we make that we really need to keep in mind, because, frankly, colleagues, they're the ones who don't have the ability to leave, so they're the ones we need to lift up the most. Thank you, Mr. President.

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

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ROUNTREE: Good afternoon, and thank you, Mr. President. And I would like to yield my time to Senator Conrad.

KELLY: Senator Conrad, you have 4 minutes, 53 seconds.

CONRAD: Thank you, Mr. President. Thank you to my friend, Senator Rountree. And this is a perfect dovetail on my friend Senator Dungan's point here. Just to continue on my concern for state support in regards to our institutions of higher education and our university in particular and recognizing the important place our university has in our economy, in our state, in our history, in our future, what this state funding means for jobs, for economic return, for tuition checks-- the list goes on and on. And knowing that part of the cuts that are coming to our institutions of higher education and our university are not due to recessionary pressures but indeed a structural imbalance and lifting up unaffordable, inequitable, unnecessary income tax cuts for the wealthiest Nebraskans and the largest corporations. And now we're going to be ask-- asking working moms and dads across Nebraska to write bigger tuition checks. We're going to be asking young people to take on bigger educational debt in order to go to college and improve their lives and be productive in, in our society. And those kinds of juxtapositions are real. And beyond the narrative or dialogue amongst some members in this body, my constituents see that very clearly. Most Nebraskans understand that very quickly. They understand that propping up these Kansas-style tax cuts are hurting the state's ability to provide critical programs and services, which include things like access to a high-quality education. And I don't consider those to be special projects or wild whims that some of us wish to spend on. I think ensuring that we have strong support for access to a high-quality, higher education at our state colleges or our universities is important. I think that's actually an important state obligation. I don't think that, that there's anything irresponsible about standing up for that. And so I do just want to push back on that narrative. And perhaps I'd ask my friend Senator Clements, as chair of Appropriations, some questions about how this budgetary proposal will impact our, our shared commitment to our beloved university. I, I think my friend Senator Clements is also a grad. If Senator Clements would yield.

KELLY: Senator Clements, would you yield to questions?

CLEMENTS: Yes.

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CONRAD: Thank you, Senator. Senator Clements, do you think the university and state colleges should only be accessible to wealthy Nebraskans?

CLEMENTS: No.

CONRAD: OK. Now, how-- do you think that increasing tuition makes it harder for working Nebraskans to attend the university?

CLEMENTS: Well, there's the Nebraska Promise, which guarantees funding for those that are lower income.

CONRAD: Very low income, yes. So we'll be able to help some families, which is a great, great program. But what about those families that don't qualify for Nebraska Promise? I think that-- I don't know exactly what the income threshold is. I think \$60,000 a year, maybe \$75,000 a year. So there's quite a few working families that would be out there that wouldn't qualify for Nebraska Promise. How does this budget effectuate your stated commitment to ensure that working families can access a higher education, a high-quality education?

CLEMENTS: Well, that's up to the Board of Regents. The university has cash funds also that they could use--

CONRAD: Right.

CLEMENTS: --rather than raising tuition.

CONRAD: And our mutual friend, former Speaker, now-regent Jim Scheer, came and talked to the uni-- to the Appropriations Committee and said cutting university funds will force an increase on tuition. So that's what the Board of Regents has told you very, very clearly. So my question is, how does this imp-- impact your vision to ensure the university is accessible to all Nebraskans when you recognize it will increase tuition?

CLEMENTS: I don't agree with him. That proposal-- they got an increase in--

CONRAD: Do you think Speaker Scheer was being inaccurate when he testified to that?

CLEMENTS: They'll have-- they have decisions to make, but they do have cash funds they could use and not pay.

KELLY: That's time, senators.

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CONRAD: OK. Thank you. Thank you, Mr. Speaker-- or, thank you, Mr. President.

KELLY: Thank you, Senators Conrad and-- Senator Dorn, you're next in the queue.

DORN: Thank, thank you, Mr. President. I-- today, part of the discussion-- or, at least some people have been talking about, I call it, what we've increased to different agencies or, or different entities to or whatever. And part of it in this blue budget book that you have, on page 33, there's a breakdown of general funds appropriations over the last 20 years. It's kind of interesting to look at, because it's 2005 and '06, and then 2015, '16. So it gives you, I call it, a ten-year timeline. And then it gives the 20-year timeline at the end. Over here, it says the average for the 20 years. And some of these things we've talked about a lot on the floor. One of the first ones that took my attention was an agency operations and the increase that's-- the last 20 years. You look at the court systems-- and we've talked a lot about court systems on this floor with other bills and stuff. In 2005 and '06, it was \$59 million we were funding them. Today, we're funding the courts at \$238 million. That's a 7% increase per year. Not saying we don't need to do it, I'm just saying that these are some of the things you can look at in this book and see some historical perspective. Then one of the other ones that I look at-- and it has state aid to individuals or others, and it's the public health aid. Years ago-- and public health wasn't near as, I call it, prominent or important, especially with COVID. But 2005, '06, it was \$437,000; and this year, it's \$7 million, or it's about a 15% increase every one of those years over that. There's a reason there, though: they started at a lower amount, so when you increase some funding, it increases at a greater percentage or whater-- whatever. I also wanted to-- and, and many people have talked about TEEOSA-- and I know we've had a lot of discussion on the floor, state aid to schools. \$683 million in 2005 and '06. And now we're at a billion and \$36 million, and that's about a 2% increase a year and stuff. TEEOSA, though, also has, I call it, a lot of effect on not only those school district property taxes that have gotten TEEOSA funding, but many of the others that-- now that don't get it or whatever. There's a line about four down from there, and it says homestead exemptions. And to show you what that's grown-- or, part of it is because of the valuations and how they've grown in the state of Nebraska the last 20 years. \$53 million in 2005 and '06; \$160 million in this year's budget, and I know next year is projected to be \$170 million. So they-- those are some things, I call-- sometimes you can go and look at some historical perspectives. One of the other things that I got-- wanted to get up and talk about this time-- or-- on the mic

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this time was, I call it, special education's on, on page 40. It really gives a good breakdown of how we, in the state of Nebraska, have been funding special ed and where, I call it, where the funds come from. Because the very top, darker line there shows total general funds, and that's been-- from '21-22 all the way up through '26-27 has been in that \$234, 235 million range. That comes out of the General Fund every year. That's our so-called-- well, it used to be 40%. That's what that number was used to factor in there, was the 40% of special ed we were picking up-- the state was picking up. This shows you that the state is still picking that up, but the next group of numbers there in 2023-24 was when the state-- part of the property tax relief and part of what was going on with education, it started picking up an additional 40%. So instead of just 40% the state's picking up from schools, it's now 80% or in that neighborhood, real close to that neighborhood. And it shows in 2023, '24 was the first year. And \$226 million was budgeted. If you go to last year, '24-25, it was \$273 million. And then the first year of our next budget here is-- '25-26 is \$291 million. And then it's \$309 million. And when you read the captions or the lines down below, it tells you that used to-- when this started out for that part of the funding from the Education Future Fund, they were using a 3% growth factor. Now they're using a 5% because it's coming in at that level. It's coming in at that rate, the educat-- or, the special education is. So those are just some things I wanted to go over with everybody. This book contains a lot of very valuable information, not only from a historic perspective but what we're doing in today's budget, and then some of the things or how we look at things as we plan for the future or plan for future budgets. Thank you.

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

McKINNEY: Thank you, Mr. President. I'm rising again in support of AM1303. I think I might need some glasses because every time I look up there, it gets blurry, so. Might need to go to the eye doctor. But overall-- like, this conversation about needing a new facility because the current state of NSP is in-- it's in such bad condition that programming can't happen. True and-- it-- it's true and not-- to me, it's true and not true, and I say this for those-- this reason: the department and the executive branch deferred maintenance on NSP, and that's been going on dating back to, I believe, 2011. So the conditions of the prison are self-inflicted. Two, I don't know if you could-- even if we built the new facility, and if it's still overcrowded, I don't know how you could still have adequate programming, programming happening, because the facility would be put on modified things. It, it-- you still would have an issue because of overcrowding. Just

building a new facility don't solve the, the overcrowding issue. Because if you have overcrowding, that means programming cannot function how it's supposed to function. Also if you're understaffed. Like, I don't think people realize it or not, but Tecumseh is still on modified-- on a modified schedule because they're short staffed. And Tecumseh i-- was built in 2000, 2001. It's a 20-- what, 24-, 25-year-old facility that is understaffed. And they moved some people out to this new facility at the retire-- the reception treatment center called 384, where they pretty much got people on restrictive housing who they deem as people who are causing them problems. But Tecumseh still won't modify restrictions. And programming isn't-- is still not going how it's supposed to. You know, people have complained since I've been in the Legislature that, at Tecumseh, they can't have cultural programming, like Harambee and Native American groups. And the problem is, they're understaffed. So this fairy-tale world of building a new prison solves the overcrowding issue isn't completely accurate/ because if you're overcrowded and understaffed, you still have an issue. You can't properly function. You cannot properly utilize programming or implement it. That's the problem I keep bringing up. If you build an overcrowded prison, it won't solve the problem. And I'm not just saying this just to say it. It's the truth. We have to do more than just say, let's build a prison. Because the other thing that we're leaving out the conversation is that it's delayed. It was supposed to be built this year. It might not, might not even be built until '28 or beyond. The cost to build that is way beyond what we think it is. We're going to invest this year-- and I'm not voting for it-- 300 and-- up to \$350 million into a prison. We're not talking about operations and we're not talking about increased labor costs. So the department is going to come back to the Legislature and say, we need more money to build the prison, while we're still keeping the Nebraska State Penitentiary open. And nobody wants to demolish it upon that other facility opening because people think some other buildings can be rehabbed. So we're essentially going to be utilizing two prisons and Lincoln is going to be the prison industrial complex capital of the state. Because we already got the RTC. We already got community corrections, both men and women. And then we'll have two other prisons. And nobody sees a problem with that. Like, I thought y'all were fiscally conservatives. I thought y'all cared about managing taxpayer dollars, and it, and it don't seem like it at all, because whether you want to build a prison or not, build it in a smart way. This is-- to me, is not a smart way. I'm against building prisons fundamentally, but this is not cost-effective at all. Thank you.

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

LONOWSKI: Thank you, Mr. President. This is in response to diverting, borrowing, robbing, appropriating-- whatever you would like to call it-- from the Perkins County Canal Project. This is taken from urbanland.org [SIC]: "Denver: A Renaissance on the South Platte Riverfront." The history of Denver is closely intertwined with the South Platte River. From the city's initial settlement along the river banks in 1858 to subsequent urbanization that altered its natural course, the South Platte has played a significant role in Denver's evolution. For much of the 20th century, however, metropolitan development turned away from this vital waterway. Now, through a handful of thoughtful, transformative developments, the city is reclaiming its relationship with the South Platte River. The projects promise to create dynamic urban landscapes for working, living, and recreation while seamlessly integrating with the natural environment. In essence, these developments are looking to spotlight the South Platte as a long-overlooked asset and a key to the city's future. Over the last few decades, a collaborative effort involving the city and county of Denver, the Mile High Flood District, The Greenway Foundation, the Colorado Water Conservation Board, and the U.S. Army Corps of Engineers has laid the groundwork for revitalizing Denver's urban riverfront. Rather than simply trying to coexist with the river, the collection-- the collective vision presents a once-in-a-lifetime opportunity for development that thoroughly embraces the river and creates a vibrant, sustainable link to the larger city. Denver was always destined to be a river city, as evidenced by the diagonal downtown grid that perfectly mirrors the river's flow. I'm going to skip ahead here. One of the first and most ambitious projects to kick this off was the transformation-- is the River Mile. In 2015, the developers saw an opportunity to deliver the restoration and flood mitigation recommendations of the Army Corps of Engineers' environmental impact statement. Located along the South Platte between Speer Boulevard and Auraria Parkway, the River Mile will be the largest commercial project in the region and one of the largest urban redevelopment centers in the country. The River Mile development team is currently seeking office tenants, with river restoration expected to be complete in 2025 and the first neighborhood dubbed Headwater planned in 2026 or 2027. While the River Mile promises to be an exciting, new gateway for the city, several other large-scale projects are already underway just north of that development, creating other vital connections along the South Platte River. That is Colorado's expectations of the Platte River. In 1981, fewer than 300 people lived

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in Parker, Colorado, what's known as the Riverfront Park Range. In 2023, that rose from 300 people to 60,000 people living around that range. That number is expected to double in the next 20 to 30 years. All those people will need water. The plan is to catch the excess water off the South Platte that, that would otherwise leave Colorado. The entirety of the Front Range has a population of 3.8 million people. By 2050, that is expected to be over 6 million. If we don't build the canal, the South Platte will cease to provide water to Nebraska. This is not only a project worth protecting; it is a project we must pursue soon. And I stand in favor of LB261. I yield the rest of my time. Thank you.

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

STORER: Thank you, Mr. President. Good afternoon. Again, I got-- I need to pick sort of what I need to focus on here for five minutes, but I do want to speak specifically to the Perkins County Canal. And what has hit me, which is kind of crazy, actually, when you, when you put it into words-- one of the issues that we're spending so much time arguing about whether or not we should fund or not is one of the only issues that I can really identify that has a tangible return on investment. Now, that's not something we talk about a lot in government, return on investment, but the Perkins County Canal does have a dollar figure attached to it that-- for approximately \$550 million. It's going to go up as inflation goes up. There's a one-- approximate-- a \$1 billion return on investment, yet we're arguing about whether or not we should fund it. Whether, whether or not you understand agriculture, whether or not you like to eat-- I don't know-- we should all be able to understand that, return on investment, and that-- that's something that we should be excited about in this body: a way that we can invest some dollars that actually return revenue back to this state. And when the state makes money, guess where that flows? Right through this building. And then we can argue about how to spend it. So I'm in favor of the Perkins Canal. I want to talk just a minute about perspective, because I'm a big believer that you don't know where you've been-- you don't know where you're going if you don't know where you've been. And I hope I don't bore people with just a short history lesson, but I got involved in anything political, quite frankly, because of education. When we returned back to the ranch in 1990, the Legislature-- and there are some in this, in this building that will have good memories of this-- but was in a full-blown, ten-year-plus long argument over forced consolidation of schools. And for some of you, that give you-- like, makes you shudder, a little PTSD. But I sat on the local school board for 11 years. I sat on a statewide board. I would spend time down here

testifying to help people understand why it was a bad idea to-- for the state to make those, those forced closures. But one of the bills that was passed along that journey of eventually closing a lot of our small schools-- because there was this belief that consolidation was going to save money. I happened to believe that the more closely tied the, the elected official that's going to ask for your taxpayers is to the taxpayer, the more efficient that your choices are going to be. And years ago, there was-- it-- and I remember-- I was given this advice, and it's proven to be so true-- but the common levy was passed-- and there's people listening that probably remember that. And we were pretty much told that there was a belief down here in Lincoln that we needed the common levy because our small Class I schools were tax shelters. That's code for we were too fiscally responsible. I don't think people understood how we were able to provide a quality education for such a low levy rate-- because they just couldn't believe it was possible, I guess. I also remember when I was on the, the Class I's United state board. And we sat in the then-sitting governor-- and it was not to call him out in a bad way, but it was Governor Johanns-- sat in his office debating, I think it was LB806, if I remember. I don't remember a lot of bill numbers, but I remember that one. And I remember part of that conversation-- and I was not the only one in the room-- but was sort of this admonition that what we had was really good; we just couldn't afford to give it to everybody. So it was just such this-- such an odd perspective that we were doing things too cost-efficient we were considered tax shelters, but yet we couldn't afford to do that for everybody. So when I come at this whole issue of property tax-- the property tax problem, I come at it with a quite a bit of passion because I understand the history of when we were really controlling property taxes in a meaningful way and how we really arrived at this place. So when a-- at that time also there was this-- you know, for a long time, this idea that property taxes were a local problem. But guess what? When the common levy passed and when schools were forced to close and then we had TEEOSA and land prices started to go up but there was no adjustment made to TEEOSA and eventually our schools became unequalized, it didn't matter how fiscally responsible of a school board you had. You had to make up for whatever that percent-- 20%, 30%, 40%, 50% of the state funding for your school, you had to either choose to have a school or increase your property taxes.

KELLY: That's your time, Senator.

STORER: I will be back on the mic talking about that in the future.
Thank you.

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

HARDIN: Thank you, Mr. President. Just wanted to give some perspective from, oh, a million inches or a million feet up, or something like that. I've had a few of you ask me about the FMAP. That came out in February. The FMAP is the federal medical assistance that states get, and ours went down dramatically in Nebraska this year, about a total of \$445 million. But \$50 million of that is exacted in this year, \$50 million next year. So you take \$100 million in a biennium off of a \$261 million problem, and we have a \$161 million problem. And that's a more "handleable" problem. Why did that happen? And that's what some people have asked about, is, why does the FMAP adjust? And what the heck is that thing? The FMAP is a federal calculation, and it's a rolling three-year average. Interestingly, the reason Nebraska's FMAP went down was because, for the previous three years, our per, our per capita income in Nebraska went up. And it went up somewhat dramatically. And it's because of that increase that they came out and they gave us a haircut, if you will, by that much money. And so believe it or not, there's a silver, maybe tinfoil lining of good news, which is that it's because Nebraska did pretty well in the last three years that we actually ended up getting kicked in the pants on \$100 million down in this biennium. And so just want to give you some perspective that, when you do well, sometimes the game gets harder, and that's what happened in, in our case. And so I guess I would like to just put that in sharp relief with some of what's been said today, that, frankly, it's because some other good decisions were made in Nebraska and a lot of our hardworking people decided to go out and really put together some, some wins for themselves. And so thank God we're in Nebraska. And so that's kind of a downside of all of it. The FMAP took us down some, and so that's part of our challenge right now. I appreciate Appropriations and what they have done in bringing this together. And I support LB261 and AM832. Thank you, Mr. President.

KELLY: Thank you, Senator Hardin. Seeing no one-- seeing no one else in the queue. Senator Machaela Cavanaugh, you're recognized to close. And there's been a request for a, a call of the house. All those in-- the question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Senator Cavanaugh, you're recogn-- recognized to close.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, thank you for the discussion on AM1303--

KELLY: Excuse me.

M. CAVANAUGH: Yes?

KELLY: Mr. Clerk, record on the motion.

CLERK: 23 ayes, 0 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Machaela Cavanaugh, you're recognized with five minutes.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, thank you for the discussion on AM1303. I think it's been a, you know, for the most part, a pretty good discussion. I sense a theme that perhaps we feel protective about the Perkins Canal money. I would just like to note that that actually isn't in this AM; it is on LB264. So I look forward to having that conversation again when this bill moves forward and we get to the next bill. I've talked a lot about, about the budget, about the position we are in as a state this year, and I felt a responsibility to not just complain about the state of affairs but to offer an option. And that's what AM1303 is. It's an option to do something different than what has been put forward. And while I appreciate the work of the committee, I do view AM832 as the governor's budget. I don't view it as, as the Legislature's budget, and that's why I wanted to bring more options to the table. We are in the face of a structural budget gap, and these amendments give us an opportunity to take a new fiscal approach. One is appropriations for critical services or public good, and that's really, for me, philosophically what the budget and the state tax dollars come down to, is, why are we even taxing Nebraskans to begin with? We're taxing Nebraskans to provide essential services or public good. That's things from public safety and defense to roads, infrastructure, parks, education, and public health. Those are the core values that I believe are what our taxpayer dollars should be used for. And if we're utilizing them for anything outside of that, those things should be funded first, and then other things. Now, I think there's an argument that can be made that the Perkins Canal is part of that public good, that infrastructure. And so I'm willing to entertain that conversation. But I also believe that creating a budget to reimburse for a tax that we do not levy at the expense of public goods, at the expense of education and health care and direct services and public health-- that, to me, is, is the sticking point, that we are funding construction projects over public good. And taxpayer dollars should go to public good. I-- I'm sure-- I would be thrilled to get 25 votes for AM1303. I appreciate that everybody has been talking about

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this. I think there's a path forward to make additional changes to the current Appropriations package. I don't think that we should view this as a stagnant process. We already had Senator Meyer bringing an amendment. And I think that Senator Hallstrom has an amendment as well. We should be debating and negotiating the Appropriations bill on the floor. You should not leave it up to nine individuals to decide what the government is funding. Just like any other bill out of any other committee, the purpose of this process is to be deliberative and to make changes that matter to Nebraskans. I want our budget to reflect our values. And right now, I feel like the budget on AM832 reflects the governor's agenda. And the governor's agenda does not align with my constituents at all. My constituents want public health. They want strong public schools. They want a strong and thriving university, state colleges, community colleges, ESUs. They want to have investment in parks and water and clean air. And AM832 is very intentional at cutting funding wherever we can so that we have the money for property tax relief, which we already know from the special session financially benefits, disproportionately, the governor. And this is the governor's proposal. So I challenge you, colleagues, to genuinely think about your options here today. You don't have to vote for AM1303. You don't have to vote for AM832. Bring forth another proposal. Bring forth more ideas. We should be doing this together. The floor should not be empty during the budget debate. It's always disappointing to me every year that it's empty during budget debate. This is our constitutional responsibility. It is our--

KELLY: That's your time, Senator.

M. CAVANAUGH: --only responsibility. I didn't get a minute warning. OK. Well, thank you. Please vote green or present, not voting. Thank you.

KELLY: Senators Conrad, Dungan, and John Cavanaugh, please report to the Chamber and record your presence. The house is under call. Members, all unexcused members are present. The question is the adoption of AM1303. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 4 ayes, 32 nays on adoption of the amendment, Mr. President.

KELLY: The amendment is not adopted. I raise the call. Mr. Clerk.

CLERK: Mr. President, Senator Guereca would move to amend with AM1264.

