

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate May 7, 2025

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventy-fourth day of the One Hundred Ninth Legislature, First Session for today. Our chaplain for today is Rajan Zed, president of the Universal Society of Hinduism, Reno, Nevada, and Senator Hunt's guest. Please rise.

RAJAN ZED: I shall be reading in Sanskrit from ancient Sanskrit scriptures, some as old as 1,500 BCE, then interpret in English. [SPEAKS IN SANSKRIT]. We meditate on the transcendental glory of the deity supreme who's inside the heart of the earth, inside the life of the sky, and inside the soul of the heaven. May he stimulate and illuminate our minds. [SPEAKS IN SANSKRIT]. Lead us from the unreal to the real. Lead us from darkness to light. Lead us from death to immortality. [SPEAKS IN SANSKRIT]. Strive constantly to serve the welfare of the world by devotion to selfless. One attains the supreme goal of life. Do your work with the welfare others always in mind. [SPEAKS IN SANSKRIT]. Unite your resolve, unite your hearts. May your spirits be at one that you may long together dwell in unity and concord. [SPEAKS IN SANSKRIT]. Peace, peace, peace be unto all. [SPEAKS IN SANSKRIT]. Thank you.

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

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

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

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

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

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

CLERK: I have no messages, reports, nor announcements.

KELLY: Senator Jacobson would like to recognize the physician of the day, Dr. Hunter Allen of North Platte. Please stand and be recognized by the Nebraska Legislature. Mr. Clerk, please proceed to the first item on the agenda.

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CLERK: Mr., Mr. President, first item on the agenda, General File, LB264, introduced by Speaker Arch at the request of the governor. It's a bill for an act relating to government. It amends several sections of chapter 43, 48, 50, 57, 72, 76, 77, 79, 81, 82, 84, 85, 86, 8, 13, 29, 37, 48 55, 60, 61, 66, 68, 71, 72, 75, 77. It provides for changes and eliminates provisions relating to investment and transfer of funds; changes to provisions of the Nebraska Environmental Trust Act, the Nebraska Transformational Projects Act; provides for termination of applicability of the Urban Redevelopment Act; eliminates provisions relating to translation services under the Medical Assistance Act, a pilot program regarding patients with complex health needs; and reimbursement of counties for defendants lodged in county jails; eliminates the Nebraska Broadband, Broadband Bridge Act, Nebraska Geological Storage of Carbon Dioxide Act, the Nebraska Nonprofit Security Grant Program Act, the Prescription Drug Donation Program Act, the Resilient Soils and Water Quality Act, and the Small Business Assistance Act; eliminates obsolete provisions; provides operative dates; repeals the original section, outright repeals several sections in Chapters 2, 57, 68, 71, 81, 84, and 86, 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. When the Legislature left the bill, Mr. President, pending was the bill itself as well as the committee amendment. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. Senator Clements, you're recognized for a two-minute refresh.

CLEMENTS: Thank you, Mr. President. LB264 is the biennial funds transfer bill for cash fund transfers and cash reserve transfers. And the committee advanced LB264 to the floor with AM835 on an 8-1 vote. This is a white copy amendment that contains Appropriation Committee recommendations. The committee approved many of the transfers that were recommended, but we changed some of them if the funds didn't appear sustainable. So these transfers helped to fill in the budget shortfall that we started with of \$432 million as shown on the status in January without making cuts to agency operations. So again, analysis of balance and sustainability of cash funds are performed so that future annual fund expenditures can be maintained. So the current General Fund status of-- comes to negative \$261 million down from \$396 million after the forecast, and the Select File amendment that we have will bring the fund into balance. And I am planning to get that amendment up yet today. Thank you, Mr. President.

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KELLY: Thank you, Senator Clements. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR142. Mr. Clerk

CLERK: Thank you, Mr. President. Senator Clements would move to amend with AM1300.

KELLY: Senator Clements, you're recognized to open on AM1300.

CLEMENTS: Thank you, Mr. President. I found out last night that the Select File amendment that the committee had voted to approve was already ready from Bill Drafters, Bill Drafters, and I received that late last night and filed it this morning. And so this is the final amendment that will, will be the final one for LB264, which makes the fund transfers from various funds and the cash reserve. I'm having a handout sent around that shows fund transfers, there's about 49 of them from different agency funds. And on the right hand column you'll see the columns that says, we got the balance of the fund when we had it, how much income it receives, and how much is usually spent. And so there's, for example, item 33 shows racetrack gaming fund with, excuse me, 32, Outdoor Recreation Game and Parks Fund, \$3.6 million balance. Income comes in of \$1.4 million. They've been spending \$900,000. And so there's a \$500,000 transfer in the first year, \$500,000 the second year. And that will continue to make it sustainable, where they're spending-- they're not spending \$500,00 of that historically. And the funds on this list are going to be similar to that. The-- So on the left-hand column, you'll see the bill number LB264 there. Fiscal prepared this for me. And on the backside, there are going to be items that are in LB261 when we get to that on Select File. There's one item, one item, item on the back side. That's LB264, the State, State Treasurer to \$1 million transfer, to pause a transfer for two years from that fund. Also, I'm circulating out the General Fund financial status that has the Appropriations Committee's, it says Select File amendment, and this would be where the committee would have the budget to be once this amendment and then the Select File amendment on LB261 passes. So you can see that on that financial status, it shows line 21, our ending balance in fiscal year 2027 of \$3,063,610 positive, which is up from the negative \$432 million, then the \$289 million, then the \$396 million after the forecast, and now positive \$3 million once this amendment and then the amendment on Select File for LB261 passes. And so we're able to bring a balanced budget with a \$3 million above water fund, we have first status that we've had that didn't have a in the hundreds of millions of dollars negative amount. And then I'll point you to the last column on page 21, line 21, showing the out years still aren't positive, but it's negative \$108 million. That has been as low

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as negative \$700 million. And so the adjustments that we've made for the current biennium carry forward to the future years and use up most of the negative amounts that we had out there. Then if you look down at the bottom section called Cash Reserve Fund, if you look at first the line number 2, excess of certified forecast, line three in the status, the second column shows \$10.575 million. That is, if you look up above, line 10A, General Fund transfers in, there's \$10.575 million in LB264 of transfers in. When we transfer money in in the current fiscal year, that, that puts the revenues above the forecast. And that money then goes automatically to the cash reserve. So, there's, you're showing a money in on line 10A of the first column, \$10.575 million, but it automatically goes to column two down below in the Cash Reserve fund and increases the Cash Reserve that was \$821 million, it brings it up to \$831 million. Then the last step in this amendment is line 3 in the Cash Reserve fund in column three, fiscal year '26-27, a \$142 million transfer from the cash reserve. But there's \$10 million that came-- \$10.5 million came in, and \$142 million goes out, so really it's a net of \$132 million that is coming out of the Cash Reserve. And if you look at the bottom of the projected unobligated ending balance in the third column, so \$689.757 million will be what we're proposing to have an ending balance for the Cash Reserve, and the bottom numbers below that as a percent of revenues, it's 10% of revenues. As a percent of expenses, which is the key that I use, it's 12.5% of expenses. So that's why I've been saying that with this amendment of both bills, we'll still have an adequate reserve, the \$689 million. And the \$132 million transfer is what closes the gap in the budget to bring us to \$3.063 million positive. The details of what's in LB264 are shown on the spreadsheet handout, and people can look at the individual line items. The first item shows the Secretary of State Record Management Fund, \$1 million each year. And the, let's see, one of the largest numbers you'll see on Line 9, Motor Vehicles, the DMV Cash Fund, \$12.5 million, is showing as a transfer. And we put that as of June 30th, 2027, at the very end of the biennium. The DMV, Rhonda Lahm said that she can work with that number being there, probably will not need that money back, but we are putting it at the very end so that she has cash flow up and to that point. And so we've got approval from the DMV that they can work with that number being transferred in, in the budget at this time. The-- that's, that was the largest one I wanted to mention. Then line 38, NCCF is the Construction-- Nebraska Capital Construction Fund. The interest on that is expected to be \$8 million. We-- in the previous amendment, we took the first year of an estimate of \$9 million, and this is \$8 million of interest on the Capital Construction Fund, which is mainly just accruing interest, and this will help us to balance without cutting agencies. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraska. I really would like you all to pay attention to AM1300. This is critically important, what we are doing today, and, and not engaging in this conversation today makes you complacent in devastating the people of Nebraska. So pay attention. Senator Clements sent a handout around, look at what's on that handout. Ask questions. Get involved. This is important. I have serious concerns about this. I'm going to start with, and this is-- Senator Spivey will be here soon to share her concerns as well. These were brought last week. We were given them on Wednesday and we executed on them on Thursday. They weren't shared with anybody outside of the committee. I shared them, which I'm sure upset people on the committee and I frankly don't care. I think it's reckless and irresponsible to bring this many cuts across the board that were never contemplated during the budgeting process. They were never given to the people that they would impact outside of this chamber-- the Chamber. So I implore you, colleagues, to take a look at these and to talk to people. I am grateful that the committee did not take \$2 million from the Homeless Shelter Fund to fund property taxes. Everything on here is to fund property taxes. There is a-- within the budget sweep, the-- on the second page at the top, item number 52, all agencies lapses. On there is-- one of them is Agency 25, DHHS, Program 571, \$1.952 million, aging Services Aid. That's Meals on Wheels. \$1.9 million we are sweeping from Meals On Wheels. A conversation we just had yesterday. What are we doing? And what are you guys going to do about it? Colleagues, what are you going to do about it? What are you going to stand for in this budget? What are you going to say to your constituents back home? Well, at least we didn't steal money from the homeless shelters for property tax relief. We didn't-- we're relieving them of their property, so they don't need it. What do we stand for? We're taking money from BELF, which apparently all of the sudden is constitutional, which they don't think is constitutional, which they view as their only recourse is to sue us. We're taking money from the State Patrol. Public safety communications, vehicle replacement. We're taking money from NCCF interest, \$8 million. That could go to affordable housing, but we're taking money from affordable housing already. We knew that the Forecasting Board was gonna come in low. How did we know? Because we cut income taxes, because we cut our own receipts. We know what we're doing. And you not getting on the microphone and not defending your position on this doesn't change that you know what we're doing, does not change that you are robbing the people of Nebraska to pay Pillen. And to pay yourselves. This is an

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unconscionable, immoral document. I know it doesn't matter what I say. I know, it doesn't matter how loud I talk or how quiet I talk. It doesn't matter. You all will not listen to me. So Nebraska, start calling us. Start showing up out here because we are gutting this government, all to give wealthy people in this state tax relief. Not the working poor. We're not investing in workforce, we're not investing in housing, we're not investing in education, we not investing in access to food, we are not investing in rural health care. A conversation--

KELLY: That's your time, Senator.

M. CAVANAUGH: --I was having this morning-- Thank you, Mr. President, I will be back in the queue.

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

DUNGAN: Thank you, Mr. President, and good morning, colleagues. I do rise today, I think opposed to AM1300, but I'm trying to wrap my mind around it. This-- colleagues, this is the amendment, I think, that we continued to talk about yesterday that we were expecting to get on Select File. I really appreciate the Fiscal Office working quickly. At the end of the day yesterday, I asked for a spreadsheet or something with all of the different proposed additional cuts that we were looking at, and we got it first thing this morning. So this is actually very helpful. Colleagues, if you haven't looked at the handout yet, please, please, please take a at this. I know it's first thing in the morning and we're settling in, but just to reiterate I think what Senator Clements said is these are all proposed changes that we're going to see both here on LB264 and then also it, it contains the proposed changes to LB261 that we're likely to see on Select File with an amendment in that as well. So I'm trying to wrap my head around what some of these changes are, and I think that I have some concerns. Yesterday, when we were digging into what each of these different cash funds do and why we are taking money from them, I was very appreciative that the Fiscal Office was able to explain to me some of the history of these funds and where that money goes. But each single line on this could probably take its own 30 minute conversation about whether that money is being used properly or where it should go. So I do hope that we dig into this a little bit more today. I just wanted to ask a couple of questions. If Senator Clements would be willing to answer a couple questions about some of these line items.

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

CLEMENTS: Yes.

DUNGAN: Thank you, Senator Clements. Yesterday, I was, I was on one about the MoPac trail and the Game and Parks Cash Fund with regards to the Trail Development and Maintenance Fund. I see here in line 31 that it looks like there's an additional transfer coming out of the cash funds for the Trail Development and Maintenance Fund of \$2.9 million. Can you explain a little bit more of the increase there compared to the \$450,000 we were originally looking at?

CLEMENTS: Yeah, the \$450,000 was interest on that fund. And we were getting down to needing to find ways to balance the budget. That will leave \$5 million still for that trail fund. And so it's like a number of other funds that were wants and not needs. It is about a 30% reduction, or one-third reduction, keeping two-thirds of it.

DUNGAN: OK, and I know that we had previously allocated as a Legislature a sum of money to complete the Omaha to Lincoln trail and I think we originally allocated about \$8 million to that. So currently there would not be a sufficient amount of money in that fund to complete that trail if it's ultimately approved in Cass County?

CLEMENTS: Yes, even the \$8 million wasn't enough. One estimate I heard was \$15 million, but the trail people were talking about funding that with private funds, although there is not a matching requirement. But they're-- they have spent a small amount of this, but this would still allow for \$5 million.

DUNGAN: OK. I appreciate that because that's just one that I know is very important to a lot of folks that I talk to in certain communities. In addition to that, we see quite a few of these Environment and Energy, the agency Environment and Energy funds being transferred additionally. Can you explain a little bit more of the \$2.5 million being taken from the Litter Reduction and Recycling Cash Fund?

CLEMENTS: Yes, let's see, I've got that.

DUNGAN: Sorry, that's line 43.

CLEMENTS: Oh, right. Yet fiscal did give me a printout of what the current balance is. The current balance is \$4,745,000. This-- it does get-- income comes in and the transfers out are sustainable. With all of these we looked at how much they get in and how much they pay out and what their balance is, and it would, would leave a balance of over \$2.2 million or so.

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DUNGAN: OK. Do we know from all of these cash funds, I mean it's hard I guess to have an answer for all of these, but do we know if any of these various organizations are going to have to change their spending based on some of these transfers that we're doing?

CLEMENTS: We don't. We--

KELLY: That's time, Senators.

DUNGAN: Thank you, Senator Clements. Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. President. Yesterday on the mic, I talked mostly about the Department of Corrections, and specifically in detail about some of the rehabilitation efforts that they have going there with the Reentry to 2030 program. Today, I'd like to spend some time on the other major department within the Nebraska government that uses a significant amount of funding from the budget, and that is the Department of Health and Human Services. Throughout the year, I've kind of highlighted some of the things that the Department of Health & Human Services does. But today I'd liked to get-- drill down in detail on, on some of the programs that they have. Every year, the director, Corsi, invites the senators over for lunch in their headquarters and he has each department head brief their specific areas of responsibility. But he kicked it off first by throwing up a number, it was quite impressive, \$3 billion with a B. That is the budget for the Nebraska Department of Health and Human Services, \$3 billion. About half of it comes from Nebraska, and the other half are largely matching funds from the federal government. Unfortunately, some of those matching funds are shrinking and we're having to make up some of that and that's caused us, you know, to, to, to move into this unbalanced area and then have to find inventive ways to, to balance our budget. But the Department of Health and Human Services does a lot of work for the needy of Nebraska. And I'd like to run, run through some of those. Well, all of those responsibilities. If you go to their website, it's quite, it's quite well organized. There's a number of applications there for, for grants, for programs. But they also have a pamphlet essentially that you can download that outlines kind of what, what they do. And so I'd like to run through those. It's probably going to take two or three times on the mic. But I think it's important that you understand how much responsibility the Department of Health and Human Services has. First in financial assistance. Aid to Dependent Children. The ADC program provides financial payments to dependent children age 18 or younger

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and, and eligible parents who meet financial eligibility requirements. Participation in Employment First may be required. Employment First is-- EF is Nebraska's welfare reform program. The goal of EF, is to help families achieve economic self-sufficiency through training, education, and employment preparation. Employment First is designed to assist families who are receiving ADC transition from welfare to work. State Disability. Provides financial and or medical assistance to people who have a disability expected to last at least six months, but less than 12 months, and determined to be eligible for the federal Supplemental Security Income program. People who do not qualify for SSI payments due to duration of the disability may qualify for the State Disability benefits because of different standards and regulations. Aid to Aged, Blind, or Disabled. Provide a financial benefit in addition to the benefits of the Federal Supplemental Security Income Program for those aged, blind, or disabled persons who are otherwise eligible and do not have-- eligible and do not have sufficient income and resources to meet the needs. Assistant--Assistance amount is dependent on the amount of monthly expenses. Refugee Resettlement Program. Provide financial payments and or medical assistance to refugees who have-- that have been res-- have been resettled in the United States and do not qualify for other programs. Assistance is limited to the first eight months as a refugee. That's all under financial assistance. Next is food. And first is the Commodity Supplemental Food Program. CSFP provides food for eligible individuals age sixty years and older to maintain proper nutrition and health of senior citizens. And then the supplemental nutritional assistance program or SNAP.

KELLY: That's your time, Senator.

HOLDCROFT: Thank you, Mr. President

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

DORN: Thank you, Mr. President. I wanted to talk a little bit about, I take a little bit of exception with the fact that we've heard on the mic this morning already that this is the first time we've seen this sheet. Well, apparently you haven't been out in the Rotunda because there's a lot of lobbyists have been showing me this sheet, especially when we're on Appropriations. What happened, part of what happened and why this came about. The 25th of April, the forecasting board met. They took away, depends on where you look at the numbers, about 300 and some odd million dollars, gave us another deficit of about \$380 million or \$390 million. So we had to deal with that. We met the following Monday, we were shown a sheet that brought in about \$200 million. The next

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morning already, out here in the Rotunda, I had several lobbyists show me that sheet. So to say that-- I will, I will agree there's probably some people in this body have never seen any of this sheet. But to say nobody's ever seen it, that's not true. This has been out there. A lot of these things have been out there. We met the following Monday. All we did was meet for discussion. We were shown a sheet of about \$200 million. We pared this down to about \$130 million. All we did was the Monday was had discussion. The Thursday we came back and voted on that. Everybody on the committee had an opportunity to pick out any of those things, and we had a discussion and we voted up or down whether or not to include those. We ended up with about \$130 million. That left us, we thought, \$260 million deficit. We had another \$130 million, we took that out of the rainy day fund. Put that down from \$821 million to \$690, roughly, million. That's where the Cash Reserve Fund's at. Thursday, last Thursday, we voted on that. This-- I messed up day, I think this Tuesday morning we had to come and make some adjustments and that's why this amendment had to go up to Bill Drafters and everything, thought it wouldn't be back down until Select File. So we had to make I think three adjustments on Tuesday. We voted those in and everything. Then this amendment went up to Bill Drafters, thought it wasn't gonna be ready until we were on Select File, came down this morning. That's why it's up and introduced today. You can disagree or agree with these. These funds are funds that we didn't take funds out of before. We didn't pull the cash out of them before. These are projections of at the end of the fiscal year that they will have this amount of money in there that can be, I call it, taken back for this one time, one purpose. It's not ongoing. The base stays the same next year, everything, but this is entities that were looked at that will have, I call it, funding available at the end of the year that most likely most of these had not had anything, I call it, reached out or taken from before. Wanted to talk a little bit about, once I talked about that, but a little bit about how we make the budget or how the budget kind of comes about. Every region of the budget, every area of the budget, has so many dollars. I will talk about Health and Human Services this morning. 20%, 25%, whatever they are of the budget. So as you go into the budget you know that this many dollars, this many programs, this many agencies, they're about this amount of funding. One of the things that we really had, and Senator Clements talked about several times, I talked about it yesterday, on page 28 is our FMAP, and what happened to our Medicaid part of that. We had an increase of over \$300 million. So if Health and Human Services had, I don't know, pick a number, 20% of the budget and they have \$1 billion, now we just got hit with another \$300 million that, if it doesn't come out of there, doesn't come out of some of their other programs in there, it has to come out of other

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parts of the budget. So you have to allocate those. You have to look at those. You have see what are we going to do to make up this adjustment? We can talk about property taxes all we want to, but this one here really dug deep into some of those programs. HHS, are we now going to take all of that \$300 million out of them and not put it on some of their programs, or are we going to spread it across the whole budget? I see my time's about up. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President, and good morning, colleagues. Just wanted to clarify something in the record. This came up on a Judiciary Committee bill, I think, a week or so ago, and is another process point here this morning. While a worksheet or a handout may have been circulated in the lobby, that doesn't mean it was officially part of the record. While a committee may have met at some time prior, until the amendment was filed it was not a part of the record. And why that matters is because that's the first time the full body has awareness and understanding of what the issue is before us. That is the first that the public and all stakeholders have information available as to what is before us. So whether or not somebody circulated a handout in the lobby last week, that doesn't mean that that has provided adequate notice for analysis and discernment on something as critical as key packages emanating from Judiciary or critical aspects of our budgetary process. The other thing that I just want to reframe and reiterate as we get started today that not being candid about the clear reasons we are in a deficit and scrambling to make cut after cut while increasing taxes is not because there was some unforeseen explosion in the Forecasting Board. The Forecasting Board was utilizing information based on a host of factors including primarily policy decisions by the governor and this body to eviscerate the revenue through doling out huge tax cuts that were unsustainable and unaffordable. When it comes to Medicaid and what that means, this is a formula that has been in place for decades and is continually projected by both the administration and the Legislature to figure out how that's going to impact our Medicaid program and our budget. So to act like these were unforeseen events that just all of a sudden threw us off track from a budgetary perspective is inaccurate. And the fact that we're getting less money in FMAP further reinforces my longstanding contention and provision in regards to this debate, the reason we're less money is because our economy is strong. That is how the formula works. So you see a recessionary budget in a time of economic prosperity. Evidenced by low unemployment, evidenced by the reduction in FMAP, evidence by common sense as you walk through society in Nebraska today. So now

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folks are scrambling at the last minute, sending forth an unbalanced budget to the floor, forcing, for the first time this morning, votes on key issues that we don't have clarity about in regards to what this means for our shared public safety goals, what this means for key infrastructure issues, what this means college affordability, what this means for thoughtful financial planning. Does this transfer from the cash reserve leave us at 12% or take us lower? I don't know. Can the State Patrol handle additional cuts in enforcement and public safety and tools like vehicles needed to do their job? Why are we taking major transfers from the DMV Cash Fund after we just increased fees there significantly? Why are we taking major sweeps from the State Fire Marshal when there's another bill moving through the body to increase fees significantly. All of these fee related issues also go into the broader narrative. You've seen this body push through fee increases for you want to go hunting or fishing or visit your state parks, potential increases. You're going to pay more for your garbage fees. You're gonna pay more inspections. You're gonna pay more for licenses. All to prop up unaffordable tax cuts that are a key driver in our structural budget deficit that the chairman of Appropriations admits we have a structural deficit. One-time sweeps and tricks and funds do not solve a structural deficit. Each one of these items is important and worthy of debate and deliberation, and we need to have a clear understanding about how they impact programs and services that Nebraska rely, relies upon.

KELLY: That's your time, Senator.

CONRAD: We know, for example-- Thank you, Mr. President.

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

ARMENDARIZ: Thank you, Mr. President. I want to start with the CFO I just recently worked for would always remind us that we need to either find savings or increase our revenues. And both need to be considered. Sitting on Appropriations, that's what we have done with this budget. Also, when my husband and I talk, oftentimes, and we're very busy, we do a lot of projects, and we remind ourselves when we're, we're feeling good, when we are healthy, that's when we should be working even harder to get toward our goals, because when we fall ill, or people come in to visit, we don't get toward our goals, and things fall to the wayside. So when times are good, that when we should be working even harder toward our goals. That is so in this state. Unemployment is low. We're healthy as a state. We are healthy as citizens of this state, and we should be going through all of our taxpayer spending, making sure it is going to productive programs and cutting programs and funding where it

is unproductive. This is where we are in the Appropriations Committee, this is what we are doing and should continue to do in the best interest of the taxpayers of this state. This is not how government traditionally works. Traditionally, governments look forward to more new revenue without much thought going to cutting spending. This is change, and change is uncomfortable. And when people get uncomfortable, they get angry. They use fear tactics. I had a lobbyist tell me people will die if I did not give them money. They'll want to go backwards. They'll wanna stop. But we are healthy. This is the time to double down and keep working in the best interest of the taxpayer and going through every agency to find waste. Change is necessary to stay healthy and to grow. We must stay the course of surgical evaluations of government spending for the sake of, and the health of our state. Stay the course. We have room. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. Like everybody else I'm digesting this spreadsheet that we all received and trying to go through line by line what's going on here and then match it up to the budget shortfall and what are some of the justifications for the transfers here. I've got a number of concerns about the transfers, as other folks have started to identify. So one, I mean obviously that jumps out, that even Senator Clements addressed in his opening was the DMV cash fund of \$12.5 million, which I would love to know where that money, what the source of that revenue is, because the DMV, I think, is a service, you know, cash-based service, which means when I pay for my driver's license, that covers the cost of service or whatever other DMV-- license plate registration, things like that, those costs are wrapped up in paying for the service there. So if they are collecting \$12.5 million more than they need to, that seems like we should be lowering the cost that we're charging to Nebraskans for their driver's license. And that's relevant in the sense that we are nickel and diming Nebraskan on things like driver's license fees and other user-based fees. We're increasing them, sweeping those funds, and then using that to pay for these tax cuts that we implemented in the last four years for both property and income, and specifically the part of the tax cuts, that go to the wealthiest people in the state. And so to need to take \$12 million from every Nebraskan who has to pay for a driver's license, so whatever portion of that is, to pay for, to fill our budget hole is concerning. And so I think we should maybe revisit that rather than sweeping those funds. I'm also concerned about the funds, well, a lot of them, but going down to water, surface water infrastructure, \$5 million, \$2.5 million in '26, \$2.5 million in '27.

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And I guess I don't know what the next column means, but \$35 million available and \$30 million spent. I, I need some more explanation on that, and we'll have a long conversation today. But we had-- we're talking about the canal, we talked about the canal yesterday. We'll probably talk about the canals some more today. But again, we are taking money out of other water projects. It's OK to take money out of the Surface Water Infrastructure Fund, which one would argue the canal is a surface water infrastructure project. We're taking money out of other surface water infrastructure funds, which I don't know if that is the flood management in Saunders County that we funded under what was then called STAR WARS program, cleverly named STAR WARS program. But the flood mitigation which was in response to the floods in 2019, and we put money into that to try to prevent future flooding. So improvements of levees, improvements of water retention and things so that we don't have catastrophic floods in the future. So I, I don't know if that's what that fund is, I need to get my agency code book which I'll get between now and when I talk next time on the mic to get a little better idea on all this. But we are taking \$5 million away from these smaller, more targeted projects because we can't bear to take away money from the big, you know, flashy project. So that's, that's one concern on just all-- some of these cuts. And then there's just this broader concern that we are balancing our budget on the backs of cash transfers, and I'm going to run out of time so I'm not even going to be able to make this point. But we're balancing our budget on the backs of cash transfers out of the cash reserves and out of our, our ca-- out of cash funds and our cash reserves. And you can only do that trick once. Going into the future, you look at the green sheet, we have a continued deficit in the future. And that is not going to be able to be plugged by another cash transfer. So the money-- sure, the DMV can maintain this cash transfer for now, as Senator Clements said, that they can, they can live with it and float it or whatever. But we won't be able to get \$12 million out of DMV in two years. So how are we going to plug the hole in the budget going forward that is created by these huge tax cuts that were implemented in the last four years? We have a structural deficit going forward, that we're plugging--

KELLY: That's your time, Senator.

J. CAVANAUGH: --with our savings account. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I rise in opposition of AM1300. And just looking through it, and, you know, a lot of the questions my

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colleagues have shared, I, I have those same, same concerns. you know, we talk about ineffective spending and taking money from agencies who have been ineffective or not spending correctly. I really wish we held that same philosophy for the "Department of Punitive Services," because it seems like they just get an unlimited budget, nobody questions it, and you could argue strongly that they have not been effective in ensuring that the individuals that this state incarcerates are given proper programming, adequate, adequate supports, so when they do return back to society, they're in better spaces or they're not as burdened with, with more barriers. So if we're going to talk about agencies not being effective in ineffective spending, then why don't we hold that same philosophy for the "Department of Punitive Services? Then I'm just going through this, and I just wonder why has the-- why does the Crime Commission have a lapse of \$8 million of carryover money? And from our understanding, we should be putting more into the Victims Restoration Fund. You know, a lot of people stand up and talk about victims all the time, and we, we need to be concerned with victims, but- That's just words, because instead of taking \$8 million to carry over money from the Vic-- the Crime Commission, why aren't we putting money into the Victim Restitution Fund to make sure that victims are getting the resources they deserve? Or why aren't we making sure that we put money into programs that help families and-- of, of victims of crime. You know, get support to deal with those traumatic situations. So I really don't understand why we're taking \$8 million when I could think of two programs within the Crime Commission that could use \$8,000,000. So-- but we're here, and no, I did not see this. I don't know who saw this, but, but I didn't see it. So, I'm not sure who got the memo or who saw the message, but I didn't see this at all. Which is interesting that some people saw this and some people didn't. And then I'm looking at this inland port authority and taking money from the Inland port authority. Just FYI, Omaha, the Omaha Inland Port Authority can't access funds from this anyway until I believe after 20-- 2027. But you would think that other inland port authorities across the state would be concerned that they're taking \$750,000. So what does, what does North Platte think about that? Senator Jacobson, would you yield to a question?

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

JACOBSON: Yes, I would.

McKINNEY: Thank you, Senator Jacobson. Does North Platte have an inland port authority?

JACOBSON: We do.

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McKINNEY: OK, so are you concerned that in this right here, they're taking \$750,000 from the Inland Port Authority Fund?

JACOBSON: Not at all.

McKINNEY: Why not?

JACOBSON: Because they're-- they've got the dollars they need right now for where they're at at this point in their project. So no, I'm not concerned.

McKINNEY: But are you--

JACOBSON: And keep in mind that these are excess funds that are sitting there are being unspent. So I'm, I'm not concerned about that, no.

McKINNEY: But are you concerned that it might set a precedent?

JACOBSON: Well, I don't know what precedent we're-- If we've got unspent dollars and we're going to use them in programming, I think that's what we heard about yesterday was on the Perkins County Canal, the money's there, it's not being spent, so we should program it in. So it--

McKINNEY: Do you-- Do you-- You say they have the money, and you saying the money is being unspent. But do you know why the money is not being, being unspent?

JACOBSON: Yeah, they don't have the company to come in there to build that would require matching money.

McKINNEY: What about the other ports across the state, like in Fremont?

JACOBSON: I'm, I'm not, I'm not privy to what they're doing.

McKINNEY: All right, thank you. He might not be concerned, but if you have an inland port authority that's across the state, not in Omaha, because Omaha can't access these funds, they're taking money that you probably could use. So write your senator if you're in those areas. But overall, it's just questions after questions about this. And we didn't see this. I don't know who saw this, but I didn't get the memo. Thank you.

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

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JACOBSON: Thank you, Mr. President. Well I've heard a lot of things said last night and yesterday and starting out this morning I'd like to put some things back into perspective. First of all, the idea that the Appropriations Committee and Chairman Clements submitted a budget that was unbalanced. Well, the fact of the matter is that when the book was published, it was balanced. But what was missing was the State Revenue Forecasting Board meeting, which they were encouraged to meet earlier. They did not do that. So therefore we had to-- they had to submit to the Legislature a budget before knowing what the Forecasting Board would do. When they came in and took \$190 million worth of revenue out, that made the budget unbalanced. I don't know how you foresee that. I don't know how you avoid that. They had no way to know what that number was going to be at the time the budget book was sub-- was submitted. So let's get that on the record and let's stop saying that the committee and the chairman didn't do their job by submitting an unbalanced budget because that's false. Let's talk about the issues of why did-- where is the money and why are we at the position we are. It's not because of tax cuts. Listen to all that, that we talked about in terms of the spending that's going on. We've looked at FMAP. FMAP took serious money away from Nebraska. That can't go unnoticed. We learned that that was going to happen before the session began, but we were already looking at a budget deficit coming in and then we had that on top of it. And it's because we were doing better in the state of Nebraska as compared to other states, and that's why the number went down. That is not an endorsement that the state's economy is doing exceedingly well. Because I think we all know that the economy is looking at a slowdown. Many people are projecting recession. I can tell you that if you look at agriculture, the price of soybeans, the price of corn are down nearly, nearly in half from what they were two years ago. That's a challenge. That's going to make a difference in, in the amount of dollars that are going to be paid in income taxes by some farmers. Cattle prices have been very high, they've continued to stay up there. That's providing a lot of revenue from that stand-- particular standpoint. So I would just say that to suggest that all of this was avoidable, all this was self-inflicted, is pure hogwash. OK? It's simply pandering to a base out there to be able to say these outlandish things on the microphone and get a rise out of constituents. What's happening now with, with what is being proposed in the budgetary changes is going into funds that have excess dollars laying in that fund and taking away some of the unspent dollars. It doesn't change, it doesn't change the amount of revenues that they're receiving, isn't impacting their spending, it's just taking away the excess reserves that are sitting out there. That does not impact programming. That doesn't impact current budgets. They're continuing to receive ongoing income, ongoing revenues. They're

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able to make the expenditures that they normally make. The dollars that are coming out of this is a portion of the excess reserves. Let's keep that in mind as we start doing this debate on how, oh my gosh, the sky is falling. It's not. And we also have a very healthy cash reserve remaining. So I'll get on the mic later and, and I'll talk further about a few other issues. But I'll just wait to hear for the misstatements on the mic and try to correct those. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. There is some serious gaslighting happening this morning. The blue book, or the celestial blue book, was never balanced. It wasn't balanced before the Forecasting Board came out. It was never balanced. We put it out knowing that it was not balanced. You cannot challenge me on that. I was in the room. Senator Armendariz talked about it in front of the press, how it was embarrassing that it wasn't balanced. It was never balanced. Please stop lying. It was never balanced. The blue book was not balanced. Period. Full stop. I'm not being hyperbolic. I'm being honest. We can take cash funds from all these things that impact and help working Nebraskans, but we can't even have the conversation about the cash funds that benefit the most wealthy Nebraskans. We can account for FMAP. We know the calculation on FMAP. So saying that this is all about FMAP because poor people aren't as poor as poor people in Iowa is not a reason to say that we can afford this. We knew that we couldn't afford the tax cuts and we did it anyways. And we know that the tax cuts are the reason that we are in this situation. And we are choosing to not do anything about it. It is not mystery. The Appropriations Committee has sat on a pedestal way too high for way too long. I have sat on other committees, and I will tell you that I find it galling the way that this committee has happened. I find it galling that the governor has put forward changes to statutes and programs through the Appropriation Committee, and that we would even entertain that. That your bills have gone through your committees, have been passed into law, and then we change them with a pen on a whim. And it is on a whim. It is not deliberative, it is not thoughtful, there is no strategy. How do I know? Because I've asked numerous times, what are the priorities, what is the strategy? There isn't any. So you can criticize the budget. Even if there were a strategy and there were priorities, you didn't get to weigh in on them. I will tell you, my priorities were never considered in that committee, ever. Taking money from cash funds is raiding funds that are funded by fees, which are just another tax. The DMV, \$12.5 million. How many times have I stood on this floor and

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talked about how fiscally responsible the DMV is, more than any other agency in this entire state? If they have \$12.5 million sitting in a cash fund, it is for a reason. And it is not to fill the coffers of the wealthy Nebraskans who don't want to pause the income tax cuts. It is not for the governor to get property tax relief for his multi-million dollar properties. It is to plan for the future. It is to not raise fees additionally in the future, which is just a tax increase. This is the reality, and I take great offense to the insinuation that I am grandstanding. I am sounding an alarm because this is alarming, because this is real, and I keep hearing my colleagues act like it isn't real. It is. We have not accounted for anything at the federal level that is happening, no potential changes to Medicaid programming, none of it. This is a real crisis, and we have our heads in the sand. And I am very much looking forward to the wonderful conversation that's coming next from my colleague who's in line, because she has no way of not trying to taunt me. So this is going to be fun, everybody. Thank you, Madam-- Mr. President.

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

KAUTH: Thank you, Mr. President. I rise in support of AM1300, AM835, and LB264, and in deep appreciation for the hard work of the Appropriations Committee. And I am not sure why Senator Machaela Cavanaugh wasn't aware of these. She's on the committee. She should have known these discussions were happening. She would have been very well aware that they were coming up. Senator Clements, Senator Dorn, Senator Armendariz, Senator Strommen. Senator Lippincott, I've had discussions with all of them throughout the last four months of us being here in Lincoln about the things that need to happen, about possibilities. Now, I didn't see it completely laid out, so you could add it all up in one sheet, but we've known that this is coming. Scolding people about the Legislature working hard to effectively use the funds taken from taxpayers and working to reduce the size of government seems to be a very tone deaf argument. Our goal should not be to make cradle-to-grave government. Our goal should be to be effectively using the money we take from taxpayers. Reminder, when we personally have budget crunches in our own homes, we look at what we need to cut. We look at what's a necessity. We look what's a want. We make it work. We have to assess the least harmful and, and the easiest to handle cuts. And then we have to implement them. That's what we're doing here, ladies and gentlemen. Our Legislature has to do the same. Again, we make nothing. We are a government. Governments do not make money. All of the money that is being talked about is money taken from you, our taxpayers, our constituents. So when we see money sitting in

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cash funds for an agency, that's your money that is sitting there and not being deployed the way it should be. This isn't about the government's money. This is money that is yours. We have to do the same thing as we do in our personal budgets. We have access the least harmful and the easiest to handle cuts that will be made. And we have to have the political will to actually make those hard decisions. We've been talking about this all year. There are no surprises here. We might not like every single thing, but we do have to make these decisions. Our constituents deserve no less than that we treat the money we take from them as diligently as they treat their own. I have one more thought about the progressives wanting to pull from the Perkins County Canal and the prison. These are long-term strategic decisions that were made. That money was set aside so it wouldn't be eaten away by the nickeling and diming and the, oh, it's just for a little project. We're gonna start a little program. It's just to help out here. It's nice. It would be very helpful. It would help a lot of people. Those two projects are long term. Those are going to do a lot of good for our constituents. They're going to improve our safety, and they will improve our long-term economic viability. So when everyone hears about, you know, great big pots of money sitting there, that money is designated for a reason, and it needs to stay there. So I'd like to yield the rest of my time to Senator Myron Dorn.

KELLY: Thank you, Senator Kauth. Senator Dorn, you have 1 minute, 24 seconds.

DORN: Thank, thank you, Senator Kauth. No, thank you for any time. First of all, I do want to apologize to some of the senators out here. I've been approached by some senators that said they have never seen this list or this sheet before, so I do apologize to you. I do not know why or how it, I call it, was running around out in the Rotunda, out in the lobbyists, and why that sheet was out there. Apologize to you for that for making that comment. So there, yes, there have been some of you that have never seen this. I wanted to talk and I'll talk later when I'm on the mic about the FMAP again. Page 28, you really need to go look at that page. I'm not sure everybody's looking at that page, Department of Health and Human Services FMAP decrease or increase. When I came up here seven years ago, we were at where we're going to be at, the Federal FMAP in 2'6, we were at 54 point something. It's been great the last six, seven years. That number has increased. Didn't understand the magnitude of how much it was increasing until now it starts decreasing and we have to put more money in. It explains in detail how much more money we're putting in every year or how much more that program is costing us. So like I said, that FMAP is right there. It is a three-year rolling average of our personal income and how we are

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compared to other states. Do we know this October 1? Maybe we do. Thank you.

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

STROMMEN: Thank you, Mr. President. I was going to touch on FMAP as well. We saw that decrease because we as a state are doing well. FMAP is based on, as Senator Dorn said, per capita income. It's-- essentially, it's an inverse correlation in that the better that we do as a state, the less money we get from the federal government, which puts us in an interesting budgetary situation, but at the same time, we have to be cognizant of the fact that we are doing better as a state, and that is a good thing. The-- these are not related to DOGE. They're not related to the federal government coming in and saying, you, state of Nebraska, we're gonna strip money out of what you are doing. They are-- this is directly related to the fact that the state of Nebraska is doing good. We are doing well financially. As I said, it's an inverse correlation. It shows that we are in an upward trend which is extremely positive and I for one am, am happy that we are headed in that direction. Also yesterday there was some talk about new taxes being utilized to buy down our current deficit. I just wanted to reiterate that that is not the case. None of the new proposed tax bills have been included in this budget. We were able to find a balance without adding any of those in. And also as a point, everything that we do in this government, all the money that we spend is due to taxes. Without taxes, without any taxes, the state does not run. Sales tax, income tax, for the most part, that's it. So unless we're planning on having a giant bake sale, we're probably not going to find much more money. So, just, just to reiterate, FMAP decrease is based on our income looking good, our state doing well. None of these new taxes that are being proposed are being utilized to buy down the current deficit, which I think is also good. We were able to find the money, we were able put ourselves in this position without having to go out and, and increase and look for that to bring that in to try and put us in a position where we, we zeroed it out. So I yield the rest of my time. Thank you.

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

DUNGAN: Thank you, Mr. President. Colleagues, I rise again, opposed to AM1300, I think both in principle and in function. We're looking through a lot of these individual cash funds that are being transferred into the General Funds, and it's very concerning. I, I understand

there's been some philosophical conversations going on on the mic this morning, and yesterday if you were paying attention or for those at home heard me speak I absolutely reiterated I think a number of times the importance of not balancing the budget on the back of everyday people. And we talk about that all the time in here and as we're talking about revenue and appropriations I think that that continues to be one of the most important tenets that we have to abide by. You know, Senator Kauth was just talking about how, you know, this is the taxpayer's dollars, not the government's, and we need to be good stewards of that money. And I think that that is exactly why I become concerned when we see a number of transfers being taken from cash-funded agencies that are, that are funded by fees. Senator John Cavanaugh pointed this out, and it was something that he and I were talking about earlier. I, I went through and I was trying to identify not just the agencies that are funded through fees, but the ones that have recently increased their fees, things that we as a Legislature have approved. You look at Line 9, the Motor Vehicles DMV Cash Fund, you look at line 33, the Racing and Gaming Racetrack Gaming Fund, you look line 43, the Litter Reduction and Recycling Fund. There's a number of these funds that have recently increased their fees which we then immediately are sweeping the cash funds into the General Fund. So we are literally increasing fees to then fund the General Fund, which I think is generally problematic. I, I understand that there's probably an ability for a number these agencies to spend this money or to hold on to the money and have us use it. It goes back to a question of not can we do it, but should we do it? And I think that is the ultimate question we need to be asking ourselves. Every single year that I've been here, colleagues, every single year we hear this is a one-time thing. We're taking from the cash funds as a one time thing to make sure we can balance the budget, or we're talking from the cash funds as a one time things to pay for property tax relief, or we're taking the cash funds to do this, this, and that. It has become a consistent and persistent method that, for whatever reason I think we have seen utilized in the Legislature. And when you talk to folks who have been here before, when you talk to people who are, you know, legislators on the Appropriations Committee or the Revenue Committee from years past, it doesn't matter if they're Democrats or Republicans, they continue to express a concern for the way that we are balancing this budget. And so I guess philosophically speaking, when you about increasing fees, to then sweep those cash funds into the General Fund, it's problematic. The other thing I think that we need to understand, colleagues, is cash funds are created for a specific reason. And it doesn't matter if you like that cash fund or not. But the idea that these are just extra bank accounts that we can tap into, I think is a really dangerous way to

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proceed. I, I think that if we start to have this precedent that we are allowed to tap into these cash funds whenever we feel like it, we're creating a really scary precedent for the future. You can go through our statutes and see what the cash funds actually do. I, I have sitting on my desk here the LFO directory which goes through and it says exactly what each cash fund is, and when you go through and look at the different agencies and the program numbers it's fascinating that at some point in time, us as a Legislature thought that it was important enough to designate a cash fund for a certain purpose because they all serve a very specific and necessary purpose. And legislators in times past allocated or appropriated money to those cash funds, or they set up a mechanism with which money can flow into those cash funds for a reason. And it's to make sure that we do important things, like protect against radon, to make sure that we continue to make sure that carriers or trucks are following the rules. To make that we do what we can to create litter reduction and recycling. I'm going to talk about this more on the mic next time I'm up here. But I mean, we're talking about taking money from the State Visitor's Promotion Fund out of one side of our mouth, at the same time, we are talking about trying to get more people to Nebraska. That doesn't make sense to me. I don't think that we are doing what we can do or what we should do as a state to support every aspect of our local communities by taking this money. So, colleagues, please dig into this, continue to ask questions, be curious about what each and every one of these funds actually does. And again, just because we say, yes, we can take that money, it is possible for us to take that money and there's still some money sitting in that account--

ARCH: Time, Senator.