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

GUERECA: Thank you, Mr. President. Good afternoon, colleagues. I'm introducing AM1264 to continue Nebraska's investment in Special Olympics Nebraska by appropriating \$300,000 in each of the next two years from the Health Care Cash Fund. I want to first assure my colleagues that this transfer will not impact the sustainability of the Health Care Cash Fund. As Special Olympics Nebraska works to reach more individuals across the state with intellectual and developmental disabilities, this support needs to ensure that these life-changing programs can continue to grow and serve more communities. Special Olympics Nebraska is not just about sports; it's about health, inclusion, and opportunity. Their health screenings connect athletes with medical care that they might not otherwise receive, addressing disparities and preventing more costly emergency interventions. Their unified school programming, now endorsed by the Nebraska Department of Education, reduces bullying and increases engagement for both students with and without disabilities. Their leadership training equips participants with skills that lead to greater independence and employment. In fact, Special Olympics athletes are five times more likely to be employed than individuals with disabilities that haven't had the opportunity to participate. With this funding, Special Olympics Nebraska can expand outreach, recruit more volunteers, offer more opportunities, particularly in mid-state and western Nebraska, where services remain limited. Nebraska will continue to join at least 29 other states that provide state support to Special Olympics because of the measurable public benefits it brings to health care, education, and workforce participation. This transfer from the Health Care Cash Fund is appropriately using health care cash dollars to expend health care across Nebraska. Special Olympics offer health screening for athletes in areas across the state, and many, many times, this health care screening is the first access to health care these people receive. We hear that this is the first time athletes receive shoes that fit, glasses that help them see, and screening to make sure they can hear. There is more information on how this fund remains sustainable on pages 44 and 45 of your celestial blue budget book. Again, colleagues, I have ensured this fund does not "entangle" the sustainability of the Health Care Cash Fund. This is an investment in a strong public-private partnership to help Nebraskans receive needed access to care that they might not be able to get through Medicaid. And I am proud to ask for your green vote in support of AM1264. Thank you, Madam President.

DeBOER: Thank you, Senator Guereca. Senator Clements, you are recognized.

CLEMENTS: Thank you, Madam President. I do not support AM1264, and I wanted to go over, over some of those reasons. In the 2024 budget,

there was \$500,000 allocated for Special Olympics. That was just one year ago. And it was one-time funds. And that was the first time ever Special Olympics had been in the state budget. And that was my eighth year here. And they'd never been in the budget before, and I wasn't sure why. But at the hearing this year, Senator Guereca brought a bill asking for general funds. But at that hearing, we did not hear-- did not identify whether the \$500,000 from a year ago has been spent or how it was spent. There was-- the organization did say they would hire more staff. And when they hire more staff, that's going to increase their overhead and administration costs. And so they've never before received state funds. As far as me personally, I have personally donated to Special Olympics for the last 30 years at least, and I prefer to see them reach out to donors to expand their programs. I'm not sure how many other nonprofits-- I'm sure a lot of other non-- I'm-- I am on a board of a nonprofit that could really use that kind of money also. It's always hard to raise funds, but the state has limited resources, as we're being-- finding out. And I would like to see, really, especially, how the \$500,000 was used last year, which I thought was going to get them quite a ways. So I am not going to be in support of AM1264. Thank you, Madam President.

DeBOER: Thank you, Senator Clements. Senator Spivey, you're recognized.

SPIVEY: Thank you, Madam President. And good afternoon again, colleagues. I appreciate the conversation that we've been having on the floor and the different facets. And I hope folks feel that these different amendments and the opportunities really allow for discourse among each other. I wanted to rise in support of AM1264, I think, for a one-time appropriation. It makes sense when we talk about the investment that Special Olympics has and does for folks navigating varying ability status and the return on our community. I think it's worth it. And I think the larger conversation, as we're talking about specifically AM1264-- or-- yeah, AM1264, again, is really around priorities. So what are our priorities? What are the things that we are funding for public good that make best use of taxpayer dollars, that create more vibrant communities, that grow our economy? And so I just hope that we can continue to have intentional conversation about the budget in this way. I think sometimes things feel like that they are in a vacuum and are very siloed. I know for me, coming into Appropriations-- I spend five days there, and so I got to spend a lot of time with my colleagues and deep-diving into our budget: how does that work, potentially, with the Revenue Committee? What does that look like from what the governor proposes? In other committees, I didn't have as much insight into or what does that look like. I think for-- the opportunity that's in front of us is, now that we are debating the

budget on the floor, is that there could be more insight. I do think-- again, our committee worked really hard. We had tough, intentional conversations. And so I am proud of the effort that was put forward and the commitment that we had to being in committee together and figuring it out, and I think that there is absolutely a space and opportunity for the rest of our colleagues to weigh in now around our decision-making, our priorities, and what's in front of us. Again, the decisions that we are making today absolutely impact this biennium as well as forward years, and I think that we have to really prioritize working families, working people across the board. And this is a very key and important component of our budget package and all of the bills that we will look at and start "depatating" around what does that look like. And so I appreciate that folks are staying on the floor, that they're having conversations, that they're punching in. Folks are talking offline. I was slow to get to my mic because I was talking to Fiscal. So again, I think the, the work continues and that we have a really important job in front of us in a very short amount of time that the Appropriations Committee did the heavy lifting on, but that does not mean that the decision-making is mutually exclusive to that committee. We all have a stake in deciding and prioritizing and visioning around the appropriations in our budget as a state going forward. So again, for this specific amendment, AM1264, I rise in support of the amendment. I think in general we have to have a conversation around the sustainability of cash funds, how they're used, what they're used for, the approach around raiding cash funds or not, the fees that we charge, how we get interest. Like, there are larger conversations that need to keep happening, especially as senators turn over and that tenure changes and that institutional knowledge. And our community keeps changing. Our landscape is changing. What are priorities in our community is changing. The world is changing. And so as we think about what does this look like in our approach, I think it's really important, again, to be intentional, to have comprehensive conversations, and really just challenge ourselves around what we think we know and what we know and how does that color and shape our decision-making so that we can hopefully prioritize and create the best opportunities and circumstances for those that are most vulnerable among us and working families and people. Thank you, Madam President.

DeBOER: Thank you, Senator Spivey. Senator Riepe, you're recognized.

RIEPE: Thank you, thank you, Madam Chairman-- President. I rise-- I was reluctant to, to rise, but I do feel like the Special Olympics is an excellent organization and I think the Olympics are a great event. I also have a concern that this is somewhat of a carryover of our ARPA days, when we had many-- much money. Last year was \$500,000. This is

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\$300,000. I have a concern that it's a bad precedent for the state to, to get into. This is not one of our primary core businesses, and I believe that this should be a type of a project that's maybe sponsored by my alma mater, Children's-- Nebraska Children's Hospital, if you will-- Bryan, CHI, Methodist, other health care organizations, or just in general philanthropy, and-- which there are plenty of, and many organizations that want to rally. Because the minute that you say "children," we, we rally to that. Also to me, this is kind of a, a guilt occurrence. It's hard to say no to something that's with Special Olympics children. And I think it would be maybe O-- OK if we were in-- rolling in the cash. We're obviously not. We have a crisis. I think it's a-- not necessarily the best message. I'm very concerned about our message with taxes of-- with promised property taxes that were never really realized, a perception in the public that we missed-- some people missed a year's credit. We're talking about increased sales tax. And I think I have a concern that the general public will look at us and say, you know, what have you done for me lately? What have you done for me other than go down to Lincoln and raise taxes? And then in this case, approve of a special program-- a good program, but I don't believe that it's a role for the Chamber-- or, for this legislative group. With that, Madam Chairman, I appreciate it. And thank you very much. I yield my time.

DeBOER: Thank you, Senator Riepe. Seeing no one else-- Senator Ibach, you're recognized.

IBACH: Thank you very much, Madam President. I didn't know if I wanted to say anything about this or not, but I'm kind of like my neighbor here, Senator Riepe, and kind of have a few thoughts about this and, and really more clarification than anything because, in theory, this is a, a responsible use of the Ha-- Health Care Cash Fund. It's a fund that does not come from taxpayer dollars, wi-- if that makes any difference. It is supported by tobacco settlement proceeds and has been carefully managed over time to support health care initiatives like this one. The Appropriations Committee has confirmed previously that this appropriation does not jeop-- jeopardize the fund's long-term sustainability. And Special Olympics Nebraska does provide real benefits to individuals with intellectual and developmental disabilities. The-- this funding helps expand access to programs and services across the state, especially in communities that have limited opportunities, like many of our rural communities. And as you know, I'm very supportive of, of my rural communities in, in, in particular. I agree with Senator Clements that maybe we do deserve an analyzation of last year, but, honestly, it is the Health Care Cash Fund, which is what we typically use these dollars for, so. I do support the efforts

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of the Special Olympics and appreciate Senator Guereca bringing this initiative forward. Thank you.

DeBOER: Thank you, Senator Ibach. Seeing no one else in the queue. Senator Guereca, you are recognized to close on your amendment.

GUERECA: Thank you, Madam President. Thank you, colleagues. Obviously, this is, you know, a, a good use of funds. And with this funding, I'm going to-- want to let the folks know that had questions about how this funding was being used. It was actually used to expand outstate programming. They were actually able to recruit athletes from outstate Nebraska and had a tremendously well-attended health screening in Grand Island. These funds are being put to good use. And I think-- to-- thank you for Senator Ibach for lifting it up. This is being funded by-- it's a-- tobacco settlement funding. Has over \$600 million. That's \$440 million coming in to the, to the health care fund, and all we're asking for is \$300,000. \$300,000 to be put to good use to, you know-- that is bolstered by this tremendous private-public partnership that has wide support across the community, that has doctors volunteering of their time. So all we're doing is maximizing funds that are set aside for programs like this. Again, colleagues, this is over \$600 million in the, in the well-managed tobacco settlement fund, and this is \$300,000 to be used as a force multiplier in outstate Nebraska to expand-- to address the health care concerns of a very vulnerable population. So colleagues, I ask for your green vote on AM1264. Thank you.

DeBOER: Thank you, Senator Guereca. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 30 ayes, 0 nays to place the house under call.

DeBOER: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your pl-- presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Spivey, Senator Storer, Senator Dover, Senator Bosn, Senator Hansen, Senator Brad-- Brandt, please return to the Chamber and record your presence. Senators Spivey and Hansen, please return to the floor. The house is under call. All unexcused senators are now present. Members, the question before the body is the advancement-- or, the addition of AM1264 to AM832. All those in favor vote aye; all those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk.

CLERK: 29 ayes, 7 nays on adoption of the amendment.

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DeBOER: The amendment is adopted. Mr. Clerk for the next item.

CLERK: I have nothing further at this time.

DeBOER: Returning to the queue then. Senator Conrad, you're recognized.

CONRAD: Thank you--

DeBOER: I raise the call.

CONRAD: Thank you, Madam President. Colleagues, I know that we had a chance to hear a lot about some appropriations related to aging services this morning, and then there's been a significant amount of debate on some constructive solutions that members have brought forward to utilize unutilized or underutilized funds in relation to the Perkins County Canal for other purposes, and that has generated another significant and robust and interesting debate. We've started to talk just a little bit about how some of the committee's work will impact key areas in terms of criminal justice reform, which-- things like problem-solving courts, which enjoy broad support across the political spectrum, return a significant value to the taxpayers, and advance our public-- our shared public safety goals by reducing crime and reducing recidivism and having literally a better outcome for-- on every metric involved. Yet this budget would hinder those critical programs. We've talked a little bit about how this budget would increase pressure on property taxes. We've talked a little bit about how this budget would increase pressure on tuition increases at the state colleges and university. But there's a lot more to unpack in a mainline budget which has evaded debate and deliberation thus far. So I was wondering if perhaps my friend Senator Clements might answer some questions about some other key components in the budget that he's shepherded forward.

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

CONRAD: Thank you, Senator Clements. So you might remember in the last biennium-- and then again in the special session-- and then another key component of the budgetary package that you've put forward here is to rely significantly on cash fund sweeps. So my question is, what is the plan moving forward if we take that one-time funding from cash funds sweeps that won't be available to meet future, future budget needs? Has the committee grappled with that? Have you thought about that?

CLEMENTS: We haven't done a projection on those cash funds. Some of them will continue to have surpluses, though. Many of them do.

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CONRAD: OK. So in some instances, that might be another source to help us balance the budget moving forward, but in many instances, it, it may not be? Is that-- I don't want to speak for you, but is that kind of what you're thinking in that regard?

CLEMENTS: Yes. There will be still some and not-- and maybe not as much as we've been able to use this time.

CONRAD: Right. OK. And again, it just kind of goes to whether or not these are going to be ongoing sources of revenue to meet ongoing obligations or if they're kind of one-time budgetary uses to prop up ongoing spending. So just trying to get a, a clear picture on what's driving the structural imbalance that we agree exists. In addition to the tax cuts, there's also this kind of budget component where we're grabbing one-time fund and committing it to, to ongoing obligations. But another question that I wanted to ask you about just structurally in terms of the budget, is-- I see that there is a component in the budget proposal that would capture or reallocate interest on a lot of key cash funds or programs or project areas and kind of move those-- recapture those-- that-- those, those interest components to help balance the budget. So could you help the body understand kind of currently what the allocation is on many of those interest and fees and kind of what the, the budget proposal would shift those to?

CLEMENTS: There are a number of funds that-- such as the prison and the Perkins Canal that had been diverted to other uses, but those are in the budget going to the General Fund. And I don't think-- that'll be for this two years. And then in the future we'll decide what to do then.

CONRAD: Thank you, Senator. So then what, what exactly is the impact there? I understand the need to capture some of-- oh, I see we're out of time. OK.

DeBOER: Thank you, Senator Conrad and Clements. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. I-- colleagues, I appreciate the conversation everybody was having about the canal. I ran out of time to talk. So I did punch in to continue a little bit of that conversation because I do feel like when people have spoken against what I have suggested, there's a misconception that I'm proposing that we don't build the canal or that we-- that it doesn't have value. And so people get, I think, a little off track in terms of the argument of what we're talking about. And so I, I wanted to talk a little bit about

that. And I appreciate the conversation Senator Conrad and Senator Clements were just having about one of the things we're using to fill our gap here is, taking the interest off the canal fund and rather than putting it to economic development-- which I think some of it was for in north and south Omaha-- or maybe it's just the Inland Port Authority, I'm not exactly sure. Maybe Senator McKinney could clear me up on that. But, but-- so we took this money, we set it aside to build this canal because, when we, when we did that, we had the money. And so-- now we have less money than we had then, which is evidenced by all of the things we're doing to try to balance our budget at this point in time. And, and-- including taking the money off the top of that account and putting it back into general funds to balance the budget. So it, it is clear now that we are not in the same financial position we thought we were in when we set aside all of this money, and my suggestion has always been that, because we are in a different financial situation, that we should-- rather than build the "Cadillac Canal," we should build the economy canal. And so I'm always talking about that, you know, this is a fiscally conservative approach. We are-- we had more money to spend, and now it is evident that we don't, and so we should take a more fiscally conservative approach that gets us to the same place we want to be, which is the canal to perfect our right to the 500 CFS, to the reservoirs, and all of those things. And, of course-- because building the bigger canal is only going to get us more water in the reservoir in those instances where there is way more water than normal. That's all it does. It doesn't allow us to call out more water. It doesn't allow us to do any of those other things. And by the way, when there is more water than 500 CFS, that can go in the river. It-- the river's a natural canal channel. So it's free. That's already there. It exists. So what I'm saying is we should be economical here rather than making these cuts that we are at all these other places, including taking away the interest money that we're investing in our future. And so the conversation we've been having, I-- and I, I think this is a really important one-- is, what-- the budget is a reflection of our priorities and our investment in future. And I just centered in on the one because it is something that is near and dear to my heart, but the Water Conservation Fund. It just happens to be-- also have to do with water, like the canal. So everybody says we need to build the canal because we need to invest in the future of our water sustainability in this state. And so in the interest of that, we refuse to take any additional money out of the canal fund. But we are willing to take \$1.8 million out of the Water Conservation Fund, which is a fund that will allow us to invest in things like-- eligible practices include terraces, terrace outlets, irrigation re-- reuse pits, grade stabilization structures, dams, diversions, grassed waterways, control

basins, pastures and range seeding, planting [SIC] grazing systems, irrigation water management, and windbreaks and windbreak renovations. So these are sort of smart investments in our agricultural production that allows us to use less water so that we don't need as much going forward. Of course we should perfect our right to all of our water, but we should also invest in ways to make the water we do have go farther. I'm going to push my light to keep talking about this. And, of course-- I would be remiss-- I don't think anybody else has said it, but, whiskey's for drinking, water's for fighting. So I think I got it first this time. So I'm going to run out of time. I'm going to talk about this a little bit more. But we need to look at the budget as investments in the future, and we need to not be cutting off those investments in a short-sighted approach. We need to be finding places where we can save money that doesn't cost us or we don't lose things. And we are looking at just cutting things often just because they're a pot of money that's sitting there without a lot of thought to what that money is there for or what it's doing, and that's the problem we have in our budgeting process right now. So I'll talk a little bit more about this on my next time on the mic. Thank you, Madam President.

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

M. CAVANAUGH: Thank you, Madam President. Well, now that we are on AM832, I rise in opposition to AM832 and the underlying LB261. I did not support the amendment coming out of committee. So just being consistent there. I, I think that we can work really hard on something and still have disagreement on the outcome, and that's what this is. The committee works-- you know, did the committee work, like all other committees do their committee work on your committee packages and, and whatnot. But, but at the end of the day, I, I don't feel like AM832 does-- is good, sound public policy. I don't think that it's good stewards of taxpayer dollars. And I don't think that it's singular in-- by itself. I think that a lot of factors led us to AM832. I think Senator John Cavanaugh's been talking about them, Senator Conrad's been talking about them, Senator Raybould-- I think a lot of people have been talking about them today. But some of the factors that led us to where we are today with AM832 are the legislative body, since I've been here, in various bienniums, saying, well, we have to do this. We just have to do it. And everybody acknowledging, oh, that's really bad policy, but, well, we have to do it. We had to pass the income tax cuts because we were basically bullied by a colleague into doing it even though we knew we couldn't afford the income tax cuts. But we had to do it because otherwise our other things that we cared about would be tanked. So we had to do it. We just had to do it. And now we're in this

position where we did something that we did not have the political courage to stand up and say, we can't afford this. Now we are in the position where we can't afford this. And we all knew that we couldn't afford it. And we're not willing to do something about it again. And then there's LB1107, which created the second-tier property tax relief program. Instead of addressing TEEOSA, addressing state aid to public education, we created another program that was cumbersome to administer and people didn't even know about it. So you had to apply for it to even get the property tax relief that we intended for you. But we had to do it. We had to do it because we wanted to get credit for property tax relief. And ever since we did that-- we put \$1.2 billion towards property tax relief and everybody still talks about how property taxes are too high. We put \$1.2 billion of income taxes towards property taxes, putting it on the backs of the people who are working in this state, who might rent, who it is not trickle-down economics for. We put \$1.2 billion towards that, and we still say we have to lower property taxes; we need property tax relief. Meanwhile, we don't fund things that we previously fund during the recession in the early 2000s, during budget cuts in 2014. We're not funding any of that. So our property taxes are going to keep going up. We're going to keep underfunding our local governments. They're going to keep increasing property taxes to pay for local governments. And we're going to go round and round and round, and everybody's going to run on it for pol-- for campaigns. And the conversation's never going to end because we as politicians have orchestrated it so perfectly that we can continue to run on property tax relief while pretending that we are working really hard on this problem while also doing nothing except for perpetuating the problem. That's what's happening. That's what's happening with the budget. That's what's happening with taxes. That's what's happening with all our tax incentives and our tax packages. Year after year after year, we just keep building this problem bigger and bigger and bigger. And now we're at this point where we have to decide. Are we going to fix this? Or are we going to make the problem even bigger so that next year we can say, oh, we cannot do this. We cannot change course. It's too big. Too big to fail at this point. We're not there yet, but we are certainly getting closer every single day at every, every single legislative session. Thank you, Madam President.

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

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I was hoping that Senator Clements might be kind enough to yield to a few questions as chair of Appropriations, because I wanted to tease out a

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little bit clearer understanding on the utilization of interest earnings as part of the budgetary package.

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

CONRAD: Thank you, Senator. I'm sorry we got cut off at my last time. We just ran out of time. But I understand that the committee is kind of recapturing or utilizing some investment earnings, interest earnings on specific projects or programs or funds to help balance the budget. So just kind of looking through these, you know, grabbing interest from the Perkins County Canal Fund, for example. What was that allocated to in the last biennium. And now it's being moved over to the General Fund. So what, what does that, that transfer or utilization impact?

CLEMENTS: I believe the Perkins Canal interest was diverted by Senator Wayne to the Economic Recovery Act.

CONRAD: OK. So then this would stop or hinder funding for that prior appropriation or program?

CLEMENTS: Yes. The interest would now go to the General Fund. But--

CONRAD: OK.

CLEMENTS: --I've been told that the Economic Refundering-- Recovery Act is funded.

CONRAD: OK. And--

CLEMENTS: We didn't cut it at all.

CONRAD: Very good. And then I see there's also a shift in terms of interest that is generated from the Universal Services Fund. And I think it's-- and I-- correct me if I'm wrong, but typically, we don't divert resources from the Universal Service Fund to the General Fund, but that's part of what the Appropriations Committee is suggesting with the utilization of interest on that fund?

CLEMENTS: A year or so ago, there was an attempt to take prior year's interest from the Universal Services Fund, but we did not do that.

CONRAD: Right.

CLEMENTS: We, we found out that was improper.

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CONRAD: Yes.

CLEMENTS: But the-- just accrued interest was not a violation.

CONRAD: OK. And then in regards to interest on the Inland Port Authority Fund, will the committee proposal change any of the existing projects or appropriations that were happening under the Inland Port Authority Fund?

CLEMENTS: I have no indication that there was any, no.

CONRAD: And then the same question would apply to the 911 Services System Fund by recapturing this interest and dumping it into the General Fund. Will that impact our ability to provide emergency services in that fund in any way?

CLEMENTS: No.

CONRAD: OK.

CLEMENTS: Don't have any information that that would be a problem.

CONRAD: Very good. Thank you, Senator. I'm not a member of the committee, so I didn't have a chance to be a part of these deliberations. And just want to clarify that for the record. Same question in regards to the Economic Recovery Contingency Fund. I think that was related to perhaps some ARPA funding, some economic development initiatives that the administration may have had. So the recapture of the interest on that fund, does that impact any economic development programs that we had already committed to?

CLEMENTS: No. No, that, that program is funded and giving out its grants.

CONRAD: OK. And then there's two more funds here that the budget book lifts up, capturing interest from the Nebraska Capital Construction Fund just for this biennium. So does that impa-- impact our ability to fund key capital construction programs in any way?

CLEMENTS: No. We are funding other capital construction programs elsewhere in the budget. And the interest was not allocated.

CONRAD: OK. And then I know that we have a significant amount of unmet needs when it comes to providing resources and funding for different water projects across the state, for example. But I see here that we're gath-- gathering-- grabbing interest from the Surface Water Irrigation

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Fund to just dump that into the General Fund to balance the budget. Does that impact any key water initiatives that are important to rural Nebraska with that--

CLEMENTS: No.

CONRAD: --with that proposal?

CLEMENTS: The governor did have a recommendation to take some actual principal out of that fund, and we rejected that but just took the interest so that the pro-- programs can be funded.

CONRAD: OK. And then I know we might run out of time-- oh, gosh. OK. Thank you, Senator Clements. Thank you, Madam Chair.