DUNGAN: --it doesn't mean that we should. Thank you, Mr. President.

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

FREDRICKSON: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. So I, like many of others who have spoken this morning already, have been digesting the information we're getting and certainly trying to. Learn as much as I possibly can about what's all happening here and what's going on here. There are a few kind of global points I wanted to make about this discussion. I've had a number of conversations with colleagues from across, across the spectrum of how we might view the budget and I think there's probably a kernel of truth in a lot of what's being said. I think that, you know, on the one hand a lot of folks are talking about the importance or the need for different cuts or different sweeps because of the lack of

sustainability for-- from some of the infrastructure that was maybe created or enhanced through things like the ARPA funds. There's certainly probably a kernel of truth with that. I think there's also a kernel of truth in what's being said about, you know, the lack of sustainability of some of the policies that we've been passing in here, whether that's related to tax policy or, or other items that are contributing to where we are as well. I do want to say I think that there's been a lot of conversation about excess funds and how the sweeps that are occurring are all excess funds. I really want to highlight something that was spoken about yesterday. There is a reason why we have excess funds in a lot of these agencies. And that was handed out by Senator McKinney on this handout. These are excess funds. These are a direct result of the requests for cuts or lack of spending in agencies by the executive branch with the assistance of Epiphany Associates. So these excess funds were intentionally created. The-- these agencies were told, do not spend this money, cut your spending by this amount. So these excess funds were created. So it is very possible that these excess funds would not exist but for the order to create them. So that's really important to, to include in this conversation here. I also want us to think about this from a 30,000 foot view as well. Again, what's happening with a lot of these agencies, if you look at the other legislation that's moving through this Legislature, I can certainly speak from the perspective of, of TNT and some of the bills we've seen in there, there are a number of fee increases that are being passed or being moved forward in the Legislature. So we're seeing these sweeps from these agencies. We're seeing these tightenings of the budgets of these agencies, and to compensate for that tightening, we are seeing fee increases on Nebraskans. So this is a bit of a slight of the hand. It's not-- we can make the argument, no, it's technically not a tax increase, but that's exactly what's happening, is Nebraskans are going to be paying more to the government out of pocket through the fees that they are charged, whether that's at the DMV, whether that's at the, the courthouse at the county for a marriage license, et cetera. That is what is happening here. That is how these agencies are compensating for these budget cuts. They know that they need to continue to bring in money and they need continue to continue bring in funds. So they're doing that by raising fees on Nebraskans. Property tax relief is incredibly important. We need to work at that, but we also need to be very clear-eyed about how we're going about doing that. We're just shifting the burden. Fee increases are fee increases, period. Nebraskans are still going to be paying the money. It's just coming from a different, a different, a different pot. Again, I'm continuing to go through the list here. I, I have questions. I, I've started to ask some questions, and I'm beginning to get some answers.

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We've got information here on BELF. There's, I think there's some constitutional implications there, obviously. BELF is required to go to education-related funding. There's, there's a line on here about the MCO Excess Profit Fund. My understanding is that-- those funds are required to go to Medicaid related expenses. And so-- And again, if that's being swept for the General Fund or other purposes, that is something that I don't think is above board. There's also a part in here that talks about all agency lapses, it's, you know, \$24 million. I would like to see a more enumerated or more specific breakdown of what agencies, how much in each agency, what part of those lapses are existing. So that's a little vague for me. So I'm gonna continue to ask questions about this. I will get back in the queue because I also have questions as it relates to some specific public safety-related concerns, things like train crossings, et cetera, that I'm going to get back in the queue and talk a bit more about as well. So with that, I'll yield back the rest of my time. Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. Speaker. Back to-- I started reviewing all the programs, the responsibilities of the Department of Health and Human Services and really haven't gotten too far, but we'll continue with that. We already talked about financial assistance with the Aid to Dependent Children, Employment First, State Disability, Aid to Aged, Blind, or Disabled, Refugee Resettlement Program, those are all financial assistance, and now we've moved on to food. We talked about the Commodity Supplemental Food Program and now, we're on SNAP. So SNAP assists households with limited assets and income to buy the food they need for good health. Households qualify for SNAP benefits based on available household assets, income, and certain expenses. If the household is eligible, SNAP benefits are placed on an electronic benefits transfer, an EBT card, for the household to buy food. SNAP follows regulations and rules established by the federal government. So that is essentially the food programs. Moving on to medical, and the number one thing here is Medicaid. Medicaid pays for health care services for low-income seniors age 65 or older, people who have disabilities, children, pregnant women, parents, and people between the ages of 19 and 64. All Medicaid categories have specific eligibility requirements. That's-- Under medical also, Medically Handicapped Children's Program, or MHCP, provides diagnosis and referral services to low-income children and purchases necessary treatment for them. Children who have complex medical needs are given an evaluation on request. Children determined eligible for the program are given additional treatment or services by medical providers under contract with the Department of Health and Human Services. Still under medical,

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the Aged and Disabled Medicaid Waiver. The Aged and Disabled Medicaid Waiver provides through needs identification and, and service planning, eligible personnel are offered the choice of serving-- receiving home and community-based services or entering a nursing home. The waiver allows medical funds to be used for services that are not usually considered medical, including adult day health care, assisted living, chore services, child care for disabled children, home delivered meals, independent skills management, nutrition services, personal emergency response systems, respite care, and transportation. So then mo-- next we'll move to shelter and utilities. Emergency Assistance. Emergency Assistance is provided to needy families with minor children in situations where other resources are not available. Examples of situations for which assistance is available are imminent evictions, loss of utility service, or exhaustion of food supplies. And then under Low-Income Home Energy Assistance Program, assists low-income households in meeting every cost. Benefits are based on energy costs. I'm sorry. Benefits are based on family size, fuel type, and geog-- geographic residency in the state. So that's under shelter and utilities. The next category, and it's pretty long here, other family support. Home Visitation. Home visitation supports pregnant and parenting families with children up to five years old who may struggle with various life, life stressors. Adult family home provides a home-like living arrangement to meet the needs of adults who are unable to live independently but can function adequately with minimal supervision and protection. Employment Support Services enables low-income families to become self-supporting. Services provided include daycare services for children, homemaker, family support, and transportation services. Aged and Disabled Services. Provide services to low-income recipients to enable them to be as self-sufficient as possible. Services include chore services, home-delivered meals, homemaker services, adult daycare--

ARCH: Time, Senator.

ARCH: Thank you, Mr. President.

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

HALLSTROM: Thank you, Mr. Speaker, members. I'd first like to address the process. There's been a lot of comments made. I don't believe that the Appropriations Committee has conducted a sneak attack on the body. I have not seen the materials regarding this. Perhaps if I was still on the outside of the glass, I might have had a better opportunity to, but I don't see that as a detriment. I'm just going to read the chart and read the amendment quicker than I might have otherwise. And I'm kind of

torn between, Senator Clements had made it perfectly clear that they didn't think we were going to get the amendment back in time for General File, which was perfectly fine with me. It's kind of a toss up between whether or not you have some time with the speaker's priorities allowing to make some changes on General File or Select File once we've digested all of the changes that are embodied. Or if we had only heard on Select File, we might have had less time to make any changes, if any are necessary and appropriate. As a general matter, when we have excess funds in the agencies, I don't have a particular problem with sweeping those excess funds. They were typically paid by taxpayers. I would take exception with regard to the proposal regarding Rural Workforce Housing and Middle Income Workforce Housing, and hope to have an opportunity to take a look at the policy on that issue, perhaps on Select File. But I do divide the cash sweeps into two different categories. One is when we have things like motor vehicle fees and individual taxpayers are paying those. It's probably difficult to get those excess funds back to the taxpayers directly. But indirectly by putting them into the General Fund and either balancing the budget or being able to do something with tax rates is certainly an appropriate way to address that. On the other hand, the second category are those fees that are paid by industries. If they are paid directly for supervision, examination, regulation, then rather than those fees, my preference would be to reduce fees over time so that the industry was not overcharged and then had those funds swept back into the General Fund. But all in all, I'm fine with the process and the procedure that the Appropriations Committee is undertaking. Senator Dorn had indicated that this is a one-time raid. I think we have had occasion to, to raid, and raid probably isn't the proper word, but to raid these cash funds. Now the one thing that I find somewhat interesting and quizzical is I believe the Legislature probably has the inherent authority to take this action, but yet we have specific new language throughout the Appropriations bill that basically says, transfers may be made from the fund to the General Fund at the direction of the Legislature. Seems to be obvious, we've done it before and we'll do it again as the old war song went. So I don't know that we need that statutory language unless we're just trying to make people prepared for the next time that the excess funds need to be swept. I also would take exception, Senator Conrad indicated that we're making cut after cut. In my opinion, that's not an accurate accounting of what we're doing. The budget, Senator Murman the other day said we make decreases in the increases that are proposed. And if you look at the Appropriations General Fund changes on the backside of the sheet that has been handed out, it's clear that we're making reduc-- reductions to the increases that would otherwise occur. In fact, when I'm proposing an amendment to put a half percent cut on the

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agencies that are General Funded, excluding UNL and the Department of Health and Human Services, senator Clements' response was, we've tried hard not to cut the agency budgets, and we've maintained or remained constant with our funding level. That may all be well and good, but I would also note that we're paying for their salaries and their health insurance increases, which probably correlates to a percent and a half or a two percent increase, actually. And finally, in the last few seconds that I have, I just simply echo Senator Jacobson's comments. If you look at our green sheet, reserves are strong-- revenues are strong year over year. Our direct spending that I would call direct spending as opposed to cash transfers have remained constant and I think under control. But the 800 pound gorilla in the room are the cash transfers that we have to the Education Futures Fund and the two property tax credit and cash funds. I don't take exception or issue or oppose those transfers. But we need to get meaningful property tax relief from those transfers over time and--

ARCH: Time, Senator.

HALLSTROM: --[INAUDIBLE] a way to do it. Thank you, Mr. Speaker.

ARCH: Senator Wordekemper would like to recognize some special guests today. There are 98 fourth grade students from DC West Elementary in Valley located in the north balcony. Students, if you would rise and be recognized by your Nebraska Legislature. Returning to the queue, Senator Hardin, you are recognized to speak.

HARDIN: Thank you, Mr. President. Would Chairman Clements yield to some questions?

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

HARDIN: AM1300. Is this called cutting spending?

CLEMENTS: Yes, it is.

HARDIN: OK. And I'm just curious, has that ever been done before in the history of the United States, this cutting spending?

CLEMENTS: Yes, it has.

HARDIN: OK. The U.S. Debt is over \$36 trillion, I think. Does the federal government ever do that cutting of spending itself?

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CLEMENTS: Not in recent history.

HARDIN: Not in recent history, so maybe we could help set the paradigm for them. Has cutting spending ever happened before in the history of Nebraska?

CLEMENTS: Oh yes, in my term here it has.

HARDIN: OK. Would you say that the concept of cutting spending is immoral?

CLEMENTS: No.

HARDIN: OK. Well, I'm told that this is all to fund property tax cuts. Is that correct?

CLEMENTS: No, we are maintaining services of, of agencies and just reducing spending when it's not needed.

HARDIN: Now, Nebraska has an income tax, is that correct?

CLEMENTS: Yes.

HARDIN: And a corporate tax?

CLEMENTS: Yes.

HARDIN: And an inheritance tax?

CLEMENTS: Yes.

HARDIN: And Nebraska County's exact property taxes, is that right?

CLEMENTS: Counties and schools and N.R.D.s, yes.

HARDIN: OK. Which of those kinds of taxes would you say is the most severe or austere in the context of the state of Nebraska?

CLEMENTS: The property tax. The state does not receive any of those, but it's required to be paid by every property owner.

HARDIN: And so Nebraska needs to find ways to help out in that property tax category. Is that right?

CLEMENTS: Our constituents are asking us to do that, yes.

HARDIN: And where do-- does the bulk of that property tax go?

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CLEMENTS: Public schools.

HARDIN: Public schools. And we like to have well-educated children like these up above us to our right from Senator Wordekemper's district. Is that right?

CLEMENTS: Yes, it is.

HARDIN: I can tell they're brilliant up there. And so cutting property taxes or keeping them where we now have them helps the state to cover the costs of education. Is that correct?

CLEMENTS: Yes.

HARDIN: We spent about \$1 billion in that category recently, didn't we?

CLEMENTS: Over \$1 billion, yes.

HARDIN: So AM1300 is a list of cuts from departmental accounts that have not spent all of the money in those accounts.

CLEMENTS: Yes.

HARDIN: They have left over money, is that correct?

CLEMENTS: Yes. Then they'll have income in the future to cover their expenses.

HARDIN: So it's some of that leftover money that's being cut from certain accounts.

CLEMENTS: Yes.

HARDIN: Are we stealing valor here? Because if it's excess money, we're not really dealing with cuts in spending, we're simply reallocating unspent moneys. Is that correct?

CLEMENTS: Yes. Yes, that is.

HARDIN: OK. So we're sweeping excess funds. So you are saying we have still not mustered the courage to actually cut spending.

CLEMENTS: There are some in LB261, but LB264 is just fu-- transferring some excess cash.

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HARDIN: Excess cash, but excess cash is not the same as it was this much and we've cut this much from what we had traditionally and historically actually spent.

CLEMENTS: Correct.

HARDIN: OK. Thank you, Mr. Chairman. I appreciate that for my edification.

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

DORN: Thank you, Mr. President. Having a lot of conversations today, a lot of-- because of this amendment and I call it the list or whatever you want to call it, about how they've come out. Had conversations with some senators. I, I, I don't mean to-- if, if they visit with me about, I guess, and I'm trying to make light of the situation of the current budget deficit we're in and how we're handling it and everything, and that's, that's not, in the least way, anything that's close to what I'm trying to convey on the mic. I think there was an article in the paper in the last day or two, I can't remember who wrote it, that part of what we've done, we knew we were coming to the floor with a, I don't know, 400 and some million dollar deficit. We've been adding some other things and, and been telling a lot of senators since we started this year, for whatever reason, as you are short of funding, that keeps adding or whatever, it keeps growing and I-- there was an article in one of the papers I read here in the last day or two that there was over \$600 million or \$650 million close to that neighborhood range of I call it deficits that we have had to deal with or lack of funding. So as a member of the Appropriations Committee for a long time, I do not take it lightly at all the situation we're in. I do take it not lightly at all how we are dealing with this. Been trying to convey and been trying to-- Being in appropriations. I also take a longer-term view at this situation. I've-- Previous years, I've always looked out at the two out years as much as I've looked at the current budget years. Yes, this sheet of paper here that has some of these funding things that we're going to use cash funds to put to General Funds, they help balance this budget. We have to, we're required as a body to come up with a balanced budget this year. Do I take any of those lightly? My gosh, no. I also want this body to be thinking of, I call it, longer term and looking at the two years out there. Many of these programs what we've had I've been, I've been talked to about certain things, but property tax relief, Perkins Canal, the prison, many of these things. What we've done since I've been up here, really proud of some things, but also really disappointed in the way some things have turned out. But you have to remember as a body, yes, we are in a two-year budget

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cycle. We, we have to deal with, I call it, the deficits we had this year, and that some of these in the FMAP and stuff were some of the deficits that we have for this current year that were still in ends on July 1. But then where do those funds sit at? Where do they have funding going forward? Where does their base appropriation sit at? There are certain things sometimes we do that people never know about so that we preserve the base appropriations for some of these entities or whatever, so that going forward they don't start out at a lower level, that they are still at that base. And yet, the next two years out there will bring us new issues again. We, we, we can see what the revenue forecast is. We can know what the Forecasting Board does. And we know where this two-year budget now will bring us, and we can see projections out there. But are those going to be where we're at? I don't think four years ago, when we had all the ARPA funding, and we had the government funding, and my gosh, we were over \$2 billion in the cash reserve. If you would have told somebody, if you would have me, I wouldn't have believed you, that when we're developing this budget, we are going to, based on certain things, we're going to end up with \$640-some million in deficits that we have to make up. I don't think most of us would have projected that. That two-year out is very good to look at to see, I call it comparisons, or if this revenue and this appropriations happen, this is where you're gonna be at, those weren't there. And yet here we are today. So on the floor, we are dealt with this issue and how do we deal with it? That's why some of these things happen. I, I know when we vote on this we won't have all 49 senators vote yes on this or anything else, that usually doesn't happen But I appreciate very much the discussion--

ARCH: Time, Senator.

DORN: --and I've been visited quite a bit today by that. Thank you.

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

CONRAD: Thank you, Mr. President, and good morning, colleagues. Just a few points of clarification and process and substance points. So when you're learning how to read a budget and understanding how our state budgetary process works, one simple thing that you can remember is that when there's parentheses, that means there's a cut, actually. So if you go and look at the budgetary book, for example on page 19, you can see all of the areas where there are significant both increases and reductions. Reductions is a synonym for cut, Senator Hallstrom. So if look down and you see for example where there might be examples of cut after cut, you can see things that are wildly successful and popular like the riparian vegetation grants, cut. Airport grants, cut. Public

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health aid, cut. Broadband programs, cut. Higher education student aid programs, cut. State aid to developmental districts, cut Opportunity scholarships, cut through the referendum of course. Nebraska Water Conservation Fund, cut Small Business Assistance Act, cut. Business Innovation Act, cut. Nebraska Rural Projects Act, cut. Non-profit Security Grant Program, cut! Regional centers, cut. Department of Economic Development Marketing, cut. Crime Commission, retention and recruitment, cut. Game and Parks, cut. State Patrol operations, cut. And other things not listed up to \$21 million. Then when you look at the data and the information and the one pager, two pager that was passed out by Appropriations today, it lists a host of additional cuts and transfers. If my friend Senator Kauth or Senator Hallstrom can tell this body with any clarity or certainty what it means to remove, for example, this amount of resource from something like an important program that makes sure that we have safe crossings for roads and-- where roads and railways meet. Have we completely taken care of all of our safety needs in Nebraska to ensure safe crossing where roads and railways meet? How does this lapse cut and transfer impact that? If Senator Kauth or Senator Hallstrom would like to provide some clarity to the body about how taking funds away from the State Patrol ensures that we can advance our shared public safety goals, what that means for recruitment and retention, what means for existing vacancy, what that mean for the equipment that law enforcement officers have available when they do their challenging jobs. If you'd be willing to illuminate the body with the clarity on those specifics, that would be helpful. Because that is what we're asking for. Some of these might be appropriate. Some of these may not be thoughtful. The point of putting together a budget is not just to hit a number, but ensuring that state taxpayer dollars are doing the most good, where they need to do the most good. Keeping college tuition affordable. Keeping roads safe. Keeping officers safe. This isn't wild spending. These are critical state obligations. We know public health aid has been hit hard by recent drastic cuts on the federal level. There have been heart-wrenching stories about how those cuts impact access to mental health care, behavioral health care, and suicide prevention, particularly in rural Nebraska, particularly in our Panhandle. Yet there's additional cuts in this budget to public health aid. What does that mean for suicide prevention in western Nebraska? Can any of my colleagues that are proponents of this budget tell me that? Have you asked your public health departments what that means? Have you asked them how this fits on top of the existing federal cuts that they're grappling with? It's well publicized in the paper. Additionally, I think it's very interesting that--

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ARCH: Time, Senator.

CONRAD: --there's some-- Thank you, Mr. President.

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

ARMENDARIZ: Thank you, Mr. President. I will talk a little bit about the blue book and knowing-- I, I did know that that blue book would not be accurate the minute it went to the pri-- the printers. That was quite frustrating. The last week or so of Appropriations was frustrating for me as we had a few members coming back. And we were not at zero. And that is the whole goal of the Appropriations Committee is to get to a zero-b-- a zero-based budget and a few members were coming back asking for more money and we were still not at zero so that was a frustration. It was a frustration knowing that that blue book would be printed inaccurate from the start. But due to timing the day that the budget had to hit the floor, we had to get that printed before we were done, done doing our work. There were Revenue bills that passed after that went to the printers. And then the Forecasting Board also met after that went to the printers. So we all knew, I believe the whole body knew, that that blue book would not be accurate when it printed, and there would be adjustments made. Good thing is we have three rounds of debate, and we will add those adjustments as we go through the rounds of debate. Quite frankly, after day 89 there could still be changes if the governor decides to veto anything in this budget book and we'll be back on day 90 to decide what that actually looks like in, in the final form. I will address the fees somewhat. So while we are pulling excess fees from agencies and redistributing those dollars, I do think that if agencies are charging fees in excess of the needs to operate their agency, those fees should be reduced for our citizens and organizations that use those agencies. Now remember, while this is a first attempt at making a hard shift in allocating tax dollars in an attempt to give more of those dollars back to those taxpayers, this is a change from the norm. It will be uncomfortable and people will be mad. So you know the people in my district, they say government doesn't help them, it hinders them. It taxes their hard-earned wages and regulates their businesses into the ground. Let's stop pretending every dollar spent by the government is a blessing. It's not. In fact, the most dangerous phrase we can keep repeating in this chamber is, let's just spend a little bit more to fix it. That mindset isn't help, it's harm wrapped in good intentions. And I'll, I will talk a little bit more about spending a little bit more to fix it if the amendment does get up to add more money back into housing. I have been vocal about propping up housing through government spending through my time here in the Legislature, this is my third session. With that, just remember,

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this is change. It will be uncomfortable, but necessary. Stay the course, and we have the room. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. While I appreciate the conversation, I think this is the conversation we should be having and going through different parts and what people's priorities are. So I do, though it's kind of been a frantic morning for everybody to get on the same page, I do think this a really important part of the conversation to have. So I would ask if Senator Clements would yield to a question?

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

J. CAVANAUGH: Thank you, Senator Clements, and we spoke before about the questions I, I wanted to ask you. But I, I did have one question first, so we have this long list, and we-- I know Senator McKinney handed out this email about the Epiphany cuts. Are these, the cuts suggested here, the result of the Epiphany consultant?

CLEMENTS: Not to my knowledge.

J. CAVANAUGH: OK. And are any of the cuts in AM835 a result of the consultant?

CLEMENTS: No, we had not been given a list of consultant recommendations.

J. CAVANAUGH: OK, I'm sorry I didn't give you a heads up on that, I just-- it hit me when I sat down here.

CLEMENTS: All right.

J. CAVANAUGH: So what I did want to ask you about was two of the line items on the sheet. One is, it looks like it's line item 12 for the Radon Fund. It's 22550 is the fund. So I opened-- I looked that up, and then I looked up the statutory authorization for that. And folks, I know other people have referenced this, it's the yellow book, LFO directory. It gives you kind of a-- has a real nice breakdown of each of these funds and what they're for. And so I'm just looking at this and there's permitted uses and it lists a whole bunch of stuff. And as far as I can tell, the expenditures are for WIC, which is I think food for children, if I remember right, licensure and standards. I don't

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know what R and L programs, laboratory, vital statistics, cancer research, and all other programs. So I guess my one question was the \$500,000 for radon, and then there's actually a \$500,000 for radioactive material. Do you know, does that come from all other programs, or does that from one of the other line items in that?

CLEMENTS: I believe it comes from the Radon Fund, yes.

J. CAVANAUGH: So when I'm looking at this, it would be all other programs? Because I don't see a specific radon one under that fund is what I'm asking. And maybe I'm reading this wrong and somebody can correct me on that.

CLEMENTS: There would be language in this bill that adds permissive language to transfer to the General Fund.

J. CAVANAUGH: Well, and I couldn't find that specific to radon or to the section of statute, which is 81-3119. I couldn't find that in either AM1300 or AM835. So maybe I'll, I'll have to keep looking if somebody knows where that is, I'd, I'd be curious. I, I guess I'm just trying to understand when it comes to radon, we're having a conversation about what our priorities are, and it maybe makes a difference if the money is for radon remediation versus radon testing. And so I guess, you know, I, I think when we're talking about taking money away from something, we need, we need to have a specific understanding of what that money was for. And so that's why I'm trying to understand that part. But if somebody in the Fiscal or if you could get me a spot--

CLEMENTS: I'll check. I'll check with Fiscal on that.

J. CAVANAUGH: And so then the other part I mentioned to you I wanted to talk about is the Surface Water, Surface Water Infrastructure Fund which is line 27, it's from the Department of Natural Resources, and, and it is fund 22990 and it is a, a-- So this is a program to provide grants for irrigation districts in accordance with 46-1165. The grants can be up to \$5 million and require 10% local match, I guess I'm trying to understand why are we taking that money away? What, what's happening there?

CLEMENTS: That's interest only. The principle is not being taken. There is not a mention, it doesn't show that, but it's, it's projected interest amounts for the two years.

J. CAVANAUGH: So we, and maybe, and you can correct me if I'm wrong, this is a fund that was created by a \$50 million transfer in '22-23,

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and we are seeking to transfer out \$5 million, I'm sorry, no, yeah, \$5 million. So you're telling me we accrued \$5m in interest on this fund that we're supposed to spend \$5M out of in two years? Three years?

CLEMENTS: They're expecting \$2.5 million available each year of interest. That's what the fiscal analyst gave us.

J. CAVANAUGH: OK, so it's, it's not hitting the principle. But if we draw down the interest, we will run out of money in that fund eventually, right? Because the interest would be replenishing the funds?

CLEMENTS: This is only for these two years.

J. CAVANAUGH: These two years.

CLEMENTS: It's not continuous.

J. CAVANAUGH: OK. Well, I might push my light to talk about specific to that, but I appreciate the conversation, Senator Clements, that it does help me get a little more context on those two issues. But again, I do think just sort of drilling down on individual parts here, and I appreciate everybody else flagging different sections of this to have that conversation.

ARCH: Time, Senator.

J. CAVANAUGH: It's really important to understand this before we move forward. Thank you, Mr. President. Thank you, Senator Clements.

ARCH: Senator Hallstrom would like to recognize some special guests. There are 18 fourth grade students from Sterling Elementary, Sterling, Nebraska. They are located in the north balcony. Students, if you would rise and be recognized by your Nebraska Legislature. Senator Hughes also has some special guests. There are 22 fourth grade students from High Plains Community Schools in Clarks. They are also located in the north balcony. Please rise and be recognized by your Nebraska Legislature. Returning to the queue, Senator DeBoer, you're recognized to speak.

DeBOER: Thank you, Mr. President. Colleagues, I want to talk to you about a couple of matters within the Department, or the Transportation and Telecommunications Committee, which are implicated by I'm calling this the murder list. So if you look, the first one I'd like to draw your attention to is the DMV Cash Fund, from which they're going to take \$12.5 million. Colleagues, we had some fee raises that were

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proposed for the DMV this year. This was originally a fee that was \$3 when I came in, my freshman year, might have been \$3.50, I can't recall exactly. My freshman year in 2019, we changed that to \$7 or \$7.50. I'm trying to remember exactly, it was a little while ago. This year, they came in and asked for a \$24.50, I think, fee. And within that was a \$12.50 General Fund amount of money. And we, the committee, pretty universally said, absolutely no way are we going to charge more fees to raise General Funds to prop up our budget, that's a way of taxing people without telling them that you're taxing them. And so we said no to that, and so the fee ended up being \$15. Remember that my freshman year, it was \$3 or \$3.15, so that is a significant increase in that fee. The reason we're told that we needed to increase the fee was for the modernization of the DMV, for a modernization project. Now, Senator Ballard wisely, he's not in here, so it's probably good they were telling me I was making his head big, because he was exactly right. He wanted to put a sunset on this fee increase. And he wanted to do that because he said we shouldn't be just sort of open-ending putting fees in. If we had done that, they wouldn't have been able to do what they're doing now, I believe, which is to extend the period of time over which the modernization occurs, slow it down so that then they can take this \$12.5 million for the General Fund. So what they're doing is they're telling you that you have to pay this fee in order to make things work over at the DMV and then instead they're going to use that money for General Funds. When we sweep things like this in the same year that we increase fees, that's what we're doing. So that \$12.5 million, that's a big concern to me, because that has raised taxes. That's simply what it is. If they had enough money to do it within the existing funds in the DMV, then we wouldn't have had to raise those fees. The fact that we are doing that in order to support the General Fund suggests that there is a direct connection between raising those fees and supporting the General Fund. Those fees goes to another-- amongst other things increasing insurance premiums on cars in the, in the state of Nebraska. So if your car insurance goes up, this is part of it. Another thing is the Broadband Bridge Program. If you look, that's a \$5 million line item. I talked over to the folks who-- at the Public Service Commission who do the Broadband Bridge Program. They said they will potentially have up to \$4 million lapsed. That means that they have funds that they had obligated, and the companies were not able to finish construction in time, so that money would be lapsed, but that extra \$1 million is going to eat into money that they've already obligated. I'm going to bring an amendment to bring that down to \$4 million of supposedly lapsed money in the Broadband Bridge Program because we cannot default on our obligations. We need to build out our broadband as we said we would. We need pay those grants to

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build it out as we said we would, so I will be bringing an amendment for that, the DMV cash fund as well, because I feel like if we're going tax people in this state, we ought to tell them we're taxing them. We ought to not do it quietly through fees without telling them that's what we're doing and then take big victory laps saying we, we lowered taxes. It doesn't make sense to me to just raise taxes on people quietly, basically lie to them, and get it through fees. Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. Well, first I'd like to go back, and I don't want to use any props but I'm pulling this up so I can read it in the blue book, which was the budget book. I said that the budget, the budget came out balanced. Well, and I was called out for that because it was about \$124 million short. But let me read to you what's on page 2 of the book. First page is the table of contents. Bolded, at, at near the bottom of the page, however, additional legislation to increase revenue or reduce appropriations will be needed in the event LB645 and LB650 are not enacted by the Legislature to address the \$124.792 million budget shortfall reflected in the Appropriations Committee budget recommendation. We did pass LB645 and LB650, and we did close that difference. Now, if we were asking Senator Clements and the Appropriations Committee to ignore the Revenue Committee side of this, then that would have been irresponsible. We knew this was coming. We felt confident that those, that those bills would pass, which they were, and it balanced the budget before the Forecasting Board came back with a \$190 million additional cut. That's what I mean by the budget was balanced. We'd figured out a way, the Appropriations Committee did, Senator Clements did, to bring us a balanced budget with that needed revenue being-- coming back in, LB645 and LB650. That's what I was referring to when I talked about the budget being proposed that would be balanced. Let's also talk a little bit about-- we're hearing about all of these funds. I want to reiterate again, these are cash fund reductions. The agencies all went before the Appropriations Committee and they presented their budgets and every code agency did receive a 3% salary increase and an 11% increase for healthcare. They also presented their budgets and some of them said we don't need all these funds and offered to reduce their budget allocation. This wasn't directed by the Legislature, they self im-- they, they brought this on themselves and said we can make this work. So when we hear about all these cuts to agencies, it's not. They have their budgets approved. They have the dollars they need to move forward, including salary increases, including health care increases. We're taking excess reserves, cash reserves from those agencies. We need to fully understand that to

understand that we're not running around to all the agencies and forcing cuts. We're not. We're not doing that. We're talking about fees, fee increases. Whether it be the county or whether it be many of the agencies, there are fees that haven't been increased for years. And yet they're offering services that cost them more than what the fees are. In a perfect world, every fee would fully pay for the service being offered, and our taxes wouldn't be so high. Right now, I pay property taxes, 60% of which goes to my school district, and I don't have any kids in the school. How does that seem fair? Why is it that property tax payers have to pay for all of these services, none of which they get the benefit of in many cases? To me, the fairest way to do it is through fees. If you charge fees for the people who use the service, then the user pays the fee. That's a novel concept. If you're gonna need the service you pay for it rather than people who don't have anything to do with it, they pay for it. So when we raise fees, that's what's happening, and in many cases fees haven't been raised for, for decades. So that's what's happening on the fee front. So I appreciate those who are digging in, looking at the budget and saying, we should look at this or look at that. I don't appreciate people grandstanding on the mic or playing gotcha games to Senator Clements. I think that if we want to be serious in this body, and we want to be serious with our constituents, now let's talk about the real issues and not muddle these issues by br-- by suggesting that things are happening that aren't happening. So with that, thank you, Mr. President.

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

JUAREZ: Thank you, Speaker Arch. Good morning, colleagues, and good morning to everyone online. So I would like to ask Senator Clements to yield to a couple of questions, please?

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

JUAREZ: OK, since I'm just a freshman senator and going through this budget process for the first time, of course some of it really feels a little over my head and things are going fast and today's just day two. I survived day one looking at the budget. I would like to know, and this is just a hypothetical, if DOGE did something and really slashed the Medicaid funds that were coming to our state, and it was, you know, it was a lot. What would be the process of how we would, you know, address that budget issue? What actually would happen if that would occur?

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CLEMENTS: Well, there was a reduction this, you know, for this budget cycle, and the state's budget had to absorb the cut from the federal government. So that would increase our Medicaid expenses unless somehow we adjusted our Medicaid reimbursement rates.

JUAREZ: So if they do something like that though, because to me, I mean, things always are changing every day at the federal government. Something different could happen next week. So what you're saying is that our state would be OK to the next time that you're preparing the bud-- the budget. Is that what you are telling me?

CLEMENTS: We still are leaving \$689 million in cash reserve. And depending on the, the dollar amount, we could absorb some of that with reserves, but we may have to do other adjustments like we're doing this time.

JUAREZ: OK, so as far as the budget preparation that we started discussing yesterday, like when did you know how-- when the budget was ready? I mean, were you guys working until Friday to try to get things done for our preparation this week? Or when actually, when you were prepared to discuss this topic?

CLEMENTS: This was last Thursday that we finalized these items.

JUAREZ: OK, thank you. And then-- like the one thing that I was thinking about in trying to understand how we operate here, you know, in, in discussing this budget topic today, do you think that it's possible that, for example, with the line items affecting the Education Committee, is that something that-- or education, I should say, is that something that the committee should be aware of? Because I'm trying to think of my relationship of serving on the Education Committee and then seeing a line item on the-- a budget that affects education. The two don't necessarily have to communicate, or did you discuss this issue with the Education chair? I was just curious about budget and committees and do they interface?

CLEMENTS: Not in that situation. That one education item was not-- You can see that line says LIFO. That means it's-- that's last in first out. It was an increase to ESU aid for COVID and it was being reduced back to what it was prior.

JUAREZ: OK. Let's see what else I wanted to ask. OK, thank, thank you very much for your responses. I'm just trying to learn a little bit more each day about the issues that we're looking at on the budget. You know, the one thing a comment was made about, you know, being out in

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the Rotunda and getting to review things. You know, I can remember that the time I was pulled out in a Rotunda this year was when-- to discuss my priority bill, LB299. And I don't think anybody else had their priority bills terminated when they had a visit out in the Rotunda, but that's what happened to me. And it was my public spor--

ARCH: Time, Senator.

JUAREZ: --support for eligible aliens. So that was my Rotunda experience. Thank you.

ARCH: Senator Riepe would like to recognize some special guests, staff and students from the University of Nebraska Medical Center. Soon-to-be medical physician, Madison Bierman, PhD candidate Del D'Souza, graduate student Sidherta Kumer, and Jeff Kratz. They are located under the south balcony. Please rise and be recognized by your Legislature. Returning to the queue, Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Good afternoon again, colleagues. I do rise still opposed to AM 1300. And I've been listening to the debate here. And I think we still just have a disconnect about whether or not these cash funds are the right way to be doing this. I, I want to focus a little bit more on some of the specific ones that we're talking about here. But I think we'll get a little more into that as we have more amendments. One of the things I wanted to talk about in detail, though, was tourism. So one of the things that we've heard from this governor since he was first inaugurated, he got elected when I got elected, he talked in his first state of the state to the Legislature about the need and the desire to increase tourism in Nebraska. And one of the things I talk about with a lot of my friends who aren't from here is that Nebraska is actually a really amazing place to visit. And when I have friends from the East Coast to the West Coast, come to Nebraska. Every single time I've had a friend come hang out in Lincoln or Omaha or elsewhere, they've been really impressed with the amenities that we have there, but specifically the thing they always say to me is that they're surprised. They're surprised by the fact that Nebraska is as, I'm going to put it frankly, as fun and as cool as they thought it was going to be. They're not, they're not expecting this many things to happen here. And the same can be said for when people from Lincoln or Omaha, for example, in eastern Nebraska go out into western Nebraska or central Nebraska, and they get to explore different parts of the state. You know, I talk to a lot of friends who take little sort of weekend vacations, whether it's in Kearney or Grand Island or Scotts Bluff or Ord or any of those places, Burwell. And every single time you end up in those communities, you hear people talk about the fact that there's

a lot more going on there than I think people sometimes expect. And since I've been in the Legislature, one of the things that I've really keyed into is trying to increase tourism. And I had a bill this year that actually is a speaker priority, we've already passed it from General to Select, that seeks to increase, I guess for lack of a better way to put it, the efforts that we're making when it comes to marketing for creative districts. And for those who know, creative districts are these incredible ideas that I know Senator Hunt was a big champion of and Senator Flood was a champion of, where we use art to essentially encourage and create economic development in any number of cities and towns across the entire state. There's creative districts in Omaha, there's one in Lincoln, in my district, and then there's creative districts all over the state in places like Norfolk and Ord and Hastings. And the idea is that we want to drive people, not just from in the state, but also out of state, into these communities and increase tourism dollars and increase the economic development in the area. And all we hear time and time and again from our governor and from other senators is we gotta stop the brain drain, right? We gotta stop brain drain. We gotta encourage people to come to Nebraska to see what we have to offer. And you have local communities who are doing their darnedest, to try to get people to come and visit. I mean, look at what has happened in Norfolk and the efforts that have gone on there. And I think that's one of the best uses of our, I guess, government is to encourage tourism, to show people what we have to offer in the entire state of Nebraska. So I've done a lot of work this year digging into the Tourism Department and trying to understand how their cash funds work, and whether or not that can be utilized for certain grants and tourism aspects. So line 49 of our cash fund transfers here has me really concerned. And that is a \$2 million transfer from the cash fund of tourism into the General Funds to pay for other things. This comes at the same time, colleagues, that my understanding is that we as a Legislature have just approved an expansion of the spending authority of the Tourism Department. So we've acknowledged that we want to utilize more money from tourism for tourism because we want to encourage people in smaller counties to be able to fully recognize and realize the use of tourism dollars to make sure that people can come in to all parts of the state. But yet here we are finding ourselves in what again I think we can continue to say is a self-inflicted issue, unwilling to make certain decisions, not because they're the wrong decisions to make, but because we're being bullheaded about it, and instead, pinching pennies and scrimping here or there where it actually has the most impact. So \$2 million coming out of that tourism fund is \$2 million that you're not going to be seeing spent in your community. That's \$2 million that you are not going see marketing

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and grants and those kind of things encouraging people from this state and other states to come to your town, to your village. So before you press green on AM1300--

ARCH: Time, Senator.

DUNGAN: --think about the impact and think about your constituents. Thank you, Mr. President.

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

FREDRICKSON: OK, great, I appreciate it, thank you. Thank you, Mr. President. Good morning, still, colleagues, almost lunchtime. I-- we've been-- I've been having a lot of great discussions with colleagues. We were just kind of having some informal conversations amongst the Transportation and Telecommunications Committee about some of the possible impact of what we're seeing here. And I feel, I feel pretty good about some of the conversations we've had, but still kind of have some additional thoughts on this. And, you know, again, I want to go back to, again, a kind of a more global point here that I continue to have a little bit of heartburn about is this idea of, you know, we've had a lot of conversation about the fee increases, et cetera, and we were talking amongst members kind of informally in the Transportation and Telecommunications Committee, we hear a number of bills every single year related to fees. So whether that's DMV related fees, whether that other fees that come up sort of within our community of jurisdiction. And so we as a committee have had lengthy discussions about this. We have reached out to stakeholders. We've educated ourselves on the topic. And we, as a result, have either advanced or not advanced legislation out of that committee of jurisdiction based on those conversations about how we feel fees should or should not be progressing within the area of transportation and telecommunications. And so to come and see this come from the Appropriations Committee. That does give me a little bit of heartburn. It does feel like it's a bit of a kind of a policy decision through appropriations that, that feels like it's maybe infringing a little bit on some of the work that we've been doing in the Transportation and Telecommunications Committee. I also want to say, you know, things that we need to consider with some of the fee increases as it relates to TNT specifically, and I know Senator DeBoer was speaking about this earlier. We're talking a lot about property taxes. I also wanna ask Nebraskans, you know, how do you feel about, you know, vehicle title fees or vehicle or insurances, right? These are fees that are likely going to increase for you. We have very high title costs in Omaha and insurance costs are pretty high for, for driving. So the way we're

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doing this by shifting the relief, it will very likely result in an increased fee for your title, for your insurance, et cetera, as it relates to, again, I'm speaking specifically from the Transportation and Telecommunications perspective. And so we're still working all of that out, trying to get some clarity on that. I know last time I was on the mic, I did express some concerns as it relates to specifically grade crossing construction, and, and potential cuts on that, I appreciate that Nebraska Department of Transportation has followed up. So good news there. We are not cutting that anymore, so I'm grateful to hear that that is no longer part of the conversation, obviously, for folks who are not familiar with the work we do on TNT, grade crossing's incredibly important with things like viaducts, etc. There's a lot of projects in place, so I also understand that funding for roads, I'm sorry, funding for bridges and freeways or expressways is not going to be touched as well. So again, I think you'd be hard-pressed to find someone that says that this is not essential infrastructure in our state. So that is not being touched which, again, I'm grateful for. I think that's important and it shows that NDOT has been thoughtful in, in, in how they are navigating the requests from the executive branch to, to reduce their spending. So I'm gonna continue to dig more into this. I appreciate the work of the TNT committee and appreciate the conversations we've been having. We'll continue to, to dig into this a bit more and hopefully continue to have more updates on that. Thank you, Mr. President.

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

STROMMEN: Thank you, Mr. President. I just wanted to bring up the fact that last year, for the first time in 26 years, we saw a property tax reduction by \$6 million. First time in twenty-six years, we saw property tax reduction in the state of Nebraska. We would be doing our constituents a disservice by turning that back. I just wanted to reiterate something I said the other day. Everybody benefits from property tax relief. Everyone. Homeowners, landowners, people that are renting, all benefit from tax relief, property tax relief. Everyone and everywhere I went during my campaign, everyone I've spoken with since then, again I'll talk about the fact that I was at a town hall in Hyannis the other day. The main topic of conversation is always property tax relief. When are we gonna see it? How is it gonna be implemented? What are we doing to further it? And I think that it would just be, we'd be hard pressed to, to start turning that back and, and rolling back some of those changes that we've made. And I just wanted to reiterate that fact and so I'm gonna yield the rest of my time to Senator Jacobson. He had some more comments on that. Thank you.

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ARCH: Senator Jacobson, 3 minutes 40.