DeBOER: Thank you, Senator Conrad and Senator Clements. Senator Jacobson, you're recognized.

JACOBSON: I promise not to talk about the Perkins County Canal anymore after this statement. But again, let's remember: not only do we-- when we build the Perkins County Canal, we also have the right to shut off any users that don't have a priority in Colorado to allow the water to flow into the river. When I did the tour out there, there were irrigators who did not have a priority where we're irrigating. Their pivots were running, everything was fine because Colorado wasn't enforcing it. So there will be more water in the river if we build the Perkins County Canal. If there's excess water today-- and there has been-- that water then runs down the river and, if it can make it there, goes into the Missouri River. And none of it is, is stored. If you build the Perkins County Canal, it's not just a canal. It's a dam about the size of the Calamus Dam along the way. And a retention pond after that. So it's not a canal. It's a canal that leads into a dam. So this all works together. I'd encourage you go on the tour some time. But again, I remain opposed to taking any money other than the interest money-- which we're going to need back later-- for the Perkins County Canal. I can't say it more clearly. If we flinch now, we will never get this built. No one will take us seriously. As far as I'm concerned, we've already spent that money. We committed to the project, we put the money away in a fund, and we now need to leave it there. It's not something we can go back and raid later. It's money that is going to be needed for this project, and it cannot come out because we're not going to find a source. There's not going to be a time when we're going to find \$135 million to go back into this fund. It's just not going to happen. Let's-- don't kid ourselves. We all know what that-- what reality is here. As it relates to property taxes, we've had a lot of

discussion today about, we don't want to do sales tax and, and add, add any sales taxes to the hardworking people that are trying to make ends meet. Well, what about those hardworking people that are trying to keep their home but can't because property taxes are forcing them out of their home? For those of you who do not want to do something about property taxes, I want you to go tell your constituents, look them in the eye and say, I don't care that you're going to lose your house. I don't care that you're going to lose your farm. I don't care because I've got talking points on the floor to, to preserve you from paying any more sales tax, which is not-- on things that you don't even need. It's your choice to pay sales tax. But if you own property, you will pay property taxes. Farmers this year, right now, it isn't raining in large parts of the state. Whether they raise a crop or not, they will still pay property taxes on their farm. In this state, you're punished for owning, owning land because you're the only one that's required to pay the bulk of the property tax bill. People that own land. Not people that own it free and clear. It's people that may have leveraged the land, doing everything they can to hang onto it. Homeowners that are trying to stay in their home but can't because their property taxes are too fi-- too high. Read about the steakhouse in Omaha this last weekend in the Omaha World-Herald. Their property tax has quadrupled. But we don't care, evidently. We don't care because we don't want to lower people's taxes. Or we want to divert it through some mechanism where maybe 50% of the money comes back as a ba-- real property tax reduction. Let's keep in mind that our property taxes go up about \$300 million a year if we do nothing more than we're doing today. Automatically, property taxes will go up \$300 million a year. That's how much we have to put additionally into this fund in order for property taxes to remain flat, which are unsustainable. They, they-- the-- we ca-- people can't continue to pay the taxes they're paying today. Think about this when you're opposed to every other revenue source. Think about those individuals that are losing their homes and what you would tell them when they call you and say, what am I supposed to do? Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Madam President. Thanks for the wonderful segue, Senator Jacobson. So I have a bill that's called the Universal Homestead Exemption bill. I brought it during the special session, I brought this year, and it has not gotten a lot of traction from folks in the body. I know a number of people here who ran for reelection last year pointed to my bill that I brought in the special session as something they wanted to do when they got reelected. The virtue of my

bill, my Universal Homestead Exemption bill, as written would be the first \$100,000 of owner-occupied home valuation would be picked up by the state through the homestead exemption. So for folks in my district-- sorry for the rest of you-- I don't know the math-- it's a little over \$2,000 in property tax relief for the owner-occupied home. So this is targeted tax relief to address exactly the type of people that Senator Jacobson was just saying we are-- need to look in the eye. I can tell you, I brought that bill twice. I continue to advocate for that bill. I'm talking about it right now. So I feel pretty good about talking to the people in my district when I can tell them I'm trying to get you targeted tax relief. The reason I can't get traction on that bill is because it is targeted tax relief. It costs a lot less than the type of tax-- property tax proposals that have been rolled out in this body perpetually. And the reason I can't get traction on it is because the people who it targets are not the ones where actually people want to get tax relief to. My bill costs about \$800 million. The tax proposal that we took up in the special session cost something like \$2 trillion-- or-- I'm sorry-- \$2 billion. And that was because it gave-- had to give property tax relief in through that mechanism to large absentee landowners like Ted Turner and Bill Gates and whatever, and it gave large tax relief to large industrial farms like those owned by the governor. And people continue to advocate for that type of tax relief that is very expensive, that causes us to have this budget crunch we're having here. If we really cared about people getting priced out of their homes, we would be doing my suggestion. We would be doing a targeted, direct tax relief to homeowners. Cost the state a lot less money. But that's not who you really care about and that's not who you're standing up here-- you are hiding behind those people when you advocate for saying we're not doing enough. We are, we are watering down the tax relief we deliver to those people so that we can give it to large, out-of-state landowners, to the very wealthy. So that is what is really happening when we're talking about property tax relief around here. There is a much more targeted, economical way to actually help the people that everybody rails about when they talk about tax relief. So I have that bill. It's in the Revenue Committee. I'm pretty sure it got laughed at when I brought it this year. But it is supported by realtors and developers. It's re-- supported by housing advocates. And it is supported by our constituents. When I bring that bill and the press covers it, I hear from constituents about how that's the type of thing that they really want. Because if you're getting priced out of your home and you think that we could gi-- give you \$2,000 in tax relief, that's certainly what my constituents are interested in. They're not interested in making sure that large, out-of-state landowners are getting massive tax relief. So I pushed, actually, to

talk a little bit more about the canal. So getting sidetracked. I took the bait on Senator Jacobson, so I appreciate it. But he always takes the bait when I talk, so, you know, turnabout's fair play, I suppose. But-- the canal, yes, I-- there are virtues in the canal. That's exactly what I'm saying, is that I support the canal. I support the reservoir. I support the virtues that the-- it brings to the state. I'm just saying we should do it on the economical scale that we have been told we could. We were told \$61 million is the difference between what is currently appropriated and what it really costs to build a 500 CFS canal. And 500 CFS is what we're-- we are entitled to. It's what we will get if the water-- if the, the flow rate goes down. We can call out up to 500. And if the flow rate-- if the, the, the-- there's more water in it-- in the river than 500 CFS, we can capture that in the river. And we can certainly put it to use as it flows down and still store the remainder. It just is-- seems like we are not being fiscally responsible when we are building the thing that everybody thinks is really shiny and nice and new. And I'm going to run out of time because I took the bait, but I'll push my light and talk a little bit more about this again because I, you know, I love talking about the canal. I love talking about targeted tax relief. I love talking about being fiscally responsible, apparently. So. You guys just get me wound up talking about these sorts of things. Thank you, Madam President.

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

M. CAVANAUGH: Thank you, Madam President. I'm-- I don't share the passion for talking about the canal, but I do realize that it has become a hot topic today. We still aren't on the bill that actually does anything with the cash funds in the canal, but, but I appreciate it. I see Senator McKinney has passed out a handout I'm sure he'll be speaking to next about why there is certain money in certain places. And that-- generally speaking, I've been talking about this since the special session, that there was a shadow appropriations process happening during the summer months-- actually going back to April when we were working on and voting on last year's budget. The administration was working on a shadow budget and pressuring people to not spend money to-- so that we could get to where we are on AM832. So all of this is by design. The governor's budget is 100% by design. This isn't an accident that we have a manufactured crisis that we have to cut, cut, cut. We're really only cutting so that we can put \$1.2 billion towards property tax relief. And I appreciate people being priced out of their homes, but we also have people who don't have homes, who don't have transportation, who don't have access to food or water to drink, clean drinking water. We have that in spades in this state. And so yeah, it,

it sounds good to say we are pricing people out of homes and they're going to be kicked out on the streets, but the reality is is that we have unhoused people and we're taking money from them and we're taking their income to pay to keep people in their homes that they do have a choice-- it's not an easy choice-- it's not a choice I want anybody to have to make-- but you do have choice to sell your home. I don't think that that's the right answer, obviously, but it still is an option available. If you are unhoused and you are working poor and you have to get vouchers for apartments and then your apartment landlord won't, won't take them or kicks you out or, or then you have to show that you're working all the time to get your benefits that you need because we've allowed employers to underpay you-- so you don't have a livable wage; you have a minimum wage-- this is all designed. This is all manufactured. This is all choices that we make as to what our priorities are, and our priorities are not working Nebraskans. Full stop. It's not working Nebraskans. Our priorities are to ensure that we cut essential government services until the governor gets what he wants for his personal gain. That's what this budget is about. That's what special session was about. That's all of this is about. We are cutting funding to public health and to federally qualified health centers and to behavioral health so that we can have the money available for property tax relief. That's what this is about. And every person that gets on here and waxes poetically about how people are going to lose their homes if we don't give them property tax relief-- if they lose their homes because of the cost of property taxes, it's probably a much larger problem than just that. And if they lose their homes but we're still doing this property tax relief program, then they aren't going to have any government services to catch them. They are not going to the safety net because we chose to do this instead of ensuring safety nets for Nebraskans with taxpayer dollars. We gave them money-- their money to the governor. Thank you, Madam President.

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

McKINNEY: Thank you, Madam President. So I, I handed that thing out because I think it's important, as Senator Machaela Cavanaugh stated, that we go into the next conversation, especially on the next bill, and we're looking at lapsed budgets, why the budgets are lapsed. It was intentional by the administration to encourage people to stop spending dollars. And then we'll end up in this situation where-- oh, they're not spending money. We should take it back. That's what's going on here. It's-- they were intentionally not spending money, and I think that's important to point out. And then on the conversation that Senator Conrad was asking about those transfers from the Economic

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Recovery Contingency Fund, the interest payments and things like that. They are taking dollars that are allocated for north and south Omaha because the deal was the interest funds would go into 2026. But if you look at the bill, it cuts it off in 2025. So you are taking funds. And if I read it wrong, I read it wrong, but it clearly shows a strike of 2020-- of 2026 and putting it 2025. If that's not clear, then I don't know what is. And that will impact economic recovery in north and south Omaha. So when we talk about saving investments and, and sticking to investments that the Legislature committed to, remember, I told y'all, keep the same energy, or whatever you say is hypocritical and I don't believe you. So when those-- so when we get to this next bill and we have those conversations, don't beco-- don't become a hypocrite and then get mad when people bring up the Perkins Canal money. So if that-- if, if funds that were already invested in, already acc-- allocated for to do economic recovery for investment, for the future of our state, for sustainability-- then-- if, if, if those funds are on the table and you guys want to take those, then you should not be upset about any conversation about the Perkins Ca-- Canal. You shouldn't, and this is why. We say water is for the-- saving the water and keeping the water in the state is for the whole state. I would also argue that if we eliminate impoverished communities in the state, that is a net benefit to the whole state. That means you could get more property tax relief. That means you could get more funding to rural communities, all those things. So eliminating poverty benefits everybody. We don't need to spend as much dollars on the criminal justice system. We don't need to build more prisons. So let's be clear. Be consistent or I will call it out. So when we get to this next bill-- I don't know if it's today or tomorrow-- we're going to have that conversation about why the Appropriations Committee or whoever is trying to cut off a year of funding for economic recovery and they're reneging on a deal that was made. I want to be clear. It was for three years for the Perkin-- Perkins County Canal Fund and the Nebraska Capital Construction Fund. The interest funds were for three years. It was actually-- just to make it clear, it was actually from initially more than three years. And then we just was like, OK. We'll just do three years. So I'm highly offended that this is happening. So just as Senator Jacobson and others are offended about the conversation about the Perkins County Canal Fund, I'm offended that people are attempting to take resources for economic recovery a year-- like, cut it off a year early when that goes back on every deal that was made at that time. So if we're being consistent to past legislatures, that should not happen. Or else you're a pure hypocrite. And don't say anything to me about it. Thank you.

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ARCH: Senator Conrad, you're recognized to speak. And this is your third opportunity.

CONRAD: Thank you, Mr. President. And thank you, colleagues. I, I just want to draw the body's attention-- if you look at the celestial blue budget book for the state of Nebraska that my friend Senator Clements, as chair of the committee, passed out in advance of our debate-- and if, if you look at page 10 of the budget book, I think that this helps to distill kind of where we are, how we got here, and, and where we're headed. And what I think is very interesting, if you look at the historical context for General Fund revenue growth and just where things stand in Nebraska, you can see a larger swing-- just looking at this chart. This isn't-- I didn't put together the chart. This isn't my opinion. This is literally the chart from the Fiscal Office that Senator Clements distributed to everyone. If you look on page 10 and you look at the historical General Fund revenue growth rate and base adjusted since 1981-- so going back to 1981, you've never in that time period in the state of Nebraska have seen a swing as significant and as severe as you have over the last biennium and into this biennium. Not even during the Great Recession, friends. Look at the chart. You can compare the chart with a significant dip in '09-10-- and I was a member of Appropriations Committee then. I remember how scary it was to try and figure out how to balance the budget without new taxes and making deep cuts and trying to keep those cuts away from key programs and services, et cetera. But you go back and you look, and you can see the swing there in the Great Recession. And then compare that swing to where we are in the last biennium and this one. It's bigger. The swing's bigger now, in a time of economic prosperity. Why is that? What does that mean to you? How do we grapple with that? Is that your idea of running government like a business? Is that your idea of being a good steward of the taxpayer dollar? But we've never seen, since 1981, according to the metrics on this chart, a swing this significant in terms of fiscal mismanagement. And it's not precipitated by recession or economic pressures. It's deliberate policy choices that members of this body have chosen to follow an unpopular governor in doling out unnecessary, inequitable tax relief to the wealthiest Nebraskans and the largest corporations, wildly spending stimulus funds on pet projects, and not taking care of state obligations. Everyone's acknowledged-- most members have acknowledged-- even though there's some discrepancy in the talking points-- that we have a structural imbalance and we have no plan to get out of it. This budget is cobbled together with baling wire and bubble gum. It limps us along through this biennium with no clear plan for the future and no answers as to what this means for our state's leading institutions like the

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university, with no answers for why we're cutting key programs that are wildly popular to the ag community like riparian management. Why? What does that mean for our present and our future? How does that help us chart a brighter future? Would you stand for this kind of reckless budgeting at your kitchen table or in your board room back home? And if you wouldn't, why do you stand for it here and, in fact, defend it and prop it up, envision it, and execution-- execute it? Why? Would you run your family business like this? Would you run your family budget like this? I would not. And I don't. And it's astounding to me--

ARCH: Time, Senator.

CONRAD: --that conservatives in this body think this is OK. Thank you, Mr. President.

ARCH: Mr. Clerk for items.

CLERK: Mr. President, amendment to be printed from Senator von Gillern to LB558. Report from the General Affairs Committee concerning gubernatorial appointments to the State Racing and Gaming Commission and the State Electrical Board. Communication from the governor concerning appointments to the Department of Water, Energy and Environment for the State of Nebraska, the director position, as well as the chief water officer of the Department of Water, Energy and Environment. That's all I have at this time.

ARCH: The Legislature will now stand at ease until 6:00. When we return, Senator Jacobson, Senator John Cavanaugh, Senator Machaela Cavanaugh will be first in the queue.

[EASE]

ARCH: The Legislature will now resume. Senator Jacobson, you are recognized to speak.

JACOBSON: Thank you, Mr. President. I promised I wouldn't talk about the Perkins County Canal, so I won't. I do-- would like to talk a little bit about Senator Cavanaugh's bill, which was LB152, I believe, which was the homestead exemption bill, where-- it came to the Revenue Committee, it was to exempt the first \$100,000 of, of owner-occupied. Now, I don't-- didn't see anything about land-- about farmers. I, I just saw the homeowners. So \$100,000. I can give you one clue as to why Senator von Gillern did not exec on that bill. It had to do with the \$889 million fiscal note. There's always that fiscal note that gets in the way. So-- and that was going to go up to where by '29 it would be just under \$1 billion a year. So for what it's worth, I'm in favor of

the bill, but I, I want to be able to choose the funding source. So if we can choose the funding source and you vote for that funding source, I don't care how we get property tax relief. But we have to pay for it. And we're going to have find this other source of funds because we don't have the money today. So this wasn't because we didn't like the bill. It's because we didn't have the money. OK? So I would tell you, just so people know, that the current homestead exemption cost to the state is \$170 million a year. OK? So we're paying \$170 million today for all the classes of homestead exemptions: that's veteran, disabled veterans, that's low-income homeowners, people that meet the criteria. Now, I would also tell you that when it comes to looking at homeowners, you also have to look at-- and I didn't look very closely at the bill, but I don't know whether there was an income limit. I don't think there was. I think it was just everybody, everybody wins if you're a homeowner. So we-- kind of picking winners and losers, because if you're a farmer, if you're a rancher, you're out, because most farmers and ranchers don't live in higher-dollar homes. Their, their, their money is in the land. I would tell you that-- so that part of it would be important to me as well, but we would have to find that funding source, which I believe we need to do. And that's why we've got to be open to looking at other funding sources, which I'd mentioned before. If we're serious about giving property tax relief, there's only one real place we can look for for additional revenue, and it's through sales tax. But there again, we're going to get the whining about, oh, this is going to be disadvantaging low-income people. So we've mentioned things like pool cleaning-- because I don't know a lot of low-income people who have a pool. And we talked about landscaping. I don't know there's a lot money spent in-- by-- in landscaping for low-income people. And limousine services and on down the line. There's a long list of things we talked about last summer in the special session to LB34 that I believe there was agreement on. Until we get to this session. And now the position is no sales tax exemptions are going to be removed. Well, we can't be serious about property tax relief if we're saying we're not willing to do that. I'm just saying. And meanwhile, property taxes go up \$300 million a year collectively across the state. We can't have it both ways. We've got to figure out how to pay for any of those tax cuts. I also want to say something about the governor. His name comes up about being the most unpopular governor and the reckless spending and-- I just want to remind everybody of one thing: that the income tax cuts started with then-Governor Pillen-- or, Governor Ricketts, not Governor Pillen. That happened in '22, when I just got here. And what was the one big piece of, of line-item spending that Governor Pillen brought? It was the, the Education Future Fund. \$1 billion into the Education Future Fund. So if that's the reckless

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spending that he's accused of, we can repeal that now today. We can just say we can fix this by taking the Education Future Fund, take it away, and use it for budget. But we're not serious about doing that because Senator Pillen-- or, Governor Pillen has been concerned about kids-- has been from the beginning-- and the fact that he's been successful before he came to the Governor's Office-- last I knew, it wasn't a crime to pull yourselves up by your bootstraps and make it on your own.

ARCH: Time, Senator.

JACOBSON: Thank you, Mr. President.

ARCH: Senator John Cavanaugh, you're recognized to speak. This is your third opportunity.

J. CAVANAUGH: Thank you, Mr. President. Thanks for the conversation, Senator Jacobson. And I think you did get my bill pretty accurate, and I think you had all the other parts of homestead exemption accurate. And I will tell you, the part you, you hit on that is one of the parts of the-- trying to solve in my bill is, how do we make it apply to owner-occupied homestead farms? And so I did have a few conversations with folks, like at Farm Bureau, trying to figure that out, and didn't make any headway. One of the problems is because of how our constitution is written, we can't-- we have to-- it has to be owner-occupied. That's-- the constitution allows for a homestead exemption. And other than that, we have to, you know, treat everybody equally, although ag land is at 85% valuation for taxes. So, you know, there's been some separate consideration given to ag land, but I, I, I understand where you're coming from on that. And I was specifically trying to find a solution that would help with those owner-occupied homestead farmers. And the-- on the, the whole tax relief, again, there is a price tag to it, but it is more targeted. And so we could choose to take one of the current systems we use and put it through homestead exemptions. So when we took LB1107 and we front-loaded it-- and we did miss a year. Sorry, Senator von Gillern-- I just-- you just walked in. Didn't-- not meaning to trigger you, but, in my opinion, we missed a year. I think that was clear. But we could have-- instead of doing it-- front-loading it the way we did it, we could have done it through taking all of that, that money that we're putting as that front-loaded payment for LB1107 and put it through homestead exemptions. And that would be a much a more efficient way to deliver that property tax relief to Nebraska owner-occupied homeowners. And-- so we could have gotten the same dollar amount reduction for everybody that is living in their owner-occupied home. And then, you know, could have had more

money left over to target it in some other way, to find other ways to target it to the other folks who were, who were not captured under that. And so it'd just be more efficient, the dollars would go farther, and efficiency is really how we would achieve-- doing more with less. That's exactly what efficiency is. So-- anyway. I love that, that, my homes-- universal homestead exemption. I really do think that delivering prop-- targeted property tax relief is what the voters are asking for, what our constituents are asking for, what is-- actually would help the people everybody talks about when we talk about property tax relief. I'm on my third time, so I'm going to run out, but one-- I was talking a little bit, before I got sidetracked, talking about targeted property tax relief, was the cuts that are being proposed to things like the Water Resource Cash Fund, Water Sustainability Cash Fund, the Soil and Conservation Cash Fund-- or, Soil, Soil-- Soil and Water Conservation, Nebraska Water Conservation Fund, Nebraska Water Conservation Fund. So there's a number of these funds that are been cut or losing funding. And the-- I bring them up in comparison to the canal because-- and I'm not trying to set anybody off again talking about the canal, but the canal is big. It's shiny. It's new. It's a, a project that will probably have someone's name on it at some point. Or the lake will. At least the reservoir will. And those are, you know, projects, things that are very attractive to politicians and elected officials. Big things. Going to have a ribbon-cutting. It's going to have a sign. It's going to-- you know, you'll be able to point to it and say, I, I did that, right? But those long, slow, methodical work of funding-- you know, returning land to natural prairie or pra-- planting more, I guess, windrows or terracing or all of these things that are saving little bits of water here and there, that are good for soil health, soil restoration, good for the environment, good for, for animals and-- both wild and agricultural, good for farmers-- all of those things are not exciting or sexy, and nobody's putting their name on them and they're not getting a big ribbon-cutting and a plaque, but they cost less money. They return-- they-- their return on investment is larger. They are more enduring in those-- all those ways. And yet they're not exciting. And so it's easy for us to cut them \$2 million out of-- a clip here and there. And-- rather than take a little bit out of the "Cadillac Canal" and put it into these things to make sure we're not cutting them. So everybody-- that's-- that is my bigger point about all of this, which is we want-- everybody really wants to defend the exciting project, but we are here nickel-and-diming the people of the state of Nebraska on all of these projects.