JACOBSON: Thank you, Mr. President, thank you, Senator Strommen. We need to think more about how we invest in the state, how we invest and make and allowing Nebraska to grow. Senator Dungan got up and made some comments and I agree with those comments that we need to attract more people to Nebraska. Having the highest state income tax in the region, having the state as the highest property taxes in the region, which are very visible, is not going to make it happen. Why would they move here as opposed to any of our surrounding states if they're going to pay more income taxes and more property taxes. Property taxes are choking everyone in this state. Senator Strommen's correct. Renters, you're paying rent, but your rent is based upon how much the principal, how much the interest, how the insurance, and how much the property taxes are that your landlord is paying. Because your landlord has likely got the property leveraged where they borrowed money against it, and they need to get back their cost to operate that, including repairs and so on. Property taxes are a huge part of what every renter pays. So are your insurance costs. I might add that when we look at some of the fee increases at DMV or fee increases that are happening, but when it comes to trying to get a motor vehicle record, one insurance company is going to pay a million dollars a year additional because of those fees. So it is real. But we've got to be focusing more not on how we can spend money on ex-convicts, how we can spent more money on the poor, how we spend more money, more money, not, not money, it's more money than we're already spending. That should not be our highest priority. Our highest priority is we've got to get this state continuing to grow. And if it grows, we will generate more tax revenue and we will be able to afford the things that you want now. But if we put those things first and choke off growth, we're sunk. Growth is the magic elixir. And you're not going to grow when you have the highest taxes in the region. You're just not going to do it. We've got to focus on our tax rates. When it comes to sales tax, I argue it is the most invisible tax out there. If you went and, and shopped somewhere, how many people could tell me what they paid sales tax on and what they didn't? When you go to the grocery store, when you buy candy, when you buy pop, when go to a convenience store. What item, what items did I pay taxes on, sales taxes on? What items didn't I pay sales tax on? Most people cannot tell you. It's invisible. I can tell you that if you are someone who's low income, I don't think you're going to care if you paid sales tax on pool cleaning, because I doubt if you've got a pool. I don't think you're going to care what land-- what, what, what, what sales tax you might pay on landscaping, because you don't have-- you're probably not

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putting in new landscaping. I don't think you're going to worry about paying taxes--

ARCH: Time, Senator.

JACOBSON: --on landscaping services. Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. President, and I'm afraid I'm only about halfway through the list, so I'll take any time. Anyway, continuing with the role of the Department of Health and Human Services, we've already talked about financial assistance, we've talked about food assistance, we've talked about medical assistance, we've talked shelter and utilities, and now we're on other family support. And then they have the Aged and Disabled Services, which provides services to low-income recipients to enable them to be as self-sufficient as possible. Services include chore services, home delivered meals, homemaker services, adult daycare, congregate meals, respite, and transportation. Then the Child Support Enforcement Program helps children obtain financial support from both parents, enable current public assistance recipients to end their reliance on public assistance and prevents single parents from needing public assistance. Child support is a court-ordered monetary amount to be paid by a non-custodial parent for the financial welfare of their children. Usually the parent who, who pays child support is ordered to pay it once a month. Disabled persons and family support coordinates and purchases services to assist employed disabled adults to maintain their independence or help families keep a disabled family member in their home. Services include home modifications, attendant care, home health care, housekeeping, payment for prescriptions and medical supplies, respite care, transportation services, and mobility equipment. Next, Development Disabilities Services Coordination. Links individuals and families to developmental disabilities support and services by determining eligibility, coordinating resources, helping determine priority status for funding, specialized services, authorizing funds, facilitating individual program planning teams, and monitoring support and care. Child care. Assist eligible parents and caregivers with paying for the cost of child care while they work, attend unemployment re-- employment-related training or school, or participate in another approved activity. Based on their income, the family may be-- may be responsible to pay a portion of the cost. Now moving on to protection and safety. Child Care Protective Services, responsible for addressing the needs of children where abuse or neglect is suspected or

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adjudicated, who are dependent or youth who are dually adjudicated crossover. The Protection and Safety Hotline receives reports of child abuse or neglect, and Abuse and Neglect Hotline is 1-800-652-1999. Foster care. Provides a safe, a safe temporary home for children who have been removed from their homes because of abuse, neglect, or delinquency. Foster parents are an important part of the team that helps successfully unite families whenever possible. Adoption programs enable some children who are wards of the state to be placed in adoptive homes. Adoptive children may be eligible for financial assistance for food, clothing, and transportation, medical and dental care, legal services or counseling. Children available for adoption may have an emotional, mental, or physical disorder, be school age or, or be brothers or sisters who want to stay together. Recruitment hotline is 1-800-PARENT [SIC]. Adult protective services provides for the protection, correction, or discontinuance of abuse, neglect, or ex--exploitation of a vulnerable adult using the least restrictive alternatives and promoting self-care and independent living. Services available under APS include receiving and integrating reports of alleged abuse and neglect, services coordination, and case management.

ARCH: Time, Senator.

HOLDCROFT: Thank you, Mr. President.

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

HALLSTROM: Thank you, Mr. Speaker, members. I think evidence of the remarkable job that the Appropriations Committee has done with the budget to this point comes from the fact that to my knowledge we've only had two amendments that are pending, one that was approved with Senator Guereca on the \$300,000 increase for Special Olympics, and the second amendment which I have filed relating to the \$4 million that's being taken from both Rural Workforce Housing and Middle Income Workforce Housing. One of the things, and I hope that when Senator Clements gets back on the mic, if he's listening, he might be able to address one of the areas of concern that I think both Senator Dungan and Senator Jacobson have alluded to has to do with the additional \$2 million cut to tourism. And my folks in my district had told me when that originally came up that their concern was that the reason they had excess funds was because their spending authority was not sufficient to spend down those funds. If that's the case, and we are getting the promotional benefit and the bang for our buck from those efforts, it would seem, whether it's on a going forward basis or by not sweeping those funds out to give them additional spending authority. Perhaps

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that's already in the budget, and I have not understood that, but I, I would like some clarification on that, because at least on a going forward basis I think we ought to be providing the tourism people with the spending authority to spend the funds that we place with them, if that's the reason why there's excess funds there that we're now sweeping out. I think also the other issue that I'd like to, to talk about, and I appreciated Senator Jacobson's comments about the need to invest in Nebraska, the need to attract people to Nebraska, the need to grow Nebraska. And I agree that's hard to do with the property tax burden that we have on our folks. But the other aspect of growing Nebraska is if we are able to find the silver bullet that allows us to provide meaningful and sustainable property tax relief, that in order to attract and retain and recruit those people to Nebraska, they've got to have a roof over their heads, which is why the importance of looking at Rural Workforce Housing and Middle Income Workforce Housing and the seven-to-one investment rate of return that we have on those particular programs is impressive, and I would hope that in the long run we'll end up not being penny wise and pound foolish. There's been a lot of talk about the pay-for that I've talked about, and I know that's going to be at another time, but while I've got the mic, I'll just take a moment. When we talk about actual cuts to state agencies, Senator Armendariz said even when we're healthy, that's perhaps a better time to take a look at trying to cut out fat, in my words, not, not dig into the muscle. And I think that's exactly what my pay-for, which will be a potential amendment on LB261 regarding-- dependent upon the timing of when the workforce housing measure comes up compared to when LB261 is considered. But when you look at that it's a half a percent proposed cut in the only the General Funded state agencies. UNL would be carved out the Department of Health and Human Services would be carved out. And we also would not touch state retirement contributions or any state agencies that have matching federal funds. So we wouldn't be taking one step forward and two steps back. I understand that that may not be the preferred mechanism to pay for those items. If not, I'm certainly open to any other type of pay for including drawing down the cash reserve. I believe that Senator Clements had at one time indicated that he did not want to draw down the cash reserve more than \$150 million. When the Forecasting Board came out and the change-- or when the Appropriations Committee initial budget came out, my understanding that there was \$132 million draw-down on the cash reserve. That has increased, I think, because of mathematics to \$142 million, and the symmetry is amazing. The amendment that I'm going to propose asks for \$8 million to reinstate the \$4 million of a four-- of Rural Workforce and Middle Income Workforce housing and \$8 million to the existing \$142 million

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dollar draw-down on the Cash Reserve Fund would take us right to that magic number of \$150 million. Thank you.

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

CONRAD: Thank you, Mr. President, and again, good morning, colleagues. I did just want to, I guess, perhaps ask some of my colleagues rhetorically at this point, but maybe we can get into it later in this debate directly with Q&A on the mic or as part of other revenue bills. If we're not increasing taxes in Nebraska, then why are we passing or moving forward or supporting things like LB169 that raises sales taxes to the tune of about \$100 million? Why have we already passed through LB650 which removes tax credits from things like clean water incentive programs and otherwise and brings in \$40 million? Why are-- is this body rushing forward with things like LB170 which brings in \$25 million or \$40 million in additional sales tax increases paid for by consumers? If we're-- Why are we moving forward with all of these different mechanisms to increase and raise taxes if it's not to balance the budget or shift to other tax relief for those who do not need it? Are you just moving forward with these efforts to raise taxes just for fun? If we don't have a structural budget deficit, which everybody acknowledges that we do, why, why are you rushing forward to raise taxes on a host of goods and services that impact working families and seniors the hardest, and that seek to prop up this budget, including tax cuts that were unaffordable, inequitable, and unsustainable as predicted and are a key component of blowing a hole in this budget? And when we talk about shared goals, which I wholeheartedly have in regards to even concerns or budgetary principles that my friend Senator Jacobson or Senator Hallstrom brought forward, we should be focused on things to grow Nebraska. That is a smart strategy. That is why I am opposed to many components in the budget proposal. Because for example, there are deep cuts to the University of Nebraska, which data and study and analysis has clearly illustrated over the course of many years, including recently, is one of the most significant economic drivers in the state. For every state dollar invested, it prompts a host of return on investment. That's why cuts to things like the university are short-sighted, because it hinders our ability to advance our shared goals of growing Nebraska. And it puts access to a high-quality college education further out of reach for more working families, or forces more young Nebraskans to take on more and more debt, which inhibits their ability to stay in Nebraska after graduation. So when we cut the university, it hurts our ability to grow Nebraska. It hurts our ability to ensure an economic return on investment. It hurts our ability to retain and attract our best and brightest through their college years

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and beyond when they decide where to start their career and their family post-graduation. When we talk about supporting things like treatment courts, and veterans courts, and problem-solving courts, this is not some sort of left of center kind of effort to support things to help, as my friend Senator Jacobson said, ex-convicts or something. These are programs supported by Nebraska prosecutors because they keep our public safety goals strong and they save taxpayer dollars. So no matter what campaign rhetoric you want to inject into the debate, go and ask your local prosecutor if we should cut problem solving courts, which actually save money and keep people safer. And I am not going to ever hesitate for standing up for Nebraska students, Nebraska moms and dads who are writing tuition checks, or stand up for our veterans who see a better outcome when they have access to problem-solving courts and need a--

ARCH: Time, Senator.

CONRAD: --second chance. Thank you, Mr. President.

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

ARMENDARIZ: Thank you, Mr. President. There was some talk about the university and a little bit about corrections yesterday, so I wanted to address those as it pertains to the appropriations meetings. University, we did increase their funding from the previous biennium by \$13.5 million. Corrections and the diversion programs, we decided not to increase funding, but hold them flat. Now, in my private life, I was a negotiator. I negotiated contracts for my organization and understand the languages and the pressures that can be used in negotiations. So in my negotiations, I would go in asking for the top of what I wanted, which I assume the university did. They came in and asked for a 4.5% increase each year of the biennium. We did give them an increase, it just wasn't 4.5%, and that happens through negotiations. I do find it a little bit interesting that we then should go back and find other forms of payment for them to get them to where they ideally want to be instead of them going into their cash reserve and squeezing their own funds to get them to where they want to be. Corrections, we did get some feedback from this-- the courts that they may have to cut or reduce some programs. We insert may with shall all the time to cover ourselves, meaning it's not necessary, but it is a pressure. Those are languages used to pressure people into making decisions more favorable for the other side of the negotiation. I encourage them to keep the programs and expand the programs with the funding that they already have. Get a lot of requests from non-profits asking for more and more.

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What I find interesting over the last three years of-- on the Appropriations Committee is they need more every year. They are extending-- expanding programs every year. It is no secret we are in good economic times. Unemployment is low, we have more jobs than we have people to fill them. Why we need to expand and grow these nonprofit programs, I still don't understand. If nonprofits are working to lift people up, they should be reducing their need, not expanding. They should be lifting people up so that they are subservient-- they are, they are no longer subservient to these programs and can stand on their own, provide for their own families. Yet the nonprofits keep coming back for more and more. Government funding, which is taxpayer dollars. They oftentimes are funded through grants. You can look, and the executive directors are paid \$150,000, \$300,000 \$500,000. Then their operations take up a big chunk of their funding as well. And yet they're expanding year over year in good economic times. It doesn't make sense to me, but that's what's coming into appropriations. Those are taxpayer dollars. Government subsidies never lead to prosperity, it leads to dependence. Both people and organizations that le-- that want government subsidies want more and more and more. Nine most terrifying words according to Ronald Reagan, and I'm sure you've all heard, I'm here from the government and I am here to help. We need to change our mindset when it comes to what taxpayer money is for. Again, change is uncomfortable. Stay the course. We have room. Thank you, Mr. President.

ARCH: Mr. Clerk, for items.

CLERK: Mr. President, amendment to be printed from Senator Dungan to LB560. Notice that the Revenue Committee will have an exec session at 2:00 in-- under the north balcony. Revenue, 2:00, under the north balcony. Finally, Mr. President, a priority motion. Senator Guereca would move to recess the body until 1:00 p.m.

ARCH: All those in favor say aye. Opposed, nay. We are in recess.

[RECESS]

ARCH: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

ARCH: Thank you, Mr. Clerk. Do you have any items for the record?

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CLERK: I do, Mr. President. Your Committee on Enrollment and Review reports LB198, LB521, LB50, LB30-- excuse me-- LB641, LB32, and LB530 to Select File, some having E&R amendments. That's all I have at this time.

ARCH: Thank you, Mr. Clerk. We'll proceed to the first item on this afternoon's agenda.

CLERK: Mr. President: General File, LB261, introduced by Speaker Arch at the request of the governor. When the Legislature left the bill, pending was the committee amendment itself as well as an amendment from Senator Clements, AM1300.

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

GUERECA: Question.

ARCH: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. There has 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. Mr. Clerk.

CLERK: 32 ayes, 1 nay to place the house under call.

ARCH: 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 Quick, please return to the Chamber. The house is under call. All unexcused members are now present. Senator Guereca, we had an open vote. Will you take call-ins? The question before the body is, shall debate cease?

CLERK: Senator Fredrickson voting yes. Senator Conrad voting yes. Senator Hardin voting yes. Senator Strommen voting yes. Senator Prokop voting yes. Senator Dover voting yes. Senator Quick voting yes.

ARCH: Mr. Clerk.

CLERK: 26 ayes, 12 nays to cease debate, Mr. President.

ARCH: Debate does cease. Senator Clements, you are recognized to close.

CLEMENTS: Thank you, Mr. President. I was in the queue still wanting to speak again. I had another opportunity to besides this, but we can go

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ahead and wrap up. OK. I wanted to just go through a history of the budget that we have had for this session. In January, we started with a shortfall of \$432 million. Then the, the committee went through governor's recommendations in committee and came up with \$170 million addition, which ended up in the preliminary budget book showing a negative \$262 million. Then we had hearings for agencies to come in about the recommendations and the public to testify. And we heard bills as well. And the-- that came-- after that, we had some additional improvements to the budget with \$138 million that came in from-- to the Blue Book. And the Blue Book showed a status of negative \$124 million yet. But on page 2, it did say the committee was aware of LB650 and LB645, that if those would pass, we would then be balanced, which was going to be \$130 million increase. So we would have been at \$6 million had-- if we just stopped with the Blue Book and those two bills passed. Then we had to send-- get the, the book printed and voted these bills out. Then the next day on the 25th, the forecasting board reduced our budget again by \$272 million. And that brought us back to a negative \$396 million. The-- let's see. We have then made up \$267 million in LB261 and LB264 and-- also the \$130 million of those two bills. And we had a cash reserve fund [INAUDIBLE] of-- transfer of \$142 million. And the sheet that was handed out today was showing a \$3 million positive balance. And that's the effect of AM1300 and AM835 to LB264, but also LB261. These two amendments don't get us to a positive \$3 million. There is the items that you'll see on LB261 on the handout are also-- are going to be in a Select File amendment with LB261. And so the General Fund status that was passed around this morning as showing \$3 million positive still requires a Select File amendment on LB261. And so the-- that will be-- once that is adopted, then we'd get to the \$3 million. This is-- I'm not sure-- I don't have quite the breakdown between LB264, LB261, but that's where we have been. And I appreciated all the comments. And it has been a difficult process figuring out how to find \$650 million here and there. And I appreciated the questions that you've had. And we knew it wasn't all gonna be popular, but it's working on the budget. This has been probably the most difficult one that I've had to lead, and it's-- I-- we've been trying to keep agency services from being slashed. And that's why there was a lot of cash funds transfers. And then the amount of cash reserve transfer is the amount that will keep it above the 12% level.

ARCH: Time, Senator.

CLEMENTS: Thank you.

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ARCH: Colleagues, the question before the body is the adoption of AM1300 to AM835. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLEMENTS: 32 ayes, 2 nays on adoption of the amendment, Mr. President.

ARCH: The amendment is adopted. I raise the call. Mr. Clerk for the next item.

CLERK: Mr. President, Senator Hughes would move to amend with AM1298.

ARCH: Senator Hughes, you're recognized to open on your amendment.

HUGHES: Thank you, Mr. President. AM1298 is a technical correction. The Auditor of Public "Accountants" found that the Nebraska Department of Education reimbursed school districts in, in excess of the 80% reimbursement of allowable excess costs for the special ed funding. Prior to the passage of LB243 in 2002-- which increased the reimbursement for special education to 80%-- special education reimbursement was done on a pro rata basis, pro rata basis-- or a propor-- proportional basis. Re-- reimbursing school districts for 80% of the allowable excess costs for special education results in the actual reimbursement to exceed the appropriation. This is the finding that Mike Foley reported back in February. Last year, NDE reimbursed approximately \$7 million more than what was appropriated for special education. So how do we fix it? NDE drafted language that was put into AM652 to LB303. This language was shared with the Education Committee during the hearing on LB303. AM652 was not filed on LB303, as we needed to get it passed as soon as possible. And with the budget shortfall yet to be addressed, we knew LB303 would have to wait. The Education Committee then in its priority bill, LB653, included the language of AM652 in AM995, the committee amendment. AM955 [SIC] was filed on April 14. And I want to thank Chairman Murman for working with NDE and myself for including that. However, since LB653 has not yet been heard on General File and-- with other issues with that package have emerged in-- inhibiting the possibility of it being scheduled. Therefore, the language is now changed and we're adding it on to LB264. I'm going to just kind of do an example because I feel like when people read the amendment it gets a little bit confusing. And there was some confusion on what were we really doing with that 80%. So what's going to happen going forward is schools for their special ed, they will do a three-year rolling average. So you have school A, they do a three-year rolling average of their SPED-- special ed funding for the last three years. This average will then be paid to that school. Then it will be pro rata figured out at the end what was their actual cost. And then

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NDE can issue the difference in that actual cost to bring them whole to the full 80%. Typically, you would think a rolling average-- the last three-year rolling average will probably be a little less than 80% as costs increase. So what this bill does is that it fixes the issue that the auditor revealed, Mike Foley, and ensures that school district will receive the true 80% funding for their special education kiddos that the Legislature promised as part of LB243 two years ago. So I ask for your green vote on AM1298. Thank you.

ARCH: Turning to the queue. Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President. I was actually in the queue prior to the vote on the, on the previous amendment, so I, I went ahead and chose to stay in the queue just to address one of the issues that was already spoke to because I know this will come back, obviously, on Select File. I-- but I also appreciate what Senator Hughes has brought to our attention and Auditor Foley. I know I specifically have had some questions regarding the drastic increase in special education reimbursement, and this may be part of that answer. So I do stand in support of AM1298. I do want to speak just briefly to what Senator DeBoer addressed this morning on the fees that are being swept out of the DMV Cash Fund and want to be very clear with, with the body that when we forwarded the bill that requested-- DMV was requesting an increase in their driver search records very explicitly for the purpose of the modernization of their green screen system-- so very much needed update. And we as a committee-- I think there was pretty, pretty unanimous feeling that the original request was a, a-- \$24. We all questioned that drastic of an increase. There was also originally a request in that bill that a portion of that be-- go directly to the general funds. That was not something that was agreeable to our committee. That, that language was removed. So the fee increase was \$15-- significantly down from the original \$24. And it is-- was directed all to go to the DMV Cash Fund. So I have to admit I still am searching for some answers, and I, and I feel a little bit disenchanted at the moment as to what-- the explanation that we were given for the need for those fees. And if indeed the cash wasn't in the fund to help pay for the modernization of a much needed software update, I will, I will say, then, then how is it we're now seeing \$12 million swept out of that fund? So I'm going to continue to search for some answers to those questions. You know, this whole process, I understand. You know, when we talk about-- and I did-- I do want to address this, that there, there was a lot of comments made earlier about cuts. I don't view these, these cash fund sweeps as a cut. I understand from a budgetary standpoint and even managing a county budget-- which is very different, obviously, from the state budget. But conceptually, when you're

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managing the budget, sometimes you're able to move money where it needs to be so that you don't have to do things like increase fees or taxes. So I appreciate the work of the Appropriations Committee in looking for some of those dollars that perhaps were better used for, for the budget for, for this biennium that-- rather than taking those-- asking for those dollars in tax increases. However, I still have a question then why we were asked to increase fees, which is, as Senator DeBoer stated, the esse-- in essence a tax increase. And so I will continue to seek, seek those answers. Appreciate the work of the Appropriations Committee, but it is very important and-- that, that the right hand knows what the left hand is doing in any budgetary process. And certainly trust in that communication process is vital to a good outcome. So I'm going to say that I, I-- again-- I said this yesterday-- that I think finding ways to solve our budget issues without taking more money out of our taxpayers' pockets is fiscal-- fiscally responsible. We are not in a free-- free-for-all. Our revenues do in-- continue to go up. So we have to be mindful of how we're managing the expenditures appropriately. With that, I'll yield the rest of my time. Thank you.

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

JACOBSON: Thank you, Mr. President. I too had punched in before the, the question was called. I do rise, however, in favor of AM1298. As Senator Hughes had explained, this is a cleanup that really needs to be made. I would tell you that I am supportive of LB264 and AM835. The Appropriations Committee, and specifically Senator Clements, has put in, in an amazing amount of time into this budget. He knows the numbers as well as anybody does in this body. There will be the urge by many in the, in the body to figure out what pet project they have or what program's out there that's being cut and how they can reinstate that. I've got my own list. I can name them off for you. I-- I'm concerned about the tourism dollars being cut. It wa-- it was a million dollars and a million dollars, now it's \$2 million and \$2 million. I am concerned about that cut. But I'm going to support the entire package because there's a lot of work that's gone into this and we do need to get something passed that makes sense that uses the excess dollars that are laying in cash funds so it's not going to take away from the budgets that these agencies have. Let me repeat that. We're taking excess dollars from these cash funds so that it does not interfere with the dollars that they have programmed in their budget. Don't be confused by some of the statements that's been made that we're somehow taking the food out of babies' mouths. We're not doing that, OK? The budgets all continue. So at the end of the day, I think it's prudent to take the dollars that's laying around and use those dollars before we

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start looking for new sources of dollars or before we start cutting into actual programming. That's a prudent way to look at the budget, and that's exactly what Senator Clements is guiding us to do. So I'm willing to listen as the amendments come, but I can tell you that first and foremost I'm interested in seeing a, a balanced budget moving forward that has a minimal impact and yet accomplishes the priorities that have been laid out. And so with that, I would also just simply say that we do need to keep, keep focused on what we can do to grow our state's population, be able to deliver on the needs that we have today, and not expanding new programming and throwing more dollars at problems. We need to be able to focus on the fact that we need to grow. And as long as we grow, we're going to see additional revenue come in. And we'll work our way through the issues that are out there. Senator Clements has very-- has made it very clear that by 20-- 2027, the end of '26, we're going to reach the full impact of the income tax cuts to help make the state become more competitive, although I would say that then we'll just be on, on par with the highest state around us. So we're not, we're not doing earth-shattering things. We're just trying to stay competitive. And we're also doing things to be able to maintain our property tax promises that we made to taxpayers as well. We've got to make this state competitive. We can spend a lot of money-- it's easy to spend money-- but we've got to be able to let the taxpayers keep more of their dollars, and so many times we forget that when we get involved in new programs. There's a lot of great ideas. If only we had the money to do it. And if we went to the taxpayers and said, is this a good use of my tax dollars, many would say no. And we need to keep that in mind also. With that, thank you, Mr. President.

ARCH: Senator Brandt would like to recognize some special guests. They are from the Fillmore County Development Odegeo Leadership Class from Fillmore County. They're located in the north balcony. Please rise, be recognized by your Nebraska Legislature. Returning to the queue. Senator Storm, you are recognized to speak.

STORM: Thank you, Mr. President. Good afternoon, colleagues. First, I want to thank the Appropriations Committee for all their hard work in putting together the budget. I rise in support of LB264, AM3-- AM225, and AM1298. Nebraska is a high-tax state, and why is that? I've asked this since I moved to Nebraska in 1997, and this is what many other people constantly ask me, why is Nebraska so high in the tax category? This is my assessment, and I'll try to condense a very complicated issue into five minutes, if I can do that. There are spenders and there are savers. The body has spenders, the body has savers. Your local score-- school board has spenders and savers. Your cities and counties have spenders and savers. If the state ever has any hope of becoming a

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lower tax state, this needs to be addressed across the board. This is a systemic problem, which means it's not just solely the Unicameral's fault. It's not the school boards' faults. It's not the city and county's fault. We're all to blame. I'll speak about this body since I'm a member of the Unicameral. Each senator can bring up to 20 bills each session. This was only instituted last year. In the body this year, there were ten senators who brought 20 bills, and some of those senators needed other senators to carry even more bills for them. Previous to that, some senators-- in the past, some senators would bring up to 50 or more bills before we had a limit per session. Each bill that is brought by a senator must be looked at by the Legislative Fiscal Office to determine if there will be a fiscal note to the state. That fiscal note might be zero dollars or it could be tens of millions of dollars. Of those ten senators who brought 20 bills, some had legislation that would have a fiscal impact totaling hundreds of millions of dollars to the state of Nebraska if they were all passed and signed into law. If a bill with a fiscal note passes and is signed by-- signed into the law by the governor, the state must come up with the revenue to fund that law. If the new law is a mandate on local government or schools, they must also find a way to fund, fund this, and that is usually through property taxes. We're a very high property tax state as well. There are three ways the state obtains revenue: sales and use tax, income tax, or the federal government. Keep in mind too: all the federal money comes from tax revenue, your federal income tax. The state does not have a revenue issue. It has a spending issue. There are some in this body that truly understand this concept-- most don't. The freshman class-- which I'm a member of-- believe there is a true core group of senators who will do everything in our power to come up with a plan to reduce wasteful spending. The goal is to have more savers than spenders in this body, and I would encourage everyone in local government to strive to do the same. That is truly the only way to reduce taxes in Nebraska. We will never be able to tax our way to prosperity in this state, nor will we ever be able to tax ourselves into becoming a low-tax state. And I think that's so important for people to understand this. I think people try to-- truly believe that the government just comes up with money. But that money comes from people. It comes from your taxes. You work, you go out and work a job, you pay money into your taxes. It sits there in a pool of money. And we are, we are-- have the task of deciding how to, to use that money in a, in a very, very good way. And that's all I have [INAUDIBLE], Mr. President. Thank you.

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

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DORN: Thank you, Mr. President. Wanted to get up and talk a little bit again. I'll talk a little bit about special education here in a, in a minute, but wanted to, I call it-- I talk sometimes about the history of this body or whatever. And sitting there thinking over the noon hour, part of what this body has never been through is a budget deficit except maybe for Senator Riepe and Senator Conrad. And I think Senator Clements was appointed because the-- my, my, my class is the oldest class here. And when I came in the year before-- not the year of, but the year before-- they dealt with a billion-dollar budget deficit. So I remember Senator McDonnell, Senator Wishart having a lot of conversations with them about what all went on, what all took place during that budget deficit talk. All the rest of us, since we've been here, we've only dealt with, I call it, funds, excess funds, a great big cash reserve and all of that. We haven't dealt with, I call it, the budget deficit. And this is the first year for me that we have dealt with what I call a budget deficit. So part of this is it's a learning process for some of us. This is what we are dealt with today, though. We don't get to go back and change what we passed four years ago or six years ago un-- unless we change it to make the deficit, I call it, disappear. We have this presented in front of us. So this is why this budget is coming about the way it is through this process. But that institutional knowledge-- Senator Dover has a bill to go to three four-year terms instead of two. That institutional knowledge that we sometimes face in situations like this are very invaluable. We just don't have that this year. Two things with Senator Hughes' amendment here. Page 15 gives the Education Future Fund that-- because some of the special education goes through there. That's where you can look at what is going on in special education. And the general funds were about \$235 or \$240 million. That has stayed flat. That is on page 40. It dwells-- dwells into special education more. That's staying flat. That's proposed to stay flat. The Education Future Fund, though, on the special education part of it, on LB583, you look way down there, in about the middle of the page, and it has \$246 million that was proposed in '23-24. Well, when you look back here on page 40, in the fiscal year '25-26, an extra \$67 million. We were at 40%, \$240 million. We go to 80%, logic tells you double that. It will be at another \$240 million in the special education-- or, or in the future education fund. It came in \$67 million above that. The actual numbers, we got them about in the middle of February or beginning of March. \$67 million more for special education than what they were projecting. That's why in the two years out in the budget process-- and it explains that in here-- that we are now-- our fiscal staff is using a 5% growth rate in special education, not a 3% growth in special education. So that's why those numbers are growing at that. I don't understand all of Senator Hughes's, I call it,

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amendment yet. We're listening, trying to learn it, trying to, I call it, make sure we understand it good enough. But this is what is happen-- I call it, is what is taking place with special education. Logic to-- tells you what was in our General Fund, \$235, \$240 million, you double that. You go from 40% to 80%, you should have doubled that. You put that up there. This is the first year we've had the numbers that they can, I call it, give us the exact numbers of what special ade-- special education cost last year: \$67 million above that \$480 million. So that's why these numbers, especially in the budget, they are growing the way they're growing. And I think Senator Hughes is, is tweaking-- or, not tweaking-- dealing a part with that a little bit with that and why are we having the growth we're having. Special education is very important, especially to many of the schools when you talk about them and how they handle it, how they deal with it-- all of that-- but it is also something that in our education field we are very much having, I call it, a lot of spending going on. Thank you.

ARCH: Senator Moser, recognized to speak.

MOSER: Thank you, Mr. Speaker. And good afternoon, colleagues and all our constituents watching at home. I was wondering if Senator Hughes would respond to a question.

ARCH: Senator Hughes, will you respond?

HUGHES: Yes.

MOSER: So I was listening to your explanation of your amendment, and the gist of the story is we overpaid schools by \$7 million on SPED reimbursements.

HUGHES: Yes.

MOSER: Are we going to claw that back?

HUGHES: They-- we cannot. They don't have the authority to do that, and that's why we're putting this fix going in forward so--

MOSER: So, so the answer is, no, we're not going to claw that back.

HUGHES: That is correct.

MOSER: So-- and, and-- OK. And how is your amendment gonna avoid this in the future? We're gonna pay them a little less upfront or what?

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HUGHES: Right. You're looking at that three-year av-- their historic three-year average, and then that's what they'll get paid. And then the, the, the-- NDE then can make them whole to the real 80% when the actual-- you know, when they know the true cost at the end. So basically, they'll get a little bit less, but they're going to be made whole to 80%. There would be some cases where they could get over, and then that would be adjusted as well.

MOSER: So are you getting negative feedback from the schools over this?

HUGHES: No.

MOSER: So is this a program that you i-- invented yourself or did some--

HUGHES: No, no, no, no. This came direct from NDE. We worked with Bryce Wilson on the language of this. This all came about because of the Mike Foley audit a couple months ago, and that was highlighted. And so now this is the fix from NDE, verbiage from them, to make sure then that we are truly spot on with our 80%.

MOSER: So how would they be paid too much in the first place?

HUGHES: So it's a timing issue. You would submit-- when they submitted their SPED initially-- it's just through auditing, maybe a kid moved out or whatever, that, by the end, true end, when it came around, that's how they got overpaid. So this will prevent that.

MOSER: The students have to stay in the SPED program in order to get reimbursed?

HUGHES: Right. Or-- because you submit in the October or November time frame of the school year. So that's the, that's the issue. Because then by the time you carry it out to the end of May or middle May-- whenever school's out-- the true costs then are calculated out, so. We will be good from here on out with-- if this gets put on and in play.

MOSER: All right. Well, I just-- I wasn't sure how it all worked and I-- my schools haven't called me so, I assume they weren't concerned about it. But I appreciate the explanation. Thank you.

HUGHES: Absolutely. Thank you.

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

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DeBOER: Thank you, Mr. President. I wonder if Senator Clements would yield.

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

DeBOER: You're a very popular man today. I want to speak not so much about Senator Hughes' amendment but about just generally the budget and where we're at. So I think one of the things that has happened is we're talking about very specific, niche items in the budget. So I wanted to-- if you would turn to page 18. This has the General Fund appropriations overview. In the Celestial Blue Book.

CLEMENTS: Yes, I-- page 18.

DeBOER: OK. So am I reading this correctly? It looks like the-- for example, if I look at what the revenue agency costs, it's-- is that \$33 million a year, approximately?

CLEMENTS: Yes.

DeBOER: OK. So what do they do in the revenue agency with that \$33 million?

CLEMENTS: Department of Revenue is-- collects our income tax and audits people's income tax returns. And they collect our sales tax from all the cities and counties and businesses and that. They're involve-- involved with revenue-- income tax and sales tax mostly.

DeBOER: So has that been cut or diminished or-- what happened with their budget this year?

CLEMENTS: Well, let's see. They were at \$34 million. And the preliminary adjustment shows in column 2 a negative \$1.017 million. So that's-- it was reduced.

DeBOER: So does that mean that we're going to have less folks working on audits and things? Do you know?

CLEMENTS: No, I don't know.

DeBOER: OK. That's, that's OK. I mean, you've got a lot of numbers in your head. I don't expect you to know every single one of them. But I will follow up on that and see what's happening there. If we look at, for example, the State Patrol, they had a-- approximately \$90 million

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budget and a \$91, \$92 million budget. Is that-- am I reading that right?

CLEMENTS: Yes. We were told that's--

DeBOER: So they went up, we'll say, a teeny bit.

CLEMENTS: Yes.

DeBOER: So does that account for wage increases within the State Patrol?

CLEMENTS: Yes. That would be in their budget, wage increases, in which they had quite a big increase recently.

DeBOER: So how do they-- do you know how they do that, where they're increasing wages rather dramatically and yet their budget is only going up what I have described with the technical term "a teeny bit?"

CLEMENTS: Yes. We were given information that they had found other savings, the superintendent did, that he could absorb.

DeBOER: Do you know what kind of other savings those were? Do you have any--

CLEMENTS: Operations of some sort. No, I don't know details.

DeBOER: Do you know how I would find out that information?

CLEMENTS: Fiscal Office who-- person in Fiscal who deals with State Patrol. Think that might be Kenny Boggs.

DeBOER: All right. I'll go talk to Kenny. So I guess what I'm saying is, when we look at the different agencies here, we've got, you know, a number of different agencies. We've been talking about specific things-- or even the canal or things like that. But there are agencies that are going about doing things every day that we rely on in our budget. And I don't-- this is not an agency, but we have the court system we have to [INAUDIBLE] to, to focus on. We have, we have the State Patrol. We have all of these different services that we provide. Are you confident that we have not reduced any of those services?

CLEMENTS: We have not had-- the only pushback we've had is from the Supreme Court judiciary.

DeBOER: So the judiciary suggests that perhaps they need more money than they're being allocated under the budget?

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CLEMENTS: Yes.

DeBOER: OK. And all those other agencies are under the executive branch?

CLEMENTS: Most of them, I believe, yes.

DeBOER: And they-- those code agencies, they operate at-- or, they are employed at the pleasure of the governor, yes?

CLEMENTS: Yes.

DeBOER: So it maybe makes a little sense that they have not been so forthcoming with displeasure they may or may not be feeling inside their heart.

CLEMENTS: I'd say the university would be another one of those that wanted additional funding.

DeBOER: OK. Well, I would-- thank you, Senator Clements. So I would like to say--

ARCH: Time, Senator.

ARCH: Senator Clements, you are next in the queue.

CLEMENTS: OK. Thank you. Thank you, Mr. Chair-- Mr. Speaker. Would Senator DeBoer yield to a question?

ARCH: Senator DeBoer, would you yield to a question?

DeBOER: Absolutely.

CLEMENTS: Senator DeBoer, was there something else you wanted to discuss?

DeBOER: Senator Clements, you are a darling for asking me that question. Thank you. No. What I wanted to say is that, as we talk about all these things, I think we forget sometimes all the really good work that the people in the state of Nebraska who work for our state government do. So we have state troopers who keep our roads safe. We have the court system. We have corrections. All of these folks who are doing a lot of good work in the state. They're not out throwing money around, right, doing good work. And so I just-- I wanted to point out that maybe we're forgetting that part of the conversation a little bit as we discuss some of this.

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CLEMENTS: Very good. OK. Well, thank you. I agree that we do have excellent people. And I-- let's see. There was one cut that was proposed. I think it was-- might have been Health and Human Services that said they would-- that we did not cut them, but if-- that they could re-- have longer wait times on, on their calling service if they had a huge decrease. But they also have indicated that they were acceptable with what budget allocation they received. Just a minute. Would Senator Hughes be available for a question?

ARCH: Senator Hughes, will you yield to a question?

CLEMENTS: I'm not quite following this amendment yet. I haven't read through it. And I--

HUGHES: Yes.

CLEMENTS: Thank you, Senator Hughes. Now, I, I thought we were-- the idea was to keep the special education expense to 80%. I thought I heard you say 81% on the microphone. What's the difference there?

HUGHES: OK. If I said 81%, I did not mean to say 80%. It's to keep us at 80%. Maybe I said 80-- so last-- the, the-- what Foley's report-- actually, let me just grab it.

CLEMENTS: So 80% is the target.

HUGHES: 80% is our target. And what happened is last-- the first time this went through is that we actually imburshed-- reimbursed about 81.3% when it was all said and done, and that was that 7%. And so we don't want that to happen again. And this is the language fix, is to, to hold us-- hold the state paying a true 80% of school SPED actual spending.

CLEMENTS: How many dollars was the excess?

HUGHES: The excess was \$7 million and some change.

CLEMENTS: \$7 million. And does this amendment require-- make that clawed back from the schools?

HUGHES: It does not.

CLEMENTS: So-- but in the future, what would happen if they spent more than 80%?

HUGHES: So in the future, then-- in the future, you could essentially claw it back. What you would do is the next year's SPED reimbursement

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would be minus whate-- you know, \$100, or whatever that difference was. Does that make sense?

CLEMENTS: Oh, OK. It would be-- then each school would get a, a slight percentage--

HUGHES: Adjustment.

CLEMENTS: --less from their allocation.

HUGHES: So basically, at the end of the day of en-- every year, every school would get an adjustment to get them to the true 80%. That adjustment might be a little bit more funds based on their three-year average. And if, for whatever reason, their actual SPED spending was below their three-year average from prior, then it would be-- you would take it away from the next year's reimbursement. So everyone will be held at 80%.

CLEMENTS: So it uses a three-year average for the target.

HUGHES: Yes. It uses a three-- three-year rolling average for their target SPED funding, yes.

CLEMENTS: And-- so if we had had this in effect previously, we would be-- that 1% over would be now-- they're getting-- they'd be getting 79% in the coming year?

HUGHES: If we-- if this language would have been in play when we started, we wouldn't have done that \$7 million over. It would have been right around-- it would be the right 80% funding.

CLEMENTS: Very good.

HUGHES: OK.

CLEMENTS: Thank you, Senator Hughes. I stand in support of AM1298. I believe that's an important fix.

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

J. CAVANAUGH: Thank you, Mr. President. I would yield my time to Senator Conrad if she would have it. I would yield my time to Senator Conrad if she would have it.

ARCH: Senator Clements, 4 minutes, 45.

J. CAVANAUGH: Senator Conrad.

ARCH: Senator Conrad, 4 minutes, 44.