ARCH: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak. And this is your third opportunity.

M. CAVANAUGH: Thank you, Mr. President. Good evening, colleagues and Nebraska. I hope everybody had a nice respite of a short dinner break. So just-- continue the conversation that we've been having pretty much this whole day. We, we consistently have been making these decisions in the Legislature, in my time in the Legislature, to shift the tax burden, to shift the budget of the state onto the backs of working Nebraskans. We don't look at programs that invest in low-income wage earners and children and families and-- instead, we turn our eye to, as Senator John Cavanaugh said, the big, shiny things. Those are the things that we have to do. And there's other ways to achieve this. And I do think that the Perkins Canal specifically could be considered an infrastructure item. But it's so much more than just the canal. It's, it's, you know, how are we allocating our funds? What are we actually doing? And do we have a responsibility to the people of Nebraska to be better stewards of taxpayer dollars? And I believe we do. I believe fundamentally that we need to be doing a better job. And, you know, we talk about tightening our belts, but we're not just tightening our belts. We are tightening our belts on the backs of low-income working Nebraskans so that we can give wealthy people like the governor property tax relief. We aren't looking to lower income taxes for our lowest tax brackets. When we did the income tax cuts, what, a year or two years ago and we talked about a middle-income tax cut, it was said on this floor we couldn't afford to do a middle-income tax cut. So we still have our highest tax break-- bracket is something like \$50,000. We don't have a middle-income tax cut. That is what Nebraskans want. That is what Nebraskans need. They need relief. The working Nebraskans need to stop being taxed to pay for the wealthy. Tax the poor and give to the wealthy. That is really what we've been doing between tax incentives and-- or, business incentives and tax cuts for corporations and wealthy individuals. You know, we talk about homestead exemption, but the reality is, when we get bills like Senator Cavanaugh's, we won't even entertain them. I've spent many years here listening to people act like people like myself are the obstacle to progress on anything, and the reality is is that I've always been solutions-oriented. I've always brought proposals to the table to discuss, to do things a different way. I've never been met at that table. Just like today, 32 people voted against an amendment that most people didn't talk on. Most people left the floor. Most people didn't even know what was in it. I'm bringing options to the table, and nobody's coming to that table. Instead, you're saying AM832 is good enough because it provides property tax relief that the governor wants.

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It is the governor's budget, and the governor's budget gouges out direct services in this state, harms working Nebraskans, harms our health care community, is going to ruin rural health care. But that's what the governor's budget does, and that's what AM832 does. I would love to see some more solutions-oriented conversations in here, but instead I'm seeing silence and just acquiescing our responsibility to be a good steward of taxpayer dollars. And that-- that's honestly really disappointing. Because I love the budget. I love this institution. I love the state. I really wish that we could have an active conversation. And I am hearing from people who are watching and people who are outside here and even from press-- members of the press that they are very confused by the lack of engagement on this Appropriations bill considering the financial situation that we are in and nobody is talking about it.

ARCH: Time, Senator.

M. CAVANAUGH: Thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President. And good afternoon-- or, evening, I guess, we're getting into-- colleagues and folks that are still with us and watching us. I wanted to follow up on a conversation that we had from-- right before our recess from a handout that Senator McKinney sent out, from an email from Lee Will to Kristen Cox and a number of code agency directors. And I was hoping Senator McKinney would yield to a few questions. Would Senator McKinney yield to a few questions?

ARCH: Senator McKinney?

McKINNEY: Yes, I will.

SPIVEY: Thank you, Mr. President. Thank you, Senator McKinney. I was hoping that you could kind of give more context to, like, what this email means and some of your remarks around the budgeting process that you have seen since your time in the Legislature around, like, their appropriation and the funds that they have to use to advance their work.

McKINNEY: So what this handout means is, it was individuals from the Governor's Office reaching out to agencies and basically telling them that-- limit spending or cut spending. And the reason why this is an issue is because, now, we have the argument that these agencies weren't using dollars or they couldn't use them. But they were intentionally not spending money. And-- so pulling money away from them, to me, is

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disingenuous because the money and the dollars could have been used as appropriated if not for stuff like this.

SPIVEY: Thank you, Senator. I appreciate that explanation. And I, I appreciate that conversation because one of the things that we saw on the Appropriation Committee that we just looked at-- I think it was last week-- was a return of lapsed funds from this biennium to the next-- it's about \$24 million. And so I did ask in Appropriations for that list of what some of those items are and what those agencies are using them for because, again, I think it's hard for me to reconcile of-- we know that federal funding is getting cut, there's a need for more services, especially from agencies that are doing social safety nets, but we have not-- but they're returning these dollars. So for example, as I was working and talking to folks on the floor today, for Agency 25-- which is DHHS and Program 514-- there's about \$2.9 million that is not being spent or considered to have lapsed for this fiscal year that has not been asked to be reappropriated and will go back into the General Fund. And so some of the program areas that this funds, for example, is state rural health, evidence-based home visiting, the Perinatal Quality Improvement Program-- which is super important and created in statute that supports moms and babies across our state. We have Native American Public Health Act. So there's, like, I don't know, 40 things and programs on this page that fall into that \$2.9 million that are not going to have an allocation because we did not reappropriate. And so I think, for me-- you know, getting the information on the Appropriations Committee-- I actually was present, not voting on that package because there was some information that I did not have that I think was important. And I appreciate Fiscal for providing this list and answering all my questions. They're always so helpful whenever you needed. And I think, again, when we think about our budget and what's in front of us, instead of just grabbing 24-- about \$24 million in that estimate of lapsed funding, I think the context that Senator McKinney uplifted around folks that are code agency and, and work under the purview of our Governor's Office, what that context looks like and the predicament and situations that they are in about managing their budget. But also, how can we say that we are OK with putting \$2.9 million back into our General Fund when we know these specific items have been up on the chopping block? We have talked about the loss in federal funding, the HHS Program 571, which is for area on aging [SIC], \$1.9 million is for Meals on Wheels. And we had a long conversation this morning about Meals on Wheels and the loss of federal funding and what does that do. And so I'm hopeful that between now and Select, I can talk to my colleagues about reappropriating some of these funds and what it looks like, because,

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again, our job is to ensure that these dollars are spent in a way that creates economic opportunity and access--

ARCH: Time, Senator.

SPIVEY: Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. Good evening, colleagues. I wonder if Senator Clements would yield to some questions.

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

DeBOER: Senator Clements, I'm going to kind of redirect us back into a more general conversation rather than specific to some of the specific topics we've been talking about. Is this blue budget-- this one right here, the book that we have here-- is this now balanced with respect to what the Forecasting Board has most recently told us?

CLEMENTS: No. That would be balanced if there had not been a forecast decrease. But on Select File, we'll have some more fund and savings that will, that will balance, but--

DeBOER: So this one is not balanced, but we'll, we'll cut some more between now and Select. Is that what you're saying?

CLEMENTS: Bring in more funds, and maybe a, a few cuts, yes. There'll be some more to do.

DeBOER: OK. So I know that the process-- you've had bad news-- not just from this Forecasting Board, but in the past. And so we've known-- I've been-- you all heard me singing, "there's a hole in our budget, dear Liza," right? So you've been having to deal with this. Can you tell me, if I were singing that "there's a hole our budget" song with "what shall I fix it"-- what did you fix it with? What did you fix the hole in the budget with? Where did you-- where did you--

CLEMENTS: The fund-- yeah, the-- there are about 600 cash funds that-- in different state agencies that have over \$2 billion in those funds. And-- so we looked, looked one at a time and found excess funds that leaves the funds still sustainable, but the excess-- you know, like \$140 million worth of-- those kind of numbers.

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DeBOER: But that would be one-time funds, right?

CLEMENTS: Yes.

DeBOER: OK. So--

CLEMENTS: That's mostly in the first fiscal year of the budget. In the second fiscal year, not very much.

DeBOER: So that seems like, if I'm singing the song "there's a hole in our budget," you're fixing it with, like, something that's going to last for a few minutes, but not forever, right? Like, that's not an actual fix to the hole in the budget.

CLEMENTS: Yeah, but at the-- the budget will be balanced at the end of the two years.

DeBOER: And how does that happen?

CLEMENTS: Well, there are some what I call savings. And, and then the revenues are, are going to be level. If we do the one-- if we fix it the first year and the revenues are level the second year, then it's still fixed.

DeBOER: So-- talk to me about that, the fix it the first year. Because I know some of that's coming, you said, from these one-time funds, from the cash funds. So talk to me about how we're fixing it in a kind of a sustainable way. Because I don't want to be back here next year with a lot of deficit budget requests. And right now, when I'm looking at it, that's my fear, is that we're going to-- because I've heard-- you know, you hear tall tales in the lobby and different places that there are some places in the blue book where we have clawed back funds that have already been spent. If they're already spent, we won't be able to claw them back. So there are some things in this budget that maybe we think we're going to save but we won't actually be able to save. Have you heard those stories?

CLEMENTS: No. I believe, you know, the projections we have are going to be balanced in both years. [INAUDIBLE].

DeBOER: OK. And they're, and they're balanced-- is that balance requiring us in the-- on the floor of the Legislature to pass any revenue-generating bills?

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CLEMENTS: There already been a couple of revenue-generating or in-- General Fund savings bills that have passed. I am relying on those two [INAUDIBLE]--

DeBOER: Those have passed to-- they're on Final Reading still, right? Or did they pass Final Reading? I can't remember.

CLEMENTS: I think they passed Final Reading. The Retirement bill and the one--

DeBOER: Oh, yeah. That's right.

CLEMENTS: --one Revenue bill. And there will be a proposed cash fund-- Cash Reserve transfer that will end the-- closing the gap.

DeBOER: OK. So we're going to balance the budget on the Cash Reserve Fund.

CLEMENTS: Partly.

DeBOER: OK. That's also money that, once that goes away, we don't ever have it again, right? Like, it's not like we can keep going to that well forever.

CLEMENTS: Well, that's why we built that reserve up to \$920 million. And that will bring it down to about \$690 million, which is still adequate.

DeBOER: It is adequate this year, but if we come into a problem that we don't expect, what happens?

CLEMENTS: There would still be some availability.

ARCH: Time, Senator. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Good evening, colleagues. I appreciate the conversation that Senator DeBoer and Senator Clements were just having, as I think it highlights some of my concerns that I've had when looking at the General Fund financial status-- the, the green sheet you always hear us talk about at home. It really-- I-- the, the alarming thing to me is, is a-- it's twofold. One, since I first got here in the Legislature and we passed a number of these ongoing sort of stair-stepped down tax cuts, specifically the corporate tax cuts-- when you look at the green sheet, you see what really is a systemic reduction in revenue. And I have yet to see a green sheet that has the ending balance with regards to our shortfall from the minimum

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reserve in the outyears be positive. We continue to see green sheets, or, or General Fund status, that shows a systemic reduction in our overall excess or, or leftover money that we have. And it's troubling to me because we continue, it sounds like, to-- you know, Senator DeBoer's analogy, you know, try to fix the hole in the budget with these sort of one-time fixes. And I, I anticipate we're going to get to a debate later tonight on the bill that has to do with the cash fund transfers. But we continue to see these one-time modifications. But when you look at the bones of our entire economic structure, it seems to me like we are putting ourselves in a position to continue to see the money in our account go down. And everybody I've asked about this, everybody I've talked to to try to explain it to me confirms that what we see here is over from 2025 into the next fiscal year, '26-27, then '27-28, then '28-29 is a larger and larger hole that eventually we're going to have to make up. I mean, look no further than the first line, which is the beginning cash balance for each fiscal year, which is where you start with money. '25-26, \$533 million; '26-27, you start after all of the different nu-- numbers are taken in and taken out the next year with an estimated \$322 million; '27-28, \$75 million in the hole-- or, negative \$75 million with beginning cash balance; and then finally, in '28-29, a negative beginning cash balance of \$353 million-ish. So when you just-- I mean, I know it's much more complicated when you try to factor in where you get all those numbers, but if you look at what you're starting with each year, you see this degradation in your beginning cash balance. And I understand that that permits us the opportunity over time to reassess some of the decisions that we've made as a legislature to ensure that we're not going to continue to, for example, fund appropriations over a long period of time that are going to put us in a hole. But where my pause comes into play is we have not demonstrated as a legislature a willingness to reassess those decisions. We've talked a lot about the canal, and the reason I think that continues to come up is that it's a very good example of a decision that was made, and then a change in economic situation, and then a differing of opinions that we as legislators have over what to then do with that money. And you have some of us-- I tend to fall in this camp-- who would like to see that money be utilized in a way that provides perhaps more of that direct benefit to the taxpayer. For example, Senator Hardin's bill this year-- I think it was LB81-- on the missing year. You know, I think a good opportunity to make back up that, that missing year is to use money from a cash fund, because it's a one-time use for a one-time expenditure, on something like that. And then you have others who, for whatever reasons, are hesitant to use that money. So when we see projections into the outyears that show us in the negative, I just have a hard time trusting

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that we are going to make the tough decisions that we have to make in the future when it comes to some of our current expenditures in order to make that back up. The last thing I wanted to touch on really quick is I, I guess I want to respectfully push back on some of what Senator Jacobson said insofar as there are people in this body who have continued to offer solutions, or at least small solutions to the property tax problem. And year after year, it feels as though those are not taken seriously. Senator John Cavanaugh, for example, had talked about his program. Senator Carol Blood I know was a fierce advocate for a circuit-breaker system that essentially would trip at a certain point to make sure your property taxes wouldn't be above a certain threshold in your income. Myself and Senator Andersen this year have worked on property tax bills-- my priority bill in particular that expands the homestead exemption specifically for disabled veterans. It's that kind of targeted property tax relief that I know people are asking for. It's not easy to do. And absolutely we, we have to make some tough decisions there, but--

ARCH: Time, Senator.

DUNGAN: --I think it's an important decision for us to make. Thank you, Mr. President.

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

RAYBOULD: Good evening, colleagues. You know, I want to continue the discussion on water. Not really focus on Perkins Canal, but Water Sustainability Fund. But it did start with the Perkins Canal when I came before the Appropriations Committee. And I'll be-- for full disclosure, I asked for \$500 million from the Perkins Canal knowing that the balance that would be left would be enough to take care of the reservoir. I asked for \$500 million probably just to wake them up because they're overworked, but-- and I said \$250 million would be redirected towards our budget deficit, and the other \$250 million would go towards our tremendous amount of water purification, water infrastructure needs in our entire state of Nebraska. I think the only senator who's always talked about this has been me. And so I looked at the numbers for 2023. And I'm-- I hate to use a prop, but if people need to know what this looks like, you can download it. It's 2023 Nebraska State Revolving Fund. They have an updated version, 2024. And so I had said we need to have some funding redirected towards our communities all across the state of Nebraska. We're talking about \$2.3 billion in requests from everyone's district all throughout the state of Nebraska for clean water, clean drinking water. And, you know, that is a big deal in our budget, which is really disheartening to see in--

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that is presented in the-- from the Appropriations Committee. So we have a Water Sustainability Fund that had \$11 million each fiscal year from the General Fund that would go towards our \$2.3 billion in request. All that money, that \$22 million for this fiscal year and the next one, is gone. They're going to get \$8 million from the Environmental Trust Fund, but that's not what it was determined to be when it was passed in, in 2014, to go towards all these requests for water funds. And so I'm just going to pick on some of the, the districts and the senators, but I'm going to focus on the big-dollar ones for Omaha. This would impact Senator von Gillern, Juarez, Cavanaugh-- both Cavanaugh-- Guereca, Hunt, DeBoer, McKinney, Riepe, Spivey, Armendariz, Fredrickson, Kauth, and Sorrentino. So just for the clean water projects, it's \$436 million in Omaha. On the drinking water side, it's \$329 million, for a total of \$761 million. That's a lot, and these are requests from either the municipality or the county for assistance on funding. In Lincoln-- which would involve Senator Clements, Ballard, Bosn, Dungan, Prokop, Raybould, Bostar, Dorn, and Conrad-- we have \$60 million in clean water and \$123 million in drinking water, for a total of \$183 million. I'm just going to pick on-- let's pick on Senator Dover. Senator Dover's district, he has approximately \$75,286,000 in clean water requests; and on the drinking water, it's \$12 million, and then-- for a total of \$88,253,000. Now, these are exorbitant numbers. The only way that community, that municipality, can raise enough funds-- but they're requesting this funding from the state of Nebraska-- is by their water rates. They have to pass that cost on to the inhabitants, and in some cases it is exorbitant-- that it's so high that people cannot afford that. So I'm dismayed to see that-- here we are. We've taken \$11 million this year and \$11 million next year. We talk about water. We talk about Perkins Canal like it's this big thing on the hill that we have to revere and bow down to when there's a greater urgency for aging water infrastructure, clean, safe drinking water throughout our entire state. I don't know about you all, but I think one of our primary duties is to make sure that we provide safe, clean drinking water to the people in our state. And why isn't that a priority? Why is everybody just paying attention to the Perkins Canal? A lot of that funding would go a long way to assisting many communities all across the state of Nebraska. I'll have the pages make a copy of this when I clean it up, and, and I'll have them send it out to you so that you can see.

ARCH: Time, Senator.

RAYBOULD: Thank you, Mr. President.

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

FREDRICKSON: Thank you, Mr. President. Good evening, colleagues and Nebraskans. So I've continued to listen to debate, continue to appreciate all the discussion that's been had around the budget. I know we're somewhat nearing a vote here, and I-- you know, honestly, I think-- I, I, I likely will be PNV on this first round of debate if, if not only for the fact that this is not a balanced budget currently and there's still questions for me, at least, as to how the balancing will be done in the next round, so. I'll continue to listen to that. I also want to highlight quickly the attention-- or, bring some attention to the handout that Senator McKinney had passed out a bit earlier. I know it's been mentioned that all of the agency requests and budget requests have, have been honored and have been made, but I think the handout is, is, is pretty telling. It, it speaks a little bit about some of the requests that the executive branch had sent out to department heads for those cuts. That includes the Lieutenant Governor's Office, it includes the Department of Revenue, Department of Agriculture, the Fire Marshal, DHHS, the Department of Veterans Affairs, Department of Natural Resources, the military, Department of Correctional Services, State Patrol, kind of five-- actually, over two years, a cut of \$5 million to State Patrol. Didn't realize we were defunding the police. It's also got in here the Department of Economic Development, Crime Commission, Energy and Environment. So there, there are a number of, you know, tightening of these budgets even though this isn't in the appropriations-- that these are, these are requests that are coming behind the scenes from the executive branch that I think we should be paying attention to and, and taking into consideration while we are debating this budget. So with that, I will yield any remaining time that I have to Senator Conrad.

ARCH: Senator Conrad, 3 minutes, 15.

CONRAD: Thank you, Mr. President. And thank you to my friend, Senator Fredrickson. And again, good evening, colleagues. So just wanted to reiterate, as we open up a broader context for both our budget deliberations and corresponding Revenue bills that should take up the bulk of our remaining days in session and our-- the most-- among the most important aspects of our work-- so they should be deserving of significant deliberation. I also just want to reiterate a few things. So we're in a historic swing from surpluses to deficits in one of the shortest period of time, according to the metrics in our budget book, at least since the 80s. That is, that is absolutely self-inflicted by the governor and his allies in this Legislature who have put forward unsustainable, unaffordable tax cuts for the wealthiest corporations and individuals and who have spent wildly on pet projects with no thought about how to take care of critical obligations. At the same

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time, this budget is propped up upon a missing year of property tax relief that this body either inadvertently or intentionally clawed back to the tune of tens of millions of dollars from hardworking Nebraskans who were counting on that property tax relief. But some of my colleagues have no, no regard for those legitimate concerns that have been brought forward. Additionally, it's well-established that over 30% of Nebraska-- do-- Nebraskans don't own property. And it is absolutely incorrect that the only way to achieve significant property tax reform is to increase taxes on Nebraska businesses or families. That is poor tax policy. That is a tax increase and shift. That is not true tax relief. That is widely panned not only by progressive tax experts but indeed by conservative tax experts. And my colleagues and I in the Legislature who have come forward with constructive solutions to address the structural imbalance that has been created by Governor Pillen and his allies in the Legislature and that is looming larger in the outyears have said, let's look at new streams of revenue. Let's let the people vote on online gaming. Let's let the people vote on taking a sensible approach to our marijuana laws. Let's regulate and tax instead of ban CBD products, as was the governor's proposal just 200 days ago. Let's pause unaffordable tax cuts for the wealthiest Nebraskans or the largest corporations. Let's limit property tax payments to homeowner-- home-- homeowners instead of shipping that out to out-of-state absentee landlords. There's a host of constructive, thoughtful, bipartisan solutions that are well-grounded in Nebraska common sense--

ARCH: Time, Senator.

CONRAD: --and that would help to address our structural imbalance without regressive tax increases. Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. Senator Clements, I wonder if you would yield to some more questions since we sort of got cut off.

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

DeBOER: So Senator Clements, we were talking about, last time on the microphone, that we don't, in the blue book, quite have a balanced budget in part because-- no fault of yours-- we got the Forecasting Board news. It wasn't good. We got that at the last minute, so you still have to work on this. I don't remember, is it normal to have a

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printed budget book like this and have it not be balanced? Is it normal to have to balance between General and Select? I don't--

CLEMENTS: No.

DeBOER: I don't have-- I'm not on Approp-- so I don't remember.

CLEMENTS: Yeah, this is my ninth year on Appropriations. Usually, we've had a little bit of an, an increase in April but never had such a big decrease at all. This is unprecedented. So usually the budget book comes out balanced.

DeBOER: So--

CLEMENTS: And this would have been without the forecast re--

DeBOER: So, so the idea or the plan going forward would be you would present something to us on Select-- I'm just trying to understand the procedure. And if we don't take it, if the body says no, that isn't the answer, then what happens?

CLEMENTS: Well, we're required to have a balanced budget by sine die, the last day that we adjourn. And the governor does have ability to veto and reduce items to balance the budget. That would be one possibility if, if we're-- if we refuse to do it. Or he can call a special session.

DeBOER: Those sound like two not very enticing possibilities.

CLEMENTS: No.

DeBOER: So I guess my point was, if you come back and say we're going to balance the budget by taxing all people with the first name Wendy 100% of all their earned income or whatever, something really crazy. And Rob-- all the people named Wendy or Rob, 100% of their income, then-- the body hopefully would reject that. There's enough people named Rob. Maybe they would. So then if that's the case and we reject it, we would go back to the blue book because we wouldn't have-- so how would we then-- I mean, we don't have time after that to create an alternative. I mean, I suppose that day you could scramble around. Are you going to provide us menu options? Like--

CLEMENTS: Yes.

DeBOER: --here's our first one; if that doesn't work, this one?

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CLEMENTS: Yeah. There is a, a list of items that the committee did pass over and did not take from the governor's recommendations of cuts and savings. There is a list that would have more on it.

DeBOER: That's what I've been calling the murder list.

CLEMENTS: Yeah, that's-- yeah, not preferred. We prefer to do the more painless approach.

DeBOER: OK. And then the other piece that you said that has me concerned-- and I wasn't going to come back on the mic necessarily, but I'm a little bit freaked out now thinking about the fact that we're balancing our budget ultimately on the rainy day fund, which is our savings account, and these cash funds, which are one-time funds, and it's a little bit like saying we're going to have our household budget balanced on the coins we find in the couch cushions and our savings account, and I'm a little nervous about that. We are not in particularly dire economic times, is that right?

CLEMENTS: Right.

DeBOER: So it would seem like balancing our budget on our savings account when we're not in dire economic times is-- I mean, if you had a, a family coming into you at your bank and asking, hey, help me with my finances, and you saw that they were draining their savings account to pay for their daily expenditures, would that give you pause?

CLEMENTS: Well, what we have is-- this budget will end June 30, 2027, and income tax rates will have plateaued by that time. And after that point, I believe our Fiscal Office is projecting 6% increases in revenues. And I believe that pinch point then will be over.

DeBOER: So this is because of the income tax cuts right now.

CLEMENTS: Part of it.

DeBOER: So if we paused the income tax cuts, then we wouldn't have to borrow from our savings account?

CLEMENTS: We'd probably still have to do some but not as much. But the main problem that we've had is uncontrollable things, like the FMAP--

DeBOER: Sure.

CLEMENTS: --and the forecast.

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DeBOER: But the amount that-- because I remember standing at this very microphone a few years ago when we started the income tax cuts saying, look, our green sheet says we're going to be in the hole by-- I think it was 2026, but we beat the odds by a year. And now we're in the hole in 2025. We did kind of--

ARCH: Time, Senator.

DeBOER: --know this was coming. Thank you, Mr. President.

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

GUERECA: Thank you, Mr. President. Just following along with the debate. You know, I-- definitely concerning that we're filling holes created by income tax cuts for our wealthiest citizens and looking at solutions like raiding our savings accounts, draining our, draining our rainy-- going after our rainy day funds and possibly looking at other aggressive forms of taxation that does create an undue burden for our hardest-working Nebraskans. So definitely will continue to follow on-- along with the debate. But for now, I'll yield the remainder of my time to Senator John Cavanaugh.

ARCH: Senator John Cavanaugh, 4 minutes, 20.

J. CAVANAUGH: Thank you, Mr. President. Thank you, Senator Guereca. So I asked Senator Guereca for a little time. I had a few other things I wanted to say. I think we're going to be done on this bill soon. I'm going to be a no at the bill-- on LB281 [SIC] and AM832 at this point in time for a number of reasons. You know, I-- I'm not in agreement with all of the choices that are being made, but I also was just sitting here looking through the constitution and have a couple conversations. You know, when we all get elected-- when I got here, we went up to the front and, you know, did it in the front, raised our hand. And then the second time, I stood back in my seat. When we raise your hand, and you swear to uphold the Constitution of the State of Nebraska and, you know, that the constitution requires us to pass a balanced budget. And I know that Senator Clements just said it has to be by sine die, which is, I think, true because the constitution really only says that our-- that we, we have to balance a-- pass a balanced budget. Our rules state that you have to have the budget reported by day 70, and then it has to-- it has to be passed final read by die-- day 80. And we have 90 days in this session. So we have those days to pass a budget. But again, the budget can come up again and again. My point is that I'm not going to vote for this budget because it's not balanced at this point in time. We're told that there's going to be a

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amendment on Select. I think we could maybe not advance this bill and take it up again on General File and have another eight hours of debate on what we're actually talking about. We've had a lot of conversations about what's in this budget, about what cuts and choices are being made already, but there's going to be even more painful cuts in the proposal that's coming forward. And so I don't see-- I don't think it's faithful to the-- to our constitutional obligation to advance a non-balanced budget, and I don't think that it's in our interest to move to Select unless we're going to take up four hours of-- or, eight hours of debate on Select. That would maybe be a different question. But the budget we're going to talk about actually adopting is what's going to be that amendment on Select. And as I've said a few times in this conversation-- I see the queue's kind of deep right now. But as I've said a few times in this conversation, I think that, that some of the choices for cuts-- where we're choosing to cut is short-sighted and that I would like to see us take a different approach at where we find this revenue. And there have been conversations about finding other revenue from other places, other sources, and I will continue to oppose raising taxes on small business owners and working people in the interest of paying for some of these other decisions that we should revisit. But also I, I heard Senator Raybould talking about the Environmental Trust earlier, which is another one of my passions, is defending the Environmental Trust. And I don't think we should be taking money out of the Environmental Trust for a lot of reasons, but-- not the least of which is that the voters approved a, a lottery, and part of that was to fund protecting our environment. And the Environmental Trust has done so many great things over the years. And just recently, they've started-- or, stopped giving out money for these projects. There was a project-- it was not Scottsbluff. It might have been Chadron-- that is a recycling project that had been funded for years and years through the Environmental Trust, or part of it was funded through that, and helped with their local recycling. And that was cut in-- two years ago, I think, in the grants. And they have stopped funding acquisition of land to put into easements for protection of habitat. And all that money is being purposefully stored up there so that then it is swept to backfill very, very meritorious projects but that we should be funding on General Fund. So we're shifting, dominoes falling, to take money away from long-term, small projects that really make a difference and help, and we're doing it in the interest of making sure we don't need to take money from vanity projects. Thank you, Mr. President.

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

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ANDERSEN: Thank you, Mr. President. I find it encouraging that half a dozen to ten senators are actually talking about property tax relief. Because I know, as I campaigned for 17 months and knocked on over 11,000 doors, that's the number one issue I heard from virtually everything, is that property taxes-- we've got to stop the bleeding, it's forcing them out of their houses, and everything else. One of the interesting comments from Senator Dungan is that we don't seem to have any real, meaningful conversation in this Legislature about how to actually provide tax relief. One thing I would like to point out is that I do have a priority bill, LR12CA, that does that. It freezes the property evaluations at either 2025 levels, the price of the house, or the cost to build the house. And the value doesn't change. It then also states that the annual year-to-year property tax increase will be the lesser of the current rate of inflation or 3%. What this does is it basically stops the bleeding. It stops the out-of-control valuations. And it makes it predictable for families to understand that their bill is going to go up less than 3% every single year. And they, they can design and be predictable in their budget, their family budget. So right now, LR12CA is stuck in Revenue Committee even though it's my priority bill. So if there is any consideration for actually considering a bill, LR12CA is sitting there in Revenue, can be voted out, and we can move forward with getting some property tax relief. With that, Mr. President, I'll yield the rest of my time to, Senator Moser.

KELLY: Thank you, Senator Andersen. Senator Moser, 3 minutes, 23 seconds.

MOSER: Thank you, Mr. President. And thank you, Senator Andersen. Good evening, colleagues and Nebraskans watching our debate over the budget. Well, when you're talking about a \$5 billion budget, there are, I don't know, a million different variations of all the possible things that you could change or increase or cut. And the Appropriations Committee has done their best to come up with a package that works. They worked on it almost every day, and they put way more time into it than the rest of us have had time. And I really appreciate their work. And I think we should honor their work by supporting what they want to do. We're required to bring the budget to the floor at this time in the session. We have no choice. This is commanded of us, that we have a budget to debate at this time. And we had no way to foretell that forecasting was going to come up \$300, \$400 million short of what we need to fund the budget. So again, if we would have built an extra \$300 or \$400 million in the budget and then take it out if we didn't need it-- and I'm talking about revenue-- that would have looked silly. So they looked at the budget and they put together a package that they

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thought was sensible, defensible, workable, and then forecasting blew it out of the water by being-- their forecast is of less revenue. And they very well could be right, so I'm not blaming the forecasting committee. They, they did their best to predict where we're going to go. So, you know, we could come up with lots of possibilities, but this is the one we have before us. I think I'm going to support AM832. And I'm going to support the main budget bill, LB261. Much has been made about the cuts in income tax, but everybody pays income tax if you make money in Nebraska. So cutting income taxes helps everyone. Down the road, we have the opportunity to change our budget again, change our revenue-- everything is programmable again in the future. But for where we are right now, this is the best plan forward, and I encourage all my colleagues to support it so we can move on to the further discussions of how we finish the budget. Thank you.

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

RAYBOULD: Thank you, Mr. President. I just want to continue my discussion about the water needs in our state. And the pages were nice enough to pass out the handout that I was talking about. It was accumulation of all the requests in the 2024 State Revolving Fund for clean water and drinking water. So I, I just want us all to be mindful of that. And I also wanted you to be mindful of that we've taken \$11 million this year and \$11 million next year-- a total of \$22 million-- out of funds for requests that exceed \$2.3 billion. I also want to stand up and say I agree with Senator Andersen. I can tell you I've walked thousands of doors. Thousands of doors. And, you know, people brought up property tax relief. Please, property tax relief. But you know what? Maybe one, maybe two people brought up income tax, maybe. I just-- I don't even recall those conversations. Nobody talked about income tax, like, oh, my God, income tax rates are so high. Nobody did that. It was always property taxes. But here we are dealing with that self-inflicted budget deficit for the accelerated income tax rate reductions. You know, we approved it prior to us-- prior to me coming on board in, in 2022-- an income tax rate reduction for the top two tiers of the wealthiest in our state and corporations. That's something I didn't support from the beginning, because I saw that it was not sustainable. And I remember talking to Senator Linehan, and I said, Senator Linehan-- well, I'll, I'll just tell you what I said. I said, Senator Linehan. I said, you know when there's a parentheses around a number, that's a negative number, right? And she was like, yeah. And then I said, OK. But if you look at the outyears and the next biennium and the biennium, those numbers are increasingly negative. And I said they're not sustainable. I said, you have just kicked the can down the

road. This is something-- you're going to be gone, and then this is something that we're going to have to dig out of. And she just shrugged her shoulders. Now, to me, that was the wrong response, and I adamantly fought that accelerated income tax rate reduction, because it's the wrong-- it was the wrong thing to do. However, here we are, standing before you-- I kind of started out this morning talking about what I think we need to do, but the reality is it's going to be a combination of everything and a few things of other stuff that we don't necessarily like. I do not like removing some of the sales tax exemptions at all. At all. Because that hits hardworking Nebraska families where they're struggling right now. And when I, when I think of the accelerated income tax rate, that's the top two tier of the wealthiest people and corporations. They can absorb that. And that would help our budget deficit not only in this biennium but the next biennium. So I'm willing-- we're going to have to come up with a combination of sales tax exemptions that we can live with, of-- obviously, we're going to have to pull back on the income tax rate reductions. I supported the revenue adjustments that came out of the Revenue Committee because we have to do that. There are things on Appropriations that I've, I've addressed that I think are wrong, particularly taking money from the Water Sustainability Fund, \$22 million. I think that's wrong. And, you know, I think we have to look at the Perkins Canal. You know, I know it's not \$500 million. I know it's not that. But it could be \$100 million. And I'm hoping Senator Clements might yield to a question.

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

CLEMENTS: Yes.

RAYBOULD: Senator Clements, could you tell us what is the difference between taking \$100 million from the cash fund versus \$100 million from the Perkins account?

CLEMENTS: Well, it pre-- preserves the Perkins project. And the Cash Reserve is unallocated money. Perkins has already been earmarked.

RAYBOULD: OK. Thank you. Even though we know that the cost of Perkins County Canal is not even close to what we have put away and that the Perkins County Canal Project is going to be tied up for, we'll say, at best 15 years, and at worst, more than 20. So the last thought is we're going to have to look at a combination of everything, including delaying the construction start of the jail, \$100 million from Perkins County Canal, revenue adjustments that we have voted on, and pulling back on some of the appropriations. Thank you, Mr. President.

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KELLY: Thank you, Senator Raybould. Mr. Clerk, you have a motion on your desk.

CLERK: I do, Mr. President. Speaker Arch would move to invoke cloture pursuant to Rule 7, Section 10.

KELLY: Speaker Arch, for what purpose do you rise?

ARCH: Call of the house, roll call vote, regular order.

KELLY: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please record-- return and record your presence. All unauthorized personnel, please leave the floor. The house is under call. All unexcused members are present. Members, the first vote is the motion to invoke cloture. All those in favor vote aye; all those oppo-- there's been a request for a roll call vote. Mr. Clerk.

CLERK: Senator Andersen voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting yes. Senator Conrad voting no. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting no. Senator Fredrickson not voting. Senator Guereca not voting. Senator Hallstrom voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Juarez not voting. Senator Kauth voting yes. Senator Lippincott voting yes. Senator Lonowski voting yes. Senator McKeon voting yes. Senator McKinney voting no. Senator Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Prokop voting yes. Senator Quick not voting. Senator Raybould not voting. Senator Riepe voting yes. Senator Rountree not voting. Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey not voting. Senator Storer voting yes. Senator Storm voting yes. Senator Strommen voting yes. Senator von Gillern voting yes. Senator Wordekemper voting yes. Vote is 35 ayes, 6 nays on the motion to invoke cloture, Mr. President.

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KELLY: Cloture is invoked. The next vote is on the adoption of AM832. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 5 nays on the adoption of the amendment, Mr. President.

KELLY: AM832 is adopted. The next vote is to advance LB261 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 37 ayes, 6 nays on advancement of the bill, Mr. President.

KELLY: LB261 is advanced to E&R Initial. I raise the call. Mr. Clerk.

CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB288 as correctly engrossed and placed on Final Reading. Additionally, amendment to be printed from Senator von Gillern to LB707. That's all I have at this time.

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

CLERK: Mr. President, next item on the agenda: Legislative-- General File, LB264 introduced by Speaker Arch at the request of the governor. It's a bill for an act relating to government; amends Section 43-2607, 48-3405, 50-501, 57-1411, 72-2401, 76-3219, 77-2911, 77-40-- 4310.01 [SIC-- 77-4310.03], 79-810, 79-1021, 79-1064, 79-1104.02, 79-2510, 79-3501, 81-302, 81-407, 81-1210.04, 81-1211, 81-1213.02, 81-1216, 81-1230, 81-12,176, 81-12,177, 81-12,178, 81-12,182, 81-12,185, 81-12,187, 81-12,193, 81-12,243, 81-12,245, 81-15,168, 81-15,174, 81-15,175, 82-139, 84-612, 85-1643, 85-1640-- 43, 85-1654, 85-1920, 85-2009, 86-324, 86-333, 86-1028, and 86-1403, Reissue Revised Statutes of Nebraska, Section 8-604, 13-3315, 29-1823, 37-1804, 48-621, 55-901, 60-3,201.01, 60-1505, 60-1513, 61-218, 61-305, 61-405, 66-2308, 68-911, 68-996, 71-5328, 72-1001, 75-109.01, 75-1101, 77-4025, 77-6919, 77-6928, and 77-7304; provides for, changes, and eliminates provisions relating to investment and transfer funds; change provisions of the Nebraska Environmental Trust Act and the Nebraska Transformational Projects Act; provides for termination and applicability of the Urban Redevelopment Act; eliminates provisions related to translation service under the Medical Assistance Act, pilot program regarding patients with complex health needs, and reimbursement of counties for, for defendants lodged in county jails; eliminates the Nebraska Broadband Bridge Act, Nebraska Geologic Storage of Carbon Dioxide Act, the Nebraska Nonprofit Security Grant Program Act, the Prescription Drug Donation Program Act,

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the Resilient Soils and Water Quality Act, and the Small Business Assistance Act; eliminates obsolete provisions; and provides an operative date; repeals the original section; outright repeals Section 2-405, 2-406, 2-407, 2-408, 2-409, 2-410, 57-1601, 57-1602, 57-1603, 57-1604, 57-1605, 57-1606, 57-1607, 57-1608, 57-1609, 57-1610, 57-1611, 57-1612, 57-1613, 57-1614, 57-1615, 57-1616, 57-1617, 57-1618, 57-1619, 57-1620, 57-1621, 57-1622, 57-1623, 57-1624, 68-1010, 71-2496, 71-2497, 71-2498, 71-2499, 71-24,100, 71-24,101, 71-24,102, 81-829.06, 81-829.07, 81-829.08, 81-829.09, 81-829.10, 81-829.11, 81-12,232, 81-12,233, 81-12,234, 81-12,235, 81-12,236, 81-12,237, 81-12,244, 84-622, 86-1301, 86-1302, 86-1303, 86-1304, 86-1305, 86-1306, 86-1307, 86-1308, 86-1309, 86-1310, 86-1311, 86-1312, and 86-1313; and declares an emergency. Bill was read for the first time on January 15 of this year and referred to the Appropriations Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Clements, you're recognized to open.

CLEMENTS: Thank you, Mr. President. I want to again thank the Appropriations Committee members and the Fiscal Office for their hard work on the budget bills since we started in January. This is a second bill which also is needed to be able to get our budget balanced with fund transfers, and we've discussed those some before. But LB264 is the governor's biennial funds transfer bill for the Cash Reserve and other cash funds. The committee started with the governor's recommendations as outlined in his red executive budget book in January. The committee preliminary report contained those changes that were approved by February. The Appropriations Committee advanced LB264 to General File with committee amendment AM835 on an 8-1 vote. That ends my remarks on LB264. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. As stated by the Clerk, there's a committee amendment. And you are recognized to open on the committee amendment, AM835.

CLEMENTS: Thank you, Mr. President. The committee amendment 8-- AM835 is a white copy amendment which contains the Appropriations Committee's recommendations on the funds transfers. In the governor's General Fund status on line 9 of page 7 of his red book, he proposed to transfer amounts from a number of cash funds to the General Fund. The proposed transfers were in the current and next two fiscal years. The committee approved many of the transfers but reduced some of the fund transfers when they did not appear sustainable. These transfers are used to help

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fill in the budget shortfall of \$432 million that we started with, shown on the status in January, without making cuts to agency operations. Again, an analysis of the balance and sustainability of these cash funds was performed so that future annual fund expenditures from these funds can be maintained. Page 16 of the blue budget book shows the General Fund transfers in from various funds. The totals transfers in are \$10.5 million in this fiscal year, \$139.7 million in the first year of the budget, and \$10 million in the second year of the budget-- total of \$160 million for this in the next two fiscal years. The committee statement on LB264 also lists the transfers on pages 2, 3, and 4 with detail on each of those fund transfers. There are too many to describe individually, so I'm not going to go down the-- that long list, but you can look at them either on the committee statement or in the blue budget book. The April forecast then reduced projected revenues by \$280 million, lowering the fiscal year 2027 ending balance to negative \$396 million. The current General Fund status shows a \$262 million shortfall if you look at the green sheet. After the April forecast, the committee identified additional cash fund transfers and approved a Cash Reserve transfer. Those changes will be in a Select File amendment, as they were not done in time to introduce on General File. The Cash Reserve transfer will maintain the fund-- the Cash Reserve Fund in an acceptable range above 12%. Page 8 of the committee statement for LB264 shows one bill that was adopted into AM835. LB451 from Senator Prokop transfers \$1 million from the Unclaimed Property Trust Fund to the Capitol Restoration Cash Fund beginning in 2026, ending in 2035. This is for maintenance of the State Capitol building. As I said earlier, the current General Fund status is negative \$262 million. That's down from the \$396 million after the April forecast. The Select File amendments for LB264 will bring the General Fund balance slightly above zero, and we'll be getting that on Select File. We did check with Fiscal to see if there was time to get a amendment to Bill Drafters on General File, but it was such a short time before we had to get the bill to the floor that there was not time. And this is unprecedented to have such a decrease in the April forecast. But on Select File, we will be bringing a balanced budget amendment at that time. I did hear the Clerk mention in the title the Prescription Drug Act being terminated, but that-- there was action taken at one point to reduce the Prescription Drug Act funding, but then later on the committee did reverse that and continued the funding for that program. So with that, I-- that's all my comments at this time on LB264. AM835 is necessary to continue the balancing of our budget. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Mr. Clerk.

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CLERK: Mr. President: Senator Meyer, I ha-- I have AM1247 with a note that you would withdraw.

KELLY: So ordered.

CLERK: In that case, Mr. President, Senator Raybould would move to amend with AM1245.