CONRAD: Thank you, Mr. President. Thank you, my friend, Senator John Cavanaugh. I rem-- I-- first of all, I want to rise and thank Senator Hughes for her leadership in bringing this important issue forward. And because I try to be a fair arbiter and call them like I see them without regards to personality or party, I also want to give a shout-out to Governor Pillen and his administration for their leadership in regards to figuring out a way to provide more state resources to our local partners and our great public schools to help cover special ed costs. I think this is one of the most important reforms and advancements that we have seen in the Pillen administration, and I am grateful for it. What Senator Hughes is trying to do is to provide a necessary tweak to that good idea to make sure that it comports with best practices in audit and finance, as some issues in relation to the measure as currently drafted and implemented were brought to our attention by Auditor Foley appropriately. This truly should not be controversial. This is to make important reforms, technical reforms to continuing the implementation of that good policy. But I, I do want to rise with just a note of caution on process. I'm 100,000% in agreement with my friend, Senator Hughes, on the policy contained in LB1298 [SIC]. I am grateful for Governor Pillen's leadership in regards to ensuring state resources go farther and do more to help cover costs for special-- for students with special needs. However, AM1298 is part of a standalone bill that is pending before the Education Committee. Historically, we have not utilized the state budget to be an omnibus vehicle to set policy in other jurisdictional areas. Not to say it's never happened, but it's rarely happened, and it's not a significant part of our process, particularly when there are other options or avenues to move standalone policy that's been subject to public hearing that is not part of measures that were referenced to Appropriations. There's, there's other options here that we need and should explore together to advance the good policy in AM1298 outside of the budgetary context. I'm committed to doing that with Senator Hughes, with the Speaker, with Chair Murman-- with Chair Clements. But I, I do just want to note that process piece here because I think it's, it's a bit incongruent with our past practice and may set a precedent that would further muddy or cause chaotic ripples in our budgetary deliberations. I can tell you that when we have attempted to set policy changes in the state budget, it has not perhaps been our best work as a body. This doesn't rise to that level of controversy, but it does tiptoe in the direction of setting that precedent. And I think that we would be wise to move this out of the budgetary system, find a path

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forward-- as it was referenced to the Education Committee-- should absolutely come forward as a consent calendar bill or as part of an Education Committee package or an amendment on anything that has emanated from the Education Committee that is likely to pass this year sitting on Select or Final or what have you. So I just want to add that process point because I do think it is important and I do not think just because it is a good idea-- which it is-- that we should necessarily fold it into our budget at this juncture. Thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President. And good morning, colleagues and folks that are joining us online and in the Rotunda. I really, again, appreciate the conversation that we've had over the last couple days about the budget bill and how some of these amendments play a part into our larger conversation about our revenue, our income, and what we are prioritizing as a state. And so specifically with AM1298, I'm still digging into the technical aspects of the bill, so do not know where I stand on that. But did want to bring up a conversation that we have talked about in Appropriations just around the cost of education. And so when you think about how do you really invest in the future of Nebraska, public education is a very important piece of that. And it just is not through K-12. That's our early childhood opportunities. That is K-12, and then our postsecondary. And so with special education, because of our costs-- and I think Senator Dorn talked a little bit about this of what was projected-- and then it was \$67 million over that-- I think that is important to note that when we talk about caps or what does that look like. It really starts to play into the accessibility of services for some of our students that are navigating really complex situations. And so we are seeing more accurate diagnosis of maybe a learning behavior or what would be considered a disorder or different types of diagnosis that just really means that they're going to need additional support through special education. We've talked about 504 plans and some of those other things. And so I just want to make sure that, as we are debating this and what we put forward, we're really cognizant of that costs are increasing, not because of an abusive system, right? Like, I don't want to assume negative intent with our school districts, that they are going to manage resources in the best way and use them appropriately. But we are seeing more families and students that are needing these types of services. And so how do we as a state support that? How do we support our school districts in navigating that? How do we support our counties within that process? And so I think there needs to be much, much more conversation intentionally with the leaders within those areas to talk

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about the implications of special ed spending and that we ensure that we are creating a space that we are actively, fully resourcing what school districts are needing to educate our future workforce and leaders. And so-- again, I don't know where I stand on AM1298 yet. I, I appreciate the dialogue around this. I'm looking forward to continued conversation and hope that we can again center ourselves around what are the priorities of the state. How do we fund that in a way that makes sense for taxpayer dollars? And how do we ensure that people are able to have more access and opportunity, especially those that are working and lower to middle income families and individuals? Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. President. Well, I'd like to continue on with my description of the responsibilities, scope of, of work for the Department of Health and Human Services. We only have two sections left here. We're now to Public Health. The first item is colon cancer screening. I'm not gonna spend a lot of time on that one. I'm gonna move on to Every Woman Matters. The, the program helps women obtain an annual health checkup. The program is for women 21 to 64 years of age who have limited or no health insurance and have a low or minimum income. For information, call 1-800-532-2227. Then the Women, Infants, and Children, the WIC, program, provides nutritional and health information, breastfeeding support, and supplemental foods such as milk, juice, cheese, eggs, and cereal to pregnant, postpartum, and breastfeeding mothers, as well as infants and children up to age five. Across the state, more than 100 clinics are open to provide services. Eligible participants must be-- in-- must, must meet income guidelines and have a nutritional risk-- and have a nutritional risk. And then finally, the final section is Additional Resources. We have the Nebraska Early Development Network, EDN. EDN provides early intervention service for families with children birth to age three and connects families to, to needed services. And then the final-- well, not quite yet. The general assistance from counties. The guidelines and benefits vary according to the-- each county's plan. County board or DHHS teammates can tell you who administers the program where you live. In most counties, the general assistance program can assist with life-threatening medical needs for people who are not eligible for Medicaid or who don't have insurance. Some counties also assist with less emergent but still necessary medical care. In addition, general assistance may help with rent and some other basic needs. Counties are also responsible for burial or cremation of people without the funds for those services. And the final category, DHHS Helpline. Contact the DHHS helpline with questions and concerns about services and programs

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at dhhs.helpline@nebraska.gov. And so those are all the pro-- per-- programs that are offered by the Department of Health and Human Services. Again, a quick summary. Financial assistance, food, medical-- medical assistance, shelter and utilities, other family support, protection and safety, public health, and additional resources. And all of this is available at their website. This-- all these are described, and there's also links to take you to these various services. And let me just wrap up by saying, you know, this is-- throughout the descriptions of these programs you heard, these are really designed for our lower income families, families who need help, families who need help with food, with health. And the Department of Health and Human Services is there to assist those people, to provide them the, the aid that they need. And this is not an easy job. But we are Nebraska. We are Nebraska friendly. We have quality people, caseworkers who work in the Department of Health and Human Services. I've interfa-- interfaced with a number of these individuals. When, when asked by con-- constituents to call on their behalf, they have all been very responsive. And alm-- in almost every category, I've been completely satisfied with the direction the Department Health and Human Services has been taking in assisting these families. With that, I-- I'll yield the rest of my time. Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. I want to just give everyone a heads-up. I know you're waiting anxiously to get this information, so I just want to make sure you're listening. The minu-- or, information has been released, and the Federal Reserve has left interest rates unchanged. I know you all wanted to know that, so now you know it. OK. We're leaving Fed funds rate at between 4.25% and 4.5%. But with that said, I would also say that the Fed did change in their statement something that-- they, they did not mention anything about the first quarter drop in GDP. But they did make this statement change, quote, although swings in net exports have affected the data, recent indicators suggest that economic activity has continued at a solid pace. So what does that mean? Well, when the forecasting board met, keep in mind what they're looking at. They're looking at information from Moody's, S&P. They're looking at national data, state data, and so on. And just like the Federal Reserve's saying right now, it's very, very murky as to what's going to happen. Depending on what information you believe-- and I'm not sure which I do-- there's a good chance that a lot of these things will get cleared up and we could see the picture become a lot more clear. Once you see more stability in the economy, all of a sudden start-- people start looking at growth in the economy with a lot different perspective. What I'm saying is that the

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forecasting board has made significant cuts to the forecast but that their, their cuts to their forecast could be reversed at some point just as easily as they came down. So I know everyone's sitting here saying, what are we gonna do in the outyears? What are we gonna do in the outyears? Well, we don't know. But I can also tell you with all the cuts, there's also a good likelihood that we could see an increase in the forecasting board. So I think we need to keep that in mind as well and I think we need to give the Appropriations Committee credit for dealing with what's in front of them and what's known because that's all we've got to work with. We all know that we introduced bills, the bill might have a fiscal note. Now, you might think there is no fiscal note to this. But if the Fiscal Office says there is, then there is. OK? You're not going to argue with Fiscal. That's-- they-- they're the last word. And so we use that. Speaking of fiscal notes, I do want to re-- riterate-- reiterate something that Senator Storm had mentioned when he was last on the mic about the bills that are introduced. We've all been limited to 20 bills. Each of us should look at the bills we introduced and ask ourselves how many bills did we introduce this year that had a fiscal note involved. We should also ask ourselves the question, how many of us introduced a bill that had a fiscal note that was five figures? How many introduced a bill with a fiscal note that had six figures in it? That's one of the problems that happens around here, is, if there's money, it will be spent. That's one reason why I think Senator Clements, why the governor are looking at cash reserves. Now, I can argue whether or not some of those reserves should be taken, but I can tell you cash reserves are dollars that were not spent. And if you wait long enough, it will be spent. And so the way you keep it from being spent is you spend it for them. Now, again, I don't agree with all of those. I agree with some of them. I certainly agree with those that the cash came originally from the Legislature. Those that are collecting fees, I don't feel quite as strongly about that particular piece of it. So I think we need to keep that in mind as we look through what we're doing here in the Legislature and how we're trying to balance this budget. Again, I applaud Senator Clements for the work he's done and for the Appropriations Committee for the work that they did to get us to where we are. With that, thank you, Mr. President.

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

DeKAY: Yes. I will yield my time to Senator Jacobson.

ARCH: Senator Jacobson, 4 minutes, 55.

JACOBSON: Well, gosh, I've just about already said it, Senator DeKay, but I'll, I'll try to-- I'll try to fa-- find something more to say. But when I do look at the-- at how we're trying to approach this, we can all think of a lot of new ways to spend money. We could think of programs that are out there that we want to put more money into. And that's what a lot of the bills were this year. And frankly, that's what a lot of the cuts-- when you look at LB650, what did we do with LB650? We took away the increases, the increases that were provided, appropriated to programs over the last two or three years. We didn't eliminate the programs. We took away the increases in those programs. So I think it's awfully important that as people look at the various fund cuts, understand what we're doing. Is it interest only or is it principle in that particular reserve? Are we taking it from the reserve or is it coming out of actual programming? And I think you'll find that, generally speaking, this is all coming from reserves that were unspent, and that's where the focus was at. Did they get it totally right? Probably not. And we can talk about that. And there'll also be next year where we can fix some of that. But this year, we need to balance the budget, and we try-- need to try to do that without giving harm to tax cuts that have previously been appropriated or, or approved and that we aren't going to take away from programs that we also had approved. The base amount of the programs. But a lot of what's being talked about is increases in spending, and that's what we're trying to guard against. So I think again we need to keep in mind of what we're doing this afternoon. Getting back to LB-- AM1298. Again, we've talked about that being a cleanup. And I think this is a-- was a good amendment. It-- it's appropriate to include that in this Appropriations bill. I don't know whether there's any other amendments that will come up that I'm going to support, but I do know I have a long list of things that I would like to change in the Appropriations recommendation. But they've had a lot more time to look at those than I have. And I can also tell you that we're all going to feel a little bit of the pain. We just had an Appropriations, Exec Committee meeting. And I think there's a common theme that when all the lobbyists are unhappy with what we came up with, we must have come up with a pretty good idea. So I think when we get on down the agenda and beyond, LB264, we'll be able to talk about some of that. And I know Senator von Gillern will be visiting a little bit about what's happening from a Revenue standpoint. But a lot of people have put on a lot of hard work to get to where we are. There's further that we need to go, but our constituents are interested in a lot of things. I want to remind everyone again that everyone pays property taxes. I, I got an email from someone who said, I'm a renter. When's somebody going to take care of us? Well, let me walk through the quick math again. In all

likelihood, if you're living in an apartment house or a house, the owner of that apartment house or house likely has it financed. So that, that means that they've got principal and interest payments. And if they've had to re-- refinance it in the last couple years, the interest rate went up. That means that their monthly payments to the bank have gone up. So they've got to pass that on to the renter. At the same time, their insurance costs have gone up and their property taxes have gone up. So if you're going to say, I'm a renter, I don't pay property taxes-- yes, you do. You pay it through your rent. So keep that in mind when we start looking at property tax cuts and how that will affect your landlord. It-- they may not cut the rent, but they're not going to be raising it at the rate that they would have otherwise. The other thing that-- there's a shortage of housing. And as long as there's a shortage of housing, rates are going to be higher. Houses are going to be higher. That's just part of the deal. Thank you, Mr. President.

ARCH: Senator Clements would like to recognize some special guests. There are 22 fourth grade students from Weeping Water Public Schools, and they are located in the north balcony. Please rise and be recognized by your Nebraska Legislature. Turning to the queue. Senator Strommen, you're recognized to speak.

STROMMEN: Thank you, Mr. President. I thought that I would read a little bit from our Blue Book here. I'm not sure if everybody's had a chance to run through this, but there are some positive things. I know that we've been talking about all the negatives, everything that we have taken from everybody and all of the horrible things that we've done in committee. But I thought I would just run through the Tobacco Master Settlement and Health Care Fund. Just a little primer on this right here. So the Nebraska, along with 51 other states and territories, entered into a settlement agreement with tobacco manufacturers in 1998, which continues in perpetuity. The basis of the settlement was to reimburse states for additional Medicaid costs incurred in treating smoking-related illnesses and diseases. The revenue from the settlement varies from roughly \$35 million to \$43 million in the last five years. It's anticipated to drop to \$33 million in 2035 due to tobacco mitigation. It's a good thing. Average investment earnings on the fund over the past five years is \$42.6 million. The balance of the Tobacco Settlement Trust Fund at the end of '23-24 was \$605.9 million. That's a lot of money. The Health Care Cash Fund is funded with annual transfers from the Tobacco Settlement Trust Fund and a transfer of \$1.25 million from revenue from cigarette taxes. The transfer is calculated to cover total appropriations. Sustainability of expenditures is analyzed by the State Investment Officer in even-numbered years. In 2024, the sustainability report

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indicated the endowment has, quote, a very good chance of meeting its investment goals of providing funds for current and future spending needs. The budget recommendation increases annual appropriations from the Health Care Cash Fund by approximately \$10.4 million in each of the biennium. Fiscal year '24-25 appropriations amount to \$56.5 million; and '25-26, '26-27, the appropriations amount to \$66.9 million. Additionally, the Appropriations Committee approved two \$50 million transfers, one in each year of the be-- biennium from the Tobacco Master Settlement Trust Fund to the Transformational Projects Fund for Project Health, which I think that we can all agree is a pretty good project. To ensure future sustainability of the fund, the increased annual reliance may need to be revisited by future legislators depending upon market conditions and actual settlement payments. Changes in appropriations from the Health Care Cash Fund include but are not limited to the following: \$11 million increase per fiscal year for DHS related to ending the Developmental Disable-- Disability Waiting List; administrative expenses increase for the Department of Revenue and Children's Commission; \$500,000 for construction costs for a new facility that provides behavioral health services; and \$500,000 for Midtown Health Federally Qualified Health Center. The appropriation of \$15 million per year for biomedical research was initially reduced to \$10 million per year in the preliminary budget, but the \$5 million per year reduction was restored in the final recommendation, leaving total appropriation for biomedical research unchanged from the current year. The budget recommendation includes increasing the transfers into the fund by \$5 million in fiscal year '25-26 and \$6 million in '26-27 to ensure adequate cash flow related to appropriations. Yield the rest of my time. Just thought it might be a nice thing for people to hear some of the positives, so. Thank you very much.

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

DeBOER: Question.

ARCH: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. 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. Mr. Clerk, please record.

CLERK: 28 ayes, 2 nays to place the house under call.

ARCH: 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

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leave the floor. The house is under call. Senator Bostar, Senator Moser, please return to the Chamber. The house is under call. Senator DeBoer, we are waiting for Senator Bostar. Would you like to proceed or wait? Senator DeBoer, there is a vote open. Will you accept call-ins? Mr. Clerk, please call the roll.

CLERK: Senator Andersen voting no. Senator Arch not voting. Senator Armendariz voting no. Senator Ballard not voting. Senator Bosn not voting. Senator Bostar. Senator Brandt voting yes. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting no. Senator Conrad voting yes. Senator DeBoer voting yes. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting yes. Senator Dungan voting yes. Senator Fredrickson voting yes. Senator Guereca voting yes. Senator Hallstrom voting yes. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes not voting. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott. Senator Lonowski voting no. Senator McKeon voting no. Senator McKinney voting yes. Senator Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop voting yes. Senator Quick voting yes. Senator Raybould voting yes. Senator Riepe voting no. Senator Rountree voting yes. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey voting yes. Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper voting no. Vote is 18 ayes, 25 nays to cease debate, Mr. President.

ARCH: Debate does not cease. I raise the call. Returning to the queue. Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. And if Senator Hughes would remain close, I may have a question for her. So as I've been reading through her amendment, it, it had come to our attention that there were problems with the special ed funding, that they were getting just slightly a little bit over the 80%-- which doesn't sound like a lot. It was \$7 million over all 244 school districts. But when we are counting pennies, that really does matter. And so as I understand it, Senator Hughes-- and please correct me if I'm wrong-- your bill allows the state to kind of true up each school so that they don't go over and then have to repay the money and have a wild swing backwards and forwards. Do-- can I ask Senator Hughes a question?

ARCH: Senator Hughes, will you yield?

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HUGHES: Yes.

KAUTH: So Senator Hughes, would you characterize that as an accurate statement?

HUGHES: I actually like your choice of words, true up. So yes, it would-- that's an accurate statement, that instead of the, the wild swing, they use that rolling three-year average. That's what they get reimbursed. More than likely that will be a little less than their actual costs. And so then they will true up by-- the, the-- NDE will be able to backfi-- or, frontfill up to that 80% for them.

KAUTH: So then every school will always be getting that 80% of their allowable SPED funding. Is that correct?

HUGHES: Oh, and thank you for using the word allowable SPED cost. That's correct.

KAUTH: I was told by the school guy that "allowable" has to be in there. So-- and then every school will be audited before they get-- and, and this part I'm not quite clear on. Is there an audit for every school before they get their funding or is it a, a rotating audit? Do you know how that's going to work?

HUGHES: I guess-- it's what they submit. So I guess when you say audit-- when I was referencing audit before in how this came about, the audit was because of Mike Foley's audit on NDE as their whole organization. And then this little piece was parceled out as a, as a place where NDE could make some changes to correct. So that-- I guess that's the audit I was talking about.

KAUTH: OK. So it's not necessarily that every school's going to have to go through a state of Nebraska audit. It's just the Department of Education is going to be keeping track of this. Each school's three-year average is going-- and it will be a rolling three-year average. So if they increase students in year two or three, it kind of picks that up, correct?

HUGHES: That's correct. It is a rolling three-year average. And-- yes, they submit those costs to NDE. And then that's how the fund-- and the funding from what we appropriate here goes to NDE to then be paid out to each individual school district.

KAUTH: And this was part-- this was a hearing, correct? What, what bill was this under?

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HUGHES: So this was not a standalone bill because, by the time the audit came out, it was past our bill introduction. So this was an amendment on LB3-- LB303.

KAUTH: OK. Amendment on--

HUGHES: And it did have a hearing.

KAUTH: OK. So it did have a hearing. And we're not talking about a policy change to the 80% SPED. Because I, I hear from some people in the school. They, they talk about how great it is that we are now giving them more money for special education. And any time we talk about touching it, I, I feel them kind of tense up a little bit. We're not changing the policy at all. We're just changing how we go about measuring what they're getting and when they're getting it.

HUGHES: That is 100% correct. The policy is 80% reimbursement for allowable SPED costs. And this just makes sure-- it-- it's the fine-tuning of it so that it's truly-- the schools truly are getting that true 80% of their allowable SPED costs.

KAUTH: OK. Thank you very much. And I'd like to thank you for all the work you did on this because this is a convoluted process. And as we've been talking about today, every little bit counts. So when we're talking about \$7 million over the course of a year, basically, across the state, that adds up and it accumulates. So figuring this out early on in the process, I think a lot of what we do here in the body is we pass a law as well as we possibly can and then we evaluate it and we look at it and we check and see if what we thought was gonna happen actually did happen. And if it didn't, we have the ability to adjust. And I know in the revenue department we are doing that frequently, monitoring the decisions that we make and then making adjustments to make sure that the intention of the bills we pass are actually being followed through and actually being realized. So thank you, Senator Hughes, for your work on that. And again, I-- every penny counts in this state and every penny counts for each one of our families' budgets. So this is an important part of the process. I yield my time.

ARCH: Senator DeKay would like to recognize some special guests. They are 18 fourth grade students from St. Mary's Catholic School in Osmond. Students, please rise and be recognized by your Nebraska Legislature. Returning to the queue. Senator Dorn, you're recognized to speak.

DORN: Thank you, Mr. President. A couple things I wanted to talk about first. I call them kind of cleanup things. Most everybody-- everybody

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should have got the sheet out, what we were talking on the previous amendment. And it had on one side, I call it, probably 20 things and on the other side maybe 10. I had talked-- and I want to correct myself. I talked several times that we were going to have an amendment on Select File. Well, guess what? We're still having amendment on Select File. The, I call it, the tall page or whatever, the ones with the 20-plus things on it, that was what was in LB264 today. So that came down from the bill drafters. We got to add it and have it-- that discussion here today. When you flip it over on, I call it, the shorter side of it, it, it is the part that will be on Select File on LB261-- so what we passed last night-- it will have an amendment on. I did not, I call it, understand that there were two amendments. When you look down at the bottom of that backside of that sheet, it gives each of those what was in LB264, the dollar amount, and LB261. So that's just so when we have that discussion when LB261 comes back up people aren't sitting here and going, well, nobody told us about this. Well, yes, it is part of that-- will be part of that amendment, and it will be on Select File in LB261. What you voted on earlier today was the side with all of those things on it. And it-- that became LB264. One of the other things I wanted to talk about was our fiscal staff over here. I know yesterday we mentioned them several times. We've talked several times on the floor too-- and I'm amazed at the number of people that go over there and visit with them. This is your opportunity-- when you have questions or anything on the budget, please keep going over to them and asking them questions. They are the ones we refer to. They are the ones we rely on very much, I call it, for clarification on a lot of these issues-- where the money's going, why this money's going this way, why this happens or what this happens. So I thank every one of you that's been going over there. Feel free to go over there. Please-- they are your resource, so please use them. One of the other things then-- back to the amendment that Senator Hughes has brought here. I really thank everybody for a lot of the conversation on this. I did talk a little bit earlier on about, I call it, our cost of special ed and, and where, where that's come about. Want you to remember that in our budget-- and I don't remember it's this year or next year. I think it's this first year-- the cost that the state total is reimbursing is over \$500 million. That's 80%. In this state of Nebraska-- in the school districts in the state of Nebraska, that puts that total amount of special education at over \$600 million. To me, that's an amazing, large number. I'm not saying it's not there, it's just not justified. But I look at some of that cost and I sit back and I go, my goodness. Why are we at that level? Not questioning whether we should be or shouldn't be or that those numbers aren't right. I believe they are right, but that to me is a tremendous amount of funding that we, the state of Nebraska,

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is now picking up for special ed. I remember when the bill came about or the amendment proposal came about to-- the state of Nebraska would pick up another 40%. We in Appropriations, we asked many of those questions. Well, the schools are just going to go and, I call it, lump this in and lump this in and it's not going to be there. We were told that, no, they have to have certain guidelines, they have to have certain qualifications. You have to qualify as a school to be able to claim on this 80% that special education. It's not just a willy-nilly that you go, I'm gonna include that one and not that one. It is certain criteria, certain things that have to happen-- and, and stuff. So I-- I'm kind of amazed all at the total amount of this. I think this shows us as we go through this process all of the things that are happening with this and the total amount. The one last thing I wanted to mention, Senator Murman had a bill that was dealing with some of the special education and opting in students. My school districts really visited with me about that. It wasn't the cost so much when we zeroed in on it-- because 80% is being picked up-- but it was the staffing issues. Many of these schools out there, the main criteria or the hardest thing for them to do is-- especially in rural areas-- is to have somebody move into the district or opt into the district and now they don't have that staff and being able to hire or have somebody else or somehow pick up that staffing need. That has become such an obstacle for many schools. They just are not able to get--

ARCH: Time, Senator.

DORN: --those persons. Thank you.

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

HOLDCROFT: Thank you, Mr. President. Well, this morning, I completed our review of the Department of Health and Human Services, their scope of work. So I have a few public service announcements from them. First, first SEBT payments released to eligible families. The Department of Health and Human Services will send out its first issuance of summer electronic benefit transfer benefits today. Throughout the 2025 Summer EBT period, households with eligible school-aged children can receive assistance in buying groceries with the program's second year of operation. A one-time payment of \$120 will be issued for each "elible" child, in-- intended to cover the three summer months at \$40 a month. For more information on the program or to make an application, please visit dhhs.ne.gov and look for Summer EBT. The DHHS releases vital statistics, provisional birth, birth da-- dashboard. DHHS released the provisational vital statistics birth dashboard. This nonfinalized birth data provides Nebraskans, communities, hospitals, and health care

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providers with more timely data on trends around the state and in their communities. The provisional birth dashboard will be updated quarterly with the previous quarter's data. Due to provisional data not being finalized at the time of release, data could change with each subsequent update until the date is finalized. Check out the dashboard at dhhs.ne.gov. The Lincoln Regional Center hosts the 46th Annual Arbor Day Ceremony. DHHS planted trees at the Lincoln Regional Center to memorialize and honor the legacy of past teammates who contributed to mental health treatment. The LRC, a state psychiatric hospital operating under the DHHS Division of Behavioral Health, has been an accredited arboretum and an affilia-- affiliate site with the Nebraska State Arboretum since 1984. The state arboretum on the LRC campus is a major benefit in offering treatment to patients. The presence of trees and green space can reduce stress levels. And create a positive space for healing, rest, peace, and rejuvenation. Today, the 107-acre campus has 600 plant varieties that include evergreens, ornamental trees, shade trees, and shrubs. The LRC has more than 30 varieties of oaks and a substantial collection of viburnum trees, a nature path, and extensive wildlife that promote and foster a peaceful and beautiful environment for care and treatment. Let me just wrap up by saying that I, I really appreciate the, the work done by the, the, the Appropriations Committee. Next to the Judiciary Committee, I think they are the hardest working committee. But we, we work a lot harder really in the Judiciary Committee. But I think that they've done a great job. I know they work really hard. They've put the-- this all together. And my general position is, let's stick with the plan. I mean, they-- they've heard from all the folks. They have the best expertise. They have-- they, they have worked hard to put this together in a way that is I think the best possible path for going forward. So I will continue to support Senator Clements and the Appropriation Committee on their amendments and this bill. Thank you, Mr. President.

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

CLEMENTS: Thank you, Mr. President. Wanted to go back and review since we've talked about the forecast so much. Page 9 talks about the forecast, which was, as of April 24-- the day before the forecast-- and I wanted then to compare those numbers to what-- the general status sheet that you were passed out this morning that shows the \$3 million positive balance. The-- this fiscal year forecast had been \$6.435 billion of income-- net income. And the forecast board on April 25 changed that to \$6.245 billion. That's \$190 million decrease. Then the next fisc-- this-- the '25-26 fiscal year-- the first year of the budget had been \$6.955 billion in February. And in April, \$6.865 billion-- another \$190 million drop. You know, the first \$190 million

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drop in February, we had a \$100-- \$100 million increase, and so it turned out that only \$90 million was the net effect of the April forecast in the first year, but the \$190 million was fully amount that we had to absorb. So those two items add up to \$280 million that we lost. Plus, then there's the-- 2026-27 was \$7.025 billion estimate. It was reduced to \$6.925 billion, which is a \$100 million decrease. So those all add up actually to \$380 million. And the work that we've done-- I've been hearing from a lot of people that, why couldn't you restore this money? And that money and other-- a few items here and there, we-- like, 4 million or 8 million or a million, 4 million-- we'd like to fund the university more. Some people would. And I wouldn't mind it either if we were able to do that with excess dollars. But when we've lost about \$650 million since, well, since last October, including the Medicaid and then the forecast, it's been tough decisions that we've had to make. It's been a tough session, a lot of stressful times for me. I really-- I'm kind of a giving person. I like to, like to donate to causes. I said that I donate to Special Olympics, that sort of thing. But I also know that our constitution requires us to balance our budget, and that's what I'm-- my job is as chair here, to make sure that we end up in the black and-- trying not to make drastic cuts to agencies and cut services. As far as I know, we're not cutting services. We have a letter from the judiciary branch that-- some specialty courts they think could be reduced or eliminated. The information I have is that the first year of the budget, they're still going to be able to manage that. The second year would be where I'd agree that they could run short and be willing to consider looking at that as an adjustment, for one thing, because the specialty courts, I agree, do a good job. A lot of other things do a good job. The dentists that treat Medicaid people do wonderful work, and we weren't able to even give them an increase. And I'm sorry that we weren't. That would be another priority of mine if we had the money. But we're running down to where we want to make sure we keep a reserve for the future that's adequate. If it does happen that we have another negative forecast, we're going to need that money. Thank you, Mr. President.

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

MOSER: Thank you, Mr. President. Good afternoon, colleagues. Good afternoon, Nebraskans. I was wondering if Senator Clements would respond to so-- questions.

ARCH: Senator Clements, will you yield to questions?

CLEMENTS: Yes.

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MOSER: Senator Clements, so the main cause of our budget stress is a fall in projected income from the forecasting board?

CLEMENTS: No. I think a larger-- just as large of the amount is the Medicaid. Drop in the federal funding is about \$350 million.

MOSER: But, but you had a plan to handle all that before the forecasting board?

CLEMENTS: Yes. We were able to take care of that. Then-- right, then the forecasting board was where we ended up \$396 million short after their meeting.

MOSER: So how many more times will the forecasting board meet between now and when we complete the next session next year?

CLEMENTS: Their next meeting is October this coming fall.

MOSER: So they'll meet two or three times before we get done next year?

CLEMENTS: Yeah. They'll-- I believe they'll meet October and then February of next year.

MOSER: Uh-huh. So what if suddenly their forecast is wrong and we have a lot of money? Can we go back and restore some of these cuts?

CLEMENTS: Starting next January-- the budget-- what we call the deficit bill will be worked on to make adjustments for the first fiscal year. Yes. And there's-- if there are agencies that need more money or if we have more money and want to allocate more to an agency if there is a surplus, that would be available.

MOSER: So the, the amounts that were taken from various cash funds were not necessarily indicative of their quality or, or their purpose?

CLEMENTS: No. Those, those were analyzed that, over the years, they have not spent their income and had built up some extra amount. And so we left enough for a future carry-forward balance. And they have income more than their expenses. And we didn't even take their balance down to zero. We left them with probably 25% margin. We just took the excess.

MOSER: But there's no, no negative feedback issued on what they were going to spend the money on. I mean, it's not-- it's, it's not that you're against housing or that you're against any of the programs that got money taken. It's a way to solve the problem we have now that can be repaired if we want to next year?

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CLEMENTS: Correct. They're able to keep spending what they had in the past. Didn't reduce their ability to spend. And, and left money enough so they-- their ongoing expenses will be sustainable.

MOSER: I think a lot of us kind of get alarmed when we see a project or a, a department impacted. And in the big picture, we need to balance the budget. And in the future, if revenues improve-- which I'm predicting they will-- we can readdress these cuts and restore those that we need to or want to. And I'd encourage all my colleagues to share in the burden of making the budget balance and, and not to get too emotionally attached to what we have to do to make the budget work. Thank you, Senator Clements.

ARCH: Senator Lonowski would like to recognize some special guests. There are 59 fourth grade students from Hawthorne Elementary in Hastings. They are located in the north balcony. Students, please rise and be welcomed by your Nebraska Legislature. Seeing no one left in the queue. Senator Hughes, you're recognized to close.

HUGHES: Thank you, Mr. Chairman. I want to just say that, again, this is not a new policy. 80% reimbursement for excess allowable SPED costs has been the goal since this was passed two years ago. This amendment simply makes the policy happen in the way that it was intended. This hap-- needs to happen this year, or we can expect for sure to have another finding by the auditor. The initial reimbursement overpayment was 7.5-- \$7.4 million. And our next overpayment could be more. So it's very important that we get this passed through today, especially in this time that we're trying to fill a budget shortfall. So I would appreciate your green vote on AM1298. Thank you, Mr. President.

ARCH: Colleagues, the question before the body is the adoption of AM1298. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 34 ayes, 0 nays on adoption of the amendment, Mr. President.

ARCH: The amendment is adopted. Mr. Clerk, next item.

CLERK: Mr. President, Senator Hallstrom would move to amend with AM1294.

ARCH: Senator Hallstrom, you're recognized to open on your amendment.

HALLSTROM: Thank you, Mr. Speaker, members. This is the long-awaited amendment regarding reinstatement of the \$4 million that was to be taken or is to be taken as it currently sits from the Rural Workforce

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Housing Fund, as well as an additional \$4 million from the Middle Income Working [SIC] Housing Fund. I had initially suggested I guess yesterday that I was only going to approach rural workforce housing, but I had communicated with Senator McKinney-- who's been passionate about the Middle Income Workforce Housing Fund-- and decided to take both issues on at once with regard to the \$8 million that would be taken out of those two very important and very beneficial programs to the growth and development of our state. Specifically before you is AM1294, which I would ask for your green vote ultimately when we get to the end of the process. I would note and appreciate the fact that Senator Clements, despite the fact I'm pretty sure he's going to oppose the amendment at this time, that he has kept an open mind and is continuing to visit with me on some potential ways to get this resolved. By way of background, the investments in workforce housing are desperately needed in our ha-- in our state with regard to the high priorities on workforce development, the number of jobs that are open across the state, and the fact that we need to recruit and retain individuals to fill those jobs. And equally important if not more important is the fact they all need a roof over their head. I know some of the folks that I've talked to throughout the years in particular with regard to this amendment today have some concerns about the state utilizing funding as a source in, in an area where typically you might expect the, the private market to, to fill the gaps. Unfortunately, what we found is that that is not the case. We are not getting the housing stock built up that we need across the state with the normal free market enterprise system. I will say for the record I'm probably as big of a free market enterprise system guy as you'll find, but I have found over the years in this particular area-- particularly with the intervention of COVID-- that it has not taken care of the problem, which is to put houses up across the state. And the Rural Workforce Housing program applies everywhere except Lancaster, Douglas, and Sarpy County and the Middle Income Working-- Workforce Housing program applies in those three counties. The lack of workforce housing across our state is a barrier to job growth, community development, and worker recruitment and retention. Our state's competitiveness and economic future hinge on solving the housing crisis. The Rural Workforce Housing Fund helps rural communities build affordable housing to support the housing needs in greater Nebraska. Since its creation in 2017, the Rural Workforce Housing Fund has built almost 1,400 housing units across rural Nebraska just from the two infu-- first two infusions of state funds in the total amount of \$17 million. The Rural Workforce Housing Fund provides competitive matching grants to nonprofit development organizations who administer workforce housing investment funds. The funds are invested in el-- eligible projects to increase the

supply and reduce the cost of workforce housing in Nebraska's rural communities. Workforce housing is housing that meets the needs of working families and is attractive to new residents locating in a rural community. When you look at the program's underpinnings, it applies to new owner-occupied housing costing no more than \$325,000, to new rental housing units costing no more than \$250,000, to owner-occupied or rental housing units for which the cost to substantially rehabilitate exceeds 50% of a unit's assessed value, to upper-story housing, and to rehabilitation or conversion of an existing building into housing. Again, with regard to the areas that are covered, it is rural Nebraska with the exception of those three counties that I noted-- in essence, communities in a county with a population of less than \$100,000. And eligible applicants must be nonprofit development organizations approved by the department director that invest or intend to invest in workplace housing-eligible activities and that have an active board of directors with expertise in development, construction, and finance. The Department of Economic Development is responsible for reviewing and approving applications. Historically, the Rural Workforce Housing Fund-- and if Senator McKinney later wants to talk in more detail about the Middle Income Workforce Housing Fund, he's certainly free to do so. But the Rural Workforce Housing Fund was initially funded with a \$7 million transfer of excess funds from the Affordable Housing Trust Fund, with subsequent infusions of general funds in the amount of \$10 million in 2020, \$30 million in 2022, and \$12.5 million that came again from the Affordable Housing Trust Fund in 2024, with the two intervening years having come from General Fund appropriations. The applications for the current year were due on January 15. The department received 19 applications with a total request of over \$28.6 million, bringing over \$9.2 million in potential local matching funds. I have provided a handout which I'll take an opportunity to talk about-- or perhaps Senator Dover will, will talk about the, the information thereon. But the, the valuable component of the program is that it is an excellent return on investment for the state, for the general appropriations that we've had, and the original infusion from the Housing-- Affordable Housing Trust Fund. We've had a seven to one rate of return, which I think in these tight budgetary times is something to seriously take a look at and not be penny-wise and pound-foolish in terms of taking money away from these programs. The other thing that I would note is, interestingly enough, with the January 15 date, even though the funds have not been released-- or, at least fully released-- we had almost \$18 million in excess applications. That represents to me pent-up demand that justifies continuation of the state's involvement in this vital marketplace. And it also shows the unfairness this is-- that is going to result in that

these communities across rural Nebraska have stepped forward, have made their applications, have been approved, have got their projects in waiting, and now we're going to strip \$4 million simply because it's still in the coffers even though those projects have been vetted and approved as well. I think if you look at the success of both the Rural Workforce Housing program and the Middle Income Workforce Housing program that there should be and is overwhelming support for these programs and acknowledgement of its importance to increasing and building up the housing stock that we have and need in Nebraska. The only significant pushback has been in the, in the form of comments such as, can we afford to do it? To which my response would categorically be, we can't afford not to do it. So again, I would encourage your support for AM1294. To the extent that I'm not on the mic, I'm going to continue to be working with Senator Clements throughout this process. And hopefully, before we get to the, the moment for cloture, may have an opportunity to perhaps see if we have a path forward to make sure that this vitally important and beneficial program continues to serve its purpose and provide benefits across the state. I think earlier-- and I've got just less than a minute left-- I had noted and appreciated Senator Jacobson's comments about the need for growth and development in the state, and this is one of the programs that, that is, is right on target and hits the sweet spot in terms of its ability to increase our housing stock across the state to fill the needs in those rural communities where job openings exist. Folks are looking for jobs, but they're also looking for places to live and a roof over their head. And this program has proven its mettle over the test of time. And we should continue at least maintaining the funding levels that have already been committed for projects that have been approved-- submitted and approved. And with that, I thank the chair.

ARCH: Turning to the queue. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. I oppose AM1294. Senator Hallstrom has been very persistent. One of my most frequent visitors to my chair, finding-- trying to find a way to fund this. And it's his-- pet project is more-- most important thing to him. But we have 75 state agencies. We had 40 different bills that brought \$250 million of new spending requests to us. We did not fund much of any of those. And, and so he calls workforce housing vitally important. But they did get \$12.5 million in 2024, both rural workforce and middle income. And taking \$4 million away takes 32% away, and they're-- they'll still have 68% of the funding, \$8.5 million left, which-- there's a lot of other places that have had similar cuts. The university wanted to restore-- \$16 million restored. They got \$12 million restored. There were \$4 million

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roughly cut from what they had thought they were going to have before the forecast. And this is some-- this is all-- after the forecast, you know, there's 280 million reasons that we had to find money here and there. And rather than completely take out 100% of funds-- there was one like this-- 32% of it was taken but 68% was left. The university got \$12 million instead of \$16 million. And-- so I believe funding-- continuing the funding at that level, the people in housing should be willing to participate in the belt tightening that we've had to do. And the housing, the housing program takes taxpayer dollars to fund a limited number of people. Would Senator Hallstrom yield to a question?

ARCH: Senator Hallstrom, will you yield?

HALLSTROM: Yes.

CLEMENTS: How many houses have been built with rural workforce housing?

HALLSTROM: Senator Clements, thank you for that question. I am only aware of reports that have been prepared by the Department of Economic Development for the first two years of the program. We had \$7 million initially from the Affordable Housing Trust Fund, and then I think we had \$10 million. And there was over 1,400 housing units that were developed as a result of that. I did indicate in terms of monetizing it since you're so good with numbers that the original \$7 million investment plus about double that for matching funds-- which ended up with about a \$15 million total combined investment-- resulted in 105-- or, \$107 million in investment in new housing across the state. Thank you.

CLEMENTS: Thank you. Well, that's a lot of houses, but still a limited number. There's-- limited to who got it. My district-- I don't know if there's any in my district that have-- had a house. But we have a housing shortage, I know, in my district as well. I'm not directing any money to that. And we have higher-- we have needs. You've got a letter from the judiciary branch that they like their \$3 million back. Nursing homes, some of them are-- have closed. They were held flat. Dentists that treat Medicaid people, they were held flat. And I mentioned the university. The state colleges, they only got half of their salary and health insurance. They could really use \$20 million or more. Chadron wants to demolish a building and build a new music facility. They did not get funding for that. And so there are a lot of vitally important things that I see more vitally important than this housing, whereas they weren't completely cut down to nothing. And that-- I hope that they would consider participating with us and being part of the

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solution and not increase the problem in the budget. Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. President. I'm going to try something a little different here. We're going to shift back to the Department of Corrections, another major piece of our budget. About a, about a quarter of our budget ends up going to the Department of Corrections. Once a week, I get an email from the department. It's called the NDCS Communication Roundup, and it has a number of short announcements about what's going on around the, around the, the various corrections centers. And so I'd like to kind of go through those. The first one is from March 17, 2025, Midland University Coding Academy. The Midland University Coding Academy at the work ethic camp, which is in McCook, Nebraska-- I've been there-- is transforming lives. Those students are building-- these students-- and they show a picture of about four individuals in front of computers-- are building skills and hopes, creating personal websites and pathways to future careers. So that's a program in the work ethic camp sponsored by the Midland University. Another one, Leadership Academy. This is from March 15. Our people are the foundation for everything we do, and we're committed to investing in their growth and development. A shout-out to these NDCS leaders for successfully completing the Leadership Academy. It's inspiring to see their commitment to transform Nebraska and their dedication to development-- developing as leaders. And there's a picture of them-- of this graduating class. The next article is called NCCW. That's the, the Women's corrections center-- the Nebraska corrections center for women. And they had a grief speaker on March 12. And they have a thank-you for Amy Lipin [SIC] from Mourning Hope Grief Center in Lincoln for speaking at the Nebraska corrections center for women. Amy spoke to the women about the different types of grief and how to cope and self-care. So we only have one women's correction center in the state. It's at York. It's also a pretty old facility, but it doesn't have near the numbers that so-- the other men's corrections centers have. And one thing it does have-- the only one in the nation-- is a nursery, where an incarcerated individual can keep a baby, a newborn baby, for up to two years. Again, the only, only nursery in the nation at a women's correction center. Next one, Youth Leadership Omaha Law and Justice. So the Nebraska-- Nebraska Correction Youth Facility hosted the Youth Leadership Omaha Law and Justice seminar, welcoming 25 incredible high school leaders from 21 schools. These students gained firsthand insights into our facility and the different programming opportunities offered. They also had the opportunity to speak with staff members as well as a panel of incarcerated individuals. The next

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one was the Lincoln Wellness Fair, March 11. Our people are the foundation for everything we do, and supporting their wellness is a core part of NDCS' strategic plan. Today, NDCS hosted a wellness fair at the Nebraska State Penitentiary for team members to come and engage in all things wellness. NDCS is on a mission to bring wellness resources to team members across the agency. A shout-out to wellness coordinator Jadynt Gentleman for leading this effort. OCC 5-Key facilitator training. Staff and incarcerated individuals attended the 5-Key facilitator training at the Omaha Corrections Center. Throughout our nine facilities, 198 team members and 92 incarcerated individuals are trained to cofacilitate the 5-Key courses offered at our facilities. I covered this in detail the other day about this 5-Key program that the, the director has instituted now throughout the corrections centers. Second Chance Month, April 22. As we continue into Volunteer Appreciation Month, we would like to highlight some of our community partners that make programming in our facilities possible. CJC, MAH [SIC] Nebraska, and MCC have been a huge part of our transformation Nebraska efforts. Thank you to these organizations. State Campaign Against Hunger, April 22. This month--

ARCH: Time, Senator.

HOLDCROFT: Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. Well, let me just first say that I'm-- I am a supporter of the Rural Workforce Housing program. Obviously, they've used it in North Platte. And if you look at the list of the, the towns that, that have programs or grants awarded, North Platte, I believe, is the fifth highest with-- in terms of a project that's just under \$1.2 million. So every bit helps, OK? And-- so I think a little bit along the lines of what Senator Clements said, North Platte has a dog in this fight, but I'm not ready to die on this hill, OK? We have, I think most of you know, the Sustainable Beef Project. They're now going to open on June 1. They're going to ultimately need 875 workers. So we've been spending the last couple years since the announcement of that program to build housing. I think the last I looked, we permitted and built over 800 doors, OK? That would be apartment complexes, single-family houses, and so on. 800 living units. Now, I think affordable housing, the rural workforce housing might have done a portion of that, a very small portion. But the big driver has been trying to work with tax increment financing and other incentive programs out there-- and there are many. There's a program for helping first-time homebuyers through the Federal Home Loan Bank grant program.

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There are a number of other grant programs. This particular program must be done by a nonprofit. They must have an active board. There are a lot of communities who will not have the opportunity to use these funds because they have not set that up. So I'm not saying it's not important-- it is-- but I think we've heard the university state that for every \$1 investment in the university, we return that tenfold. Now, I don't know whether that means if we invest, you know, a billion dollars in the university we're going to get a \$10 billion response. I'd-- it'd be kind of interesting to see what that would do. But everybody claims what-- how good of return on investment those investments are. But I like to see what specifically are you using it for. Do you have dollars ready to come in? Is it private money ready to come? Is that all gonna happen? And I know the last time we looked at cuts here we had money available that wasn't appropriated. Right now, it's seemingly that we do. And, and-- so the question's gonna be-- if the funding goes through, my understanding is that's-- there are grants that have been awarded of these \$12.5 million and there would be about \$8 million left in the fund. So I don't know whether that means that they're going to be prorated down, whether some will be eliminated, what the plan would be. But I'm just going to say that I generally like this program, but I also have said many times before that I liked the tourism program. In fact, in the tourism program, these are dollars that came in from occupation taxes. So it was occupation taxes charged by the hotels statewide so they could use it to promote tourism to bring more people to their hotels. Now, I suppose you could look at this a little bit like Social Security when it comes to that. Is Social Security a tax or is Social Security me putting money into a program to the federal government in order to pay for my senior years, OK? And the same thing goes here, is the occupation tax that hotels charge, is that a tax that goes to the state and then they choose to give it to tourism or is that an investment that they're charging to go to the tourism board so that they can promote Nebraska? And I think that's important as well. There are a number of programs here that are being cut, and this is one of them. And I don't like it, but I also know that we need to find a way forward that allows the state to continue to be on this trajectory of fulfilling our property tax promises, our income tax promises, and being able to fund programs at the levels they're at today. And that's part of the challenge. So I-- again, I have not seen too many programs that are out there that can't be-- that aren't worthy. Thank you, Mr. President.

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

IBACH: Thank you, Mr. President. I just would be remiss if I didn't stand up and at least give kudos to one of my former senators. My, my

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district was combined, and so I have two former senators, but Senator Matt Williams was very instrumental in del-- in developing the Workforce Housing project. And I've always pledged to him that I would carry the flag for it. Several of my communities in rural Nebraska-- Imperial and Grant are probably the best examples in District 44-- have used this pros-- program extensively. And it puts citizens in homes. It grows their economy. And I'm very proud of what those two communities have done. I've do-- gone to some ribbon cuttings, and it's very impressive with what they've done in small, very remote areas-- areas of Nebraska. And the workforce housing, as many of you know, is housing that does meet the needs. And Senator Hallstrom and Senator Jacobson both outlined a lot of the criteria that you need to meet for these nonprofits to be eligible for these dollars. And I can attest to the fact even in Cozad and Gothenburg they've used the-- these dollars very efficiently, very effectively. The community of Bertrand actually did one workforce housing unit, and then they rolled the profits of that into additional housing. And it's been very, very successful in that community as well. As Senator Hallstrom also outlined: to become eligible for these projects, you have to have new owner-occupied housing costing no more than \$325,000. And if you've looked at the housing market lately, especially in rural communities, that's a very, very nice home in a lot of those communities. New rental housing units can cost more tha-- no more than \$250,000. That's very, very conservative as well. Owner-occupied or rental housing units for which the cost is substantial-- to substantially rehabilitate exci-- exceeds 50% of the unit's assessed value. Not very many homes in very small communities, like my village of Sumner-- population 250-- exceed that amount. Rehabilitation conversions of existing buildings into housing. We have a lot of-- we have zero houses of-- available right now in my small community for folks to live in. If we have new teachers coming into our school system, they have no opportunity for housing unless they build their own. We have very few lots for, for-- that are available for sale. And in all cases, housing that does not receive federal or state low-income housing tax credits, community development block grants, home funds, national housing trust funds, or funds from affordable housing trust funds that would restrict the level of individual or household income to anywh-- anything less than 100%, that's a, that's a very big deal in rural, in rural Nebraska. So anyway, as, as Senator Clements asked Senator Hallstrom, my research tells me that we have 800 units that have been constructed. And in my, li-- like I mentioned in my small community of Bertrand-- which actually isn't in my district, but I do have constituents that go to school there and, and do buy goods in that community-- like I said, they built one and then, and then dominoed that into several more. So

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anyway, just would, would extend the, the fact that I fully support this program. I'll continue to advocate for programs that benefit my district. And those dollars I can attest to have been well spent. So thank you, Mr. President.

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

DOVER: Yeah. I'd like to thank Senator Ibach for standing up and, and telling a story that really any-- every senator here, all 49 senators could stand up and tell a similar story too. Taxes seem to be the word of the day, the word of the session, the word of last year, and the word maybe of, of this decade. And there's only-- personally-- it's my personal thoughts, but I think there's only two way to solve taxes in the state of Nebraska that's through economic growth. And you can't have economic growth unless those jobs have a place to live. It's something that I think Nebraska has finally figured out and is, is doing an exceptional job. We've added over 1,000 housing units to Norfolk, Nebraska. It's, it's unbelievable. I, I mean, I-- I've been in real estate since 1983, and I still can't believe they were able to achieve what they've been able to achieve. I do think-- while there's been comparisons on spending and things like that, we have to cut, cut, cut and those kind of things-- but I'll tell you one thing, cutting spending on ho-- on housing for jobs is like cu-- is like cashing out your investment or your retirement to pay the bills today. I want to repeat that. I believe cutting affordable housing funds is like cutting-- selling-- cashing out your investments or your retirement to pay living expenses today. I think it's a huge mistake. This program, again, reaches out to every town across the state, touches every senator's district in this room. And one thing I think that-- I think it's very, very important that we point out is this spending is not like spending. With the bill that's going through the-- committee bill that includes LB622, which we amended on to that and should, and should see daylight-- it recaptures all the money that we're putting into affordable housing. Once that person moves, we take that money and we use it again, and we'll use it again and we'll use it again. And, and the quicker we can build more houses, the quicker we can hire more people. I'm in real estate, obviously, and we have people that are thinking about moving to Norfolk. And they say, can we see the housing? And we say, there-- there's your house. Well, can I see the other houses? There are no other houses. Or, in some situations, we don't have any houses in their price range that they qualify for. This is an unbelievable program. It is helping Norfolk grow-- or-- excuse me-- Nebraska grow. It's helping Norfolk grow. I hear recently that on a, on a county commission Zoom they have with the governor, he wants to double the population in the state of Nebraska. Well, I'm going to tell

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you, if you want to double the population of the state of Nebraska, we better start building more homes and not cut our funding. Some of the stuff that was handed out here, there's examples of rural workforce housing projects in Beatrice in Senator Dorn's district. They, they renovated a historic hotel into 36 housing units. \$1 million of rural workforce housing is being leveraged with an additional \$9 million from other funds. And I want to-- that's an important thing to-- really to point out here. We're not just talking like this money is just going out and, and paying-- subsidizing houses. It's, it's supplying low-interest loans that are revolving. And once that-- once the, the project is complete, then that money comes back and is borrowed out to someone else. It is one piece of a very complicated puzzle of providing affordable homes to people in Nebraska. And who lives in affordable homes? Well, it's all the people we're trying to attract, right? It's nurses. It's police. It's firemen. It's all those people who risk their lives or work daily in very tough situations to take care of all of us here in Nebraska. If you look at Milford, in Senator Hughes's district, a vacant nursing home was renovated into 21 housing units. \$400,000 of rural workforce housing was leveraged with additional \$2 million of other funds. In Fremont, Senator Wordekemper's district, construction of 136 housing units-- do you hear that-- 136 housing units. \$1 million of rural workforce housing was leveraged with additional \$23 million of other funds. That was only \$1 million of rural work force housing funds that helped-- that put that project together. In Cozad and Gothenburg, Senator Ibach's District, construction renovated over 40 total housing units. \$1.5 million of rural workforce housing was leveraged, and 1.65 in other funds. Imperial, Senator Strommen's, construction of eight new units. \$1 million of rural workforce housing funds was leveraged with \$500,000 in other funds. In many cases, banks, foundations, other, other sources of money, maybe the hou-- the, the Affordable Housing Workforce Trust Fund-- sorry-- Affordable Housing Trust Fund is also leveraged there to make this work. In Omaha, Habitat for Humanity has funded 52 new construction homes and 6 renovated homes. Spark CDI in Omaha with their-- with the Middle Income Workforce Housing Fund is funding 23 new construction homes and 2 renovated homes. NeighborWorks in Lincoln, funding 27 homes. Nebraska Housing Resources in Lincoln, the Middle Inc-- Middle-- excuse me-- Middle Workforce Housing Fund is funding 18 homes.

ARCH: Time, Senator.

DOVER: Thank you.

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

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LONOWSKI: Thank you, Mr. President. Workforce housing development reminds me of the housing that's available out there, specifically the Vatican. What is the fiscality and the budget for placing the Papal tiara and a new pope? Cardinals from all over the world began voting Wednesday to elect a new pope. What's the cost of finding a new leader for the Catholic Church? The Holy See has not disclosed how much the conclave will weigh on its shaky finances, but arranging it is understood to be an expensive affair, running into the millions of euros. More than 200 cardinals and assistants in town have been flown in from across the globe, housed, fed, laundered for days following the death of Pope Francis on April 21. On Wednesday afternoon, 133 of them-- age 80 and under-- began voting for a new pope under Michelangelo's frescoes in the Sistine Chapel, which has been fitted out to hold the entire gathering. So with St. Peter's Square, where thousands of faithful and curious tourists and-- are expected to watch for the white smoke that signals the world the election of a new pope. As per the 1929 deal that created the Vatican City State, Italy foots the bill for security costs. During the last conclave in 2013, security increased public transport and other related expenses came to 4.5 million euros, \$5.1 million, or-- according to Rome Mayor Gianni Alemanno. This year, the government of Prime Minister Giorgia Meloni made available an initial 5 million euros after Francis' death-- after Francis's death, but total costs are yet to be quantified. Almost 12,000 security staff, 1,000 firefighters, and 5,000 civil servants were deployed between the death of John Paul II and the election of Benedict XVI in 2005, according to the government. This year, arranging the funeral on the conclave cost the Vatican some 7 million euros, according to a report published by the Holy See. The church has since been less transparent with figures. In 2013, it provided no total cost for the Pope Francis conclave, but the Vatican later reported an annual budget deficit of 24 million euros. After Francis's death, Vatican spokesman Matteo Bruni only pointed out that the Holy See had no sponsors helping with money matters. During his pontificate, the Argentinian sought to clean up the murky and often disastrous financial affairs of the Holy See. He created a special secretariat for the economy in 40-- in 2014, clamped down on corruption, and stepped up scrutiny of investments and-- of the Vatican bank, which led to the closure of 5,000 accounts. But Vatican finances remained precarious, and cardinals were briefed on the situation ahead of the conclave. The Holy See continues to face a chronic budget deficit estimated to be around 30 million in 2022. I yield the rest of my time. Thank you, Mr. President.

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

ARMENDARIZ: Thank you, Mr. President. I have spoke-- this will be my third session speaking on housing. I am an adamant opponent of putting taxpayer dollars into building houses. I do beli-- believe strongly that the free market should dictate this and we all should. Any housing crises we've had have been caused by government interference. Government interference is not going to fix this problem. It will only prop it up and prolong it. Supply and demand will fix the problem if we remove ourselves from interfering with it. We just need to stop spending money at the state. This happens to be one of the bills that came back without a zero-based budget, and they wanted \$8 million added back in. We have to stop somewhere. We have to stop spending money. Now, if this was to increase economic viability of communities, to me that means that taxpayer dollars are creating jobs just to have them. If we can't have the jobs without the taxpayers' money, then the taxpayers' creating the job. The free market should be doing this. And the more we interfere, the longer we prolong housing crisis to be decreased. I'm a no on putting taxpayer dollars into housing, and I always have been. But I welcome any good argument of why I should put taxpayer dollars into housing. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I rise in support of AM1294 because I do believe we should be addressing the affordable housing crisis in the state. It-- this is an issue that has persisted since my time in the Legislature. And during my time, I've tried to do things to support and try to increase, you know, access to housing and affordable housing. And it's-- thing we're, we're working on, actually, in the Urban Affairs Committee, is to find creative ways to address the housing crisis in the state. And I don't think we, we-- we're in a position to not spend dollars to help, to help with the development of housing across the state, whether rural or urban, because it's such a big issue that the only way we're going to get out of it really is if we increase the housing stock some type of way, and we have to be creative in doing so. But we also cannot take resources off the table to address the problem. Because if we don't, rents and mortgages will continue to rise. And whether the free market affects it or not, when there's a shorta-- shortage of housing, the rents are going up. It's a, it's a supply and demand problem that we have. And we have to fi-- we, we have to invest in it if we hope to get out of it, you know, especially because, one, we talk about the need to retain individuals in our state. We talk about the need to recruit people to our state. We talk about the need for new tax revenues and those type of things. This is why you invest in housing. You also invest in housing because if we have a, a influx of individuals returning home from our penal

institutions, they need somewhere to go. And we need to invest in housing so they have somewhere to go. It's, it's multiple layers to this. And it's not just a dollars and cents conversation. Really, it's a priorities conversation. What are our priorities? Because we can't keep saying that affordable housing or housing is a crisis in the state and we need to address it and then take away money that would address the issue. If you have an issue with the resources, I think we-- you, you should put something on the table that addresses it from your perspective. But if you're not putting things on the table to address this and just saying we should stop spending and let the free market do what it do, I don't think that's-- I don't think that's right. You know, we're short at least-- what wa-- what is it-- 60,000 to 80,000 u-- 60,000 to 80,000 units or something like that. That is a big number. And saying don't spend and hope the market works itself out I don't think is right. Also because things that are going on on the federal level, whether we think it's affecting us or not, it will affect us eventually if it is-- if it's not already. And that's some-- and, and that's not something to just look over. When they're making cuts, there's-- going to create a problem. If they cut funding to the so-- Section 8 program, that's gonna i-- that's gonna increase homelessness potentially, also increase a lack of affordable housing. So we have to invest in these things to assist as much as we can because as a Legislature we can't sit on our hands on this issue. I really wish we had a whole, like, committee in the Legislature that is solely committed to housing, like a housing committee. I don't think housing should be spread out across all these committees or agencies. I think we, we should have a department of housing and we should have a housing community to address this issue because I do think it's that bad. But I support this because I support investing in housing because housing is a basic need that should be met for all people. And if we're not helping people with their basic needs, other things come into play. And that's what we should be working to prevent. So thank you.

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

KAUTH: Thank you, Mr. President. As I-- first of all, again, Appropriations, you did a fantastic job. This budget book is densely packed with all sorts of information. So I want to go through and read about some of the things that we are keeping. I think we've talked a lot of doom and gloom here today, about, you know, the sky is falling, everything is bad, we're getting rid of everything. But we are keeping some really good things, we're increasing some things. The first one, the Appro-- the cybersecurity expansion. The Appropriations Committee budget recommendation includes \$1.125 million revolving funds in 2025-26 and \$1.17 million in '26-27. The OCIO intends to add 89

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full-time equivalents to expand its capacity in cybersecurity. Projects and business analytics-- and to bring web services and data management in-house. This increase in appropriations is due to the expansion of specialists in the area of cybersecurity. This is so critically important. I spent the weekend in Chicago with CSG doing a conference on artificial intelligence. And part of the reason I went to that conference was I am doing a legislative resolution this summer to look at how do we combine natural resources and ag and add a committee on technology. I think that as a, as a body we don't have enough specialized information about technology, about artificial intelligence, data management. All of these things that are so critical to our future, we don't have any specialized information. The stuff I heard was fantastic. I have all of the information if anybody has any questions. But I'm very pleased to see that that's one of the things that we are looking at increasing. The appropriations-- so full-time equivalent transitions to DHHS. The Appropriations Committee budget recommendation is transitioning 50 FTEs to DHHS. The positions are stationed and managed within DHHS already. And now the salary and the health insurance will become part of the DHHS budget as opposed to that of the OCIO. So we're making smart decisions about where we put our money and how we manage our budget and our people. When we look at some of the other-- the reaffirmations. Our state college facilities program. The Appropriations Committee budget recommendation includes \$1.125 million in general funds and \$1.440 million revolving funds each fiscal year. This is for continuation of funding approved for certain projects at each of the three state college campuses. LB384 in 2021 extended this annual state appropriation from the original sunset date of fiscal year '30 to a new sunset date of fiscal year '40. And this fee is going to be continued. The board facilities fee fund. The Appropriations Committee budget recommendations include \$930,000 revolving fund appropriations each year. This reaffirmation request is for continued appropriations for renovations or maintenance projects funded through the capital improvement fee. The state college system has historically requested \$900,000 per year for these revolving funds that come from student fees. But for the upcoming biennium, they will increase to \$930,000 to maximize the use of increased fund balances. The future amount represents ten future years of this revenue stream-- although there's no end date in the statute. When we look at the CSC Rangeland Center-- which is math and science renovation-- this is for continuation of funding for specified projects at Chadron State College. The \$2.2 million annual General Fund appropriation was extended from the original sunset-- sunset date of fiscal year '30 to the new sunset date in fiscal year '40. NU facilities renewal. The reaffirmed General Fund appropriation for NU facilities renewal is \$3.6

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million. The university matches this appropriation with \$4.5 million in revolving funds that come from student fees. The new General Fund appropri-- reappropriation beginning in 2026 will be \$4.46 million due to the \$820,000 General Fund appropriation from Program 930 being statutorily rolled into Program 906 effective July 1. I don't even know what these programs are, but what I'm seeing is that we are looking very, very closely-- and by we, I mean our Appropriations Committee-- at every line item in the budget and figuring out where we can make a difference, where we need to increase our fees. And I'm very pleased to announce that we are increasing funding to certain aspects. And if you have any questions, there's a whole bunch more here that I was going to take some time reading, but it looks like my time is running out. But if you look at page 51 of the budget book, you can read those reaffirmations and see exactly how much we are continuing to give and making sure that those projects are stable and well-funded. And that's part of the job the Appropriations Committee did. Thank you, Mr. President.

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

MEYER: Thank you, Mr. President. I rise in opposition at AM1294. I think there has to come a time when we have to stop spending the taxpayer dollars for the benefit of the few, which is demonstrated in, in the budget we're discussing here. I agree with Senator Armendariz in her positions. And there comes a point in time when it simply has to stop. I think we're past that time. And I want to commend the Appropriations Committee for their efforts they've had, and, and I continue to support their efforts. And with that, I'd like to donate the rest of my time to Senator Hallstrom.

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

HALLSTROM: Thank you, Senator Meyer. I appreciate those kind words about the bill. But I more so appreciate the time that you're granting. One thing that I want to make clear on the record, this decision was one that was not made without due diligence by the Appropriations Committee. And, and I believe they made the wrong decision at the end of the day. But the body should be aware that this journey started out with Governor Pilleen originally in his budget recommendations suggesting that \$8 million should be taken out of the Affordable Housing Trust Fund-- which is no longer on the radar screen-- and I believe \$2 million from the Rural Workforce Housing Fund. As the process works its way through, when the Appropriations Committee takes up that particular issue, they typically and traditionally, if they are not going to follow the governor's recommendation, they take no action.

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So that meant at stage one of the Appropriations Committee actions, they took no action, thereby effectively saying for the moment we're not taking \$8 million away from affordable housing and we're not taking \$2 million away from rural workforce housing. Later on, they circled back around when they took a second look at all of the budget items and were having to make additional decisions. And at that time in a somewhat unusual course of action, they actually took a vote instead of just saying we're, we're rejecting what the governor was proposing. And on a vote of 7-2 at that time, they decided that they were not willing to take \$8 million from affordable housing nor \$2 million from rural workforce housing. And then more recently, just within, I think, about the past week, they took the issue up a third time. And all of a sudden, it had transformed into taking no money out of affordable housing and taking \$4 million out of the Rural Workforce Housing Fund and an additional \$4 million out of the Middle Income Workforce Housing Fund. Interestingly enough, my understanding is that vote was initially either four in favor and five against or four in favor, four against, and one present and not voting. So the rural and middle income workforce housing funds for the moment had escaped the, the budget axe. Lo and behold, between time A and time B, someone switched their vote and magically it was a 5-4 vote. And we arrive at the position where we are today with five votes making the decision to take \$4 million out of both rural workforce housing and middle income workforce housing. I think I'd just reiterate there probably is at least a viable question as to whether or not we truly have unobligated funds in at least the Rural Workforce Housing program. We had \$12.5 million in funds available, \$30 million in applications or near \$30 million in applications. Those were approved in January of 2025. And if in fact those are unobligated funds and taking those moneys away, those projects will either be unfunded, canceled, or only provided for on a prorated basis. And we will be effectively grasping defeat from the jaws of victory. And with that, I would refer my time to the chair.

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

DORN: Thank, thank you, Mr. President. Thank you for the, I call it, the conversation this afternoon, some of the stuff that's going on and explain-- explaining the rural workforce housing or whatever. Appreciate the handouts that Senator Hallstrom and Senator Dover gave. Looked at the one Senator Dover handed out here, and it's the Rural Workforce Housing Fund. And some of the things down there, it explains exactly what's going on with it and where some of the funding through the years has come from or whatever. Also the Middle Income Workforce Housing Fund and some of different things that, I call it, go on with all those things or whatever. A little bit in Appropriations, we have--

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we've, we've had-- since I've been here, we've had quite often housing bills. I remember when Senator Williams that was here from Go-- Gothenburg area, he carried some, I call it, during our ARPA years or whatever, and that-- it weren't ARPA money. Some was, but some others were-- and it was-- it-- it's-- we get a broad spectrum of people coming in and testifying about each of these types of housing projects, the need for them and also, I call it, the uses of each of them. One thing I always try to ask or have always tried to ask through the years-- and many of these here-- we, we talk about affordable housing. And for me, it's-- I call it, that's a moving sum, a moving dollar amount or whatever. And I, I know I've through the years always tried ask some of those builders, what's affordable housing? What's the cost of affordable housing? So if you live in certain areas of the state, what is this or what is the impact on you? And one of the things-- one of builders we always have in is the, the father or the dad of the Hoppe family that builds quite a bit here in Lincoln and Omaha. Last summer, we got to go down to an open house down here that the city of Lincoln and the Hoppe family worked on for low-income housing or rental housing for 130-some apartment units. And got to visit with some of those family members. When I came-- first came up here, I remember some of the first times I asked the question, what's affordable housing? And I remember they talked about in the \$200,000, \$225,000 range. And it, it, it amounts on a different, I call it, your square footage and all of that. When I was here last summer and talked to the Hoppe family, some of the members of that family, one of the things that really struck me, they were building with some of these funds or using some of these funds in that type of a project, but they're also building in Omaha some, I call it, housing or some projects. And I said, so in Omaha, what would you consider the cost of an affordable house is? Or what's affordable housing? When you talk a dollar number, what is it? And he didn't even hesitate that-- the son said \$400,000. To me, that's quite a change. I would predict that if you did in Lincoln here, it's probably \$300,000. I don't know how-- it depends on a lot-- on square footage and stuff. But part of what-- I, I, I bring that up for one reason. Part of what goes on is, it's like many other things with our budget, with cost, with everything else, our-- I talked yesterday about building the roads and what the gas tax does and some of this. Some of this is cost. Some of this we know. It will go up over time. Property taxes-- all these things go up over time. But for me, I wouldn't call a \$400,000 house an affordable house. Two weeks ago when I was driving in, they talked about it. I happened to have a radio station on. And they had somebody on there that said, in 2007, to-- I, I call it, an affordable house, to afford it, it took about 15% of your income. In 2020 or about that time, it was up to 24%, 25% of your

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income. These are general terms, broader terms to, I call it, do the affordable housing. In today's market-- and like I said-- now, this was on a radio station, so you have to-- whatever they were-- somewhere they got their information. In today's market, it's considered over 30% of your income is now for affordable housing. We're getting at that level where we're pricing some of these, I call it, out of the market and stuff, so. Interesting discussion today. Thank you for all the, the conversation.

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

STORER: Thank you, Mr. President. And good afternoon. I do stand in support of AM1294. And I know that these are, these are clearly tough decisions, trying to balance the budget, prioritize, make decisions on how to best manage the taxpayers' money. And, and I appreciate the concerns about whether or not government dollars spent on housing has an ill effect on the market and if that's an appropriate use. These are-- however, I, I do view the rural workforce housing funds unique in many ways. They're revolving funds. So these are not dollars that are just put into the house and, and sort of given to the recipient free, gratis, so to speak. And the nu-- I would say the top three things that I heard as I put 60,000 miles on a vehicle traveling 11 counties for a period of nine months: every single community expressed the need for housing. There were employer-- there was employer after employer that was frustrated about the difficulty in being able to hire individuals. And the largest obstacle to being able to hire people or attract people to the community was lack of housing. It is even more compounded, as, as it's already been mentioned-- and, and certainly Senator Dorn offered some specific figures to this-- but is-- the com-- the problem is compounded in rural areas because you are now further away from supplies. There is yet a-- even more limited access to builders, to contractors. They are not lining up for jobs, rather the, the people are lining up in-- waiting to get on the list for houses to be built or to get a contractor out. And so that, that simply increases the cost in addition to what the real cost of inflation is in a rural area. So I have seen the value of this program firsthand in rural Nebraska. It has been utilized, I would say, in every county at-- that I represent. And when you start to look at the list of the, the award recipients, I think this is widely used across our state. So I, I do appreciate the challenges and the-- and certainly the tough decisions, what we need to prioritize and what needs to be cut. And if you know me, you know that I am a small government gal. I understand that government needs to identify its lane and stay in it. But as a state government, understanding that we want to be able to pave the way to grow the economy, this is indeed one of those factors needed in order to bring

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people back into our rural communities and incentivize that-- I guess-- stop the brain drain. We talk a lot about that. Incentivize people to, to be able to just grow their business, hire people. And the long-term goal is to grow the economy, get more people back in jobs. And guess what? Those dollars return right back to this, to this building. And so with that, I will yield the rest of my time. Thank you, Mr. President.

ARCH: Senator Dover would like to recognize some special guests. There are 15 fourth grade students from Trinity Lutheran in Madison. They're located in the north balcony. Students, if you would rise and be recognized by your Nebraska Legislature. Senator Hallstrom, you're recognized to speak.

HALLSTROM: Thank you, Mr. Speaker, colleagues-- colleagues. I could babble on for another half hour, but I don't intend to take this to cloture. I started out my discussion by suggesting that Senator Clements and I were continuing to work on a potential resolution of this. We don't have an amendment ready to go. We may or may not have something for Select File. But I, I certainly am intrigued by some of the discussions that have been taking place, and I look forward to continuing to work. So I intend in just a few minutes to, to withdraw this and allow, in the spirit of collegiality, some other amendments to come to the board before we ultimately go to cloture. I surveyed a few of you to see if you wanted me to talk about useless sports trivia, and that didn't go very far. Didn't go much farther than the 1.5% reduction in state agency budgets that I had proposed. I think I found a way to, to break the partisan divide and I brought Democrats and Republicans alike to the table telling me how little they liked that particular amendment. So I'm not sure-- I'll just tell you on the record that pay-for is probably not going to be brought forward. If we do find something fantastic, we'll have, hopefully, a consensus on getting this done. If we don't and, and the Speaker's gracious enough to set this up for further debate on Select File, if we take an up or down vote on it, it can potentially come out of the Cash Reserve, which people can make their own decisions on whether or not that's the appropriate way to go. I did appreciate the kind remarks about the bill, even those that have indicated that they opposed it. I've counted votes for a long time on the outside of the glass, and I was spot on in knowing that Senator Clements and Senator Armendariz were going to be opposed to the bill. But the rest of the, of the body, it's a fluid issue. And so I may have had a puncher's chance to get 25 votes and move forward today and put this issue behind us, but I chose not to in the spirit of continuing to work with Senator Clements. So I'm enthused about our likelihood to get something done on Select File. And with that, in order to allow some

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other amendments to be considered, I would withdraw the amendment and ask for it to be refiled on Select File. Thank you.

ARCH: So ordered. Mr. Clerk, next item.

CLERK: Mr. President, Senator Dungan would move to amend with AM1328.

ARCH: Senator Dungan, you're recognized to open on your amendment.

DUNGAN: Thank you, Mr. President. Colleagues, this is an amendment that addresses specifically something I've talked about multiple times here today. This is an amendment that is specifically speaking to the Trail Development and Maintenance Fund as it pertains to the development of the Mopac Trail. So we've had a discussion here today about the issues with, you know, the big picture problems with moving money around and taking cash funds and transferring it to the General Fund, but this is one that I think legitimately deserves our time and our votes to remove this from the cuts. And so voting for AM1328 would essentially restore the \$2.9 million that are being cut additional to the original \$450,000 that were cut in the underlying AM835. So let me put this a little bit more plainly. We as a Legislature appropriated, I think, upwards of \$8 million to assist in the completion of the Mopac Trail between Lincoln and Omaha. This has been an endeavor that people have been working on for, for, for decades, frankly. It's been a very, very long and concerted effort that people have continued to work on. And so we as a Legislature a few years back appropriated this \$8 million, and I believe that is currently being held in this cash fund for assistance in creating not just the trail itself but doing all of the work ahead of time to make sure they figure out the proper route, to make sure that they do all the grading, to make that it is an appropriate placement for the trail, and then ultimately to assist, I believe, in the construction of that trail but also utilizing, I think, federal dollars and things like that. So I know there's been some hiccups along the way. I know that it's taken some time to figure out what the correct trail path is. And I think our friends in Cass County recently have decided to maybe hit the pause button on part of that. But my read of the situation and in speaking with people who know way more about what's going on on the ground level than I do is that the trail between Lincoln and Omaha is not canceled. The interlocal agreements have already been signed, and the hesitations that Cass County has currently expressed by the county commissioners, as I understand it, was sort of a pause button in order to better determine if there's a different width of the trail that needs to be considered or maybe a different route as it pertains to some of the private land. But it is not as though they have gotten out of the agreement to complete the trail. So

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colleagues, if we take this money, if we remove the money from what we've already appropriated for the development of this trail, I have concerns that agreements that have already been entered into and a plan that has already approved is ultimately going to be upended by our pretty, I think, brazen grab from the cash fund just to fill the General Fund hole. So I would echo the sentiments that a number of other people have made with regards to the necessity to, you know, analyze each of these and make sure we're making a smart decision. But in my read of both this amendment and then also of the situation that's going on right now with that trail, our removal of these funds are going to be problematic for the completion of a trail that has already been approved and that is already being worked on. In addition to that, colleagues, I think that if we take away this money simply because the trail has not yet been completed, we're sending the wrong message to local government. So we want to make sure that decisions are being made smartly. We want to make sure that decisions are being made with the proper considerations of the time that it's going to take to do these, the cost that it's going to take to do these kind of projects. And so really, I think we should reward our political subdivisions for being judicious in how they go forward with these kind of projects as opposed to punishing them if they simply don't act quick enough. If we as a Legislature appropriate funds for certain projects to political subdivisions and then say, oh, you took your time in making sure you did it right, so we're gonna actually pull the money back-- I think that that is incredibly problematic. It's punishing political subdivisions for being smart in the way that they conduct these process. So this completion of the trail between Omaha and Lincoln, a lot of effort has already gone into this with regards to the planning and determining the routes and making sure that it's being created in the right way. So I, I, I really, really, really want to make sure that we continue to fund that project. For those who have-- pay attention to the Legislature or hear me talk a lot, you do know that I am a-- an avid cyclist and somebody who likes walking his dog out on these trails. I love the Mopac Trail. But it really is one of those things that makes Nebraska special, and especially makes the Lincoln and Omaha area special is our access to trails. Look no further than Iowa or Missouri-- or Arkansas if you wanna look a little bit further away-- to see the economic development and the money that we're able to make off of investing in recreational infrastructure like trails. I mean, if you go across the river into Iowa and you go ride some of the-- the Wabash Trail up there, it's beautiful. It's an incredible trail, and there's a lot of small towns along the way. And those small towns along the-- that trail get money from bike tourism and from people who literally travel there for that. You look at Missouri and look at the investments

they've made in their trail system. It brings people to the state. And so people who preceded us in the Legislature I think appreciated and understood the economic development opportunities that come with investing in things like this kind of recreational infrastructure. And you look at the Cowboy Trail out in sort of the, the, the Sandhills. You look at these-- the Mopac Trail, you look at the Jamaica North going all the way down to Kansas, these are amazing opportunities for us to continue to invest in the state of Nebraska. And it's part of the larger conversation that I was having earlier with regards to tourism and bringing people into the state. You want to talk about brain drain? You want to talk about people leaving the state? You want to talk about people wanting to move away because there's not enough to do here? Well, if you want that to keep happening, keep cutting funding to stuff like this. Keep cutting the tourism dollars, keep cutting the recreational dollars. Because the more that we do that and the more we turn our nose up at making this state the kind of place that young people actually want to live in and stay in, the less likely you're going to have folks either stay here or come back home once they've left. So when I ran for office, one of the things I talked to my constituents about was wanting to make Nebraska not just a place that's economically viable to live in, not just a place that has great schools and great people, but also has fun things to do. Let's give you-- let's give you recreational out-- opportunities outside. And Nebraska is the perfect place for that. So colleagues, this investment that we made as a Legislature with regards to the completion of the Mopac Trail is a smart one. It has a high return on investment. And it absolutely is the kind of thing that we should continue working on as a state. So colleagues, I would ask that you continue to support those kind of options. And I would ask that you vote yes on my AM1328. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Senator Dover, you're recognized. Senator Clements, you're recognized.

CLEMENTS: Thank you, Madam Chair-- Madam President, excuse me. Yes, I'm very familiar with this issue. This is in my district, and it has been a issue that's-- people with-- the biking community has been working on connecting where Missouri Pacific Railroad ends in Wabash and trying to connect it where the Rock Island Railroad ended in South Bend. It's a little over 8 miles. And I've been caught in the middle of this issue for the last three years or so since that funding was put, put in. The governor recommendation came this year for this \$2.9 million reduction. And as I was talking about with the rural housing and middle housing, they were getting about a 32% reduction. And this is 30-- 33% or 34% reduction but saves 65% of the funding. I think it saves \$5 million.

And so I was willing that my district would be part of the solution. The other thing is it's been very controversial in my district. The landowners where this would cross their driveways worry about accidents and public crossing their property, or at least the easement next to their property. And so I-- it's been quite delayed. And I understand that the county board voted yesterday to not, to not approve a route. They've been looking at different routes to take. They've-- they have about four different options. And they had picked one. Then they had a change in the board, actually. And, and they have a motion to remove the approval of that route. And I hadn't really read the paper. I was told that there still is not route approved for this. And there's a lot of concerns from landowners because the, the proposal is to go on the county right of way. And how are you going to have a bike trail next to the county road and keep it safe and especially have drainage? So I'm not going to support AM1328. I-- that \$2.9 million would use up all that we have in the budget at this time. And I don't want to be increasing anything else or-- or, cutting anything else-- excuse me. So I'm not able to support this. I think the \$5 million that they still would have is a, a reasonable amount. It's going to take quite a while yet. And the other thing that-- about the bike trail is the users don't pay a user fee. If you go to the state park and get recreation, you pay a park permit and you've paid a fee to get a benefit on the trail. This is taxpayer dollars that other-- some people who use bi-- bikes trails are going to benefit from it, but a lot of people who pay taxes are not using the bike trail and not benefiting from it. I wish there was a way for them to fund this with a user fee. So I, I have been very familiar with this, been in the middle of it, but I can't support restoring this. I did agree to this recommendation. The, the Governor's Budget Office suggested this as part of the solution for balancing our budget. And if we approve this, our \$3 million surplus would go down to almost zero. And I'm not aware of where I would find the extra money to restore that. There is not a pay-for in this amendment. And it's going to take our budget down to zero. And we still have at least--

DeBOER: Time, Senator.

CLEMENTS: Thank you.

DeBOER: Thank you, Senator Clements. Senator Ibach, you're recognized. Senator Guereca, you're recognized.

GUERECA: Thank you, Madam President. Just wanted to hop on and chime in a little bit on AM1328 and echo some of the comments that my colleague, Senator Dungan, made. When young people make a decision to either stay in the state or move there, they're looking for quality of life.

They're looking for things to do. They're looking for art. They're looking for outdoor activities. These are the things that my generation considers when looking to move somewhere. Not income tax rate. When I moved back, I couldn't tell you what the income tax rate was in Nebraska. But I looked at sports, arts, music, outdoor activities. So colleagues, if we want to get serious about addressing the brain drain issue in this state, if we want to get serious about attracting top talent, we need to stop chipping away at things that improve the quality of life for young people and for Nebraskans, things like this trail, because young people, like Senator Dungan, like to bike and use the trail. So address-- certainly addressing this trail, but kind of overall, colleagues. I wanted to hi-- wanted to mention it earlier. But young people are less concerned about the income tax rate and more concerned about quality of life. If they have young children, they're concerned about schools. And in Nebraska, we have great schools. We have the seventh best public education system in the country. Check. So let's stop chipping away at things that provide a good quality of life for young people. Thank you, Madam President.

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

RAYBOULD: Thank you, Madam President. Good afternoon, colleagues. You know, I cannot resist talking about one of my favorite subjects-- and, no, it's not the Perkins Canal, so you're going to get a break. It's Blueprint Nebraska. I haven't talked about Blueprint Nebraska for over a year. And Blueprint Nebraska was a group of civic leaders all across our state of Nebraska, got together, really had multiple outreach in multiple communities throughout the state of Nebraska, trying to define what we can do to really jumpstart economic development in our state, jumpstart economic growth, and continue the great pathway that our state is on. And guess what? I was going to talk about affordable housing, but Senator Hallstrom withdrew his bill, but I can if I have any time left. But Senator Dungan spoke correctly about this. Senator Gerica [SIC] as well spoke about it. How can we attract and retain our young people in our state and brain drain? To be honest, there is no way we can birth our way out of the demographic reality, is-- that we need our young people to stay in our state. And amenities such as bike riding, our beautiful trails-- and I can tell you-- I'm an avid cyclist too. And I can tell you our trails are magnificent. The city of Lincoln got a shout-out by Lonely Planet. I don't know if you know what-- who Lonely Planet is. They're a travel guide book about travel all throughout the entire world. They gave a shout-out to Lincoln, Nebraska because of our 154 miles and growing of in-- interconnected bike trails. And I can tell you that the bike trail that we're talking about

that gets funding-- and Senator Clements, you have to know that all of these trails in our state of Nebraska, and particularly in Lincoln, have been funded heavily with private-public funding. But the emphasis is on private funding. You have no idea how organized cyclists and bike enthusiasts are when it comes to the expansion of the trails. And concerning the, the trail, the connector trail that is so critical to connect from the Old Market in Omaha to our Haymarket in Lincoln. It's-- for more than 20 years, there's a, a, a market-to-market relay going-- it's a running race going from Omaha to Lincoln that uses the, the trail, the Mopac Trail. And as you get closer to Omaha, there's that connector that's missing, and that's what some of this funding is for. But certainly, I want everyone listening to understand that there is so much private funding from bike enthusiasts that make it a reality. Thankfully, we have a great NRD who are huge supporters of our trail system. And I can tell you, I've been biking for, I don't know, 20 years. The thing I love the most about it-- during COVID, it is-- if-- people rediscovered our trails. They rediscovered the outside. Families of all generations started to use the trails more, which was a beautiful thing to see. And what-- the nice thing is that folks continued to use the trails and enjoy them. It's, it's amazing. And as a cyclist, it's also not so good because there's more, more people using the trails and it's more crowded. But I don't care because you want some people to enjoy it. That is one of the single most inter-- essential things about the city of Lincoln, why people love it so much, why people move here. And so this is something I wholeheartedly support. It has a great return on investment. I think of all the activity that has been involved in cycling and using the trails, not only in Lincoln-- but also, you know, we have the Cowboy Trail, which is being rehabbed and revitalized. Pri-- private-public partnerships again on that with funding from communities, particularly in the, the rural areas. They know how essential it is. Why? Because it attracts tourism. People wanna ride on the Cowboy Trail. And if you ever been near Valentine, Nebraska on-- riding high above on the Trestle Trail, it's breathtaking. The views are spectacular. So people appreciate this. They bring in tourists, which brings in revenue. So to me, this is a slam dunk. We should be supporting it. And-- gosh, I wasn't going to talk about Perkins Canal, but if-- there's an amendment on Perkins Canal that we're going to talk about funding. That funding would support a lot of these things that we are talking about in these amendments right now. Thank you, Mr. President-- or, Madam President.

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

JACOBSON: Thank you, Madam President. Well, I rise in opposition to AM1328. I, I know this will shock a lot of you, but, but it's true: I'm not a cyclist. OK. So I just thought I'd pass it on. So this doesn't help me. I understand the passion that people have about cycling and trails. I know that's a big thing in North Platte, doing all the trails. And I do like the part about the private investment. But I got to tell you, if we're going to say no to affordable housing, I'm certainly going to say to-- no to AM1328. OK? This is a matter of priorities, and I don't know how I face my constituents and say, we funded \$2.6 million in a tight budget situation so that the trail between Lincoln and Omaha can be completed. That-- that's probably not going to go over real well. And, and furthermore, I'm not going to be able to use it. So, so I'm, I'm going to probably be a hard no on AM1328. But, but, Senator Dungan, thank you for, for bringing the amendment. You know, we're, we're looking at-- and we're getting closer to cloture here, but these are serious times and we're trying to make good use of the dollars that are available. And, and every state contract, I might add, has in the text that this contract is subject to the appropriation. OK? So some of you think we're pulling the rug out from under. Everyone knows that it's subject to the appropriation. Now, is that a bad deal for people doing all the work to get all this put together? Yeah, probably is. But at the same time, if you're getting free money, I guess it probably would be worth it. So I'm concerned about a lot of things that we've removed and that the Appropriations Committee did in this last round of cuts. And other than a few pet projects for a couple of Appropriations members, I think that they tried to do a very good job of spreading the pain across the state and everybody's going to take their hit. And I understand that. I don't like it, but I understand it. It's part of the process. And AM1328's going to be one of those casualties as well, in my opinion. So with that, I think cloture is at 4:30-ish. I think Senator Clements is following me, and I want to give him some time. So I will end my conversation with this, Madam President. And thank you.

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

CLEMENTS: Thank you, Madam President. Just a couple more comments here. The-- there, there are county roads that are able to be used now. The bike route is marked for them in this stretch of road. And having private funding fund this is fine with me. I hope the trails groups are raising funds. The NRD owns the Mopac Trail from Lincoln out to Wabash. And I am hoping that they don't have to raise property taxes to fund this. That is one concern I have. And some of the landowners out there are also concerned about that. And I think still leaving \$5 million of

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state funds is reasonable. And Senator Dungan was asking me for a few minutes to close, so I'll yield the rest of my time to Senator Dungan.

DeBOER: Senator Dungan, you're mo-- yielded 3 minutes, 52 seconds.

DUNGAN: Thank you, Madam President. And thank you, Chair Clements. I appreciate the opportunity to close just because we're getting close to cloture. Senator Jacobson, I will say, when we do finally complete the trail between Lincoln and Omaha, I'll get a tandem bike. We can hop on it together, and we will ride that trail. It'll be a great time, and I look forward to that. Colleagues, I do encourage your green vote on AM1328. I understand that some people maybe don't bike or run, but it really is trails that give us the opportunity to go outside. And people benefit from these as people who walk, people who horseback ride. When I go out on the Mopac Trail and take my dog to walk, you see people literally out there walking with their five-year-old kid. You see people out there walking who are maybe in their 70s or 80s or 90s. And so these are one of the few amenities that we offer as a state that truly, I think, gives us an ability to have everybody enjoy that amenity. And, you know, you look across the country all the way from California to Maine and you see an effort being made to invest in these kind of outdoor recreational infrastructures. You see people wanting more folks to get away from a TV, get away from a tablet, and to get outside. You see people saying, you know, I wish there was more ability to have these third spaces that aren't bars, that aren't just late-night venues. And so, you know, when people come to Lincoln in particular, they see our, our bike trails here where people are able to go pretty much anywhere in the city on a bike in, like, 20 minutes. It's, it's incredible. And I think that having that ability to expand access not just to biking but to the outdoors free of charge to people in the state of Nebraska is one of the things that I think makes our state great. And so when you talk about the, you know, rail to trail initiatives that are happening all across the entire state, you talk about the economic impact that that brings to places like Valentine on the Cowboy Trail or any other part of our state where you start to see more of this outdoor recreation, there is such value added. And there's been a number of economic studies that have been done that demonstrate the amount of, of positive economic impact you see to towns and villages in more rural areas when you encourage people to actually travel there, and one way to do that is to focus on these kind of things. So I understand that, you know, there's a hesitancy about the timing of the completion of the Mopac Trail. I understand that the most recent vote that was taken to put things on pause maybe makes people concerned. But I will tell you the project will go forward. There are plenty of people who are working on that. And it's not just being paid

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for by the state of Nebraska. We absolutely are seeing these public-private partnerships going forward. And I can tell you I've met with the tireless advocates who continue to raise money for these things, who continue to advocate for these thing-- again, not for a couple of years but for decades. And we as a Legislature made a decision a few years back that we would put aside some money to ensure that we could help with the completion of this not because it helps one, two, three small groups of people but because it helps the entire state and it encourages everyone to do something that I think we all agree is a good idea, which is to get outside. And frankly, I think all of us in this room could certainly benefit from getting outside a little more often. Just some fresh air might be nice as we go late into the session. So with that, I encourage your green vote on AM1328. Thank you, Madam President.