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

RAYBOULD: Thank you, Mr. President. I stand in opposition to AM835 and LB264. Some of these ideas, we've, we've talked about a lot. I know in AM1245 I'm asking for up to \$500 million from the Perkins Canal. This is exactly what I did in front of the Appropriations Committee knowing full well that I would leave a balance enough to take care of the reservoir, which I think is the most critical element to commence with at this point in time. Again, I put it there as a placeholder so that we would continue the discussion about our budget and the budget deficit. This I did not take lightly, and I wasn't being flip about reintroducing this for your consideration. I feel very strongly that if we're going to be dealing with a budget deficit and if we're looking at all other funds to, to tap into, that I think it's only fair that Perkins Canal be considered as well. I also have other floor amendments coming up for your consideration that does not take \$500 million. You've heard me talk earlier today to take about \$100 million. Again, that goes to my original comments I started out early this morning with and I finished at our, our last legislative bill, LB261, because I think it's important that we keep an open mind and that we look at all options on the table. I know that, as a county commissioner, dealing with budget deficits-- and, as a city council member, everything should be open. And that's why I was very supportive of the Revenue Committee's initiative and I was very supportive of looking at the, the teachers pension fund as well to be in consideration. But I think, in addition to looking at the Perkins Canal, I do think we need to review and reflect on the accelerated income tax rate reduction. But I'm just going to go ahead and jump right into Perkins Canal once again, and, and-- to share with you the reasoning behind it. And If I don't finish now, I think many of the things you've heard me state before, but-- I know some of my colleagues are saying that the Coloradoans are watching us on TV, and, yeah, I'm pretty sure they're watching us on TV. And like I stated before, I do support the Perkins County Canal Project, but I think we need to do a restructuring and reordering and an urgency, and here are some reasons why. I wanted to point out in several of the handouts-- I know you have received the handout of all the water demands in the state of Nebraska-- and I better ask the page

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to help me hand out the rest of them. So I wanted just to talk again briefly about the Perkins Canal. I support it. I believe there's urgency to build the planned reservoir component of it to capture the surplus water flows. There is an urgency of dealing with the \$2.3 billion and growing requests from communities all across Nebraska. There's urgency in dealing with our self-inflicted budget deficit. And lastly, going forward, I ask you to look at these things I'm presenting to you for your consideration. The reason why I talk about the surplus water flows: we do have access to those. And I encourage you, if you have time as we continue this debate, to go on to the Department of Natural Resources website. They talk about Perkins Canal. There is a video that talks about the surplus water flows. And they also have mentioned in the surplus water flow several times that this was not accounted for in the earlier cost-benefit analysis that they did for the Perkins Canal. They repeatedly stated that the \$500 million of economic benefit was not included in the original cost-benefit calculations but is an add-on to the estimated detailed benefits. Why is this important? Certain flow quantities are needed for electrical generation and hydropower and for maintaining water flows necessary to protect our wetlands and wildlife and our environmental obligations. Most importantly-- and the relevance of the Perkins Canal Project explicitly and specifically addresses the vital source of irrigation for our agriculture community, and irrigation in addition is essential in recharging our groundwater with the return flows. The years it will take to resolve what is just starting to be a prolonged legal battle with Colorado, and combined with the onerous environmental impact statements in the Army Corps of Engineer requirements, necessitates that we push forward as quickly as possible with the additional single reservoir construction that has always been part of the Perkins Canal Project, with a budgeted cost for up to two reservoirs. We must also be in compliance with WOTUS-- which is Waters of the United States-- requirements on top of the other environmental regulations that requires additional scrutiny and time. This is something that was not evidenced in the Republican River Project. And that lawsuit, you've heard me say, lasted 19 years. And that was after a special masters was appointed at the U.S. Supreme Court. 19 years it took to resolve that. And the Republican River issue was so much less complicated. There was no eminent domain issues involved whatsoever. In-- with the Perkins Canal Project, we have eminent domain not only on the Colorado side but on the Nebraska side as well. And on the Nebraska side, it's some very good irrigated ground already, so that will also be a contentious way of trying to acquire the land even for easements rights. So I want to just tell a little bit-- we've already talked about the Perkins Canal, but it does permit diversion and storage during both the non-irrigation

dates and the irrigation season when there is surplus water available, meaning any water flows above 102-- 120 cubic feet per second. Keep in mind two things: that a hard winter freezes the flow of the Platte River and the river has had the seasonal, unpredictable flows and flooding for centuries. Having established that, the last 20 years have demonstrated an increase in these surplus flows. I also want to review briefly that some of the heavy water flows documented-- if you watch the film, surplus water flows, on the Department of Natural Resources website-- 1980, 1983, 2013, 2015, and most recently in 2023, all these surplus waterflows increased above the 120 cubic feet per second. It would have been really nice if we would have had a reservoir back in the '80s so that we could actually capture and store and release during the irrigation season when our, our farmers would have a need for that. The requirement per Article IV of the compact requires that there must be maintained at 120 cubic feet per second in the river. In 2023, the water flows in mid-May were 900 cubic feet per second. But in late June, because of the torrential rain that created flooding not only on the Colorado side but also on the Nebraska side, it reached 9,000 cubic feet per second, exceeding what we can currently and lawfully have the capacity to store. Currently, we do not have the ability to store this type of water flows so that we could benefit from it in the future. To understand this amount of water, it was called out to be 72,500 cubic acre-feet of water. And again, I gave you the references. It's about 240 times the size of Memorial Stadium. Controlling and capitalizing on this stored water supply is essential to help become another funding source for the other essential costly components of the Perkins Canal Project to achieve the sustainable water supplies for Nebraska in the future. And I really want to emphasize this: that is why the reservoir is the most critical component to be able to capture those surplus water flows and to actually find a way to monetize that and help create that funding source. Urgency for dealing with the \$2.3 billion in annually growing financial assistance requests from communities across Nebraska for safe, clean drinking water-- I passed that out so that you could look and see in your district how many issues that we are dealing with. I'm going to jump ahead and go onto the handout that I presented to you so that you have a little bit of time to study what the accelerated income tax rate reductions look like and why I want you to consider. If you look at the one for LB754, which accelerated the income tax rate reductions-- and I marked some arrows-- you can see, in fiscal year '25-26, it looks like we have a negative revenue source of \$423 million. That's partly impacting what we're dealing with right now. As I stated before, this type of accelerated income tax rates are not sustainable and will continue to plague us not only in this biennium but in the next biennium in trying to balance our budgets. And

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so for these considerations, I hope you look at AM1245 more favorably and think of it as one of the elements that we have to include. Thank you.

KELLY: Thank you, Senator Raybould. Senator Spivey, you're recognized to speak.

SPIVEY: Thank you, Mr. President. Again, good evening, colleagues. I was in the queue before cloture. And I wanted to pick up just on a piece of conversation that I think still plays a part into LB264 as it relates to the revenue in our outyears and what does it look like. And I wonder-- is Senator Dungan available for me to ask him a question?

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

DUNGAN: Yes.

SPIVEY: OK. Thank you, Senator Dungan. So one of the pieces that I was appreciative of is that Appropriations and Revenue had time together-- we had a joint meeting to look at the outyears. And you specifically asked a question around how it's calculated, around what our revenue looks like, being a member of the Revenue Committee, and that was specifically around, like, the 6.3%. And is that what Fiscal is calculating as what we will have or what we need based on the model? And I hope you could provide more insight into your question and specifically that piece.

DUNGAN: Yeah. So I, I appreciate that question, and I know we've had a couple of chats about this as a committee and then also in that joint hearing. So if you'll allow me just a couple seconds here to try to give some background.

SPIVEY: Absolutely.

DUNGAN: So on the General Fund financial status, on the green sheet, there's a line-- it's line 25-- and that's the estimated revenue growth. And you look at that, and it breaks down by year. And so that's essentially adjusted for rate and base adjustments. That is the anticipated growth that you see for each of those years. So '24-25, you see revenue growth of 2.5%; '25-26, you see revenue growth of 3.9%; '26-27, 5.5%; and then for the following biennium, you see for both of those years 6.3% estimated revenue growth. So essentially, the crux of my question is, the 6.3%, is that because we actually-- you know, for some reason, based on the Forecasting Board or an analysis of the economy, believe that it's going to be 6.3%? Or, why is that number

there? And what I think we heard during that, that meeting-- and I've confirmed with Fiscal-- is, for the outyears, for that following biennium, that 6.3% is what our revenue growth would have to be in order for us to meet, I believe, a five-year average growth. So for example, because-- for '24 through '27, our revenue growth is at a certain amount. In order to hit the five-year average, we would need to be at a 6.3% growth for both of those years. So it's not saying we've looked at, you know, the numbers, the data, based on what we're looking at the economy. It's just, over a five-year average growth, 6.3% is how high we'd have to be. So my concern and the reason I asked that is I think that represents a relatively "sunshiny" belief that we're going to continue to see that kind of growth. And certainly, seeing sustained 6.3% growth over two years had me concerned if others in the body were looking at that and saying, oh, don't worry, everyone. We're fine. We're looking at 6.3% growth. I, I just want to make sure we understand that that's what the number would simply have to be at to hit that five-year average.

SPIVEY: And So do you think it's fair to say, in that joint meeting, that that 6.3 number is based on the, the mode and method for calculating that average and not that it's an actual forecast of we will be at 6.3%?

DUNGAN: That's my understanding. It's part of that five-year average calculation as opposed to, yeah, looking at some other estimates.

SPIVEY: So thank you, Senator Dungan. And so I just wanted to uplift that because there was just some remarks before cloture around that that is what we are forecasted to have as revenue. And again, I appreciate the conversation and dialogue and clarity that Senator Dungan just brought-- because he specifically asked this question in our joint hearing around, is that, again, the model? Or is that actually what is being predicted? And it is the former. It is the model that is used over this average running period. It does not mean that our revenue will be at 6.3%. It doesn't mean that it will need to be higher or lower. It is used just for the calculation. And so it could feel misleading if folks are not interpreting that the right way, and I want to make sure that we have that concrete grounding and the facts of how it's used for our budget purposes and that it's not a true prediction. Thank you, Mr. President.

KELLY: Thank you, Senator Spivey and Dungan. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I wanted to talk a little bit about the income tax reductions and the fact that it's not just benefiting the rich. I looked up the amount of money you have to have to be in the top tax bracket in Nebraska; if you're a single person, it's \$29,000, then you hit the 5.84% rate, which is going to be down in 2025, but it's the max rate. A person earning \$29,000 is about minimum wage, about \$13 an hour, I believe. And if they're married, it's \$58,000 is where the 5.84-- the maximum rate would kick in. So people in those income levels, when the rate goes down to 5.24, are going to get a benefit. And so it isn't just in the upper income brackets. It's for very lower middle-income people too, and so I wanted to clarify that. Then regarding the AM1245, I'm opposed to AM1245. The committee did hear Senator Raybould's bill and-- regarding taking the Perkins Canal money. There was a proposal to not do any work in Colorado but have a canal off of the South Platte into a reservoir and that would supposedly save money to do it that way. But the problem with that is that that does not satisfy the compact, and Colorado could just dry it up at the border-- at the Colorado border and not put any water at all in the South Platte for that canal that we would build only on Nebraska's side. And so in order to enforce the compact, we need to have the canal from Colorado into Nebraska to a reservoir, is what the agreement is. And if we don't do that, then there is going to be no water in that river to capture. And any amount of money that we would spend there would be wasted, in my opinion. And the diversion of the money for other water projects is not, not beneficial because the amount of water coming down the Platte River here in Lincoln and Omaha would be reduced once Colorado-- if we gave up on the Perkins Canal Project once they dry up that, as I heard Senator-- I think Senator Storm mention-- up to 10% of the water that's-- Senator Strommen mentioned-- yes, thank you-- that up to 10% of the water that comes to Lincoln and Omaha-- or at least to Lincoln-- is South Platte water. And that's a lot of-- that is a lot water. There's millions of gallons that Lincoln uses every day, I'm sure. So I-- I'm in favor of preserving the Perkins Canal Project as we have it. Earlier, you heard that we are using interest for these two years to the General Fund, but hopefully in the future, once the budget is not needing that, we'll put the interest back to the Perkins Canal Project so that, as inflation increases, we can have some increased funding naturally to cover increased costs. There is a lot of work being done on the Perkins Canal. I know a guy who's an engineer, a supervisor of engineers, and he told me he has 14 engineers working on the canal project now. And-- so it's not something in the future. It's being worked on. The design of it is already ongoing. And the Department of Natural Resources is acquiring land also in Colorado and Nebraska. And so it's not 15 years

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from now. It's going on now. So please do not vote for AM1245. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Good afternoon-- good evening, colleagues. And now we're finally talking specifically about the Perkins Canal. And I have a lot to say about that. I did want to address a few things that Senator Clements said about the income tax cuts. And I was looking for it-- and I'll keep trying to find it-- but we debated these income tax cuts in my first four years here repeatedly. And the, the first year, we, you know, took a little slice and then a little bit more. And the Revenue Committee kept coming back and saying, well, actually, we have enough money to keep doing this. And, as Senator Clements said, one of the things that-- you know, the top marginal tax bracket is somebody who is not rich. And I remember this conversation so many times while we were talking about that. And I brought a bill-- I think the other Senator Cavanaugh brought the bill-- a bill. I think Senator DeBoer brought an amendment at least that would raise the top marginal tax bracket to a higher amount so that, that the folks paying the highest tax rate were not people who were working just above minimum wage. And that was-- we were told-- I remember the first year, that was too expensive; we couldn't do that, it would have cost too much. By the way, where we are at now is way below that. I think it was, like, raise the top marginal tax bracket to \$250,000. And then the folks below \$250,000 would pay 4.5 or something like that. And now we're talking about taking the top two down to 3.99. Anyway, I tell you all that to say that, in that debate, I raised the issue repeatedly that we should do this, raising the top marginal rate, if we're actually concerned about people who are working for a living and not-- nobody that we consider rich. We could raise it to anything, like, three times the average income of the state of Nebraska. Or four times. So raise it up to something like \$250,000 and then above, right, would not get the decrease down to the 3.99%. That was not acceptable. But in that debate-- and this is what I'm trying to find-- is-- I was able to come up with the-- some stat where it was, like, the top 8,800 people in the state of Nebraska would be getting something like \$70 million in tax relief under the proposal, whereas one of these-- one of the working folks that Senator Clements was talking about are also caught up in this would get just the marginal difference in the reduction. Meaning that to go from, you know, 6.85-- which is what I think we originally started at-- down to 3.99, they would just get that-- you know, a little less than 3% reduction on the marginal difference. So if you're making \$80,000 and the bracket's at \$56,000, I think, for

joint-- filing jointly, you would just get a 2.8% reduction on that delta, right? So those folks are getting a few hundred dollars, which, you know, is not nothing, but what I'm talking about is, to get that type of tax relief, we have to pay out so much more money to people who are not hurting, people who are not even really clamoring for this. And so when we're talking about why do we have a budget crunch, it's not because of the working people getting a tax break. It's because the way our tax code is structured, we catch up the wealthiest 1% along with the people working at the margins. And that is why we have budget crunch, is because we do not deliver targeted tax relief and we refuse to deliver targeted tax relief. We bootstrap the wealthiest into tax cuts while we talk about and hide behind the working people. That is the problem with our tax code in this state. So if you want to give tax relief to the people Senator Clements just talked about, we should raise the marginal tax bracket up to \$250,000. Heck, raise it up to \$300,000. And then the folks above that, we pause the income tax reduction for them. Everybody below that gets the income tax reduction. That would save us a whole lot of money. It would be a much more equitable tax system. So I guess I'm going to have to push my light and talk about this again. You guys get me wound up on these sorts of things. Just get really excited talking about marginal tax brackets. But we-- everybody always stands up in this body and says, I'm worried about the working people. I'm worried about the people living at the margins. I'm worried about the poor. Then why do we not work to restructure the way we deliver tax relief so that it is targeted to these folks and that we don't have to pay for it on their backs? We're paying for that 1% tax reduction by increasing sales, use taxes, and small business taxes. That's why we have to do that, is because we couldn't change the structure of our tax code to give targeted tax relief. So that's it. So sorry. I will talk about the Perkins Canal the next time on the, the mic. I think I'm generally in favor of Senator Raybould's suggestion, but not specifically. So that's where I'm at on AM1245. Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. Colleagues, I am rising I think in favor of AM1245. Still listening to the conversation here. I appreciate the ability to fixate a little bit on the canal because I think it provides a lens with which we can view some of the other cash fund transfers that are contained in the proposal. So I'm, I'm diving into this a little more-- and I appreciate the ability of Fiscal and other friends in the Appropriations Committee being able to talk to me about what some of these cash fund transfers are and what they-- what the

reason for them is. Obviously, if there's money sitting around that, you know, people are saying is unnecessary, I think there's a conversation to be had. But I'm trying to get out of this some philosophical consistency between how we treat money that is set aside for a program over a period of time. And what I mean by that is-- you know, we're talking about the canal. And I appreciate Senator Raybould's amendment on this because the argument that I've heard from people who are wanting to not touch the canal money is that this was an investment and this investment was made and it was set aside for a particular purpose. And if we take money from that now, it might be difficult for us in the future to reappropriate those same funds. Now, I'm aware that the canal is a lot of money. And I understand that when we're talking about \$500-plus million, it may be difficult to find that at certain periods of time. But the idea is we set aside that appropriation, so we should utilize it for that purpose. But when you start to delve into these transfers from the cash funds-- and I'll, I'll admit I've not had a chance to look into each and every one of them because I know it would be too complicated even for the book, but I've asked some questions of folks about what these individual cash funds are supposed to be used for. You see things like a \$10.2 million transfer out of the Youth Outdoor Recreation Fund. Now, my understanding is that's money that was set aside to rebuild the 4-H camp due to the fires. And it sounds like there's been some issues in the length of time that that's going to take to build. And so there's been an, an understanding, or, I guess, this belief that we can actually reappropriate that money, that \$10.2 million, and then as the matching funds need to come from the state as that plan is developed, we can then pay them out in the future. I guess I understand that argument to an extent-- and I'm not necessarily saying I disagree with that. But if the money was set aside for that particular purpose and we're saying now that we can access it, that we touch that money because we need it immediately, then that seems to undercut an argument that a canal that might not be built for 20 years, we're not allowed to take a little bit of money off the top during an economic emergency, because that's exactly what we're doing with the Youth Outdoor Recreation Fund. Another one that particularly jumped out at me is this Trail Development and Maintenance Fund. And in the budget book, we see about \$450,000 being taken out of that for the fiscal year of '25-26. My understanding is that's a small amount. That's, that's essentially just, I think, interest that's being earned off of it. But I've-- I know there's some conversations about the possibility of, maybe at Select File, taking additional money from that. And it sounds like that might be due in part to an article that I read earlier today, I think in the Nebraska Examiner, about whether or not there's going to be a

connection of the MoPac Trail between Lincoln and Omaha. For those who were avid watchers of the Legislature, you know that I'm an avid cyclist and I like running and walking on the trails. And one of the things that I know we have fought very hard for as a legislature is to connect the trails between Lincoln and Omaha. And I think, as of the article I read today, it sounds like the Cass County Board has put a pause on that, which I know is concerning to a number of people. The Legislature appropriated \$8 million, I believe, to be utilized on that project between now and 2028. That project still could happen. In fact, it likely still will happen. There's already been an interlocal agreement, I believe, entered into. But if we are willing to take money from the Trail Development and Maintenance Fund simply because the project is not happening soon enough or right away, then, again, that seems to me to undercut the idea that we're not allowed to touch a long-term cash fund appropriation in the event that we're in a fiscal emergency. And so I, I, I say all of this to highlight that I appreciate Senator Raybould's amendment because it gets to a larger question of what is the right way to handle these cash funds. And if we, according to AM835, are willing to move money around from cash fund to General Fund in the event of fiscal emergency on a project that is going to take a long time to make or to complete, then it makes sense that AM1245 follow that same logic. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. Good evening, colleagues. Just a quick note because I had a few questions from some new members who've recently joined our body and-- so considering the gravity and importance of our budgetary deliberations as our only constitutional duty-- this is key to our separation of powers and checks and balances, right? The, the Legislature solely has the, the power of the purse, the power of appropriations. We have a balanced budget amendment that is critical to our fiscally conservative approach in terms of how we approach our budgetary deliberations. But generally, for a variety of different reasons, by constitution, by statute, by rule, by practice, our budget package comes forward in a group of bills kind of colloquially known as the mainline budget bill, the cash transfer bill, and then there's salary bills and sometimes deficit appropriation bill, et cetera. Generally, of course, there's specific, substantive amendments and debate on key components in the measure before us, like this measure, LB264, which represents the cash transfer components. But generally speaking, budgetary debates are in order-- always, of course, as the only deliberative body in the state-- but on any of the measures in the budgetary package. So just wanted to, to lift that up. So I

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wanted to also note a, a few other pieces here. And I think that debate and deliberation so that we have a clear record on things and-- so that we can share our thinking and perspective and positions with Nebraskans about how we approach important and challenging issues in our state are so helpful. Sometimes we're able to forge or seek or find or identify consensus through our deliberations and debate, and sometimes we're not. And we haven't found a lot of meeting of the minds on some of the proposals that have been brought forward thus far, and, and that's OK. It's always preferable to find a collaborative approach forward. But if we're unable to do that, I do think that the contrast of ideologies and positions is clear and crisp and sharp and helpful. I think it's helpful to show Nebraskans who's fighting against regressive tax cuts, who's fighting to keep tuition affordable, who's fighting to ensure that our criminal justice reform gets better results for taxpayers and for public safety, and who's propping up Kansas-style tax cuts for the wealthiest individuals and corporations while also seeking to increase taxes on seniors and working families and small businesses. So if we're not able to find a consensus or collaborative approach forward, the sharp, clear, crisp contrast and the accountability is critical. And I'm grateful for it, and I'm grateful it's been on display this whole session and I'm grateful it's on display during these budget deliberations so that the record is clear and so that Nebraskans know that their state leaders do not speak with one voice on these important matters. There are those of us in the bodies who are fighting to keep tuition affordable. There are those of us in the body who are fighting to ensure that the will of the voters is carried out for meaning but-- meaningful but modest earned sick leave benefits or modest increases in the state minimum wage. And there are those in this body that are propping up unsustainable, inequitable, and unaffordable tax cuts while in the very next breath raising tuition on Nebraska families, cutting criminal justice programs. The very next bills on the agenda today then seek to give judges in Nebraska-- some of the most highly-paid public officials-- a significant increase in their salaries after they just saw significant increases in their salaries just in the last biennium. We see members of this body rushing forward to give almost 40% increases to the political leadership's salaries in this state while also denying working families modest increases, saddling them with higher taxes and higher tuition, and cutting proven criminal justice reform measures. I am grateful for the debate. I am grateful for the contrast. I am grateful for the record. I am grateful--

KELLY: That's your time, Senator.

CONRAD: --for the clear illustration to Nebraskans. Thank you, Mr. President.

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KELLY: Senator Guereca, you're recognized to speak.

GUERECA: Mr. President, I yield my time to Senator Conrad.

KELLY: Senator Conrad, 4 minutes, 56 seconds.

CONRAD: Thank you, Mr. President. As another issue, I'm going to be supporting my friend Senator Raybould's amendment on this measure, am keeping an open mind on the committee amendment. And at this juncture, I'm probably going to be against the advancement of LB264 in light of the fact that we do have an unbalanced budget package moving through the Legislature at this juncture. And I do just want to lift up the unprecedented nature of that and correct the record in regards to some of the narrative that has been put forward that, again, is inconsistent from my friends in leadership and who are leading these efforts. And I also want to make sure that we do have some clarity in regards to tax cuts and some issues in regards to economic considerations and some issues in regards to revenue forecast. So friends, if you're unfamiliar with how revenue forecasting works in Nebraska or in conjunction with our budgetary process, please ask the Fiscal Office, please ask the Clerk's Office, please touch base with those with expertise in helping all of us to understand those dynamics. But there seems to be a perhaps deliberate or perhaps unintentional-- I can't speak members' motives-- kind of narrative that we were quote, unquote hit with the forecast out of the blue, that we had no ability to plan for, that we had no ability to understand, and, by happenstance, the quote, unquote forecast blew a hole in our budget. Friends, that's, that's not even remotely in line with how economic forecasting works. Yes, indeed there can be some uncertainty with the exact nature of the exact numbers that they put out. And every single member of the Legislature, and particularly appropriators, watch that process closely because it is dynamic and it is a critical lynchpin in terms of our budgetary deliberations. But it's also-- it doesn't happen out of the blue. They're taking into account economic forecast based on a host of different issues, including economic conditions-- which, by the way, are not recessionary-- but also taking into account lost revenue because of political decisions to enact unaffordable, inequitable, unsustainable tax cuts. That is part of the forecasting process. The fiscal notes on those tax cuts' proposals demonstrated that they were unaffordable and inequitable. The analysis on those tax cuts indicated that, yes, while some Nebraskans will receive a small amount of tax relief, 75% of the benefit of those tax cuts went to 20-- to the top 20% of earners. Period. That's a fact. Additionally, in the last biennium and over the special session when analysis was run on similar proposals to prop up tax cuts and increase regressive sales taxes on working Nebraskans and

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Nebraska small businesses and seniors, even with an increased EITC-- one of our best anti-poverty tools-- which is not present in the measures that are moving forward this session-- even with an increased EITC, low-income working families would bear the brunt of those tax increases and shifts. Period. It's already been analyzed. This self-created budgetary quagmire was predicted. The forecast is reacting and taking that into account. It is not something that appears as an apparition out of thin air. These deficits were predicted, and now they are coming to fruition. Additionally, even at the start of the session, the Speaker noted that this defic-- these tax cut decisions were driving the deficit. Senator Clements has noted we have a structural deficit, not just because of some unexpected forecast or some unexpected shift in FMAP. The FMAP calculation has been around for decades.