DeBOER: Thank you, Senator Dungan. Mr. Clerk, there's a motion on your desk.

CLERK: There is, Madam President. Speaker Arch would move to invoke cloture pursuant to Rule 7, Section 10.

DeBOER: Senator Arch, for what purpose do you rise?

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

DeBOER: 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: 28 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 presence. All unauthorized personnel, please leave the floor. The house is under call. All unexcused members are now in-- now present. Members, the first vote is the motion to invoke cloture. All those in favor vote aye; all those opposed vote nay. There's been a request for a roll call vote. Mr. Clerk, please call the roll.

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 not voting. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting yes. Senator Conrad voting

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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 voting no. Senator Kauth voting yes. Senator Lippincott. 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 34 ayes, 6 nays to invoke cloture, Madam President.

DeBOER: The cloture is adopted. Members, the next vote is AM1328 and the adoption thereof. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 17 ayes, 27 nays on the adoption of the amendment.

DeBOER: The amendment is not successful. The next vote is AM835. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 34 ayes, 7 nays on adoption of the committee amendment.

DeBOER: The amendment is adopted. The next vote will be the advancement of LB264 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk.

CLERK: 34 ayes, 6 nays on advancement of the bill, Madam President.

DeBOER: Bill is advanced. I raise the call. Mr. Clerk for the next item.

CLERK: Thank you, Madam President. Some items for the record. Amendments to be printed-- or-- excuse me-- motions to be printed from Senator Machaela Cavanaugh to LB712; as well as Senator Clements, motion-- amendment to be printed to LB264. Senator Dungan, LB264; Senator McKinney, Conrad, John Cavanaugh, all amendments to be printed to LB264. New LR: LR146 from the Urban Affairs Committee, LR147 from the Urban Affairs Committee, LB148, LB149, LB150, and LB151, all from the Urban Affairs Committee. Those will be referred to the Executive Board.

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As it cern-- concerns the agenda, Madam President: General File, LB260, introduced by Speaker Arch at the request of the governor. It's a bill for an act relating to appropriations; amends Section 90-562; defines and re-- defines terms; provides, changes, and eliminates appropriations for the operation of state government; changes a transfer of funds; repeals the original section; 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.

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

CLEMENTS: Thank you, Madam President. LB260 is also known as the deficit bill, and the adjustments in LB260 are on page 56. The, the deficit is-- the bill is used to make adjustments in the current fiscal year, which goes till June 30 of this year. And we were presented with a number of issues of extra expenses that had to be covered in this fiscal year that couldn't wait till the next fiscal year. If you-- on page 56, discussed the larger items in the Department of Education. The fourth line down, special education. And it shows \$67.558 million. That was a overrun of special education. It was in excess of what we had estimated for the budget year. I think the Fiscal Office had estimated 3.5% increase, and it came out to about 7%. I think that's the difference. It was higher than what we had planned in the budget, but we did take that from the Education Future Fund, which, which is still-- as you can see in-- on the Education Future Fund account is reducing. The next one I'll mention is under revenue-- the Department of Revenue, it's-- Agency 16, the homestead exemption, a \$2 million addition to homestead exemption that was above what had been budgeted pre-- previously to fully fund homestead exemptions. Under DHHS, the third one under DHHS is CHIP Deficit Request. CHIP is Children's Health Insurance Program. And they needed \$6 million more of general funds. And it does also generate federal funds, but it was a shortfall from what was in the budget of \$6 million. Then another DHHS line. The sixth item under Agency 25, Medicaid Deficit Request. This is the FMAP-- we've talked about the federal match on Medicaid. And we had \$295 million in the next two years, but that came into effect October 1. And so from October 1 to Januar-- to June 30 of this year, there's \$55 million of additional expense that we have to come up with Medicaid. And we are funding that in the budget. And so these items are-- well, we've accounted for those in the status that was pu-- put out for the \$3 million, \$3 million positive amount. So these aren't creating a negative, but they are expenses that we've taken into account during the budget. The next one is child welfare aid, child welfare, foster-- the foster kid program. \$15 million was their excess expenses over what

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had been budgeted, and that's being covered by a reduction in HHS savings and operations. You can see a minus \$15 million just shortly above that. Next line down, Re-- Lincoln Regional Center had a 4-- \$4.5 million overrun of expenses that we-- funded that. And those are the, the major ones. Part of the-- we made up part of it if you look at Game and Parks. There's a minus \$5 million. We switched some of their general funds to cash funds to help offset some of these increases. So the very bottom line there in the first column under general funds is \$60.956 million is what will be in this bill to be funded to continue programs that had cost overruns. And then some other pluses and minuses that you can see in that chart. So I encourage you to vote green on LB260. And we have handed out your General Fund financial status. In the General Fund financial status, there is-- line 15 of the handout this morning shows \$60.956 million that's been accounted for as additional General Fund appropriations. So these numbers-- it's just a report to you that we had to consider some shortfalls in this fiscal year, but we have already worked those into the budget. And I ask for your green vote on LB260. Thank you, Madam President.

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

M. CAVANAUGH: I believe we need to have the committee amendment put up and then have the--

DeBOER: Thank you. You're correct.

M. CAVANAUGH: Thank you.

DeBOER: Senator Clements, as chair of the Appropriations Committee, would you care to open on the committee amendment, which I was-- I'm apologetic in not asking you that before.

CLEMENTS: Yes. Excuse me. The-- yes, I was neglecting that fact as well. I just went over the committee amendment, and that would be AM831, which, like the original bill, didn't have all these things in it. We didn't find out about these additional things, so the budget process went forward. And so I have just gone through what's actually in the committee amendment because the introduced version in January, we didn't know all of these different items and how they were going to be funded. So I, I apologize also, Madam President. And I-- thank you, Madam President.

DeBOER: Thank you, Senator Clements. Now we'll turn to the queue. And now it will be Senator Machaela Cavanaugh.

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M. CAVANAUGH: Thank you, Madam President. Senator-- would Senator Clements yield to a question?

DeBOER: Senator Cueme-- Clements, will you yield to a question?

CLEMENTS: Yes.

M. CAVANAUGH: Tha-- thank you. I've missed this. I've missed us from previous years. I haven't asked you any questions this year. But I do have a question on, on this. On page 56 of the Blue Book or the-- what-- Celestial Blue Book. Yes. Page 56. The DHHS, the transfer, the \$15 million, it says below it, change \$15 million cash fund for continuous eligibility of children from hospital assessment cash to Medicaid Managed Care Excess Cash Fund. So that-- we're taking that \$15 million and, and shifting where it's coming from or-- maybe I can also ask offline, but I, I just forgot.

CLEMENTS: I think I'll have to research that too. That I--

M. CAVANAUGH: Yeah, I can, I can ask our, our staff as well about it. I wasn't sure-- whenever we have the negatives, I am always confused if it's a positive or a negative because it kind of depends on the--

CLEMENTS: Yes, I'm-- I would like to, you know, defer to Fiscal for an explanation.

M. CAVANAUGH: OK. Well, thank you. Thank you for yielding to the question. I will, I will also defer to Fiscal-- our fiscal analysts, so. So this-- I mean, this is a bill that-- obviously, it makes a lot of sense, the deficit bill and-- for agencies that have things that they didn't account for or then also things that they don't need. My, my concern-- it's a global concern. It's not really about this particular deficit request. I'm concerned about the next year deficit request and what that's going to look like, because right now this deficit request is \$62 million, and I don't think that it's, like, particularly unusual. I mean, I guess the \$15 million and \$15 million maybe is a little unusual because we're just changing the, the cash funds. But then we have the \$55 million for the FMAP, which-- I mean, to be perfectly honest, the, the, the state agency should have had some sense of that. It's a three-year average calculation. So acting like we were caught flat-footed on, on the, the Medicaid or the FMAP is, is a bit disingenuous. We, we knew-- well, I didn't know, but people who watched the calculations knew that changes were coming over the last-- because it's the average of the last three years. So-- you know, we probably should have had a sense that that was going to happen before

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we even had our special session last year, because it only then was announced in October, but we already knew what our fiscal map looked like, so-- over the last three years. So we should have known is what I'm trying to say. But the bill that we just moved forward is going to end up requiring us to have pretty substantial deficit requests next year, if not sooner. There's a lot of problems in LB264 that were just adopted. And, you know, I honestly don't really know anymore what to say to you all because I don't think that you're going to listen to anything that I say. But there were things that were adopted in there that were not great, to say the least. And I wish we would have continued on debate until we got through most of the amendments because they would have made things a little bit better. They might have made our bottom line not look as good as we want it to, but it would have resulted in us doing less work in the future. And by the future, I mean, like, a couple weeks after we adjourn. That future. Because, you know, constitutional responsibility, balanced budget, blah, blah, blah. There we go. Looks like I'm almost out of time, so I'll just get back in the queue. Thank you.

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

CONRAD: Thank you, Mr. President. And good afternoon, colleagues, almost good evening. We have had a robust couple of days debating the budget, and there was just a sense of kind of wild frenetic energy in the air during most of our deliberations today, which was, was kind of an interesting change of pace. But I, I want to just reflect upon and note that component for the record because I think it's actually a positive attribute in many ways as to where we were with seriousness of purpose in regards to taking up the budgetary debate. And one thing that I just want to note in terms of process that I think may be undercut or kept from important work and negotiations happening with the filing of cloture-- which, of course, is on a standard time schedule and up to the introducing Speaker-- not mandatory, of course-- but there was a lot of discussion and a lot of analysis that was happening on the fly because a significant budgetary amendment was filed and presented after some rumblings about it unofficially just this morning that had implications for a host of different programs and many Nebraskans. And so it is appropriate and within our due diligence to try and sort through exactly what that amendment was, what it did, what the impacts were so that we have a clear understanding of some of that information before we cast our vote. And then, of course, there was a series of very substantive amendments up on different programs that-- different appropriations that were very important to different senators or a host of different senators for a variety of different reasons. Senator-- my friend, Senator Hallstrom's, good work on

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figuring out a way to increase access to affordable housing across the state. My friend, Senator Dungan's, work to try and figure out a way to keep our trails system strong and-- because that's so important for Nebraskans' recreation and tourism, et cetera. So those are just a few that we did have an opportunity to get to in the debate and dialogue this afternoon. But there was-- there were also a host of other substantive amendments filed on the last amen-- on the last bill that didn't have an opportunity to see the light of day or get an up-and-down vote or get specific debate and deliberation on. And I also just want to note for the record that when there were attempts to call the question and move votes along further, those were denied and opposed by the majority of members-- which, of course, it's the province of the majority of members to decide to continue deliberations on things. But when we were trying to get more substantive amendments up, that, that was not possible. And I, I do think in some ways-- while I appreciate and understand the Speaker's prerogative to file a cloture motion on the budget, I do think it, it did short-circuit important debate on the budget. I think if you go back and check the record on the last couple bills, I don't think there were any hostile motions filed. I don't think there were any filibuster motions filed. The amendments that were put up were substantive amendments. People were debating seriously. No one's reading recipes or otherwise. And I think that we should take as much time as we need on our most important constitutional obligation, which is our budget, is our overall budgetary package. And so perhaps we'll have an opportunity to take up more of those specific substantive amendments on Select File, but I did just want to note that I, I think that good work was happening, good dialogue was happening. And I think in many instances, even if senators understand or appreciate that they may not be able to make a budget adjustment on the fly or on the floor, that it still be, be important to have a vote there or an accountability vote. And so those were denied by the filing of cloture. And it remains to be seen whether or not they'll be available on Select File. The other thing is that I think it's important to remember is I know and I, I remember that--

ARCH: Time, Senator.

CONRAD: Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Well, I think I'm opposed to AM831. Still looking through it. The first thing that jumped out at me on this was the fund shift for Game and Parks. So in my time here, I served on the Ge-- the Natural Resources Committee for four years and

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did a lot with park fees and things like that. So I was just trying to dig down on this. And, you know, it's a little hard sometimes with these funds. We have the, the Galactic Blue-- is that the right word? Is that-- Celestial Blue. I, I have been-- I already to-- said I would never remember the name, so I'll try. Celestial Blue. But-- so we have the Celestial Blue Book, you have the yellow LFO directory books-- which comes in two parts, so you've got to look by agency number. So there's, like, on the column here. So you have Game and Parks in the Celestial Blue Book. Line 30-- so it's Agency 33. And then it's Program 549 and its operation fund shift, negative \$5 million, and then \$5 million from cash. You can look in the bill and it kind of shows you the, the ups and downs in the cash, cash-- the Cash Fund appropriation goes up \$5 million and the General Fund goes down \$5 million. And so then you can look in the LFO directory and find Agency 33. Agency 33 just sort of has a general-- well, it has a lot of stuff about Game and Parks, but the-- Program 549 doesn't really say what that is. So you can look through. There's-- more detailed on the website. You can try and figure that out. So I was going through all that trying to figure out where the-- what the cash fund is for Game and Parks. And my concern is that the cash fund for Game and Parks is the money that Game and Parks brings in for park admittance fees. So when you go and buy that little sticker for-- was it \$24 right now? I just went to the-- went to the park a couple weeks ago. Had a great time, stayed there with my kids over the weekend. It was fantastic. Did rock climbing, mini golf, all that kind of stuff. And they didn't turn on a TV or anything for the entire time we were there. Didn't even know there was a TV in the cabin, that kind stuff. So it was fantastic. Really loved it. Can't wait to go back with the kids. But it's a-- you know, the parks are a great experience and relatively affordable. The cabins were \$140 for a night, I think. Taxes and things like that. But, you know, there's other-- you can camp and things. But the key is to make sure it's accessible and affordable to people. And increasing the, the sticker fee starts to make it a little bit further out of reach for folks. And in my time on Natural Resources, we've had bills to help allow us to increase out-of-state fees. We've had bills to allow us give hunting permits for veterans for no cost to make sure it's accessible to veterans and things like that. And I seem to recall this year there was a bill to allow for an increase in those park fees. So, you know, set in statute, there's, like, a cap, I think. It says it can't be more than X number of dollars. I don't remember-- I'm-- was trying to find it, I couldn't find it yet. But-- so we allowed for a, a raise in that cap on the fees. And my concern when I see this is that we are allowing for the fees to go up and then we're-- we are taking that money and using that to backfill-- we're backfilling General Fund

obligations. And then we're taking that General Fund obligation from Game and Parks and using that to backfill other General Fund obligations. And we are essentially, through that stepped process, shifting the burden to families who are trying to enjoy our wonderful state parks. And you can see a lot of choices like that throughout our budgetary process. And I think that's a concern. I'm gonna run out of time. So I was going to talk about another aspect of this that was concerning to me. But I-- I'll keep looking to see what the source of that General Fund is, but that's an immediate red flag to me, is that we're shifting General Fund obligation to park fee users. And that's not the way we should be going. We shouldn't be basically taking \$5 million out of Game and Parks to backfill, you know, the shift deficit or the increase in the homestead exemption or whatever these other ones-- items are that we've had to "deficit-appropriate" for. So I have concern about that. I have a few other concerns and things I'm going to talk about, so I'll push my light to give myself a little more time to talk about it. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. So I, I believe in paying our debts, so I will probably be voting for this. I think I have always voted for the deficit budget. I don't think I voted for other budget-- the mainline budget. I did get an answer from the Fiscal Office on my question to Chair Clements. But I also did just want to ask Chair Clements questions on the mic because last year and the year before, he and I spent a lot of time on the mic together and I just missed us. So, you know. But the answer was, since we haven't received the hospital assessment money yet-- it hasn't been approved-- that we had to shift that \$15 million that we were using-- going to use to pay for the child welfare. And we had to shift it to the Medicaid Excess Cash Fund so that we had the money to cover those, those expenses, which makes a lot of sense to me. What, what I am concerned about is that we still account for the hospital assessment money coming in in our budget for '26 and '27. And if that is not approved, then we are-- I think maybe the kids today say something like we are toast. I don't know. I don't know what kids today say. Maybe that's kids my generation. We're cooked. Oh, yes. If it is not approved, we are cooked. Our goose is cooked. So, so that's concerning. LB264 that just moved forward from General to Select-- which-- it's unfortunate we didn't get to all of the amendments because I think that they were important and substantive, but maybe we'll get to them on Select File. But-- so that, that bill makes a lot of assumptions about a lot of things. And so when we get our green sheet tomorrow, it's going to be based on a lot of assumptions that-- all of them have to go exactly right for the green

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sheet numbers to be accurate. And I know that there's a lot of gamble in this process to begin with. We're doing fiscal forecasts and things like that. Our deficit requests for next year could be substantially more than this \$61 million-- or, \$62 million. I'm looking at the old one. \$62 million. And it is my understanding that we currently are-- have a placeholder of \$5 million for next year's deficit requests. That's quite a bit less than even the \$62 million. And we need a lot of things to go really right for the-- this to work. So I would implore you, colleagues, to really start paying attention to the budget because I don't think any of us want to be back here in June or July when things change, which is a possibility. I know nobody will believe that it's a possibility because I'm the one saying it. So, you know, ask around. Phone a friend. They'll tell you that, yes, there are things that you have moved that make some pretty significant assumptions that are going to put us in a very precarious situation where we will get to have a summer camp together once more. And as lovely as you all are, I would really like to spend the summer with my children. So let's just, you know, maybe dig in a little bit and ask some questions and actually get to some amendments. Maybe make some changes to the budget. You don't have to do my changes, but maybe some so that we're not back here. That'd be great. As my daughter would say, thank you, love you, bye.

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

JACOBSON: Thank you, Mr. President. I first want to comment-- I don't think I've done that yet this session, but I really appreciate the color pick of Celestial Blue by the Fiscal Office. So great plan. Just beautiful cover. Really like it. It stands out. But I, I-- there's-- I wanted to respond a little bit to Senator Conrad's comments, which I know were meant to really speak to her base rather than to those in the Chamber, but when it comes to spending time debating the additional amendments that were going to come up, yesterday was probably a good example of how we spent all day debating and then we ended up with, with amendments that came up and they got six votes and four votes in favor. OK? So it was a pretty good indication, I think to me, that the votes weren't there to make changes, that we had worked through, people had had hearings, we-- committee had met, and people put in their input. And we kind of were we-- where we are. So, so again, I can remember making a comment, I believe, to Senator Guereca when he called the question. And I said, hey. Wait a minute. We're supposed to call the question, not you guys. What are you doing? And, and the-- and we were able to, to not call the question because we had the votes. So I found it interesting, you know, just being on the other side once, just kind of how-- and see-- seeing what that's like. But I would tell you

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that these are serious issues. And I'm all in favor of debating serious issues, but if we're going to spend all day talking about the Perkins County Canal-- and let me just share: we're not taking any money out of the Perkins County Canal. Let me make that abundantly clear. There is no appetite by this Legislature to remove principal out of Perkins County Canal. So I hope we don't have to talk about it again, because we need to forge ahead. We also need to balance the budget, and we're gonna focus on that. We aren't gonna halt the income tax reductions. We're not gonna make changes at this point in property taxes that have been put in place. I mean, those are some things that are just fundamental. We can debate them all day long, but we're not gonna change those. So-- but if there are good ideas that want to come forward, I'm very interested in debating those. But I'm really not interested in just demagoguing and getting up and, and listening to people talk about-- we don't want to-- we don't want to bring new taxes on the backs of our poor, poor constituents and those that are just getting by when in fact we're talking about maybe removing the sales tax exemption on, on jets and chartered jets and limousines and pool cleaning. I don't think that's a regressive tax. I think the people that would pay those taxes are not considered poor people. They're not considered everyday Nebraskans, OK? That's the wealthy. And last I knew, there was this call to tax the wealthy. But we don't want to do if it means helping fund the budget or helping fund the out-of-control property taxes, which-- if we've heard one thing, all of us, from our constituents is, property taxes are too high. I mean, say it out loud. Property taxes are too high. Our constituents are very consistent on that, and yet we seem to avoid bringing real solutions to bringing property tax relief because we won't take certain steps. But we do have a propensity to continue to spend money if it's laying there. So again, I look forward to future discussion. This is not over yet. We've got a lot more to talk about. I'm all ears if we want to talk about new, good ideas. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. And good evening, colleagues. Good evening, Nebraska. I did just want to offer one additional process point and then respond to a few comments from my friend, Senator Jacobson. So while there is no doubt an incredible amount of pride that comes with serving on the Appropriations Committee and a considerable amount of expertise and knowledge in gaining an understanding of the component parts of the budgetary package that goes along with service on that committee, nevertheless, once that committee presents the measure to the floor for full debate and deliberation, it becomes all of our budget. It becomes the state of Nebraska's budget. It is the

most important thing that we take up. It is a constitutional obligation. It effectuates our separation of powers, our power of the purse, and it sets forward a blueprint for what we care about and what we fund and what we don't fund, what we prioritize in this state and what we don't prioritize in this state. And whether in good times or bad, there's always hard choices to be made. But it's important and appropriate that we do have a robust dialogue about whether or not we should fund trails, about whether or not we should try to ensure tuition affordability at the university and our institutions of higher education, about whether or not deep cuts to the State Patrol actually will hurt our shared public safety goals, or whether or not cuts to problem-solving courts-- which save money, have better outcomes, and are widely supported by judicial leaders across the spectrum-- should be cut. Those are appropriate and important issues that have been a part of our debate. And I know that our time on the mic is truncated, so it's, it's impossible to perhaps talk about all of the issues on the table, but I know my friend, Senator Jacobson, a man of good character, knows that telling part of the truth is the same thing as telling a lie. And when you only lift up certain things that impact small businesses in an attempt to paint a narrative that something, something, we're defending pool cleaning or luxury jets, that's ridiculous. Go and look at the fiscal note on LB169 and LB170. It includes a tax, significant tax, to the tune of over \$100 million on food and drinks, on haircuts, on goods and services that everyday Nebraskans rely upon just to take care of their family. And I know it's fun to look down your nose for some members of this body at working people and judge their life choices and talk about sin taxes-- which we've already passed increases on, by the way-- and why are you passing those cuts? Because they're-- you're, you're, you're increasing taxes. Why are you passing those increases? You're increasing taxes not to bring the rates down-- which is good tax policy. And I'd be right there with you, Senator Jacobson, but you're acting in a manner that flies in the face of sound tax policy as clearly established by tax experts on the right and the left and at every point in between. You don't engage in tax increases and shifts. If you're gonna tackle sales taxes and you're gonna broaden the base, you bring the rates down for everybody. But that's not what you and the governor are interested in. You're interested in a reverse Robin Hood. And so just be honest about that. Just, just embrace that, because all of Nebraska already can see that clearly. Now, maybe 33 members in here can't see that clearly, but Nebraskans of good will and common sense know very clearly what's happening. They know what a tax increase is and what it is not. So I'm happy to have that debate today. I'm happy to have that debate on the revenue bills. And I'm happy to answer any questions about it. But make

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no mistake-- perhaps the third time's the charm. Senator Jacobson and Governor Pillen and his allies in the Legislature have sought to push forward the largest tax creases in Nebraska history borne most heavily by working Nebraskans and seniors. Myself and other senators in this body, including a diverse coalition across the state and across the political spectrum, have said no. We don't think you should--

ARCH: Time, Senator.

CONRAD: --increase taxes on working families to benefit the rich. It's really a clear contrast. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. I have a few things to say that I'm going to hit on. First is I did check. So the cash funds for the Game and Parks appear to be entirely user-based. So what you pay to rent a cabin, a camping spot, to get into a park, for hunting permits and things like that. So essentially, we are trying to balance our budget in this particular instance on families trying to have a weekend away from their devices, which we've spent a whole bunch of time here trying to figure out how to get kids off devices. State parks. Works like a charm. They love it. So I don't like that, that we're funding our-- balancing our budget on the backs of families in that way. And Senator Conrad was making some good points there, and she said reverse Robin Hood. And the other day, I was thinking about something else around here, and I said, this is like a reverse Robin Hood. And I thought, we've got to come up with an actual word for that. Because there's the word Robin Hood, which means, you know, to steal from the rich to give to the poor. But around here, we do the reverse Robin Hood all the time. And I thought, we need a word for it. But I guess it's just status quo is really what it is. It's the status quo to steal from the poor to give to the rich. And-- so anyway, the thing I was going to punch my light-- well, actually, no. One other thing before I get to what I was punching my light to talk about. Senator Jacobson, I, I really do wish that I had the confidence to speak so assertively and cert-- with certainty that things are going to end up the way that I want them to end up. I mean, like, I just-- that's-- I love it, man. I wish I could do that. I wish I could just stand up and say, it's gonna happen this way. And then, I don't know, will it into existence, I guess. I think when the die is cast and all of this is all-- all the dust settles, I'm probably gonna be closer to right about the canal than the other people around here. But that's, that's my guess. It is not a certainty. So-- anyway. One of the other things I wanted to talk about I didn't get to talk on the last-- and it is a little bit to do

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with the Game and Parks part of this transfer, is there was that NCCF transfer, which is the Capital Commission Construction Fund or something like that. And I dug into that a little bit on the, the last bill. And I was looking at it and it came, and we had, like, you know, a lot that-- a lot coming at us this morning. So I dug into it and was looking, and it is a \$8 million sweep of the interest on the construction fund. And I looked a little bit more, and we are transferring, I think, in the Celestial Blue Book-- I don't know who names these, but it's a great name. And I-- maybe it'll stick at this point. I do remember we had Alien Green one year. It was another one. But one of these cash transfers is into the construction fund. And it is a cash transfer to the NCCF construction fund of about \$45 million. So why that is interesting to me is that, in this particular instance, we're-- we are appropriating funds to continue construction projects that many of them, I'm sure, are very needed-- like the HVAC project here. I think that is-- oh. Here it is. It's page 6 of the Celestial Blue Book. So there's the Nebraska Capital Construction Fund, NCCF, where we are i-- in-- a-- estimated \$45,870,000-- \$45.897 million. So my point is that we're appropriating \$45 million into this fund and we're sweeping \$8 million from its interest. Why is that interesting in terms of this deficit appropriation part? We are putting certain money, hard money, into the-- into this fund. And we are balancing our budget on theoretical money. This is an estimate of the amount of money over the next couple years that is going to be the interest on this account. I'm sure, you know, accountants and folks could tell you that the-- that's, you know, a near certainty that it's going to yield that type. But my point is that we are projecting that we'll have a balanced budget while we are putting in hard money. If you were really saying, well, we think it's going to-- it's going to raise \$8 million, so we'll only put in 40-- instead of \$45 million, we'll put in \$47 million, right, and that we would, we would balance the accounts that way. But we're balancing the accounts very deliberately by putting in cash and taking out interest. So I, I think that is-- I don't know what the word is-- smoke and mirrors maybe is the right word. And I feel the same way about taking money from families going to the Game and Parks and using that to balance our deficit appropriations. So that's-- tie those two things together. But 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. If anybody wants to yield me time, I'd take it. Otherwise, I might have to file an amendment or a motion. OK. First of all, I'm going to set the record straight. Senator John Cavanaugh was wrong. It wasn't Alien Green. It was Martian Green.

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How many times did I say Martian-- the Martian, the Martian, the Martian and people thought I was talking about the book? So obviously, someone doesn't listen to their sister talking on the microphone enough. Anyways, that, that alien-- or-- alien. Now you've got me saying it-- the Martian Green Book was lovely, but I do have to say I prefer Celestial Blue to Martian Green. And I was remiss in commenting on that previously, but celestial blue is a beautiful color. So, so turning to the Celestial Blue Book. I said that one-- that was a, a needed one. Turning to the book, I-- you know, going through these, again, deficit requests, there was one thing that came up that was mentioned in the chair's opening that I forgot to touch back on, and that's the \$8 million from the Education Future Fund. So why is that a problem? Well, the Education Future Fund, as almost everyone knows who is paying attention-- including I think the governor has acknowledged-- is underfunded and it is not sustainable. So why take \$8 million from it? Well, because we know it's underfunded and not sustainable, so why not? That's it. That's the reason. It's underfunded and not sustainable. So why not take \$8 million from it? I don't know why we don't just take the whole thing. Why not? It's there. It's a pot of money that's not sustainable. We don't intend to refill it. Why pretend like we're going to when we're not? Now, I'm sure that educational interests are freaking out at me saying that, but don't worry. We're not going to take it. We're going to continue to pretend that we're going to fund it. And we're not going to fund it, and then we're just going to keep squeaking little bits here and there and say, oh, we're doing tweaks to other things and it'll be offset through other things. And then it'll be gone. So why not? Why not take \$8 million from the Education Future Fund so that we can pay our deficits so that the governor can have property tax relief? Why not? That makes sense to me. We don't need those resources for our kids. I think the president said something about you only need, like, a handful of pencils-- which, by the way, I buy boxes of pencils every year for my kids, and we go through all of them throughout the year. And that is because they like to do schoolwork, do math problems, make math problems up for each other. They use them at school. Sometimes they get lost. But it is not unreasonable for a single child to use a box of pencils in a school year. Just think of how many times you all lose pens. If we weren't constantly being given pens by people, we would have no pens, probably. I think every pen on my desk is branded by something. Yes, they are. I won't say them on the mic, but, yes, they are. So as you are contemplating the deficit request, the deficit request includes \$8 million from the Education Future Fund. Why not? But I do love the Celestial Blue Book. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. And good evening, colleagues. I was hoping that my friend, Senator Machaela Cavanaugh, might yield to a question. And then I'd be happy to give her the remainder of my time.

ARCH: Senator Machaela Cavanaugh, will you yield?

M. CAVANAUGH: Yes.

CONRAD: Thank you. Thank you, Senator. So one thing that you touched upon in your last comments and, of course, are a big component of the overall budgetary package is the utilization and sustainability of the Education Future Fund. And I know that there-- you-- full disclosure, I think it's a really good idea in practice. It's something that people have talked about in Nebraska for a long time of essentially having a trust fund for education to draw upon when times were tough to ensure-- and we don't have deep cuts in our great public schools and school funding. So that we can keep our schools strong and help to reduce pressure on local property taxes. So I know that since the fund was created, it's, I believe, paying out more than it's taking in. And there has been a significant amount of analysis that it's actually going to dwindle fairly quickly and not be available for the intended purpose if we stay on the current trajectory. So I-- could you just-- and-- because we talk about this at Education. I know you have separate conversations at Appropriations. I know there's also some intersections perhaps with BELF and some of the BELF transfers that are moving to Educational Future Fund. They have different formulas in play. I'm trying to assess what that means for my school district, for most school districts. If you'd like the remainder of my time to talk about those issues, I think it would be instructive. Thank you.

M. CAVANAUGH: Absolutely. Thank you for that. Yeah. So the Education Future Fund-- and if you go to page 34 of the Celestial Blue Book, it is under state aid, I think, to local governments. We have school property tax credit, property tax credit, Community College Future Fund, special education, Education Future Fund, and then foundation aid to schools. So-- I'm just making sure I'm not missing anything else in here. Yeah. So the Education Future Fund is at \$206 million, and that was in '24-25. Without decime-- without deficits, then there's adjustments, adjustments. And the preliminary budget had it at 291-- \$291 million in '25-26; and then \$209 million in '26-27. So there's not really a great investment happening in this. As I recall, how this fund came to be-- and I actually don't fully remember it, but it was an idea

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brought forward during regular session. And there was a large sum of money that was put into the fund. And I don't believe that we have been replenishing the fund since then. So I'm not entirely sure what the long-term plan was for the Education Future Fund, because it is not sustainable if we don't invest in it. And it does have, you know, specific things tied to it. So-- specifically special education. So if we don't do it, then what is our plan? And the problem with special education is that we have a maintenance of effort required from the federal government to get our matching funds. So if we don't fund it the way that we funded it this last year, then we are in some pretty big trouble, so. I, I think we're going to go to dinner soon. And maybe we'll get to a vote after, after the dinner break. Thank you.

ARCH: Mr. Clerk for items.

CLERK: Thank you, Mr. President. Amendment to be printed from Senator Spivey to LB264; Senator Wordekemper to LB434. And new LR: LR152 from Senator Storer. That'll be referred to the Executive Board. That's all I have at this time, Mr. President.

ARCH: The Legislature will now stand at ease till 6 p.m. When we return, Senator Spivey, Senator Juarez, you are in the queue.

[EASE]

_____: Attention, senators, the Legislature is scheduled to resume in five minutes.

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

CLERK: 9 ayes, 0 nays to place the house under call.

DORN: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chambers, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. 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 Holdcroft, we're lacking a number of senators. May we proceed? Returning to the queue. Senator Jacobson, you're recognize-- oh. Hold it. Speaker, Speaker Arch for an announcement.

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ARCH: Thank you, Mr. President. Very quickly, tomorrow, lunch is going to be a little bit different. I plan to recess for lunch from 12:30 to 2 tomorrow instead of from our regular 12 to 1. The governor's holding a World War II veteran recognition ceremony in the Rotunda tomorrow from 1 to 2. And the ceremony will include a presentation of colors and music and so forth. So I believe we'd be better served to not have to compete with the event in the Rotunda. And-- so we will take that break from 12:30 to 2 tomorrow for lunch. Thank you.

DORN: I raise the call. Senat-- returning to the queue. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. I have a question for Senator Conrad.

DORN: Conrad, will you yield to a question?

CONRAD: Absolutely.

JACOBSON: So I got this email-- or, this text message from my wife bawling me out for going after you on the floor. So I need to figure out whether she just saw it on TV or whether you texted her.

CONRAD: Senator Jacobson, number one, shout-out to the one and only Julie Jacobson. Number two, no, I, I don't think that that's an accurate portrayal of our robust deliberation in this body. And despite our sharp differences of opinion on key issues before this body, I cherish my friendship with you and Julie, Julie always.

JACOBSON: Thank you, Mr. President. That's all I had.

DORN: Thank you, Senator Jacobson and Senator Conrad. Senator Fredrickson, you're recognized to speak.

FREDRICKSON: Thank you, Mr. President. I'm not going to be able to top that. I am just doing a boring yielding of my time to Senator Machaela Cavanaugh.

DORN: Senator Cavanaugh, you're yielded 4:45.

M. CAVANAUGH: Thank you, Mr. President. This will be the last time I talk on this amendment, but would Senator Clements yield to a question?

DORN: Will Senator Clements-- will you yield to a question?

CLEMENTS: Yes.

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M. CAVANAUGH: I'm delighted. Thank you. I did-- over the dinner hour, I was discussing this with some of our colleagues, and I think that they missed it. So this-- and maybe, maybe I'm wrong, so I would like you to clarify. Does this amendment take the \$8 million from the Education Future Fund? I believe you said something in your opening and--

CLEMENTS: Well, that-- the \$8 million from the future fund is-- that was in LB264.

M. CAVANAUGH: OK. All right.

CLEMENTS: This is the deficit. And that's, that's going to be, I believe, in the future.

M. CAVANAUGH: That's why-- yeah. I was a little confused when I started thinking about it, that it didn't really make sense that it would be in this.

CLEMENTS: I think we were done with the deficits and this was after the forecast board or just before the forecast board. I think it was just before that, that came through, but it was not this bill.

M. CAVANAUGH: OK. Thank you. And thanks for yielding to my question. It's always a pleasure.

CLEMENTS: You're welcome.

M. CAVANAUGH: Thank you. That was all I wanted to figure out before we went forward with this amendment. Thank you, Mr. President.

DORN: Thank you, Senator Fredrickson and Machaela Cavanaugh, Senator Machaela Cavanaugh and Senator Clements. Senator Clements, seeing no one else in the queue, you're recognized to close on AM831.

CLEMENTS: Thank you, Mr. President. The-- LB260 again is called the deficit bill, and the-- page 56 has a listing of the items in there. There's general funds of \$60.956 million. If you look at the General Fund financial status, line 15, in the-- fiscal year '24-25, that's-- this current year till June 30, there's already \$60.956 million funded. And so this is already covered in the actions that the committee has taken previously. And the bal-- budget will balance if we pass this. We do need to fund especially the Medicaid increase and all the items on here, but it was primarily the increase because of the federal matching decrease. And so I ask for your green vote on this. It's been funded in the budget already and will finish the obligations we have for this fiscal year. Thank you, Mr. President.

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DORN: Thank you, Senator Clements. Colleagues, the question before the body is the adoption of AM831. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 37 ayes, 0 nays on adoption of the amendment, Mr. President.

DORN: AM831 is advanced. Seeing no one else in the queue. Senator Clements, you're recognized to close on LB260. He waives closing. Colleagues, the question before the body is the advancement of LB260. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 41 ayes, 0 nays on advancement of the bill, Mr. President.

DORN: LB260 is advanced. Mr. Clerk.

CLERK: Mr. President, next item: General File, LB262, introduced by Speaker Arch at the request of the governor. It's a bill for an act relating to appropriations; appropriates funds for the payment of salaries of members of the Nebraska Legislature and payments to be made as prescribed by Chapter 68, Article VI for fiscal year '25-26 and fiscal year '26-27; 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.

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

CLEMENTS: Excuse me. Thank you, Mr. President. Hang on. LB262 appropriates, appropriates funds for the salaries of the members of the Legislature. If you take 49 times \$12,000, you get \$588,000. But if you look at the fiscal note, the fiscal note for this bill is \$632,982. So who's getting the rest of the money? Well, who's getting the rest of the money is FICA, our payroll tax. 7.65% of our pay also needs to go to Social Security and Medicare tax. And that's why there's \$632,000, not just the \$588,000 that's the \$12,000 per person. And-- so I don't know if there's any amendments, if anyone wanted to put an amendment on this to double the pay. Would, would Senator Cavanaugh-- Machaela Cavanaugh yield to a question?

DORN: Senator Machaela Cavanaugh, will you yield to a question?

M. CAVANAUGH: Absolutely.

CLEMENTS: Senator Cavanaugh, are you interested in raising the amount of senator pay?

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M. CAVANAUGH: Well, I-- you know, I do think it, it should be raised; however, doing it this way is unconstitutional. Wah-wah.

CLEMENTS: Oh, an, an amendment would not be appropriate?

M. CAVANAUGH: Unfortunately, it would not be appropriate because it has to be a constitutional amendment. Yeah.

CLEMENTS: I'm afraid I agree, but thank you for the answer.

M. CAVANAUGH: But I'd happily vote for a constitutional amendment.

CLEMENTS: Oh. Oh, I should have asked you that. Did you support--

M. CAVANAUGH: Yes, I would.

CLEMENTS: --an amendment? Do you have a figure in mind?

M. CAVANAUGH: I think that there's been some bills that contemplate this question by putting it to a commission or tying it to inflation, something that doesn't make it a stagnant figure like we've had since whenever they decided \$12,000. I think it was the '80s. Was it?

CLEMENTS: Yes. I believe it was 1988.

M. CAVANAUGH: Remember how you voted against this when it was on the ballot?

CLEMENTS: I do.

M. CAVANAUGH: Is that one of your life's regrets?

CLEMENTS: Yes. I, I think what goes around comes around and goes around, yes.

M. CAVANAUGH: Is, is this line item somewhere in the Celestial Blue Book?

CLEMENTS: Yes. Yes. We do fund that in the budget.

M. CAVANAUGH: Fantastic. I just wanted to make sure it was in the Celestial Blue Book.

CLEMENTS: Yes. Some people might be calling it blue sky.

M. CAVANAUGH: Blue sky. Ooh. Blue sky-- Blue Sky Book.

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CLEMENTS: Yes. Well, we'll see if the body forwards a constitutional amendment for the voters. Thank you, Senator Machaela--

M. CAVANAUGH: I don't think our colleagues know just how delighted I am that you ask me questions. Thank you.

CLEMENTS: Thank you. Well-- so this is a simple item. We can't amend this because it's in the constitution that the voters have to vote for a change. So I encourage your green vote on LB262 if you would like to get paid the next two years. Thank you, Mr. President.