KELLY: That's your time.

CONRAD: Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. Would Senator Clements yield to a couple questions?

KELLY: Senator Clements, would you yield to questions?

CLEMENTS: Yes.

McKINNEY: Senator Clements, you had mentioned earlier that, in this budget, that you weren't taking dollars away from what was supposed to go to the Economic Recovery Fund for the inland port in north and, north and south Omaha. Is-- but when I read the budget, that's what I see, is a strike of 2026, and then an addition of 2025, which goes against the agreed-upon deal that was made when the bill was passed.

CLEMENTS: No, the-- yeah, the int-- the principle was not removed, but interest was, was scheduled for three years on the Economic Recovery Fund. It, it has received two years of interest. And it is true, it-- the third year will not be credited.

McKINNEY: But that goes against the deal. And there's been conversations this, this-- today that we shouldn't go back on deals that were made and investments that were made. And that was brought up around the Perkins Canal Project. But when it comes to this, why is it a different energy?

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CLEMENTS: The \$650 million hit that we had that-- still two-thirds of the interest is being credited in the last year, which is going to be less anyway, is, is diverted.

McKINNEY: But even if it's less than this year, it's still going back again-- back on a deal that was made.

CLEMENTS: Well, there were opportunities to take more away from it, but I resisted that. We protected the basic funding and-- hoping that the--

McKINNEY: But--

CLEMENTS: --amount of interest wouldn't--

McKINNEY: But more or less, it still goes back on a deal that was made, agreements that were made. And if people were making the argument that be-- because the Legislature invested in the Perkins County Canal, we shouldn't, we shouldn't even bring up the conversation about taking money from there, then I, I see a lack of consistency.

CLEMENTS: The interest used to go to the canal itself, and it was diverted to--

McKINNEY: But--

CLEMENTS: --economic recovery, but now it's--

McKINNEY: But that was a-- that was an agreement with-- between myself, Senator Wayne, and the Governor's Office. So did the Governor's Office direct you to do this?

CLEMENTS: That was a recommendation from the Governor's Budget Office, I believe, yes.

McKINNEY: OK. So did you go with every recommendation that the Governor's Office did even if-- this one essentially goes back on a deal.

CLEMENTS: No, we, we did not accept every recommendation. In fact, I think there was some inland port reductions requested, and we did not do that.

McKINNEY: Yeah, but the, the inland port in north Omaha can't even touch those dollars until after '27. So I'm not worried about that. But what I'm worried about is a deal being a deal, and now the deal is-- like, there's-- you're, you're backing up on the deal. Could-- don't

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you respect the deal? Even if the governor makes an-- a recommendation, if you know there was an agreed-upon deal of three years, why can't-- couldn't you, as the chair of Appropriations, speak up and say, we committed to this investment like we committed to other investments?

CLEMENTS: I did not support that deal, taking the interest away from the canal and the prison.

McKINNEY: Yeah, but when we approached you with it, you told us to go talk to the Governor's Office, and we did, and we made the deal, though. Like, I remember that clearly.

CLEMENTS: There's \$650 million reasons that we had to do something here and there, a small amount.

McKINNEY: But you're admitting to going back on a deal, right?

CLEMENTS: July 1 of 2026 is still coming up, and it could be restored if it's possible at that time.

McKINNEY: I think it should not even be taken out this year. I, I, I--

CLEMENTS: Well, I think it should be. Just-- for now.

McKINNEY: That's, that's my-- but that's my problem, is it's OK to take money from north Omaha but it's not OK to take money from a canal in western Nebraska. It's hypocritical. And, and, and that's my issue, is it's convenient and it's cool to do it to us, but not, but not other people.

KELLY: That's time.

McKINNEY: People get offended by it.

KELLY: Thank you, Senator McKinney and Clements. Senator Spivey, you're recognized to speak.

SPIVEY: Thank you, Mr. President. And good afternoon, again, colleagues. Again, I rise really in support of not just the amendment but the conversation that is had. I've said it multiple times on the mic before. I appreciate Senator Raybould's intentionality around the Perkins Canal. She has not said that the project is not important, that she doesn't want it done, but, based on where we are, we have to think creatively and be innovative around how do we fund water projects that include the Perkins Canal and the demand for what's in front of us around water while also navigating the landscape that we are in. And so

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I think we each have a responsibility to really start to push ourselves around what it is that we want, the landscape that we are in, and the decisions that we are making. There was one thing that I, I wanted to bring up-- well, a couple of things. The first thing I wanted to bring up is, first, how our budget is accounting for some dollars that we have not received that I wanted to make sure that everyone has that insight. So we are excited as a state to have the health care assessment, which was worked on the last legislative session but still has not been approved by CMS. And so there are some implications around revenue to that. That doesn't go to our General Fund in the same way. However, that same model with Senator Jacobson's bill is for the MCO assessment. And we did account for a \$60 million reduction to our General Fund costs, banking on that revenue from the assessment, which, again, has not been approved. And the original kind of model for that with the hospital assessment is still waiting for approval by CMS. And so, again, I just think that, as we are at different points in this process of debating each bill and the amendments, that it's important to try to have full information. Because folks are not on the Appropriations Committee, it can seem a little bit overwhelming. It seems overwhelming for me, and I'm there-- I was there every day. And so I hope again we can have an intentional conversation around accounting for revenue that has not actually been actualized yet or approved or with the timeframe that we know would be coming in. If we do not receive that approval and those dollars are not actualized, we will have to have major decisions again as a body around what does that look like and where we are. And so I appreciate the conversation that we're having. I think, on the transfers, it's important to look at-- and I know Senator Conrad and McKinney brought some of these up, around how we are transferring money, the sweeps, the intention of the cash funds. And I do think it's a, a difficult place to be in, to feel like we have to cut our way out of this and that this is a solution that will keep us sustainable. I think it puts us in a still precarious situation of where we are. And I hope that colleagues will continue to unpack and to continue to challenge how we're thinking about some of these transfers. With that, Mr. President, I will yield the rest of my time to Senator Raybould if she would like it.

KELLY: Thank you, Senator. Senator Raybould, 1 minute, 37 seconds.

RAYBOULD: Thank you, Mr. President. I want to just talk a little bit about LB264. And I-- later on, I'm up next in the queue. I'd like to ask Senator Clements some questions. But talking about LB264, I just want to-- the only person that spoke as a proponent, I believe, was the governor's representative. And I didn't know if my colleagues were aware that everybody else spoke in opposition to it. And these are the

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groups that spoke in opposition to LB264: OpenSky Policy Institute, Nebraska Housing Developers Association, Nebraska Economic Developers Association, Nebraska Chamber of Commerce and Industry, Greater Omaha Chamber of Commerce, Lincoln Chamber of Commerce, Pheasants Forever, The Nature Conservancy, Nebraska Advers-- Advocacy Group, Nebraska Bankers Association, Nebraska Grocery Industry Association, Nebraska Independent Community Bankers, Nebraska Realtors Association, Habitat for Humanity Omaha, Nebraska State Home Builders Association, Home Builders Association to Lincoln, Metro Omaha Builders Association Coalition, Nebraska Travel Association, Nebraska Rural Broadband Alliance, Northwestern Energy, First Five Nebraska, Keith County Area Development, and Friends of Knox County. And only one person spoke in neutral-- that was from the Nebraska Farm Bureau. So-- I don't know about you, but that kind of gives me pause, when this whole lineup of business entities, economic developers all speak out against LB264. And for that reason, I think--

KELLY: That's, that's time, Senator.

RAYBOULD: --we need to slow down. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. And you're next in the queue.

RAYBOULD: Yes. And Senator Clements, will you yield to a couple of questions?

KELLY: Senator Clements, would you yield to questions?

CLEMENTS: Yes.

RAYBOULD: You know, I do appreciate your positivity so much about the Perkins Canal and the timeline for it. But were you aware of the Republican River project and the conflict with that?

CLEMENTS: I had heard about it, yes, when that was going on. I did.

RAYBOULD: And did, did you know that it took 19 years to resolve, from the time it got up to the U.S. Supreme Court with a, a special master appointed?

CLEMENTS: I didn't know how much time it took, no.

RAYBOULD: So it took 19 years. And did you know that that Republican River project was a lot less complicated than what is being proposed by the Perkins County Canal?

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CLEMENTS: No. I'm not familiar with the differences.

RAYBOULD: Yes. So I'll just briefly tell you that, with the Republican River project, they did not require the-- it-- amount of eminent domain, if any, in that project. And with Perkins Canal Project, it requires not only eminent domain in Colorado but in Nebraska. And I just want to also point out that it, it does require a tremendous amount of environmental impact statements as well to determine the impact and damages and environmental consequences. That was one additional thing that the Republican River did not necessarily have to deal with. But also working with the U.S. Army Corps of Engineers was another complicating factor. And also we have to deal with WOTUS, Waters of the United States, for the Perkins Canal Project. Here's my next question to you. This is what the Colorado attorney wrote on March of 2025-- and I know you mentioned that they have a number of engineers lined up working feverishly. This is what he said: it is my understanding that Nebraska has not even initiated the 1041 permit with Cedric [SIC] County, nor does it have definitive construction plans and it-- they have not-- do not have a set of ROW-- right-of-way-- and construction plans. Have you heard otherwise, that there has been some movement with construction plans and right-of-way since March?

CLEMENTS: I've just talked to an engineer that works on that. He, he talked about-- they're designing the canal that would have to go under I-76. And they are in design phase, but the-- that permit I'm not aware of.

RAYBOULD: OK. Thank you. And just so everyone knows, in any construction projects, in order to go up for bids, you have to have at least 85% substantial completion of your project for even-- to come up with accurate estimates and bid. So-- you know, one, one last thing, Senator Clements-- and I don't mean to pick on you, but I-- the attorney for there said, as of today, Nebraska lacks the 1041 permits and-- from Cedric County and has no approved wetland mitigation plan-- that's the environmental protection work-- has no federal permits, has no final construction drawings, no crossing agreements for utilities or highways, and no relocation agreements for displaced owners or tenants. So I have to tell you that I am not as optimistic as you are. And it is a far less complicated project than the Republican River. But thank you, Senator Clements, for being a, a, a willing partner in this. I also want to talk a little bit about, how are we going to pay for it? And the reason why-- if we take \$500 million today for the Perkins County Canal-- you heard me talk about \$580 million. Now, that's a-- not a number that I came up with-- and I don't have any homework to back up what-- how the Department of Natural Resources came up with

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that, but that's what they were saying, there's \$580 million generated of additional revenue once that reservoir is constructed. So let's put a pin on that. \$580 million based on their projections that they said was not included in the overall budget and cost-benefit analysis of the Perkins Canal Project. So how are we going to make up the difference? So the handout that I provided to you talks about the state may contract debts, limitation, and ex-- exceptions. And so I highlighted the language. It says. If there's a three-fifths vote of the members elected thereto-- because go-- undergoing a bond issue is a serious matter, particularly for the state of Nebraska, because they don't really do that ever. But it talks about the construction of water retention and impoundment structures for the purposes of water conservation and management will promote the general welfare of the state. It may authorize issuance of revenue bonds for such construction. So I think that's important to think. We have a backup plan. We have \$580 million coming from the projected increase in revenues from the reservoir and the ability to go out for an issuance of debt if we believe so strongly that we must complete and build the Perkins Canal, as I do. We have options out there. This is not the end of the world if this \$500 million--

KELLY: That's your time.

RAYBOULD: --gets taken back. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Strommen, you're recognized to speak.

STROMMEN: Thank you very much, Mr. President. I, I just wanted to sort of reiter-- reiterate some of the talking points that we've been throwing out there this evening regarding the amount of water. I know that we're talking about water, so I thought we'd talk a little bit about water. I could use a glass of water right about now. We're looking at 53.8 billion gallons during the irrigation seasons. That's during the 500 CFS time period. 15 billion gallons in the off season. So 53, 15, 69 billion gallons of water. 69 billion gallons of water. 10% of that will end up in Lincoln and Omaha. So if we do not complete the project, Lincoln and Omaha misses out on 6.9 billions-- almost 10-- almost 7 billion gallons of water. That's an exorbitant amount of water. And the question was asked earlier by one of my colleagues over here. He wanted me to quantify that much water because he wasn't sure really how much 69 billion gallons of water is. So I thought that we could look at that real quick. A typical swimming pool has 20,000 gallons of water. Does this help? 20,000 gallons of water. That means the amount of water that would be coming downstream is the equivalent

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of 3,465,000 swimming pools. That is a lot of swimming pools. So on that note, I would like to yield the rest of my time. Thank you.

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

J. CAVANAUGH: 365? 300-- OK. Thank you, Mr. President, sorry we were finishing the conversation here. I appreciate the number. 6.9 billion gallons is what we're talking about, is 10% of the 69 billion gallons. And it was 3.65 million swimming pools. You know, it's, it's interesting to put it in perspective. Of course, I am currently, I guess, opposed to LB264, AM835. And, you know, I, I, I agree with the principle of Senator Raybould's amendment, but I'm not really there yet. But one of the things this makes me think of, of course, as we're tying all of this together-- 3.65 million swimming pools is a lot. And, you know, we could raise some real revenue on taxing pool cleaning if there were 3.65 million swimming pools. We're talking about filling this hole in our budget by increasing taxes on food, increasing taxes on small businesses, and one of the ones everybody loves to throw out conveniently is swimming pools. And if you look at the fiscal note, I think it was, like, taxing swimming pools raises, like, \$17,000 or something like that. Because there's not 3.65 million swimming pools. There's, like, I don't know, 3,000 swimming pools. I don't know what the number is. But my point is, everybody-- that's like a crutch. Everybody throws it out. And it's like, well, you-- how can you not support this bill? You think we shouldn't tax pool cleaning? Well, that's not the point. The point is that it doesn't raise a lot of money, and all the, the other things in the bill are taxes on small business people. By the way, pool cleaners are small business people too. But I digress because, of course, as you guys know, these sorts of things can interest me, I guess. So I did grab a little bit of data. I was talking the last time about the income tax brackets. And so in my time here, this Legislature has decreased the top marginal rate in both 2022 and 2023. And the top marginal rate started at about 6.84% and is steadily going down to 3.99%. And the top income earners-- well, it's a little hard exactly in the statute, but it is-- it's about \$50,000, if I remember right. I'd have to do the math on this. But-- and I had proposed-- and we've talked about this and had this conversation about taking that bracket-- so it's written in statute. The brackets go from-- we'll just do married, filing jointly, head of house-- or-- yeah, married filing jointly, \$0 to \$5,999. That's bracket one. Then \$6,000 to \$35,999, that's bracket two. Next is \$36,000 to \$57,999. And then bracket four is \$58,000 and above. So that's where it's at in here. And so I have suggested and others have suggested that we take that \$58,000 and we move it up to \$258,000. Because what we have done

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is that the rate-- we have now sandwiched that rate. It was previously 6.84% and 5.01%. And then we started pushing it down from 6.84% to 6.64%, 5.84%, 5.2%, 4.55%, and then ultimately 3.99% on both of those top two brackets. So when folks want to say, you know, well, don't you think that these people are working for a living and that they deserve tax relief? They had "prehistorically" talked about married filing jointly making above \$58,000. But because of what we have done in this Legislature, it is going to be pushed down to making over \$36,000. So a person making \$36,000 and Warren Buffett paying the same state income tax, marginal income tax rate. That doesn't make sense in terms of what that-- effects has on people, right? And so when we're talking about why do we have a budget crunch, why is there a pinch point, as Senator Clements said in our town-- or, our conversation about the budget-- why is there a pinch point? It's because we have defended the tax cuts we have, we have implemented because we want to give tax cuts to people making over \$36,000 a year. But we are bootstrapping people making \$1 million a year, \$2 million a year in with those people, and that is where the real cost comes from. And so a real solution to this is to pause the income tax reductions for people making over \$258,000 a year. That would be a solution that would save the state some revenue, it would be a more equitable tax bracket, and it would solve a lot of the problems we're having here. I don't know what the exact dollar amount is, but it would be the right thing to do. And it would be helping the people everyone stands up and says they want to help when we talk about tax policy. So I guess I didn't get to talk about the canal again. I'll have to do it on my next time.

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

MURMAN: Thank you, Mr. Lieutenant Governor. I stand in opposition to AM1245 and in support of the Appropriations amendment and the underlying bill. I can't believe we are still talking about the funding that we've set aside for the Perkins County Canal. Senator Raybould in her open said that, several years during the 1980s, we had surplus water in the South Platte River that we could have used for the-- in the Perkins County Canal and that, several times since then, we have. And I totally agree with her. And she, she also said, well, it's just too bad we didn't have that all done at that time. Well, yeah, it is too bad that we didn't have it done at the time, but it's high time. It just makes it more urgent that we have that done now, as soon as we can. Senator Jacobson and Senator Clements both said that the funding for the ca-- canal was earmarked and should not be used for-- we, we shouldn't use those funds now, and I totally agree with that. If we use those earmarked funds now, the, the funds that were set aside for the

canal, could we do the same with the Education Future Fund when, when we actually need the revenue? So my answer is, no, we shouldn't do that. And we shouldn't use the funds that were set aside for the Perkins County Canal development either. Just because we need the revenue is not a good excuse to go back on the commitments we made for either investing in our future and water in the state, or our future in education. The investment in, in the canal was done when we had the revenue available to do that, and if we did use that revenue now for something else, of course, when would we ever have that kind of revenue again in the, the future, or even-- or especially the immediate future to do something like that? So let's keep that revenue there and keep moving forward with the development, and, and get it done just as soon as we can. Because if we, if we wait, if we-- if it's delayed, it just increases the chances that that water will be used in Colorado, in Front Range development, and it won't be available in the South Platte River as it still is sometimes now, or many times now. Once that water is all used up and the South Platte River runs dry-- which wouldn't be good for Nebraska, wouldn't be good for the environment, wouldn't be good for any of us downstream-- it's-- it'd be that much more difficult to do. We made smart decisions when we had the income a couple-- the revenue a couple of years ago. We committed as much of that, that increased revenue to returning it to the taxpayers, either by property tax relief-- which is my priority, with any revenue that we can return to the taxpayers, that it should go to property tax relief-- or income tax relief also. We made that commitment. And we, we need to stick with those kind of commitments that we made. Those were smart decisions then. They're still smart now. And even, even a smarter decision was to invest in the future with the Perkins County Canal. It was mentioned by Senator Strommen that 10% of that water that we can divert into Nebraska lawfully, constitutionally divert into Nebraska will-- 10% of that will get down-- all the way down to Omaha. So it's, it's important for all the state that, that we continue to do that. And I just wanted to em-- emphasize it was a smart commitment for development in this state and will only return increased development and revenue in the future. And we need to stick with it at this time. Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. I rise again to speak a little bit more about the income taxes that we're kind of talking about here. And I appreciate Senator John Cavanaugh starting this conversation because one of the many conversations that I've had with folks over the years that I have been here is a desire to make sure that our income tax

structure captures the revenue from people who are able to pay their fair share. And so, you know, one of the complaints that we hear about our current income tax structure is that if we allow all of the reductions that are currently proposed to continue to happen, you ultimately collapse our income taxes down to three brackets. And when you look at income tax being the most progressive way to tax-- as opposed to regressive-- progressive-- in so far as it actually affects people of different income levels differently as a proportion of your income, it is the most progressive way that we could be taxing. And so what I hear time and time again when I talk to people in my neighborhoods and in the constituency, it's that they want to make sure that people pay their fair share. That's all they're asking for. They're not asking for a lot. They're just saying they want our tax structure to be formulated in such a way that people who are able to pay their share do. And so what Senator John Cavanaugh highlighted, I think, is exactly the problem, which is that, by virtue of collapsing our income tax brackets down to just three effective tax brackets, you are bootstrapping or locking in people with incredibly high incomes who could be paying their fair share with people who are, I think, folks we'd all consider to be middle of the road. And so you are essentially able to mask income tax reductions for the rich by virtue of having them lumped together. So I, I think it would make sense for us as a body to continue to have conversations moving forward about what we can do to better capture the ability to see where people are able to and not able to pay. I don't believe that we should be balancing the budget with our deficits on the back either of low-income Nebraskans who don't have the ability to pay but also on middle-income Nebraskans and just sort of your everyday, middle-income workforce folks. But if there are in fact people that are multimillionaires or able to make a little bit extra money, I think it makes sense that those people pay-- not an exorbitant amount but their fair share, because that's what I think people in Nebraska believe in and what they stand for. So the question is, what do we do about our income taxes right now? Senator Brandt brought LB171. I've talked about it before. I'm going to keep talking about it because I think its a really great bill. It does not propose a tax increase. It proposes that we freeze future tax reductions as they pertain to income tax on both the personal level and a corporate level. Freeze them where they're at, at 4.99% and hold steady for a little while to see where we are. Now, what doesn't make sense to me is we hear Senator Clements and other people saying that, once the income taxes stop going down, we'll have a better sense as to where we are. But people are unwilling to do that now. They want to wait years out, as we continue to see lost revenue, before they actually want to pause and see where we are. And in addition to that, in my time here, the

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whole reason that people implement phase-ins is to see if it works. We implement this phase-in structure of various bills to see whether or not the outcome of the legislation is what we intended. And so the very virtue or the very idea that this is a phased-in reduction allows us the ability as a legislature to just hit the pause button and to say, is this serving Nebraskans? But instead of doing that, people are saying they want to raise sales taxes. A freezing of the income tax-- just the corporate portion-- would save us upwards of \$136 million a year in a couple of years. And that goes up to \$199 million. But instead of saying that we want corporations to pay their fair share, you have folks in here that would rather raise the sales tax. Colleagues, if a number of people in here would have had their way a couple of years ago-- no, just one year ago during the regular session-- they would have increased your sales tax across the board. I don't believe in that. I think that it's time to hit pause on the income tax reductions and I think that that provides us an opportunity to better analyze what we need. These cash fund transfers that we are debating with AM835 would not be necessary if we didn't continue to reduce the amount of income that we're getting as a state. And I really do, again, colleagues think that we need to analyze LB171 and see whether or not it's to say to corporations, you can pay your fair share if you're coming into Nebraska. And I want to make sure that we're not balancing that budget on the backs of everyday, working people.