DORN: Thank you, Senator Clements and Senator Machaela Cavanaugh. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. I'm used to there being a committee amendment, but as the chair of the committee just mentioned, we can't amend this. Well, we could try. And it would be an interesting question as to what would happen if we amended this. Would we be in a constitutional crisis? I don't know. I don't, I don't, I don't think we should risk it. I'm not, I'm not going to put forward an amendment to amend LB262. I did want to take a moment to talk about-- you know, we've-- we-- when we debated other bills that I think did contemplate our salary, the conversation kind of went in a interesting direction because there was a lot of conversation about whether or not we were doing our jobs by undoing the will of the voters. And it does feel like this year that we have had a lot of legislation contemplated in front of us that undo-- undoes the will of the voters. And so I think if there were to be a constitutional amendment put forward on the ballot in 2026, I don't think it'd be likely to be successful because why would the voters vote to pay more to people who are undoing what they have already voted for us to do? So I just thought it was worth noting that when we talk about our salaries, but it is also worth noting our salaries are \$12,000 a year. And I personally had to give up a full-time job when I was elected because I worked for the university, so I had to resign. I lo-- I had, you know, health care. And fortunately my husband had a job where I could get health care, because health care through the state cost more than my \$1,000 a month, because I looked into it. So I lost my health care, I lost my 401(k) match, and my salary when I was sworn in here. So for me personally, \$12,000 is what I make. And that is tough. And I've got three kids and my husband works full time. Thankfully I have him as a partner, but it is-- it's very, very tough. And I'm very fortunate to have a partner that is able to shoulder this burden for our family, but it has been financially very re-- restrictive for me. I always-- like, when people give me compliments on a dress that I have-- there was one dress I wore I think

last week and people were like, oh, I love that so much. I was like, yeah, I got that at Goodwill because that's where I have to buy my professional clothes in order to have professional clothes, which is fine. I mean, I also love Goodwill. And it's sustainable because it's recycling fabrics, and textiles are one of the biggest things in dumps, and on and on. But, but it isn't-- it, it, it, it shouldn't be that way. Public servants-- I know people like to talk about that we're just politicians. We're public servants and we're citizen legislators and we have lives and we have families, as does every politician, if you like them or not. And there are people-- you know, federal level, sure, I could say I don't like that person. But that doesn't mean that they aren't doing a job and they don't deserve to be compensated. So while I support the LB262, our \$12,000 a year-- and I would support a constitutional amendment to increase our salaries-- I do think that we should be looking very heavily inward to see, do we think that the people think that? Do we think that the people in Nebraska believe that we deserve to have a raise? And I don't know that they will, based on what we've been doing this year. I think that our value system has become misaligned with the values of Nebraskans. And I'm sure I will now get a bunch of emails from people telling me that I don't know what Nebraska values are and I-- what I say to that is that Nebraska values, in my mind, are to have a good life, raise your family, be in your community, and participate in your community, and be able to afford to pay for your house and food and education and all the essentials, and to just have a good life. That used to be the slogan-- Nebraska: the good life. That's what I think it is about, but I don't see that happening this year, which is really disheartening, so. Yes, I would vote for it. Yes, I will vote for this. But I don't know that the people of Nebraska think that we deserve anything more than \$12,000 a year. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. I really-- this is noncontroversial and something that I, I guess is probably not going to spark a significant amount of debate. I do appreciate Senator Cavanaugh kind of reminding the body and putting a, a bookmark down in regards to where we last left the conversation when it came to proposals that were moving through the Legislature in regards to increasing state senators' salaries. And I think it's pretty well established that we make modest earnings for a lot of hard work, and that can definitely be a contributing factor that prohibits a lot of really smart, community service-minded mem-- individuals from pursuing service in the Nebraska Legislature. So I understand efforts have been made over many years to

try and figure out how to bring up compensation to a modern level to allow more people the opportunity to serve. But I do still just want to recognize that I, I, I, I just think it sends the wrong message optically, specifically this year. I think in general it's always kind of a precarious situation to vote on increasing your own pay as an elected official. Ours is set in the constitution where the people have set it and where it has remained for many, many years. So we don't have the ability to adjust our own pay, and that removes some of the political arrows that go along with that kind of dynamic. But I, I do think it sends the wrong message when there are efforts moving through the Legislature to try and increase state legislator pay while denying modest but meaningful increases to minimum wage workers in accordance with the will of the voter, by denying large swath of working Nebraskans access to earned sick leave. Again, that was brought forth by a successful ballot initiative. I do have deep concerns about increasing public officials' salaries in light of the budget deficit that we're presently in and that is looming larger in the outyears. But I do recognize and understand that it's also important to have an independent, strong, coequal branch of government in the Legislature. And it's undeniable with our unique, nonpartisan, Unicameral Legislature we're one of the smallest legislative bodies in the country, if not the smallest. And I think a very good value for our, our taxpayers overall. But I also know-- and this was a matter that evaded significant debate during the mainline budget bills thus far and perhaps will pop up again in subsequent rounds. But since this is specifically related to legislators' pay and investments in this institution in accordance with the constitution, I do think it's appropriate to ask kind of, where are we in terms of the overall legislative budget? Were there cuts made to this independent, coequal branch of government? Are those cuts commensurate with what we're seeing at the courts or in the executive branch? Are they one time or on-- are they ongoing? And most importantly, what does that mean for the recruitment and retention of top staff that are committed to public service in Nebraska and that do serve this institution, either for senators, for committee staff, or in institutional roles? I know, thanks to Senator Linehan and others, we've made strides to try and get our pay up to where it needs to be so that we can have top talent serving the Legislature on this really important work. But I think it's important that we at least have a discussion about where we are in terms of the institution and the staff before we just mindlessly pass through our own salary bill. So if every-- any member of Appropriations would like to address that, or I can punch in again to ask questions if need be. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. I was, I was leisurely coming up to my microphone so that the page who's been very patiently waiting to pass out materials could get by before I started talking. I-- has an amendment been filed? No. OK. So I misspoke earlier when I said you can't amend LB262. We can amend it. We can cut our salary. Anybody want to do that? I think I could make-- I can, I can make it on \$999 a month. That's really what I clear anyways after taxes. Actually, no. That's not true. I, I clear \$913 a month after taxes, so. That's going into that Social Security fund for my retirement maybe. Yeah. So anyways, we could. We could put forward an amendment to decrease our salary. The constitution lays it out that it cannot be more than \$1,000 a month, not that it must be \$1,000 a month. That's that permissible language. We left it open-ended. If we're ever in a budget crisis, we've ever got a deficit like we do now, we could cut our own budgets. Wha-cha. It's something worth thinking about, you know, when we're looking under every nook and cranny for pennies in the couch cushions. Maybe we should look at ourselves and say, have we given enough today? You know, I-- several people here-- and actually, during the committee process, during one of the committee hearings, one of those testifiers was like, well, everybody's gotta tighten their belts. I was like, oh. OK. Well, what do we do to tighten our belts? We-- well, here we go. We could cut by 50%. Is that reasonable? No, that's not reasonable. You know what would be reasonable, though? We're making everybody else cut their budgets by 2.5%-ish or 1%-ish-- you know, all those other proposed budget cuts-- maybe that's what we do. Maybe we look at the across-the-board cuts that we've made everywhere else and we cut our pay by that amount. I think that my husband would be thrilled with the suggestion. I think you thought that we probably had bought, you know, name-brand orange juice too frequently-- which, by the way, we did buy name-brand orange juice once. It was on sale. I bought several of them because my middle child really likes it. But then found out that she can't tell the difference between the name-brand orange juice and the Aldi-brand orange juice. So we have, we have navigated those waters. And they were dangerous because, hoo, it was going to be real tough if I didn't have orange juice for her. She really likes her orange juice. So-- but, you know, we talk about our budgets and cutting our budgets, and so maybe that's-- maybe this is one of the things we need to do to be fiscally responsible, is to cut our own pay. So, you know, what is-- it's-- only be a-- 1% of 1,000 would be \$10? One-- no. 10-- yeah. 1% would-- 1% of 100 would be 1. 1% of 1,000 would be 10. \$10 from each of us, so that's \$120 each we all just kind of put into the kitty for the

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state. I don't know. Maybe. Tighten our belts. \$120 to my family would be very substantial. That would be a lot of groceries that I couldn't afford. We don't really have a super extravagant lifestyle. We do have some memberships to things like the zoo, which is an extravagance for us because it's expensive, but more than \$120 expensive. So I would probably-- that would probably be one of the things I would cut from my personal budget, is we would no longer have a zoo membership, which would be unfortunate because we like going to the zoo. And it's fun and educational. And my son goes through the bug display and tells everyone in there what all of the bugs are. And it's kind of hilarious because he's kind of aggressive about it. Oh. \$588,000. That's what we could contribute with 1% of our salaries. That's not nothing. That's not nothing. Well, thank you, Senator Guereca, for that quick math.

DORN: Thank you, Senator Machaela Cavanaugh. Senator Conrad, you're recognized to speak. Senator Conrad waives. Senator Machaela Cavanaugh, you're recognized to speak. And this is your third time.

M. CAVANAUGH: Oh. It's my third time. I didn't really have anything more to say. I just was kind of having fun reminiscing to myself about the old days of standing up here talking about interesting only to me things on the microphone after dinner. I, I really-- now you know that I'm really just messing around if I start talking about the Oxford comma. So-- I'm not, I'm not at that point tonight. I'm not gonna get into the Oxford comma. We're not gonna debate the merits of if you like the serial comma or you don't, which camp you're in. I haven't really vetted where bill drafters are at this year on the serial comma. I think that the serial comma is a great thing for clarity myself, but it's not necessary, so that's really where the debate comes in. But I'll leave it there for tonight. We can revisit the Oxford serial comma at a later date and time. Thank you, Mr. President.

DORN: Thank you, Senator Machaela Cavanaugh. Seeing no one else in the queue. Senator Clements, you're recognized to close. Senator Clements waives. Colleagues, the question before the body is the advancement of LB262. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 40 ayes, 1 nay on the advancement of the bill, Mr. President.

DORN: LB262 advances. Mr. Clerk.

CLERK: Mr. President, next item: General File, LB263, introduced by Speaker Arch at the quest-- request of the governor. It's a bill for an act relating to appropriations; appropriates funds for the payment of

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salaries and benefits of certain state officers for fiscal year '25-26 and fi-- fiscal year '26-27; defines terms; 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 Appropriations Committee. That committee placed the bill on General File with committee amendments.

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

CLEMENTS: The-- you know, the bill does have a committee amendment. I would like to move to the committee amendment.

DORN: Senator Clements, you're recognized to open on the committee amendment.

CLEMENTS: Thank you, Mr. President. The committee amendment is-- doesn't change this bill a lot. This is salaries of constitutional officers. The governor, Lieutenant Governor, Treasurer, auditor, Attorney General, public service tax commissioner, TERC, and judges for the amount that they had been receiving previously. It's not an increase, any of those. But the change in the committee amendment is because we do fund their health insurance, and that does change. There was an increase in health insurance cost from what the original bill had been introduced. The introduced amount keeps all of those base salaries the same, but the amendment does increase by the amount of health insurance that was changed. So that is a requirement to have a separate bill for those constitutional officers and the judges. And that is all there is to it. It's really just approving the increase in their health insurance. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. So we're on the constitutional officers, so I thought I'd take the opportunity to talk about some of our constitutional officers. As Senator Brandt and I were just talking, I don't-- I didn't know tax commissioner was one of-- considered one of the constitutional officers, but we budget for that in here. I did want to talk about our Attorney General. So we did in the budget-- the first bill, I believe-- move-- at least, I think there was a request to increase the overall budget of the Attorney General's Office to add some more attorneys. And, you know, I think a lot of folks around here have-- we've had a lot conversations about the value of an Attorney General's opinion and that they are-- you know, people want to rely upon them as though they are the gospel or they are an opinion of the Supreme Court or something along those lines. And a lot of us caution

that the Attorney General is just one person with one opinion. And they are the attorney for the state of Nebraska, and so they're supposed to, I think, give us their best judgment about the law and things like that. And I think, I think the world of our Attorney General. I think he's a very smart man. I disagree with him on a number of policy issues. And I disagree specifically with the number of ways that he has used the office of the Attorney General for political purposes. He's politicized a lot of it. And specifically today, the Attorney General had a press conference wherein he sent-- he sent a letter to Speaker Arch that I found online. So he also posted it on the website for the Attorney General's Office, where he encouraged this body to not pass a bill regulating medical cannabis. And in that letter, at least, he made a number of allegations against the bill that's been considered in this body and atte-- as, as an argument for why the Legislature shouldn't take up this bill. And I think he is of course entitled to his opinion about what is appropriate for people to do. You know, the voters voted on medical cannabis. And it is-- the one thing I agree with him in this entire letter is he says, unless and until courts act, those initiatives are current law. So I agree with that assessment. Ballot Initiatives 437 and 438 were adopted by the voters of the state of Nebraska. The Attorney General recognizes that. He says it is the current law. So the state of the law of-- as a result of those ballot initiatives is that the voters legalized possession of up to 5 ounces of cannabis for medical purposes. And the voters additionally set out a regulatory scheme wherein they placed under the authority of the Liquor Control Board to create a sub-- subsequent board of the medical cannabis regulation board to create regulations for stores and for the sale of cannabis. And so the voters did that. The Attorney General recognizes that. What the-- where the Attorney General gets it wrong is that he goes on to attack the work of the General Affairs Committee, of Chair Holdcroft, of Senator Hansen, and others-- myself included-- on the, on the work of LB677 and AM1251, where all of the attacks he levies at those bills and amendments are the language of the ballot initiative. So he takes-- he's taking issue with the will of the voters but directing it at us, at us as a way to encourage those in this body who are on the fence to not adopt a regulatory structure that needs to be put in place. So this is-- again, it's not a Attorney General's Opinion. It doesn't even rise to that level. It is a letter that he sent to Speaker Arch. It's a press event that he held today with a number of members of law enforcement. And I'm going to run out of time, but I'll keep talking. I'll press my light and talk a little bit more. But the-- this is a-- half-truths, untruths, misdirections, obfuscation all directed to undermine the will of the voters. He has continually said-- he said-- had his individual come testify from his office at the

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hearing on this bill say they would challenge it if we passed it and encouraged us not to take any action. He has said that he wants to-- us to wait until his legal proceedings play out before we take any action. But he then goes-- does say right out of the gate in this letter that this is the law of the land. We are obligated to act within the law of the land. The, the, the voters passed this. We are obligated to act to respect the will of the voters on this. It's our responsibility to make sure that the will of the voters is put into effect and we are not undermining it more than is necessary to make sure this is available, accessible, and safe. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. Good evening, colleagues. One thing that I did just want to tee up in addition to this particular measure but connect the dots on a corresponding measure-- as members well know and the general public is aware, there was a proposal moving through the Legislature this year that would also provide for significant salary increases for our constitutional officers as well. No doubt this issue has not been taken up for a long time, and we want to ensure that those called to public service have adequate compensation to carry out their work and be able to provide for their families. But I did have a lot of concerns about that measure moving forward, particularly in a year of budget deficit and an even larger looming deficit in the outyears. I do understand and appreciate that the cost of living rises significantly and sharply, but I do think it sends the wrong message to move forward with significant pay increases while we deny modest but meaningful pay increases to minimum wage workers in Nebraska and thwart the vote of the people in that regard, while we deny modest but meaningful earned sick leave benefits that were a product of a successful ballot initiative to large swaths of workers in Nebraska. I am pleased to understand at this juncture in the session the measure to provide significant pay increases to constitutional officers will not be moving forward for a variety of different political and fiscal reasons, and I think that's the appropriate procedural posture for that issue this year. This is also a good tee-up to the next bill on our agenda, where we'll be taking a closer look at other very highly paid public servants in Nebraska and decide whether or not the time is right to provide for significant pay increases for those called to public service and who do important and arduous work as members of the judicial branch. So I do just think at this moment in time with a budget deficit, fiscal constraints, and deni-- the denial by this body of modest but meaningful increases to keep pace with inflation for minimum wage

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workers, it would absolutely send the wrong message to provide significant pay increases to top political leadership in, in the context of those other matters. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. I, I agree with what has been said. So I, I appreciate the work of our constitutional officers. And I, generally speaking, think that they should have pay increases. However, the only budget that has expanded this year is the Attorney General's budget, which has expanded to a significant degree, and it has grown significantly since Attorney General Hilgers took office. It has continued to grow and grow. And I would echo the sentiments that perhaps if the Attorney General would stop suing the Legislature or suing because we passed legislation and then losing in the courts and reallocate those resources towards things like the, the elder protections that his office has discussed doing, that that might be a better utilization of the current resources. So instead of adding to his budget and increasing his salary, perhaps would be good to tighten up that belt buckle. And then maybe we will be more judicious and less political in the things that we are deciding to participate in from a legal standpoint. It is unfortunate that Attorney General Hilgers, who is a friend of mine, has forgotten that he's no longer a state senator. He is the Attorney General. He works down the hall, not in the Chamber. So it would behoove him to, you know, stay out of here. I say it with all the love I can. But stop suing for legislation that we pass. It's assumed to be constitutional if we pass it is what I've been told time and time again, I think, by former Speaker Hilgers actually once told me that, that if we passed it, it's assumed to be constitutional, so. I took him at his word. Yeah. So I, I mean, the-- I don't have the numbers right in front of me. They're, they're substantial. The, the amount that the AG's budget increased over all the other budgets that had to decrease is, is extremely substantial. And I don't think that that's a good use of our resources. I think taking a look at what legal action the office is, is going after and thinking more strategically about allocating those resources to do the most good for Nebraskans and maybe do things that are not viewed as much as being political. It's a, it's a choice you can make, AG Hilgers. He did come into our committee for his budget hearing and was gracious with his time in answering questions. I had multiple pages of questions typed up and printed off. So I appreciate that. However, I, I still don't feel like we got to the crux of how they are spending their money and how they are making the choices about what they are pursuing, because they are pursuing a lot of things and getting involved in a lot of things that, you, you know,

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from an outsider's view-- being my constituents'-- it doesn't seem appropriate. So it'd be great if we could not increase his budget but instead-- yes, once again-- direct the Attorney General to use the resources that were made available to him in the last biennium-- which was an increase substantial from the previous-- and see, see if he can make that work. I think he can. I have confidence in his abilities to manage his current appropriation and not increase his appropriation, so. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. I do have a little bit more to say about the medical cannabis and the, and the will of the voters. I did want to just piggyback on what Senator Machaela Cavanaugh was talking about. So there's-- Flatwater Free Press did an article called "Vanishing 100 Million: Nebraska Health Officials Decry Federal Cuts." So \$100 million in federal dollars were clawed back by, I think it's called DOGE, Department of Government Inefficiency-- or something like that. But anyway, so there was-- this thing happened, and they clawed back about \$100 million. And it's, more than half of the \$100 million Nebraska's losing is funding meant to help detect, prevent, and respond to infectious disease. The grant cancellations to combat infectious disease filter down to local levels, including Lincoln-- Lancaster County Health Department lost \$600,000 in infectious disease funding. Douglas County Health Department lost \$900,000. South Central Nebraska lost \$350,000 So these are just some of the examples of the \$100 million. Obviously, some of this \$100 million was research dollars for the university as well. And as we're sitting here trying to balance our budget and we're scraping together \$5 million from people's park admittance fees and things like that, we lost \$100 million. And 23 states sued. The-- 23 attorneys general from other states sued on this matter and received an injunction, a stay of the loss of funds, meaning that those 23 states continue to get their funds. Our Attorney General chose not to do that and rather-- I guess, as Senator Machaela Cavanaugh pointed out-- sued on things like LB50 and other things like that. And so there are services that the Attorney General can provide non-- nonpolitically in the interest of the state of Nebraska and the people. So if, if we had gotten that \$100 million, maybe our budget outlook looks a little different. But \$900,000 to Douglas County, I know that affects their bottom line. I'm sure \$700,000 affects Lancaster County. And those are property tax assessing entities, counties. So when we're talking about property tax relief and all those sorts of things, that is definitely something to consider, that the Attorney General's Office is seeking to grow for litigation purposes.

And the choice of what to litigate affects property taxpayers in places like Clay County, Adams County, places that lost infectious disease funding from the federal government because our Attorney General chose not to seek an, an injunction against the federal government when they took away our money. So that's just something that I think we should all be aware of. It's-- there's not just the choice of what to litigate, there's the choice of what not to litigate. And 23 states chose to do that and, and got money back for their, their people. So-- wasted-- or, used a bunch of my time on that. So I, I did want to talk more about medical cannabis. So we had town halls this weekend. I appreciate everybody who came and listened to the people. We had three town halls. We had about 300 people across the three town halls. Had something like 97 people come and raise their voice, exercise their, their right to, you know, speak to their, their elected officials. And what was a consistent theme from those people was that the people have spoken on medical cannabis and they would like the Legislature to facilitate implementing that. They don't want us to stand in the way. They don't want us to erect hurdles. And they want us to be respectful of the will of the voters. And one of the consistent things we heard was that people would like us to either not create a list of ailments that-- just to leave it between a doctor and a patient about what is the appropriate treatment for them. But we also heard people want to include PTSD and other things. We heard additionally that people expect us to include access to plant. I'm gonna run out of time, so I'll pick it up on the next time. But people are very clear that, when they voted for this, they expected to be able to purchase and have plant-- plant-based cannabis, not, you know, other types of derivatives or things. But plant-based was the most appropriate for a lot of people, and that's what they expected. And this is what I'm going to have to get back on the mic to talk about. Attorney General Hilgers in his press conference today specifically called out this Legislature for having an amendment that would allow access to plant. But again, the voters-- if you read the, the letter of the, the ballot language and you hear from the voters who voted for it, 300 of them this weekend-- that they-- that the ballot language says all parts of the plant, and the voters want all parts of the plant. And so he's just completely off base in that attack, but he's off base from what the will and the interest of the voters are when it comes to this. So I'll push my light to finish that thought. Thank you, Mr. President.

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

CONRAD: OK. Yes. Everybody nods yes. Thank you, Mr. President. Good evening, colleagues. I want to also add just a, a few key

considerations in regards to this budgetary bill which we will pass and is constitutionally required to fund constitutional officers at their existing salary levels. Couple of things. Number one, I think that Auditor Foley, even though we frequently don't see eye to eye, I think he's done a fantastic job in his role as auditor. I think he has really helped to illuminate a host of important issues when it comes to waste, fraud, and abuse of public funds. I think that he has been tenacious and nonpolitical for the most part in regards to that important work. I am glad that this Legislature saw fit to part ways with the governor when it came to ensuring that his office has the resources it needs and the staff it needs to be a good steward of taxpayer dollars. And when you look even just very recently at some of the work emanating from his office-- drawing the Legislature's attention to how exorbitant tax incentive programs are driving a structural imbalance in our budget and benefiting very few large corporations and costing Nebraska taxpayers a significant amount of money. So I think that will be a hot topic over the interim period and leading into future sessions. And I appreciate Auditor Foley drawing our attention to that. We've also seen really interesting information from the Auditor's Office kind of reaffirming the concerns that people like my friend, Senator Murman, and I-- and Senator Linehan before she left the body had raised about how other public officials in this state, namely many superintendents in Nebraska, were receiving really exorbitant salaries and benefits packages compared to not only their peers locally but even nationally. And I'm glad this-- Auditor Foley helped to provide more light on how out of step we are in regards to those public educational leaders' salaries. Recently-- I think even just this week-- there was an-- another really important investigative deep dive on how the state of Nebraska is spending oodles of dollars on office rental rather than utilizing creative strategies that businesses use to allow for flexible workspaces or to invest in your own workspaces, in your own buildings. And so I do just want to note that I think the auditor does a great job. He's lifted up a lot of really important issues in state government. And I think his work is deeply appreciated by myself, members of this body, and the public at large. The other piece that I wanted to lift up in regards to the Attorney General's salary is this. I did not have the opportunity to have our service coincide with Attorney General Hilgers in this august body, but I, I think that anyone would be hard-pressed to find somebody more affable than Attorney General Mike Hilgers. He is a kind person. He is a smart lawyer. And there is no doubt he is deeply committed to public service and has expressed that through his service in this body and as Attorney General. That being said, we do have significant and serious policy differences when it comes to the approach he takes in dealing with this

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body-- I think perhaps with far too heavy of a hand-- prompting, I think, deep concerns about interference with the legislative process. And I have concerns about the politicization of that office that is funded by taxpayer dollars and that is primarily seeking a fairly radical political agenda in our name and with our money with little results to show for Nebraska consumers.

DORN: Time.

CONRAD: Just over the-- thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. I'm trying to go back through my notes from earlier to see the breakdown of the Attorney General's funds and, and budget. And that's why I got back in the queue, was to talk about that. So I, I wanted to give exact numbers, but I don't have them in front of me right now, so I will have to come back to that later. You know, I just-- again, the-- this is the only budget that's growing. And while I don't think that we should direct what the Attorney General does, I do think that if we don't agree with what the Attorney General does we don't have to give him more money. And I don't agree with him suing our legislation. I know-- I don't-- I am not an attorney, so I don't know the exact legal terminology for it. I know that he doesn't sue-- he hasn't sued us, he's-- but he's sued-- I don't understand how it works. But he did sue over two bills that were passed by the Legislature, and he failed. And so instead of increasing his budget yet again, I would like him to reallocate the resources that he had available to take on those actions and the, the resources that he currently has available, apparently, to continue to take on volunteer individuals who sought to get medical marijuana on the ballot for medically fragile children specifically. I would really like to see that ending. It kind of breaks my heart to see it happening. It seems very unnecessary. And the voters have spoken, so we need to put in the regulations because we weren't willing to do it ourselves to begin with. And we need to just move forward and heal instead of staying in this space where we just are kind of perpetually fighting something that has already been decided. I-- take it from somebody who's, who's used to losing a lot of battles. You gotta learn when to move on, and it's time to move on from the medical marijuana ballot initiative and lawsuits and focus on the legal things that Nebraska really needs, making sure that our elderly citizens are not being taken advantage of, making sure that if there's federal clawbacks that we are participating in lawsuits that are reasonable to get our dollars back so that we

aren't put in a more fiscally precarious situation. So that's what I'd like to see from my good friend, Attorney General Hilgers, and-- yeah. I mean, as, as Senator Conrad said, he's a very affable guy. I like him-- a lot, actually. So, you know, I don't want to speak ill of his work, but you can have professional disagreements and still like each other. And that's where I'm at. So I hope that when we get back to LB261 that this body will seriously consider making cuts to the Attorney General's budget because, again, it is the only budget that got an increase, and it was a substantial increase. And I will get everybody the numbers when I have more time to sit down and find them. But until then, just-- yeah. Thank you.

DORN: Thank you, Senator Machaela Cavanaugh. Senator John Cavanaugh, you're recognized to speak. And this is your third time.

J. CAVANAUGH: Thank, thank you, Mr. President. OK. So-- let's see. What was I talking about? I was-- well, I was talking about the confusion about what was voter enacted versus what is being taken up by the Legislature. And-- again, I think, you know, there's-- whatever-- we always talk about prosecutorial discretion when we're talking about, you know, passing new penalties and things and whether prosecutors will exercise that discretion and not charge people they don't need to charge. But there's also discretion in the Attorney General in terms of what things are being litigated. And the Attorney General has chosen to litigate the medical cannabis ballot initiative question in a few different ways and has lost in a number of courts. But today, he chose to litigate it in the press against the Legislature. And this is what I'm taking issue with at the moment, is, in that argument, he listed a number of things where he spoke against what the Legislature's doing. And specifically, the things he listed with-- were actually the things that are in the ballot language, which means-- again, he said, unless and until courts act, the initiatives are current law. So to be clear, Attorney General recognizes that the ballot initiatives are the current law of the land. So here's the ballot language that has been adopted into our statute. So it's Initiative 437, Section 2. So for purposes of Medical Cannabis Patient Protection Act: (1) (a) allowable amount of cannabis means up to 5 ounces of cannabis. So that's the law of the land right now, according to the Attorney General. (b) allowable amount of cannabis does not include the weight of any other ingredients combined with cannabis as part of a topical or or-- oral administration, food, drink, or other preparation. So basically saying that the weight is only the cannabis plant part itself and not the other parts. (2) (a) cannabis means all parts of the plant of the genus cannabis whether grown or not, the seeds thereof, the resin extract from any part of the plant, and every compound manufactured, salt,

derivative, mixture, or preparation of the plant, its seeds, or its resin. So again, to be clear, the Attorney General in his press conference today said the law of the land is that a person under the Medical Cannabis Patient Protection Act can possess up to 5 ounces of all parts of the plant of the genus cannabis. So I think that's a pretty important thing. Then he goes on to attack the Legislature for including in a bill pos-- allowing possession of the plant. So I-- obviously, I don't need to belabor this point for everybody. I think that there's-- there are plenty of other things in this where he talks about attacking the will of the voters specifically but couching it as an attack of the Legislature. And, and my issue with this is, is the deceptiveness of that attack, to say the Legislature should not act because the things the Legislature is seeking to adopt are the will of the voters as articulated in the ballot language that were voted on by more than 70% of the people. The bill that he is attacking, the parts he attacks are the parts that are reflective of the ballot language. As I said, we had these town halls where we had 300 people come and almost 100 people talk. The consistent thing that people had issue with us with was the restrictions that the bill places upon the will of the voters. And I will tell you, I have issue with that as well, that the bill as has moved out of committee is a compromise bill. It does put in more restrictions than I would like to see. But it is more faithful to the will of the voters than taking no action. Because this language in 437 makes-- as the Attorney General said today, this is the law of the land. This is currently the law of the land, that someone, if they can get a doctor's recommendation-- which-- I, I guess I would take a little bit more time from somebody to talk through that part. But if they can get a doctor's recommendation, they can possess up to 5 ounces of cannabis for medical purposes. But the reason we need some sort of action is because there's-- there, there is a second part of this bill-- or, part of the ballot initiative that creates a regulatory structure that will make it actually accessible. And this is the part that the Attorney General is trying to prevent us from getting into place. And it's attempting to undermine the Legislature's good faith attempt at creating a safe, effective, regulatory structure. And I think that the attacks are disingenuous and dishonest. And that is the problem I have with this press avail that he did today. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. And I share many of the same sentiments and concerns-- bless you-- as my friend, Senator Cavanaugh, expressed in regards to the feedback we heard at the citizen town halls

in regards to where the state stands with access to medical cannabis and where legislation is in the body to hopefully facilitate that. The good news is, according to constitutional provisions, if a restrictive mea-- measure-- which I have deep concerns about and would perhaps be a no on today because of the restrictions on ailment and delivery systems and restrictive nature of the licensure and the fee structure-- but I, of course, would work with good fai-- in good faith with colleagues to try and figure out a workable path forward if possible. But the good news is if this body is not able to find a path forward, the will of the people in regards to measures 437 and 438 is self-executing. So the first component provided a legal pathway to medical cannabis, and the second component provided a regulatory framework for the implementation thereof that does have specific dates and specific timelines and is rather robust in terms of approach. There were many, many attempts to negotiate a narrow version of medical cannabis programs through this body over the course of a decade that were unsuccessful due to political reasons. So the people after launching and running I think three citizen initiatives finally got their message before their fellow citizens. There was a resounding vote. Over 70% of Nebraskans across the state, across the political spectrum voted in that regard. And if we can't figure out a way to ensure the most robust, least restrictive means to implement the will of the people, the will of the people is self-- self-executing and stands. And that is something that is important to note and does give me some solace. But on that ground, I do want to lift up a few things in regards to the Attorney General's legislative en-- endeavors and lobbying and something in regards to perhaps mismanagement in his budget. So the Attorney General, due to their important consumer protection work, is responsible for bringing down a significant amount of state settlements. And these can be from bad actors, from big corporations, et cetera. And they sometimes come to the tune of millions and millions of dollars. Those are put into a settlement fund and then typically have been utilized for a host of different purposes: consumer engagement, consumer education, to help defray costs of the litigation or the Attorney General's Office. But under the Pillen administration, we saw a sweep of state settlement funds just like we have seen a sweep of other cash funds that were put in place for a different purpose than to balance the budget or to prop up tax cuts for the wealthiest Nebraskans. And I think that we saw a sweep of almost \$15 million from the consumer protection settlements that had come in and had been placed in that fund. And then we see the Attorney General ask for a significant General Fund increase to staff operations and personnel in their office just this next biennium. And I do think that that needs to be highle-- highle-- highlighted in terms of, I think, a very misguided approach that puts additional pressure on

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General Fund resources when we allowed for a sweep of hard-earned settlement funds that came to Nebraska for consumer protection violations primarily and that do tie into this overall debate. I think I'm probably going to run out of time. I have a few more things to talk about in regards to LB20, LB50, that litigation, and the attack on this very Legislature by the Attorney General with his political issuance of an Attorney General's Opinion questioning our undeniable legislative oversight authority as effectuated--

ARCH: Time, Senator.

CONRAD: --through our-- the Office of Inspector General. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. I got the numbers. Yay. OK. So General Fund increase: \$1,080,474. And then Cash Fund increase: \$313,350. So \$1.4 million-ish increase for the Attorney General. And that's-- there's also additionally-- there's federal funds, of course. And then there's the PSL and the revolving funds as well. So, you know, not insignificant when we are going through and trying to cut \$50,000 here. I mean, we're taking \$500,000 a year from water for food, which is actually-- so it's \$1 million over the biennium-- the exact amount right here-- and, and it's matching funds. So we basically, in cutting \$1 million from what we give them, we're cutting \$2 million. That's fun. So we could, you know, reappropriate the salary-- or, the-- not the salary-- the operations to that. And then-- would-- actually, would Senator John Cavanaugh yield to a question?

ARCH: Senator Cavanaugh, will you yield to a question?

J. CAVANAUGH: Yes.

M. CAVANAUGH: Thank you, Senator Cavanaugh. So you, on your first time talking on this, this amendment, you mentioned a lawsuit for clawing back federal funds. Could you tell me again how much money Nebraska missed out on by not participating in that lawsuit?

J. CAVANAUGH: Well-- so-- OK. I'll put it in a little context. So the federal government, in, you know, whatever pro-- they're doing right now did claw back about-- from Nebraska about \$100 million that had been previously allocated and sent out. And 23 states sued to stop that. And that is-- the-- there is a temporary restraining order in place preventing the feds from clawing back-- so taking back the money

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they already allocated to those states-- until that lawsuit's resolved. And so this is in the Flatwater Free Press from May 6. The title is "Vanishing 100 Million: Nebraska Health Officials Decry Federal Cuts." And I can certainly circulate it with folks, but if you want some of the highlights, I can give you a few.

M. CAVANAUGH: Sure.

J. CAVANAUGH: So there's \$307,000 in federal money awarded to the East Central District Health Department in March. And they were going to use that in Boone, Colfax, Nance, and Platte Counties to help clean up lead in homes-- so higher than, than average lead in homes. There is about \$19 million from the University of Nebraska Medical Center to help with preventing infectious disease. There's about \$15 million for childhood immunization. There's more money to study alcohol's connection to intimate partner violence. And there's also \$3 million from the Nebraska Hospital Association to support a pilot program to reduce Nebraskans' exposure to opioids after hip and knee replacement-- which is kind of apropos as we're talking about medical cannabis.

M. CAVANAUGH: Yes. That was something that we heard a lot about at the town halls, was that opioid addiction-- that cannabis saved them from that. But go on.

J. CAVANAUGH: Oh. Sorry. And then there's also \$600,000 from Lancaster County for infectious disease, \$900,000 from Douglas County for also infectious disease. \$350,000 from South Central Nebraska funds that would help with emergency out-- emergency outbreaks in Adams, Clay, Webster, Knuckles County. So kind of money all over the place, and large amounts of money for public health issues that would have gone back into our community.

M. CAVANAUGH: Well, thank you for that, because I am concerned about the cuts to public health that we have in LB261 and LB264. And, and knowing that there's even significantly more money, millions-- it looks like \$19 and \$15 million-- that we could have clawed back from the federal government if we had participated in it certainly makes me not inclined to increase salaries or appropriations for the Attorney General's Office. So thank you, Senator John Cavanaugh. And thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President. And I yield my time to Senator John Cavanaugh.

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ARCH: Senator Cavanaugh, 4 minutes, 50.

J. CAVANAUGH: Thank you, Mr. President. Thank you, Senator Spivey. So I, I did-- you know, sometimes you get on a roll and you're like, oh. I ran out of time. So I was going through the ballot language and talking about-- again, the Attorney General said-- and I have his letter here if you wanna see it-- unless and until the courts act, those initiatives are current law. So I was going through and enumerating what current law is, according to the Attorney General, of-- with the ballot language. So I read to you-- it is Initiative 437. And then it became the actual language. There's Section 1, which is, Section 1 to 3 of this act shall be known as the Nebraska Medical Cannabis Patient Protection Act. So the first ballot part was patient protection. And then-- so Section 2 says, Medical Cannabis Patient Protection Act, allowable amount of cannabis is 5 ounces. Cannabis means all parts of the plant. So I've already gone through that with, with y'all. And then there's, cannabis accessories means equipment, prod-- products, or materials of any kind that are used, intended for use, or designed to use in storing, vaporizing, or containing cannabis, or for ingestion-- ingesting, inhaling, or otherwise introducing cannabis into the human body. So the voters clearly intended people to be able to ingest basically just about any way that was appropriate for them, including inhaling, which I think is colloquially referred to as smoking. And then there's a part about caregiver, which I don't really need to go into, but it's-- somebody else can go get-- pick up somebody's cannabis for them because, as we heard at our town halls, there's a lot of families who are really interested in this specifically for their children who are-- have, you know, profound issues because of things like a number of seizures. There was actually a great article in the World Herald today about one of the folks who came and testified and-- you know, you can, you can read that for yourself, I suppose. But anyway-- so that caregivers-- and so the Attorney General attacked this Legislature again for not putting a limit on the number of persons a caregiver could be a caregiver for. The ballot language, of course, is the-- is-- sets out caregivers and can be a qual-- for a qualified patient. And so-- again, that's not the Legislature that did that. That is the voters. And again, as the Attorney General said, it is the law of the land currently. So there is-- then you go down to Section 5: health care practitioner means a physician, an osteopathic physician, a physician assistant, or a nurse practitioner licensed under Uniform Credentialing Act or who is licensed in any state and practicing in compliance with the Uniform Credentialing Act. So a medical professional, a physician, a physici-- an osteopathic physician or physician assistant or nurse practitioner licensed in a state that is

in conformance with the Uniform Credentialing Act can make a recommendation. So a qualifying patient is an individual 18 years of age or, or older with a written recommendation from a health care practitioner. So we just defined health care practitioner up above as a medical professional, doctor, nurse, nurse practitioner, licensed either in Nebraska or another state that has uniform licensing-- or, credentialing act. And then there's exceptions for folks younger than that. And then written recommendation means a valid, signed, and dated declaration from a health care practitioner stating that in the health care practitioner's professional judgment the potential benefit of cannabis outweighs the potential harms of the alle-- for the alleviation of a patient's medical condition, its symptoms, side effects of the condition-- condition's treatment. A written recommendation is valid for two years after the date of issuance or for the period of time specific to the health care practitioner on the rec-- recommendation. So again, this is the law of the land according to the Attorney General as he said today. He said, until the court acts, this is the law of the land right now. A patient who has a recommendation from a licensed physician in the state of Nebraska or from a state that has the Uniform Credentialing Act and that written recommendation is signed and dated by the health care practitioner. And it's stating that, in their judgment, this is appropriate for them. And it does not limit the ailments for which the person can get that. And it, and it specifically says two years or if they say less. And I'm going to run out of time, so if anybody else wanted to yield me some more, I'll take it, I guess, so I can keep talking about this. But the Attorney General, again, attacks this Legislature for not putting more constraints on that. We're going to hear about the constraints we put on it being too much-- because that is my opinion, that we put too much constraints on it. But the Attorney General attacked us for making it too expansive when the ballot language was more expansive than that. He attacked us from the two-year window when that is clearly in the ballot language. So again, this is a disingenuous attack on the Legislature or on the ballot, the people by couching it as an attack on the Legislature in an a-- in an attempt to get the Legislature not to act. So this is--

ARCH: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

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

JUAREZ: Good evening, everyone. Good evening to everyone online. And I also went to the medical cannabis town halls, all three of them, and I

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felt that it was a very wise use of my time because I'm not part of the committee, so I learned a lot of valuable information. And it's of-- of course most refreshing to hear it directly from our voters. And I yield the rest of my time to Senator Conrad.

ARCH: Senator Conrad, 4 minutes, 30.

CONRAD: Thank you, Mr. President. And thank you to my friend, Senator Juarez, for reflecting on her time that was indeed well-spent at engaging with our fellow Nebraskans at citizen town halls on medical cannabis. And I appreciate the extra time. I just wanted to finish a couple of quick points in regards to this body's relationship particularly with the Attorney General. And the Attorney General has weaponized his political opinions, calling into question LB20, which restored civil rights, voting rights for thousands of Nebraskans after passing this body with not only the presumption of constitutionality but the strong support across the political spectrum. LB50, which ushered in modest but meaningful-- very meaningful criminal justice reform thanks to the leadership of Senator Wayne, Senator McKinney, and many others to try and modernize our approach to criminal justice instead of continually doubling down on racial injustice and mass incarceration, which has worse outcomes for public safety and for taxpayers. Both of those political efforts to challenge the legality of LB20 and LB50 were turned back by the courts and-- who found the Attorney General's legal reasoning unpersuasive and litigation tactics were ultimately unsuccessful. I do want to lift up, however, that the Attorney General's political opinion in regards to calling into question the undeniable power that the Legislature has to conduct legislative oversight against waste, fraud, and abuse of state agencies and state programs has really been stymied for almost two years now due to the publication of an Attorney General's Opinion and nothing more, an opinion that he failed to sue under in regards to 84-215 before we repealed it, an Attorney General's Opinion which has impeded legislative oversight on things like the Ombudsman's Office that has been extended thereto which has been in place for decades. While there is a memorandum of understanding, a kind of mother-may-I approach to legislative oversight and authority with the executive branch, a full, robust opportunity for work from our Office of Inspector Generals for both corrections and child welfares remains underutilized, not fully realized according to constitutional provision and statutory directive. And the Executive Board went as far as to hire outside counsel to evaluate whether or not the Legislature should move forward in protecting our coequal branch of government and ability to get eyes and ears on our most troubled agencies in state government. That saddled the taxpayers with significant legal bills. And yet that Attorney

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General's Opinion went unchallenged but remains in place, stymying our efforts to have clear and robust oversight. And I think the decision of the court in-- both in regards to LB20 and LB50 should be further rocket fuel to this body to follow the leadership of Speaker John Arch and to ensure that we move forward unequivocally with finally righting the wrong in regards the lack of legislative oversight as effectuated through our OIGs due to the political nature of the Attorney General's actions over the last two years. That is really, I think, a very troubling chapter in Nebraska legal and political history. And I think that we really have the wind at our back, the wind at our sails to fight back and reinvigorate our strong, robust approach to legislative oversight--

ARCH: Time, Senator.

CONRAD: --against the political musings of our Attorney General. Thank you, Mr. President.

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

STORM: Thank you, Mr. President. I thought I'd better finally get up and say something here, present another side of this. So I'm on the General Affairs Committee. I've been in the middle of the medical marijuana debate from the very beginning. It was voted on in committee one time, 5-3, to stay in committee. After probably a substantial amount of pressure was put on a few people, they changed their votes. And then it was 3-5. So now that bitty's come-- that bill will come out of committee. I don't know if it will be debated on the floor or not. We'll see. It's going to be an eight-hour debate. It's going to be very divisive, very tumultuous. But I want to read a few things here from the, the Attorney General's press conference today. First of all, he had-- see if your sheriff was there. He had Sheriff Neil Miller from Buffalo County; Sheriff Colin-- I can't say his last name-- Caudill from Otoe County; Robert Sorenson from Cass County; Sheriff Dwaine Ladwig from Polk County; Sheriff Shawn Messerlie from Colfax County; Sheriff Greg London from Sarpy County; Sheriff Tom Decker from Dixon County; Sheriff Mark Overman from Scotts Bluff County; Sheriff Aaron Hanson, Douglas County; Sheriff Mike Vance, Seward County; Sheriff Lynn Lyon, Johnson County; Sheriff Mike Robinson, Washington County; Sheriff Terry Wagner, Lancaster County; Sheriff Paul Vrbka, York County-- who was also there on behalf of the Nebraska Sheriff's Association-- he's the president; Sheriff Brent Lottman, Nemaha County; Chief Kenny Denny, also on behalf of the Police Association of Nebraska. Their big concern is LB677-- which I believe the amendment now is AM1251-- is gonna take this to recreational use. So that's gonna be the big fight in this

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body, is whether or not, or not we want full-blown recreational marijuana. It's not, it's not gonna be medical marijuana. And I'm gonna read a few of the statements here if I have time. So Sarpy County Sheriff Greg London said, AM1251 essentially creates a framework for full-blown recreational marijuana. This will empower those who break the law and remove power from law enforcement. Polk County Sheriff said, this bill is recreational marijuana impersonating as medical marijuana. It goes against what the people voted for and expands it far greater than ever intended by voters. This bill-- oh. Hold on. York County Sheriff, this bill will protect existing Delta 8 smoke shops that are located near schools and put your kids at risk. We're stepping up together as law enforcement officials to protect Nebraska children. Keep in mind this bill keeps Delta 8 in it. That's-- LB316, my priority bill, is to remove Delta 8. This puts Delta 8 back in. Washington County Sheriff Mike Robinson, marijuana remains federally illegal. Our office is going to continue to enforce the law, but this bill will create confusion and inevitably lead to recreational marijuana. Douglas County Sheriff Deputy William Nymec [SIC], if this bill passes, it will be an uphill battle for law enforcement officers who are trying to keep impaired drivers off our roads. It will blur the lines between those who are using marijuana recreational and driving under the influence and those who have marijuana for medical purposes in their vehicles. Dixon County Sheriff, our office is concerned about the potential impacts of increased numbers of impaired drivers on Nebraska roads. Currently, marijuana is the second most commonly detected substance in drivers who are under the influence. Colfax County Sheriff, the definition of safety is to protect from or not expose to danger or risk. As a legislative body responsible for writing into law decisions that safeguard the well-being and prosperity of our great state, safety should prioritize every decision you make. Legalizing a drug whose implemented legalization in other states has proven statistically harmful and entirely unsuccessful by way of criminality and overall safety seems contrary to what should be our goal. And what I would say on this with my limited time here-- and I can plug back in-- what I would say is if, if this passes-- keep in mind the Attorney General has legislati-- or, has in front of the Supreme Court right now that will be decided whether or not the, the ballot initiative was valid. That will be decided by this summer, early, early fall. And we-- then we'll know. And the Attorney General's the, the la-- largest-- or, is the, the highest law enforcement officer in the state of Nebraska, elected by the people. He's elected by the people of Nebraska to uphold the law and to protect us. He deserves his day in court. And after that decision's made, we'll know. And then I would say we come back next year with a very much true medical marijuana bill. Thank you.

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

DUNGAN: Thank you, Mr. President. I appreciate the conversation we're having here today. I'm listening to most of it. I would just say that I think the Attorney General on a number of these issues has had his day in court and continues to lose on these issues. But Senator John Cavanaugh, I think I'm going to yield my time because I'm curious more the things he had to say.