KELLY: That's your time.

DUNGAN: Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. Good evening, colleagues. Again, I-- at this juncture, I rise in opposition to the underlying transfer bill and will reserve my final vote for Final Reading to have a better sense of where we are in the budgetary picture, because the chair of the Appropriations Committee has already been clear, as have other members, that the budget before us was out of date before it hit the floor. The budget book itself is out of date. And a host of additional cuts and transfers will be coming down the pike in regards to Select File debate as well. But one thing that I did want to lift up in regards to this particular bill is that this is really rife with a host of different cash fund sweeps. And cash transfers are always a part of our budgetary deliberations, but here's what's a little bit different about this proposal. So there's about-- at least \$150 million in cash fund sweeps and transfers that are contained in this measure from the most recent

estimates that I could glean. If those are updated, I'm sure somebody will, will provide updated information. But typically, in a budgetary process, we don't see cash fund sweeps unless we're in economic crisis or duress, unless we're dealing with recessionary factors. And so what cash fund sweeps represent are essentially one-time transfers to kind of help fill budget holes with the hope that buying a little time helps to reset the economy or helps to reset revenue or helps to get a more strategic plan in place for how to deal with the issues. That's not what's happening here. Senator-- my friend Senator Clements has been crystal clear we are not in a recession. Everybody knows that, right? The numbers back it up, employment, receipts, et cetera. But nevertheless, we're using recessionary, budgetary tricks in the time of economic prosperity, which essentially are utilizing one-time sweeps to prop up ongoing budgetary obligations. So that violates a fundamental principle of sound budgeting, where we don't commit one-time funds to prop up ongoing obligations. And that's a key component of this budgetary package: an overreliance on one-time cash sweeps to kind of mask or-- the existing structural imbalance and kind of kick the can further down the road. This is absolutely not a sustainable approach. It is not in line with how Nebraska has handled sound budgeting, historically or, or even recently. It is reflective of recessionary budgetary tactics and it is divorced from the present economic reality, which is not a period of recession but in fact the opposite. And it should raise some red flags. I know there's a lot of new members here that maybe aren't familiar with some of these components, but that, that-- go talk to Fiscal. Go talk to your predecessors in the Legislature. Go talk to long-time members of Appropriations. Talk to former chairs. Talk to former leaders from different administrations who handled budgetary matters for the state either in the legislative level or the executive level. There is a host of really talented public servants that are out there that can perhaps provide some additional context for kind of where we are, how we got here, and perhaps where we're going. And I will tell you this, colleagues: I get more emails and texts and calls from Republican former members than I do Democratic former members asking what the heck's going on with this wild budget situation. This is not conservative. This is not sustainable. This is not responsible. This is not the Nebraska way. I agree. But unfortunately, there's only a few of us in the Legislature who are willing to admit that reality, and that's part of these budget deliberations as well. So, of course, nobody wants funds just sitting there for no purpose. But in many instances, these specific appropriations and cash balances are sitting there for specific purposes--

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KELLY: That's your time, Senator.

CONRAD: --can't be moved around willy-nilly, and are not a sustainable solution. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. Would Senator Conrad yield to some questions?

KELLY: Senator Conrad, would you yield to questions?

CONRAD: Yes. Senator McKinney caught me by surprise. Yes.

McKINNEY: Thank you, Senator Conrad. Just listening to you, what, what would be some suggestions that you, you would have to improve this budget that we're dealing with currently?

CONRAD: Wow. Well, I, I guess one of the-- one of the things that has been weighing heavily on my heart and, and on my mind as we approached this debate today-- and I've listened to the deliberations thus far-- is I haven't heard a single proponent of this measure or these measures get up and say, this is how we're going to make Nebraskans' lives better. It's just, this is how we're going to hit our numbers based upon what the Governor's Office told us to hit. That's a really striking policy underpinning for a legislative budgetary debate. So I guess the first piece would be kind of a bigger visionary question. I think that I would reshift the debate to having a clarity about what each line item means, not just for ensuring a balanced budget-- which, of course, is required and important and non-negotiable-- but I think it would be important to have a clear understanding about what these line items mean for an everyday Nebraska families' lives, and that has been absent from this debate.

McKINNEY: OK. In your previous--

CONRAD: Sorry. That might not be the answer you were looking for.

McKINNEY: No, no. It's good. In your previous stint in the Legislature, did you serve on Appropriations?

CONRAD: Yes. I, I had the honor to serve on Appropriations for eight years.

McKINNEY: How did y'all approach the budget?

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CONRAD: Yeah. So basically, we would look at the proposal that the governor put forward, and we'd call that a good start. And from that point forward, we would put together a preliminary budget in, you know, really close work and collaboration with the Fiscal Office, which is very independent, very knowledgeable, that helped to provide information about whether or not a-- an agency was overspending, about whether or not there were funds to capture, about whether or not there was unmet need. And we put that out. And then we'd have the public hearings, and we took those public hearings to heart. You know, we really wrestled with folding in not only changed fiscal conditions but feedback from the second house or state agencies or citizens who relied upon those programs and services to figure out how to make it work. And-- you know, and there was also some good, old-fashioned, I guess, sausage-making, right, in a-- in the political arena where a certain member of the committee would have something that was really, really important to them or their district and they would make their case for it, and you'd figure out how you can make that committee member's priorities work with the other eight members' and in the overall picture. And, you know, it was, it was tough. I mean, it was like kind of fighting over the Thanksgiving dinner table, but then at the end we'd come up to the floor as a united front and be really proud of the work that we did on the budget. So in this instance, we don't have a balanced budget on the floor, which is striking. We don't have unanimity from the committee, which is a newer development. And it's unclear whether or not the host of opposition that came in, for example, on this matter or other matters wa-- were-- was really taken into account.

McKINNEY: Yeah. And during those times, was the governor's suggestion the Bible, and--

CONRAD: No.

McKINNEY: --did you as a committee member get up and speak about why you supported or didn't support the budget or the items within it?

CONRAD: The governor's word was not the Bible. It was not infallible. It was a-- it was a process of dynamic cooperation and also tension, healthy tension, with different roles and different priorities in separate, independent, co-equal branches of government. And we worked together when we could. We set our own priorities as we should. And then once we committed to those priorities, we stuck together as a Legislature even if the governor threatened to veto or otherwise.

McKINNEY: Thank you. I appreciate that.

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CONRAD: It was very empowering.

McKINNEY: Yeah. I, I mean-- well, this is the first time since I've been in here that an unbalanced budget has come to the floor. And it's--

KELLY: That's time, senators.

McKINNEY: --different to say the least. Thank you.

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

DORN: Thank, thank you, Mr. President. Wanted to talk a little bit about the bill. I am for LB264 and AM835 and oppose AM1245. I pulled up the committee statement on the bill. When you go on the website and pull up LB264 and then pull up the committee statement and just scroll down through there, you-- it's in the, I call it, the blue book, a lot of this stuff, the explanation. But it basically goes through and it tells you which, which items are funded from one fund to another fund. And then later on down there, when you read it down below, the first 85 things, it goes through the other sections and it tells you, I call it, some of the funds that we're authorizing movement from or to, or that we're no longer authorizing some of those funds. So the committee statement gives a really, I call it, good explanation of a lot of these things without having to go into detail and trying to find them in the, in the book or whatever. So it-- or in the bill itself. It explains a lot of the funds and why something's being transferred or not, the dollar amount that's being transferred, and it lets you look at some of the things that are involved in this bill itself. One of the other things I wanted to talk about-- and we, we spent some time on this in committee also. The Department of Transportation or roads department, or whatever-- one of the things that the Legislature, especially for the new senators, we, we get-- not we get to do-- or, or part of our responsibility is-- for the Department of Transportation is our fuel tax. So that's adjusted every year. Twice a year, it's actually adjusted. We give them authority to adjust it based on certain things. Right now, it's at 30.9 cents, it'll be, in the first year of the budget. And that brings in money that we can-- they can use for roads, maintenance of roads, new construction, all their equipment, and all of that stuff. Reason I bring this up is in the-- over the weekend, we got a-- my office got an email from a individual that had electric car. And he couldn't believe that when he went to license his car he had to pay another fee. He had to pay a fee on top of, I call it, the regular licensing. And we kind of explained to him that, oh, you travel

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on the highway. You're using the highways and you're not paying part of this gas tax. This gas tax, all of us as individual people in Nebraska, we pay the gas tax when we fill up our car with gas. That helps pay for all of our road and our, our road-- all of our transportation. Department of Transportation budget this year I think I read it's going to be about \$550 million. So part of this funding-- or, this funding is part of the makeup of that. It also helps, I call it-- part of their budget helps get federal funding down. We, we-- the state of Nebraska pays for a lot of, I call it, the construction of roads or the maintenance of roads. But also, many of these project, particularly some of the four-lane ones, much of that comes from federal funding-- always has, will continue to be. When you drive our roads in the state of Nebraska-- I know some people think they're not that good. I-- we've-- get to drive on some of the roads, and I think they're in very good condition, especially when you consider the amount of miles that many people driving put on those roads and the, I call it, the heavier weights that we put on those roads today compared to 20, 30 years ago. I think our roads are in excellent shape. They also do long-term planning. We get to-- as Appropriations Committee and Transportation Committee, we get to have a hearing in December. And they go through their booklet and, and give us all of the projects that they're looking at in the next year or couple years and the ones that are five or six years down the road. So part of the budget, part of the funds that go-- we go through in particularly LB264, those are things that are an overall total package for the state of Nebraska. It's not just one thing, one thing that we're looking at funding. So many of these things get, I call it, tremendous discussion in committee. Thank you.

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

RAYBOULD: Thank you, Mr. President. I, I know I want to talk a little bit about the importance of the Platte River to the city of Lincoln. I know it was brought up on how, how many gallons of water come through the Platte River. But, you know, the the city of Lincoln, we are dependent upon our wellfields for our water supply in Lincoln. They're right at the confluence of the Elkhorn River and the Platte River. And the city of Lincoln, per my last recollection, we go through about 65 million gallons of water a day. And certainly, it was a huge crisis when there was tremendous flooding on the Platte River that knocked out and destroyed a couple of our well-- wellfields. And that really led us to a critical situation. The good news is, though, the city of Lincoln has superior water rights, call-- being able to call out. So if we had a drought situation or any other type of critical situation, all the industrial users, including feedlots, including all irrigators, they

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would have to shut off their supply so that the city of Lincoln could still maintain their water supply. Having said all that, it is really critical to the city of Lincoln that we continue to look for a secondary, redundant water source. And-- but the Platte River is important, and that's why I still support the Perkins Canal. But I recognize the importance of trying to balance our budget as well. I have a couple of questions-- I hope I can answer Senator Prokop about his role on Appropriations.

KELLY: Senator Prokop, would you answer some questions?

PROKOP: Yes, I will.

RAYBOULD: So Senator, you heard me read off all the organizations that testified in opposition to LB6-- LB264. It seems like nobody testified in support of LB264. And can you help us understand why?

PROKOP: Sure. I would happy to be able to share a little information on that. So when we considered LB264-- obviously, the groups that you, that you named off were unhappy with some type of cash fund transfer that was going to be happening from the various cash funds, and so they came in to oppose the bill. What I think is important to note that is part of the, the committee's process-- so when those groups all-- LB264 and-- the reason why they came in and, and opposed the bill-- the committee was already working through its process of, of considering those items. And, and, quite frankly, some of the items that they came to oppose we actually removed. So it's not reflected in what's ultimately became AM835, so. The, the, the objectionable piece was, was removed as a result of that, so.

RAYBOULD: So do, do you think some of the business organizations that really were in opposition have changed their minds about this bill?

PROKOP: I can't speak to, you know, individual positions on that. I think it probably depends on what happened to, you know, any particular issue that they might have had a, had a problem with, if there was a cash fund attached to it. Potentially, I think some might have, might have changed their mind if that was removed, because some things were removed that were originally proposed in LB264, and then what-- as the committee did its work and removed some of those things that either individual members had issue with or if groups maybe provided more information at the hearing and we, and we decided to remove those as a committee when we took votes.

RAYBOULD: OK. Thank you, Senator.

PROKOP: Thank you.

RAYBOULD: Well, I know I-- I still have some concerns about LB264 and trying to come to a reconciliation of our budget deficit without looking at some of the, the elements that we should have access to. And then-- I, I don't know if any of my colleagues really paid attention when I was talking about-- the state of Nebraska may contract debts. And I don't know if anybody heard my comments or-- on that or not, but I did give you that handout for you to, to look at. So it-- it's, it's something rare. And to be honest, we would have to come up with a funding source to be able to service that debt issue. You know, oftentimes, we would look at the funding from irrigators-- but I doubt if that would be sufficient-- or from parks and recreation. But is-- it is another option for you all to consider to maintain funding for the Perkins Canal to-- because it clearly calls out for water infrastructures, would certainly qualify for a debt issue if this is of as significant of concern to all Nebraskans for the Perkins Canal. So I just want to make sure that everybody has a chance to re-- review that language and consider that as we continue the discussion on Perkins Canal and, and the considerable delays that will be happening in trying to execute on the construction of the Perkins Canal. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator John Cavanaugh, you're recognized to speak. And this is your third time on the amendment.

J. CAVANAUGH: Thank you, Mr. President. Whoa. Right up there. I appreciate-- Senator Raybould, I was actually just reading this handout Senator Raybould handed out about ability to issue debt, and it's-- looks like it's Article XIII, Section 1 of the Constitution allows for that for water projects. So that's an interesting thought. So, yeah, on the canal-- finally going to try and talk about this. AM1245-- I appreciate Senator Raybould bringing this, and I especially appreciate Senator Raybould's suggestions on what to do with the funds, which she handed out at the very beginning here, which is a drinking clean water needs assessment. So I think Senator Raybould brought this as a bill to Appropriations and then suggested we take some of the funds specifically to send to projects like \$20 million estimated project cost in Senator Hallstrom's district for clean drinking water. So one of the things about a budget conversation is we, you know, choose what to do with money, and that is a representation of our priorities. And we should have a, a conversation where you are putting maybe two things up against each other and say, you want to do this, I want to do this; let's have a conversation about which one is more valuable. And so that's what Senator Raybould has proposed here with AM1245, is to say

there is this project that a lot of people like, but there are other projects that have merit and value that she's asking us to consider putting the money towards. And so I think that's a really good way to have these conversations, and-- which is why it's really hard to have a budget conversation without the final product on the floor. So when we all know that on Select File we're going to get an updated budget with more cuts and more transfers, it's very hard to actually have the conversation about-- what are our priorities? What does this budget represent? What are we trying to accomplish? What do we-- what are we saying we value and what are we saying we don't value? And so I appreciate the conversation about the canal specifically because I've talked about it so much and that I do think that the canal brings value and that the val-- you know, there-- there's clear economic value to the state. There's a lot of other value. But I've continually said that I think we should build the canal that gets us what we need and not more than that. And so that's why I continue to advocate for the \$61 million reduction, because that's what they have told us is what would be the difference between what they-- what we need under the compact and the reservoir and what we have appropriated. And so I, I had talked a little bit before-- Senator Strommen mentioned the swimming pool analogy and the 6.9 billion gallons is 10% that reaches Omaha and Lincoln. So that's the amount, I think, that reaches Omaha and Lincoln currently. So without the canal, without the reservoir, all of that. And so that's 10% of the current flows. And again, we've had-- talked about this every which way, but the water that goes into the canal is to, to assert our right to call out subse-- lower or subsequently issued water rights. And so we can build a canal that's 500. We can call out 500. When there's 1,000 CFS or 9,000-- which sounds in-- like a lot of water, as Senator Raybould talked about earlier. When there's that more water, some can go in the canal, the rest can go in the river. And we still have the capability-- we're not going to lose all that water. It's still going to be consumed and used and, and-- across the entirety of the watershed until it gets to Omaha and Lincoln at 10%. And then we would have the other 500 CFS that still goes into the re-- the canal and into the reservoir. And we would be able to fill that up. The advantage of that extra amount would be the-- that we would decrease the need to, to pull water out of the reservoir at that point. So I, I, I think I'm-- I'm not going to support Senator Raybould's amendment because it-- I've continually said I support only a \$61 million reduction. But I really do appreciate the proposal. I appreciate the juxtaposition of saying we could do this or we can do that. I am interested in this idea of, like, maybe we could take a little bit more money away and bond the rest of it and, and then continue to commit to pay the bonds, considering that we do not need

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all the money right now anyway. So for a big project, bonding is, of course, a better way to go than to just put a bunch of money in the bank and hold on to it. Anyway. So I think this is a good conversation. I again think that we should decrease the size of the canal from 1,000 to 500 because that's the letter of the compact. And I think we're going to be out of time here at the end of the day. So thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. I was wondering if Senator John Cavanaugh would yield to a question or just a couple questions real quick.

KELLY: Senator John Cavanaugh, would you yield to questions?

J. CAVANAUGH: Yes.

DUNGAN: Thank you, Senator John Cavanaugh. I'm sorry I didn't give you a heads-up about this, but I don't think anybody's made this comment yet-- and you served with Senator Erdman longer than I did-- and he often said this during debates-- could you tell me what whiskey is for?

J. CAVANAUGH: Well, first off, I did already make this comment--

DUNGAN: Oh.

J. CAVANAUGH: --but, it is-- whiskey is for drinking.

DUNGAN: And what's water for?

J. CAVANAUGH: Water is for fighting.

DUNGAN: Thank you, Senator Cavanaugh. I appreciate that. I didn't realize it had been made yet, but it's one that always stuck with me. I appreciate Senator Erdman always made the comment that water is for fighting, so. I appreciate that we continue to have this debate. I don't know how I'm going to vote yet on AM1245 either. I actually do think that I support the idea behind it. What I would like to do, I think, though, is I'd like to see some sort of amendment to this that utilizes the canal funds to fund Senator Hardin's LB81. And I think finding a way to fund a missing year utilizing a cash fund is actually the most logical step, given that a cash fund cannot be used for ongoing appropriations. I think using it for a one-time expenditure is probably the best way to do that. But with that, I do continue to have

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concerns about the General Fund transfers from the cash funds. I was wondering if Senator Clements would yield to a question briefly.

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

CLEMENTS: Yes.

DUNGAN: Thank you, Senator Clements. I know we're getting late in the day here, but I just wanted to clarify a couple of things real quick. Page 16 of our celestial blue budget book has the list of all the General Fund transfers. That's a lot of what we're talking about here in the amendment, correct, the AM835?

CLEMENTS: Correct.

DUNGAN: That list, though, is not up to date with regards to what has already been voted on by the Appropriations Committee with regards to a Select File amendment. Is that also right?

CLEMENTS: Correct.

DUNGAN: Do you have currently any printouts or anything that would be able to, I guess, let the rest of us see in the near future what to expect with regards to that amendment on Select File?

CLEMENTS: I asked the Fiscal Office for that a little bit ago, and they're going to try to make a list. But no, I don't have a list of those items.

DUNGAN: OK.

CLEMENTS: There's some on each-- some on LB261, LB264. They need to be separated.

DUNGAN: OK. And that makes sense. Thank you, Senator Clements. And I, I appreciate the fact that these things take time. You know, obviously, we're dealing with a very large bill. The, the, the Clerk had to read it for quite some time with the title, so I understand there's a lot going into this. I think the point I'm trying to make and the concern that I have is that it really is impossible to have a debate that's about the specifics without knowing what we're ultimately going to be dealing with. And so, you know, I appreciate amendments like Senator Raybould's and others where we can have discussions about individual ideas, I guess, that we have, of things that we can change, but it's really hard to know where we fall on AM835 or the underlying LB264 without specifics. A good example of that is one comment that I made

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earlier with regards to the Trail Development and Maintenance Fund. According to page 16 of our budget book, it's only a \$450,000 cash fund transfer into general funds. But that could ultimately end up being upwards of a million-plus dollars coming out of a fund that we specifically have already appropriated for something else. And so, you know, I think the reason that you're seeing opposition here today talk about some broad concerns and broad issues that we have is it's very difficult to make a specific complaint about a bill if we don't know exactly what is going to be contained in this amendment. So i, I continue to have concerns. And I hope my colleagues are, are listening to this debate and paying attention. And as we make our way into Select File, if this bill does proceed, I think it's going to be really vital that we get provided that information as soon as possible. I know Fiscal's working incredibly hard. I know our Appropriations Committee's working incredibly hard. But the sooner we can get that, the better. Because in even just going through these various cash funds this weekend, each and every line has a different story and a different background, and it's really helpful to understand all of that. So I really hope we can get a little bit more information. I continue to be concerned about the general transfer of cash funds from the General Fund. I hear every year, colleagues, that it's only a one-time thing, don't worry; we're going to shake out the couch cushions and then move on. This is my third year in a row that either a budget or a budget shortfall is involving these cash fund transfers. So it is becoming the norm; it is not an outlier. And that has me concerned as we continue our time in the Legislature here, seeing consistent taking from cash funds to make up for deficits that I do believe are caused generally by the systemic issues we have moving forward with our revenue. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Seeing no one in the queue. Senator Raybould, you're recognized to close on AM1245.

RAYBOULD: Thank you, Mr. President. I know it's somewhat unconventional, but I do ask your support for AM1245. I don't have that optimistic outlook for the Perkins Canal as, as some of my colleagues feel. And I feel that we have an infinitely more important need to deal with our budget deficit. I feel strongly that we should not be taking and sweeping funds from critical services that impact more of our Nebraskans. So I ask for your support on AM1245. Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Members, the question is the adoption of AM1245. All those in favor vote aye; all those opposed vote nay. Record, Mr. Kirk [SIC].

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CLERK: 5 ayes, 24 nays on adoption of the amendment, Mr. President.

KELLY: AM1245 is not adopted. Mr. Clerk.

CLERK: Mr. Pres-- Mr. President, items for the record. Amendments to be printed from Senator Raybould to LB264; Senator McKinney, LB264; Senator Hallstrom, Hughes, and Machaela Cavanaugh, all to LB264; and Senator Arch to LB346. Name adds: Senator Jacobson name added to LB-- Senator Jacobson, Quick, Machaela Cavanaugh, Dover, Hallstrom, Meyer, Lippincott, and Murman, all name added to LB693. Finally, Mr. President, a priority motion: Senator Prokop would move to adjourn the body until Wednesday, May 7 at 9:00 a.m.

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