ARCH: Senator Cavanaugh, 4 minutes, 40.

J. CAVANAUGH: Thank you, Mr. President. Thank you, Senator Dungan. And just as a point of personal privilege, while I was standing here, my wife texted me and just heard that my daughter was named the Religious Ed Student of the Year. She got to have her picture with a priest. And they wrote a statement about how she asked good questions and is so helpful and took the lead on so much. So, you know, proud of my daughter taking after me asking so many questions and getting recognized for that. But it's nice, nice to have-- you know, get recognized for success. So I, I appreciate Senator Storm engaging in the conversation and, you know, not-- what-- not my intention to necessarily engage in a conversation specifically about medical cannabis this evening, but it was that we're talking about this and the Attorney General had this press conference. And I'm sure Chair Holdcroft is mad at me because-- I didn't, I didn't mean to drag him into this in any way. And I-- and I'm not expecting him to talk. I'm just saying I'm apologizing, Senator-- Chair Holdcroft. So here's the deal. Those, those law enforcement folks, they do have a tough job and they have an obligation. And I would again point to the Attorney General's statement where he says this is the law of the land right now. It was the law of the land, current law, on January 1. It was the current law when we had the hearing in February. And it has been the current law all the way along. And we have had a robust conversation in the committee about what we all are comfortable with. And one of the problems I have with this press conference-- aside from the just being dishonest about what it is in this bill and what is in the, the ballot language-- is I appreciate the perspective of law enforcement, but if they have genuine concerns about what needs to be done to make an effective regulatory system, they need-- needed to come to the hearing and articulate those. But at this point, coming and saying we just want to undermine the, the good faith effort of putting in place a regulatory structure is not constructive. Because without a regulatory structure, there, there is currently-- this-- the lay-- the, the law of the land, as the Attorney General said, is that people with a doctor's recommendation have a right to possess up to 5 ounces of cannabis for

medical purposes. So Senator Storm and, and the Attorney General and others are-- have a fear of a possibility of creating a black market and a fear of creating a recreational-- path to recreational. They are setting us on that path. Their actions are leading to a black market. Their actions are leading to people fomenting for recreational because people are angry and frustrated and they want us to make sure that they have reasonable ex-- access to these things. And, and in absence of action will be a black market. In absence of action will be a response from the voters to say, we do not trust you any longer, Legislature. We are taking it out of your hands. We're going to do a ballot initiative on full recreational. We'll put it in the constitution so that you can't, by a super majority, overturn it like you have done on other issues. The people will take it out of our hands. And then where will we be? We have missed the boat on creating the most restrictive system that was offered through this Legislature through the legislative process. But we have clear, articulated law, law that was passed by over 70% of the voters, probably in every one of those counties where those sheriffs represent. But we have it. It is the law. Our obligation is to make sure that it is safe, it is regulated, that it does not tread into a black market, that it does not tread into a recreational. And again, I, I probably have more I could say that I haven't gotten to because I-- you know, there's a lot-- there's a lot to talk about on this. But-- so I wanted to talk a little bit about smoking and, and plant. So I, I will talk about that if somebody else would yield me some time. Thank you, Mr. President.

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

JUAREZ: Thank you very much. And I will yield my time to Senator Cavanaugh-- John Cavanaugh.

ARCH: 4 minutes, 50.

J. CAVANAUGH: Thank you, Mr. President. Thank you, Senator Juarez. So-- yeah. I, I did want to touch on smoking and whether that is recreational. And so Attorney General Hilgers in one of the articles that I saw about this press conference said specifically that this bill allows for smoking and that smoking is recreational. So it's kind of a QED, you know, that-- thus it is demonstrated-- I guess by saying that it is then it-- therefore it is, right, which is simply not true, for one. For two, the voters approved inhalation. And so allowing for smoking, I think, would be appropriate. Two, this bill-- one of my problems with AM1251 is that it does not allow for smoking. It allows for possession of up to 2 ounces of flour, which is a restriction that I, I think is a, is a compromise that a number of people can live with.

I personally don't think we should divert. But again, we're talking compromises here. And the, the Attorney General points out that people could then take it home and smoke it. But, of course, what people do in the privacy of their own home, how they ingest their medicine I think is their business. And so-- but again, it is not a path to recreational. We have-- if you came to the hearing in the General Affairs Committee, if you came to one of the three town halls we had this weekend, where, again, almost 300 people spoke-- or, if-- almost 300 people were there. Almost 100 people spoke-- where people came and told us that there are, in certain search-- situations, smoking or inhalation is the only way for them to consume, and it is the best way to receive relief. So if people are managing pain, it is much better on a, a dosage basis to smoke or inhale because you can control the dosage as opposed to eating. It's also quicker. It's a almost instantaneous relief through inhalation as opposed to eating where then it has to be digested and then absorbed into the bloodstream. So that takes time for any type of-- if you're ingesting it through eating. And so there are different things where someone might wanna have it where they eat it and it digests and then it's a slow release. And there are certain things where you'd want to smoke it. And if you-- if we put some sort of one-size-fits-all on top of this and say people can't have it the way that is right for them: one, we are being disrespectful to the will of the voters; two, we are creating a problem for how people are treating their, their medicine. We are not doctors, right? We are not-- this is-- specifically, the ballot language says in a licensed medical professional's judgment. This is asking for a medical judgment in their professional opinion of what is right for them. And so that is inserting ourselves in between that. And by just claiming that that-- that one delivery method is leading to recreational and therefore we should take no action is, is frankly preposterous. And we should be using as much discretion or, or being as, as, you know, small in our action to upset the, the will of the voters as possible to effectuate the will of voters and to create a regulatory structure that makes it available, accessible, and safe. That's what the voters want. That's what the patients want. And that is the thing that will prevent this from becoming recreational. And this is the thing that will prevent it from being a black market. So-- you know, I, I, I can keep going. I think people maybe-- I mean, there's still some people in the queue, but I could talk about this some more. But again, the Attorney General's press conference today, I, I would caution anybody from, from taking too much from it. I would point to you-- I could go line by line, chapter and verse, of how it is counter to the ballot language and how it is not a-- and not actually a criticism of the actions of this Legislature and that it is specifically a crass attempt to get

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this Legislature to take no action so that it will bolster his legal challenges against the will of the voters. I don't think that it is a sincere attempt to have a robust-- an actual conversation about what is the right thing to do. This is a question about what is the political or the expedient thing to do. And I, I do think that-- would love to hear the sheriffs' opinion about what actually would be a useful way to enforce some of these things, and I'm sure there are some legitimate suggestions. But again, I think that the will of the voters is clear, the law of the land is clear at this moment on, on the possessory aspect of this--

ARCH: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I think it's interesting that, you know, we're having a discussion about law enforcement continuing to fearmonger and say things that are not going to happen are going to happen. I, I, I think it's interesting, you know. Because-- every time the people want something, we have people who come and say the sky is gonna fall and it's gonna destroy the world. And now medical marijuana is just gonna magically turn into recreational and it's recreational now. And it's, it's wild. It, it, it really is. And I just wanted to say that. But I'll yield my time to Senator Conrad. Thank you.

ARCH: Senator Conrad, 4 minutes.

CONRAD: Thank you, Mr. President. And good evening, colleagues. Thank you to my friend, Senator McKinney. I stepped out to negotiate on one of the next bills on the agenda this evening and-- so I apologize that I wasn't immediately available. But I do think that this is a very, very interesting debate that has kind of organically sparked as part of our budget deliberations in regards to the Attorney General's salary and the Attorney General's actions and some media comments that were made today in regards to a measure moving its way through the Legislature that has yet to be set for debate. But again, I think that the people's will is clear. It is robust. It is self-executing. And I know from attending the citizen and-- town hall series in Lincoln on our recess day on Monday along with my friend, Senator Riepe, Senator Hughes, Senator Brandt, Senator Holdcroft, Senator Cavanaugh, Senator Dungan-- I hope I'm not forgetting-- Senator Raybould was there. My friend, Senator Raybould, was there. It was really well-attended citizen town hall. We heard a lot of feedback from people who'd worked

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on the campaign who were frustrated with the glacial pace in terms of implementation. We heard from people with expertise outside of Nebraska in the medical cannabis area who had some lessons learned from our sister states because the vast majority of our sister states have had medical marijuana programs in place for many years. So they can kind of provide a roadmap for what works and what doesn't work in terms of ensuring actual accessibility and ensuring patient safety and a robust private market-based approach to meeting not only the will of the people but the needs of the people. So that was a illuminating kind of viewpoint. And I, I think one of the other really interesting connections that was made at the citizen town halls and that has been a pretty consistent follow-up in terms of communications from citizens to my office over the past many weeks is about how the Attorney General's work to shut down the legal hemp industry in Nebraska, you know, is also part and parcel with his attacks on medical cannabis. It serves as both kind of a frontdoor and a backdoor ban on Nebraskans' ability to utilize natural products for a variety of different purposes as, as they see fit. And those dots were really very clearly connected at the citizen town halls. I'm sure many of you have seen this in your inbox as well. But we have two major proposals that need to be debated this session perhaps in regards to our approach to these critical issues. And the Attorney General is really at the forefront of pushing a anti-free market ban on legal products under both state law and federal law and then also working as hard as he can to thwart the will of the people with both friv-- frivolous litigation and legislative meddling--

ARCH: Time, Senator.

CONRAD: --in regards to access to medical cannabis. Thank you, Mr. President.

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

STORM: Thank you, Mr. President. This will be the last time I speak on this. If you look up cannabis flour, you know, in the, in the dictionary, it's a term used to describe the smokable buds that can be plucked from the flower-- flowering plant. So leaving flour in this purely is to be used to smoke. To tell people in the language you can't smoke this is like giving a five-year-old a candy bar and saying don't eat it. People are going to smoke marijuana flours in there. Something that is lost in this is the state of Iowa has had a medical marijuana industry since 2017. No flour. They don't smoke. Has about \$12 million revenue each year for the state, but no flour. Everybody knows that the flour part of this is the recreational part. You bring flour in, you're going to have recreational marijuana. That's why the industry and the

lobbyists that sit in the Rotunda every day will tell you over and over and again, we got to have flour. We got to have flour. And then you'll hear the excuse, well, we have to get it into our systems quicker. That's why we have to smoke it. What other medicine do you take a bud off of a plant, roll it up into a joint, light it, inhale it into your lungs? I don't know of anything else that you do that with. An asthmatic that's having an asthma attack doesn't roll a joint, smoke it to stop an asthma attack. There's other ways you could decide-- you could deliver medicine besides smoking a joint. But if you want recreational use of a drug, you need to have joints. That's the whole point of this. So no one wants to talk about Iowa. They all want to talk about Missouri. When I sit in General Affairs, all the expert witnesses that came in and spoke were from Colorado and Missouri. That's where they have recreational marijuana. They want to bring their stores to Nebraska and sell recreational marijuana. That's why they got up and spoke. No one from Iowa came over here and talked about medical marijuana. And to-- even to the extent where I think they arranged a field trip for senators-- Senator Hansen did-- to take a trip down to Kansas City to look at the marijuana dispensaries in Kansas City. OK. Why didn't they go to Iowa? They went to Kansas City. So this is purely about recreational use, how they can get it in Nebraska under the disguise of medicine. That's how the industry works. As for the black market, you're going to hear that over and over and again. If you can have 2 ounces of bud-- which, keep in mind, that's the joints-- and a card that says you can smoke that bud, where did you get that medicine from? If law enforcement pulls you over, how are they going to tell where you got that marijuana from? And why would you go pay more from a, a dispensary that's going to charge you taxes when you could buy it from the local drug dealer down the street? So this will create more black market once we do this. As far as-- marijuana's a Schedule I drug in the federal level. Definition of a Schedule I drug: having a high potential for abuse and no accepted medical use. And when people say, well, that's-- that should have been changed years ago. The Biden administration never changed that. Probably one of the most liberal presidents we've had. Did he take marijuana off the Schedule I list? No. Is Trump gonna take it off? No. So that's what law enforcement is dealing with, a, a drug on the federal level that's a Schedule I drug, trying to implement that into a state level, and regulate this. Tough, tough thing to do, especially for law enforcement. Keep in mind, they're gonna be pulling people over, looking to see if you have a marijuana card, seeing that you have a bag of 2 ounces of marijuana. And keep in mind, 2 ounces of marijuana flour is equal to about 200 joints. Once again, this is crafted for recreational use, not medicine. So that really puts law enforcement in a huge bind pulling people over.

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I got a card because I have a backache. I have a card because I have this. And here's my 200 joints. Then this doesn't even bring in the schools into this. How do schools handle this when 18-year-old high school boys, girls, or 17-year-old children, 16, have medical marijuana cards? They go to school and say, I need to take marijuana for my ADHD or for my autism. Think of the bind that's gonna put principals in, teachers in. How are they gonna regulate that? They gonna have a section where people can go take marijuana into school? Think about that. That's what we're bringing into the state. Gotta truly be regulated. I got about a minute left. I'll try to catch it to-- so-- let me see here. So that's my whole point about this. I totally respect the will of the people. If the people want medical marijuana, we as a body need to figure out how to do that in a safe manner. And I also-- I'll point out if we pass LB677, this body has now legalized that structure for medical marijuana and the ballot initiative goes out the door. We as a body now have done that. We as a body don't need to do anything. Anybody who says we have to do something is just this push by the industry to say you got to do something, you got to do something, you got to do something. If we do, it should be crafted after the state of Iowa. Thank you.

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

LONOWSKI: Thank you, Mr. President. Colorado's had marijuana for quite some time, both medicinal and recreational. Colorado also has a huge black market. They have higher rates of mental health problems, higher rates of suicide, higher rates of paranoia, higher rates of schizophrenia. But that's not what I wanna talk about. Birth defects in Colorado are linked to medical marijuana and recreational marijuana. A study published in the medical journal Clinical Pediatrics has strongly demonstrated a link between marijuana use in early pregnancy and serious birth defects in Colorado. In this post, a medical marijuana injury lawyer, the Doan Law Firm, summarizes the findings of this study and discusses possible legal implications. Here's a little bit of a background. The state of Colorado decriminalized possession and use of cannabis for medical purposes in 2001 and approved the sale of cannabis for recreational use in 2014, essentially legalizing cannabis use and possession by adults. What-- you will find that most states that even have medical have eventually got to rec-- recreational. The above-mentioned study used a state-maintained database that records every birth complicated by a major birth defect in the state. The authors studied the number of major birth defects reported in the years beginning in 2000 and ending in 2014. In summary, the study found during the study period, the use of tobacco, alcohol, cocaine, and opiate pain relievers by expectant mothers in Colorado decreased, but

cannabis use by expectant mothers increased. Although the birth rate in Colorado increased by 3.3% during the study period, the number of major birth defects increased by 22%. The most frequently reported birth defects due to marijuana were atrial septal defect-- a hole in the muscular wall-- that upper-- that separates the two upper chambers of the heart; spina bifida, a defect caused by the spine completely or incompletely covering the lower person's spinal cord; microcephaly, literally small head, a condition where the infant's head is smaller than normal; Down syndrome-- also known as trisomy 21-- this disorder can involve the musculoskeletal and cardiovascular systems; ventricular septal defect, VSD, a defect in the muscular wall separating the lower chambers of the heart; patent ductus arteriosus, an abnormal connection between the infant's aorta and pulmonary artery that can lead to lung damage and heart failure if left untreated. After allowing for other variables such as maternal age and coexisting diseases, the authors concluded that maternal marijuana-- the use of maternal marijuana was responsible for the observed increase in the number of birth defects in Colorado and that ease of availability of marijuana under the state's medical cannabis and recreational use laws was a significant factor affecting maternal marijuana use. Although the above study was based on data from Colorado, there is reason to suspect that the number of mothers giving birth-- can I get a gavel, please? Thank you. Although the above study was based on data from Colorado, there's no reason to suspect that the number of mothers giving birth to children with serious birth defects in states that have decriminalized cannabis products for medical or recreational use has increased. In fact, the same authors had previously published a study that identified the same pattern of birth defects nationwide in Canada. Under Colorado law, a woman who gave birth to a child with a birth defect after purchasing and using cannabis products from a state-licensed dispensary would have two years from the date of the child's birth to file a lawsuit against the dispensary and any other parties involved in the products and distribution of cannabis product. And one other stat I have here. When Nebraska Initiative 437-- before it was put on the ballot, proponents for marijuana spent \$1.6 million in advertising and to make sure that that got on our ballot while people against it spent \$0. So advertising played a big role-- played a big role in what we did. Thank you, Mr. President.

ARCH: Seeing no one in the queue. Senator Clements, you're recognized to close on AM834.

CLEMENTS: Thank you, Mr. President. This is just holding the salaries level for the constitutional officers. The only reason for the

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amendment is to pay for some of the health insurance increase that we do cover. Thank you, Mr. President.

ARCH: Colleagues, the question before the body is the adoption of AM834 to LB263. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 41 ayes, 0 nays on adoption of the amendment.

ARCH: The amendment is adopted. Senator Clements, you're recognized to close on LB263. Excuse me. Senator Conrad, you're recognized to speak.

CONRAD: Thank you, Mr. President. I would yield any time to Senator John Cavanaugh if he so desires.

ARCH: Senator Cavanaugh, 4 minutes, 50.

J. CAVANAUGH: Oh. Thank you, Senator Conrad. Well, I'm not going to try and wind folks up again. So I, I apologize. I just have that, apparently, that type of personality that I can goad people into arguing against me whenever. So I appreciate the conversation. There are a lot of things that people said that I just think maybe required a little bit of pushback on, which is that medical-- cannabis is a Schedule I drug at the federal level. That is true. The senator-- the, the-- President Biden's administration began the process of rescheduling to Schedule III. There's a thing called the Administrative Procedure Act that requires federal policy to be taken through a procedure where they put it out for comment and then they have to actually listen to the comment and they have to address those comments. And so it's a notice and comment period. So they began going through that process. They got the buy-in from Department of Health and Human Services. They got Department-- the, the Drug Enforcement Agency and all these other folks who basically all agreed that we should reschedule to Schedule III, which is essentially a schedule where you would say has medicinal value. And so the Biden administration began that process, ran out of time before they finished that process. President Trump has said he will continue that process. So I know folks have started talking because they, they, you know, have lost interest or whatever, but I do think it's important for everybody to note that it was a process begun by Biden. It was a process that Trump says he's going to, to complete. So that hasn't happened yet, so I'm not hanging my hat on that argument. The argument is the voters spoke. So whether the federal government has a Schedule I or III is not the question of whether it is medical cannabis in the state of Nebraska. The question is the voters passed a law that created the Medical Cannabis Patient

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Protection-- let's see. This section shall be known-- says, the Nebraska Medical Cannabis Patient Protection Act. The voters voted for that by overwhelming-- almost-- over 70%, almost 80% in my district. I think it was over 80% in Senator McKinney's district. But-- so the voters voted for that. That's the question, of whether it is medical under the law of the state of Nebraska. And the federal government has additionally, in states-- all of these other states people have listed that have either medical or recreational have, have not enforced against individuals in those states and have not enforced against stores. And obviously, people open shops and get credit and things like that through banking, which of course is a question concerned under federal banking law, which I'm sure Senator Jacobson or Hallstrom or someone-- or, or Senator Clements could tell us about, is that you don't want to take money that you know is involved in a crime, right? That would be a problem for a banker. But there are banks that are lending to these institutions because there's federal guidance on this in these states. And so there are a lot of these other things that are just misdirection in this conversation. And I, I would also push back on the-- you don't smoke for asthma. Of course not. If, if cannabis were a recommended treatment for asthma, they would recommend you take it in a different form probably than smoking. But that's-- there are lots of other ways. And, and I said-- as I said and as people said when they came to the, the town halls and the hearing, that smoking is the optimum delivery mechanism for certain ailments. And in consultation with a medical professional, a doctor in that doctor's professional judgment, that is how you get to the point and say, if you have cancer, that smoking pro-- pro-- provides immediate relief. If you have wasting syndrome, if you have some sort of-- an inability to swallow, all of those things, or chronic pain, it is an immediate relief for those things and it is better than other things. If you have anxiety or something like that that is persistent, then maybe an edible would be the way to go. But I'm not-- this is all what I picked up from these testimony at these hearings. I'm not recommending or an expert in any of these sorts of things, which is of course the problem, is that I'm attempting to educate myself. But I'm one of the 49 of us who is a layperson in this. So-- anyway, I-- I'm not intending to derail the whole conversation again on, on this subject. But I do think that there's a lot of misunderstanding, misinformation, and I think there's a lot of opportunity for education if people are willing to do this. I learned so much at these town halls. And I have been on this committee. I've been an advocate for this in the past. But I learned a lot about why this is important to people at the town halls. We will work on getting together. The-- I think you can watch the streaming online, but

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we'll get together a report for you and try and circulate that. Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. Good evening, colleagues. I have not been speaking much tonight because I've genuinely been listening to the conversation and there's also a lot of side conversations that are happening as well about some other bills. Obviously, as we get down to the crunch time, there's a lot of things we need to get done in the next 16 days or so. But I do appreciate that this conversation has kind of gone in this direction because it really is something that's on the forefront of my mind. I know we've spoken a couple of times about these town halls that we had. We had one town hall in northeast Lincoln right-- just, I guess, technically outside of my district, east of 84th Street on Monday. And I think we had about 150 people show up. And, you know, I was also-- I was fortunate enough to get to go to the Omaha one on Sunday. I was not able to attend the one in La Vista on Saturday. But my understanding is that the same sentiments and through lines were present in all three of those conversations. By the time we got to the, the town hall on Monday, I would say that the vast majority of people that spoke, either at the mic or the folks who were being pretty vocal in the audience, made their voices clear. And it really was, I think, a sentiment of frustration. And it's frustration that I'm actually really glad they came and voiced. There were some people I spoke to about the event, and they thought, you know, oh, oh-- they asked me, are you-- were you uncomfortable when people were upset? And I said no. The point of these town halls is to have people show up and express their frustration, express their anger because I don't think that a lot of everyday people have an opportunity to do that on a regular basis. You know, there's people who reach out to us sometimes via email or phone, but those are not the majority of people. And so the fact that people showed up at these town halls after they got off work, they took time out of their evening from 5 to 7 p.m. to come and express to us not just their frustrations but also their concerns around what's contained currently in some of these amendments, I thought it was really helpful. And the biggest, sort of most pervasive sentiment that I-- stuck with me was that we as a body continue to not abide by the vote of the people. And when you're talking about specifically medical cannabis, you know, I, I-- I'm not on the General Affairs Committee. I was playing catch-up quite a bit with the amendment that came out on Thursday, which is also why the town halls were helpful because I got to learn more about it. But it really did seem like people were frustrated at the continued efforts by both the Legislature and the offices that I think LB263 is seeking to create some of the pay-for.

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It's-- there's been these efforts to, to limit the voice of the people. And, you know, when we're speaking specifically about the Office of the Attorney General being utilized in such a way that there's these consistent lawsuits that have been going on, it does seem to me to be problematic when you juxtapose that with the vote of upwards of 71% that we saw on the two ballot initiatives. And I think the people's anger is something we should listen to in that context. I think the people's frustration is something that we should take to heart. So when we talk about whether or not we think, you know, we're doing the right thing or certainly whether the Office of the Attorney General is doing the thing, it seems that it certainly-- whether you agree with the issue or not, it certainly appears that it is contrary to the vote of not just a majority but a pretty significant majority of Nebraskans. And so I think that's why I've really appreciated the conversation here today. You know, we can get into conversations or talks about the individual specifics of, you know, smoking versus edibles versus tinctures versus inhaling versus creams. We can have that talk when that bill comes up, but I do think it's important for the folks in this room to know that the vast majority of the people that came to these town halls said to us, stop limiting the ways that we can take in this thing that we voted for. And-- I'll be honest, there was actually quite a bit of testimony-- or, I guess, statements made about the different ways to consume the medical cannabis that I was surprised by, insofar as I didn't know that much about some of the, the benefits of inhaling versus the benefits of edibles or the downfalls of edibles or tinctures and the ability to control portions and the ability to actually consume the medicinal cannabis through inhaling if you have difficulty keeping food down or you have a difficulty swallowing. You know, I, I thought that was really fascinating. And it's helpful to have the input of the people who actually benefit and are patients of that medical cannabis, for example, in other states and other areas. Because here in the Legislature, I think sometimes we operate not from a place always of malice but from a place of ignorance. And as we all know, people often--

ARCH: Time, Senator.

DUNGAN: --fear what they don't know about, and I think this is an example of that. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. Well, Senator John Cavanaugh did goad me onto the mic as he has done to so many of us today. I was going to bring up the canal again to see if we could revive that

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conversation, but-- no, I actually-- I did want to seriously explain. After everything that I said on the last amendment-- and then I voted for it. And I just wanted to say that, first of all, Attorney General Hilgers is a friend of mine, and I think he's a wonderful person. But I still like to hold my friends accountable, and that's what that whole conversation was about. But I still believe that they-- everybody needs their health insurance paid for. So I am going to be ve-- voting for LB263. And I bid you adieu.

ARCH: Seeing no one in the queue. Senator Clements, you are recognized to close. Senator Clements waives close. Question before the body is the advancement of LB263 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 38 ayes, 0 nays on advancement of the bill, Mr. President.

ARCH: LB263 does advance. Mr. Clerk for items.

CLERK: Thank you, Mr President. Your Committee on Revenue, chaired by Senator von Gillern, reports LB707 to the General File with committee amendments. Additionally, amendments to be printed from Senator Bostar to LB644 and Senator Conrad to LB644. That's all I have at this time.

ARCH: Mr. Clerk, next item.

CLERK: Next item on the agenda, Mr. President: General File, LB513, introduced by Senator Bosn. It's a bill for an act relate-- excuse me, Mr. President-- from Senator Bosn. Senator Conrad would move to indefinitely postpone the bill pursuant to Rule 6, Section 3(f).

ARCH: Senator Bosn to open on LB513.

BOSN: Thank you, Mr. President. Today, I ask for your support for AM1157, which will be coming up soon, and LB513. AM1157 and LB513 are bills introduced during budget years on a routine basis as part of the biennial budget conversation and would provide a 1.5% increase in salary for the state judges. Just because I've had several people ask me questions-- in your rules book, Rule 8 discusses the appropriations process. Section (1)(c) talks about why judges' salaries are somewhat unique in terms of why we hear this as a separate bill. Going on, though. As proposed, this bill adjusts the statute that fixes the salary of the chief judge and the judges of the Nebraska Supreme Court. This salary is the foundation for the determination for salaries of the judges of Nebraska's other courts. Under statute, district court, juvenile court, and workers' compensation court judges receive a salary equal to 92.5% of the Supreme Court's salary. So these are all

stair-stepped based on what we set the chief judge's salary as. Then going to county court judges, they receive a salary equal to 90% of the Supreme Court's salary. So you have Supreme Court, then you go to 92.5% is district court, juvenile court, and workers' compensation. And then you go to 90%, and that is county court. I want to start by acknowledging that I very much understand that this bill follows an important budget conversation, the work of the Appropriations Committee and this body in a year when revenue forecasts have fallen short of previous estimates, which has forced us to make hard decisions. With that in mind, I ask that we look critically at AM1157 and LB513 and support this modest increase in salary for our state court judges. There are at least three critical considerations that I think make this worthy of support. First, there are 169 judges of the Nebraska courts who are state employees. The 1.5% increase proposed reflects an amount that is less than half of what the budget appropriates for all other state employees and is 1.2% less than the Midwest CPI for the previous 12 months ending March 2025, according to the Bureau of Labor Statistics. What is more, this is 1.0-- this 1.5% increase will actually result in a reduction in the take-home pay for judges, as they see an increase in their out-of-pocket costs for health insurance, just like all other state employees have seen. A 1.5% salary increase truly is a modest proposal. Second, although the statutory salary for Nebraska's judges may seem large, it falls short of what attorneys with experience to serve on the bench could make in their private practice and even in some public sector jobs. A 2022 economic survey of attorneys conducted by the Nebraska State Bar Association reported that a part-- partner in a law practice in Nebraska can make an average salary of \$258,283 and a median salary of \$198,500. Attorneys with 20 to 29 years of experience reported a mean salary of \$211,806. Considering that Nebraskans expect their judges to have similar years of experience in practice as those who are partner-- partners in firms or who have decades of experience, the salary reflected by the 1.5% increase is what it takes to ensure that qualified candidates continue to apply to serve on the bench. And the last point, colleagues, the importance of ensuring a robust pool of qualified lawyers to apply for judgeships is the final reason that I think it is critical we provide this salary increase for judges. In 2024 through early 2025, Nebraska courts saw ten vacancies for judgeships come open. There were a total of 60 candidates who applied for those openings, and only 11 of those 60 were private practice attorneys. Make no mistake: public sector attorneys make gret-- great judges and are undoubtedly well-qualified through experience to serve, but having a diversity of backgrounds and experiences can make for a bench with depth and a variety of skills that make our justice system stronger. Failing to provide the 1.5%

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salary increase sends a message to prospective applicants that the state may not support its employees if lawyers choose to become judges. For these reasons, I ask for your support of AM1157 and LB513. Thank you, Mr. President.

ARCH: As the Speaker mentioned, there is an IPP motion. Senator Conrad, you're recognized to open.

CONRAD: Thank you, Mr. President. And good evening, colleagues. First off, I do just want to reiterate and have had an opportunity to talk to my friend, Senator Bosn, about this multiple times upon filing the motions and then again in preparation for the debate. It is common practice for the chair of the Judiciary Committee to carry the judges' salary bill. So my motions to delay or end consideration of this matter is in no way directed to my friend, Senator Bosn. She just happens to be chair of the Judiciary Committee and carrying this measure. Additionally, my motions in regards to this measure have nothing to do with any individual jurist in our state. Let me be crystal clear: I am proud to be a practicing attorney. I am proud to have spent my career working to strengthen access to justice. I believe in the rule of law. I believe in access to the courts. I believe in the separation of powers. I believe in checks and balances. I believe that a strong judiciary is critical to the functioning of our democracy and to our just-- to, to achieving justice in this state. I am grateful for the public service-minded Nebraskans who have legal experience, who put their name forward to be considered for a prestigious judgeship, and who serve their community, their state, and their country admirably. This is not about any partisanship or personality. This is simply about a host of policy concerns and fiscal concerns that this measure does raise at this time. So I am deeply grateful for our fair-minded judges in Nebraska. I know they are hardworking and I know they have a critical role in public service and in a democracy. I understand why Senator Bosn is carrying this measure as chair of the Judiciary Committee. I'm actually very grateful to have this debate with her on the other side because she's always such a, a fantastic debater and strong colleague and good friend on all measures. And so it's, it's great to be able to have two strong legislators and two strong lawyers be at both sides of this measure. But let me put a few additional points on the record in terms of context-- and I would also refer each of you, my friends, to a handout that I passed out which provides a list of salaries and rankings of all of our sister states and demonstrates very clearly that Nebraska is in the top half when it comes to judicial compensation amongst all of our sister states-- coming in number 20 in terms of the Supreme Court, coming in number 17 in the country in regards to the Court of Appeals, coming in at 18 for

our courts of general jurisdiction, our district courts, and coming in 9th in the country, 9th in the country-- top 10-- out of our sister states for our general jurisdiction courts, county courts there. And keep in mind how that compa-- compares and contrasts to the cost of living in Nebraska. Keep in mind how that compares and contrasts to the fact that judges received a significant salary boost in the last biennium. Keep in mind that judges have a appropriately well-funded retirement program here in Nebraska-- I believe over 100%. And that retirement system was not raided as was the teachers' to balance the budget. Keep in mind that this body has said, no. Working men and women who make minimum wage will not be afforded basic inflation increases as per a vote of the people, yet we will afford some of the most highly paid public actors in Nebraska even more generous compensation. Keep in mind that this body has said we will carve out tens of thousands of hardworking Nebraskans from modest but meaningful earned sick leave benefits as per a successful citizen initiative because we see fit to do so, yet we will increase the salary of some of our most highly paid public officials if this measure is successful. Those are important considerations that must be put into context, and I think it sends the wrong message. I think it sends the wrong message to use taxpayer dollars to have more significant raises for judges who are fair-minded and who work hard but who are already making more than their peers, in many instances, in the private bar and amongst practicing attorneys in Nebraska and according to a comparison with their peers in our sister states. Also keep in mind we are in a structural deficit. We have a budget deficit presently that we are working to fix, we are working to balance for the short term for the biennium through a series of issues that we've debated robustly in regards to the budgetary package. But we have an even more significant, looming budget deficit in the upcoming biennium and no plan out. So much as was appropriate, according to the collective wisdom of this body to not rush through legislative increases, to hold back on increases for constitutional officers, I think we should have a similar equitable treatment due to policy reasons and fiscal reasons when it comes to whether or not we increase the compensation of our fair-minded and hardworking judges in Nebraska. Because we've said no to minimum wage workers. We've said no to state constitutional officers. We've said no to legislative pay increases. And I think it would be inequitable to move forward with significant pay increases for judges at this time for those reasons. At the committee hearing, there were two primary policy inder-- underpinnings put forward as to why we should increase judges' salaries. One, to essentially make an argument that judges deserve to be paid what the top private attorneys in Nebraska are paid. I disagree with that policy underpinning. Additionally, the other policy inder-- underpinning

brought forward was that we need to pay judges more because we don't have enough talented lawyers applying for vacancies. Again, the numbers do not bear that out. You heard my friend, Senator Bosn, talk about in-- the vacancies that were available, there were over 60 applicants for those vacant positions. There are no long-standing vacant positions in the judiciary today. So the facts just do not bear that out. I also agree with Governor Pillen in this regard when he has looked at this issue that public service is indeed a sacrifice, and we know this from our own experience. We all make a sacrifice when we serve in government. And it bears repeating, of course, the common and clear understanding that public service is not mandatory. Each talented attorney that throws their hat in the ring to become a judge does so voluntarily. They do so knowing what the compensation and benefits are. They do so knowing what the workload is. They do so knowing what the challenges are, just as each of us are discerning and understanding of tho-- con-- those considerations when we ourselves throw our hat into the ring and are paid much, much less than our peers in government in state or local government locally or, of course, accord-- across the United States as well. Additionally, we should not pin public servants' salaries upon the rate of the job they left. What the Judiciary Committee amendment is seeking to do-- and I appreciate it is a significant decrease in compromise from the original proposal-- is that it seeks to ensure that we're paying judges in Nebraska closer to what the top private attorneys in Nebraska are making. And I think that is the wrong message to send in terms of our fiscal constraint and in, in regards to the fact that we do not have a rash of vacancies.

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

McKINNEY: I won't be long. Thank you, Mr. President. I rise in support of the motion to IPP. And I rise in, in support of this primarily because I'm try-- I'm having a hard time justifying increasing judges' salaries and we're decreasing resources for, for juveniles in the juvenile justice system within probation. We're, we're cutting budgets there but we're being asked to, you know, increase salaries. And why I think this is a problem is because we keep hearing that there's issues with state probation and all these things. But if we're cutting the services, do you think the issues are going to decrease or get worse? I would rather advocate for an increase in funding for services for juvenile probation than to give judges an increase in their salaries because of everybody that keeps telling me juvenile probation is in a bad state or we have all these youth that are getting in trouble. Well, if that's the case, we should be putting the resources into the kids and not the judges. That's, that's my-- that's what I'm struggling with here. But with that, I'll yield my time to Senator Conrad.

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ARCH: Senator Conrad, 3 minutes, 40.

CONRAD: Thank you, Mr. President. Thank you, Senator McKinney, for the time and then also for helping to share perspective from the Judiciary Committee. I saw that you and my friend, Senator Storm, as well were not voting to advance this measure from the Judiciary Committee. And I think that's a very interesting dynamic. And, and I think that perhaps we can find support across the political spectrum for looking at this issue for a host of different reasons. And I think that's when politics gets-- and policy gets very powerful and interesting and cool, when people from different points on the political spectrum come together-- sometimes for different reasons-- with the same results. But I did just have a few additional points that I wanted to make sure to inject into the record. No doubt judges have serious work and we have fair-minded judges in Nebraska that exhibit the utmost professionalism and legal acumen as they set the appropriate tone in their courtrooms and make critical decisions impacting Nebraskans' lives and setting precedent in our jurisprudence. But I also want to point out the fact that private attorneys deal with challenges and risks that judges do not, including client acquisition, securing regular income, dealing with competition with other attorneys and firms, facing the daily demands of running a business, including staffing, compensation, payroll, HR, business expenses, and other demands on practicing law, billing, et cetera that government-compensated judges simply do not face. Additionally, the other anecdotal argument put forward at the committee level is that we must see significant increases in judges' pay because there's fewer applicants for judicial vacancies and that this increase in pay is necessitated to warrant that. But again, as I stated, I, I disagree with this premise. And when you look at the fact that, every time a judicial vacancy comes open, we do have multiple, qualified, serious candidates put their names forward through a very arduous process. We have not had vacancies remain unfilled in our judiciary in any sort of significant or consistent way. We still see qualified applicants put their name forward in a competitive process. And we see the judicial selection process and the gubernatorial selection process, nomination process work. And it is working. And I do not think that we need to increase salaries to attract any more members from the private bar. And when you look at the information, the most recent information from our friends at the Nebraska Bar Association looking at the 2022 economic survey that they put out that evaluates attorney compensation in Nebraska--

ARCH: Time, Senator.

CONRAD: Thank you, Mr. President.

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

SPIVEY: Thank you, Mr. President. And hey for the folks that are still hanging with us in this late night. Appreciate the conversation that we've been having and then, again, the engagement that folks have on these really important topics. And so I rise in support of the IPP motion or even a motion to bracket just given the state of where we are. And so I do understand the intention behind LB513 and the reason why that it was brought before us. And I do think that it is the wrong time and not a place where we should prioritize. I have worked a small stint in the private sector. I have spent my entire career in the social sector. And before I left to start my nonprofit, I actually was a VP at U.S. Bank to lead a new strategy around wealth creation and entrepreneurship. And the market was vastly different. When you are in the public sector, they are able to pay differently, offer different benefits. Inherently, when you work in the social sector at a nonprofit, public service, entities, agencies, organizations, there is a underlining understanding and, and a common practice that you are there for not just your bottom line-- whatever that may look like-- but social good. And so it will not always be competitive benefits in the same way or it might not be competitive pay because your earned revenue is not the same. When you work in the private sector, you are able to charge fees and create a revenue source that is just different in that market compared to when you are in a public agency or public service. Your revenue or income doesn't align in the same way. And so while I can appreciate that, in private industries, lawyers or folks with the same expertise may be getting paid more. When you take this judgeship when you are on the bench, I think there is an implicit-- or, really should be explicit understanding that, yes, we will try to create competitive wages and it's not going to be apples to apples, same salary [INAUDIBLE] as the private market. During the appropriations process, we heard from a lot of agencies that specifically talked about this issue, and there was not movement or decisions around salary and wages. There are agencies that have a hard time-- state code agencies that have a hard time attracting talent because of the specialty of the skill because of the uniqueness of what we are offering. And in the private market, they can get more money. And so one of those examples that we did approve was for the Nebraska Investment Council. It's a very particular skill set. Given the amount of money that the state is managing, billions of dollars with the investment council, they needed to be able to attract talent in a different way. There are other examples with agencies that we did not approve because of where we are fiscally, and we made that decision. And so I do think based on what was appropriated from not just-- not-- taking out of salaries but the

base adjustments and the activities of some of these agencies, especially for judiciary and the courts, that prioritizing the actual activities of the courts is a better investment at this time than looking at the salary adjustment. And so we've talked about a little bit earlier-- I think it was with LB261. All of the numbers are running together at this point, especially during late nights. But there are key activities and initiatives by the Supreme Court that will not be able-- that will not be able to be funded because we did not prove base adjustments and we also took money. And so the juvenile probation has been a topic of discussion with LB530, with other avenues, which we know that investing in the livelihood and rehabilitation and actual services of young people on probation and supervision not only saves taxpayers money but is a community betterment investment. And so at this time, that is why I rise in support of the IPP motion or, if we get past this, to a bracket because we need to reprioritize and we have hard choices in front of us. We've said that all day. I think we've been saying it this session, especially during the budget debate, and I think this will be another hard choice. So it doesn't mean that the judges are not important or that we can't look at competitive salaries. It's just not the right time and there's better investment and prioritization that needs to happen, especially inside of the Supreme Court and then with our dollars. Thank you, Mr. President.

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

HALLSTROM: Thank you, Mr. Speaker, members. I rise in opposition to the motion to indefinitely postpone and in support of LB513. We had a robust hearing before the Judiciary Committee and had some good testimony that we listened to in support of the judges' request for increased salaries. The bill, as I recall, had originally asked for a 4% increase. I think the committee has done its job in bringing a prudent proposal forward with a 1.5% increase. Just to reiterate, Senator Bosn had indicated that we are looking at 3.5% increase in salary for all other state employees. In addition, we are paying for the increased health insurance cost for all of those other state employees. If it was my preference, I would prefer to treat judges in the same fashion this particular year. We've talked about the reduced take-home pay that they have as a result of not getting the payment for increase in health insurance premiums. So they're ask-- actually losing a little bit of ground. I think the statistics that were pointed out by earlier speakers with regard to where we are paying judges compared to their private practice counterparts is telling. Senator Conrad had handed out a chart that showed that Nebraska is a little bit above the middle of the pack. I don't see any problems in this particular arena in making sure that we have our judges or aspiring judges having a

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salary that makes it attractive for them to serve in that particular capacity. And I think over the years-- I'm probably old school, but when I look at the list of applicants that are putting their name in the ring for a judgeship, I see more and more of the candidates who are public lawyers. Nothing wrong with public lawyers, but I think we ought to have more of a mix of potential judges coming from both the private sector and the public sector. And that experience in the private sector is essential as well. And so I would just urge my colleagues to vote for LB513. And hopefully we can move to vote on the motion to indefinitely postpone quickly this evening and move on with our business. Thank you.

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

M. CAVANAUGH: Thank you, Mr. President. I'm sorry to crush Senator Hallstrom's dreams of moving on quickly, but I don't think that's gonna happen. I rise in support of MO39 and opposed to LB513. We have had to make a lot of precision cuts over the last 24 hours, and I think that this is just one of those things that-- they've gotten their salary increase every year that I've been here, and I think this is the year that we just have to hit pause on that. And we-- and, and what we passed in the last budget bill was the insurance increase for judges. So they will get the state insurance increase through that bill, but not salary increase through LB513, at least I-- if I get my way, I guess. So one of the things that I didn't talk about on the last bill but it is still pertinent to this constituency, we'll say, is the OIG and the memorandum of understanding that we are currently operating under here in the Legislature. So that was one of those things that's, like, an open secret that that was something that the courts wanted, was for the Inspector Generals and Ombudsmans to have less access. And that is pretty frustrating to somebody who cares deeply, like myself, about government transparency and government oversight. So since the OIGs have lost access the way that they previously had it and the courts are holding up any sort of agreement coming out of Exec Committee is my understanding-- I could be wrong. Maybe it's not the courts that are holding it up, but that seems to be the consensus. But since then, additionally, every time I have made a records request, it comes back with a, a fee that needs to be paid. Now, interestingly, in our state statute, it does say that the Legislature can request records as part of our jobs. That-- it's-- actually says that the Legislative Council, which has 49 members, can request records. And-- as part of our job. Not as-- we're not citizens requesting records. So when I cite that statute back to various entities, I'm then met with the, oh, but you aren't the Legislative Council. You are an individual senator. Only the chair of the Exec Board can do that. Nowhere in our statute does it

say that. It says that the Executive Committee is appointed by the Legislative Council to handle legislative business, but it never says that they are the Legislative Council. They are appointed by us. That's why we vote on the Exec Board Committee. But they are not superseding all of us as individual members of the Legislative Council. That's why we meet. It's in our statute that we meet once a biennium. So that's why we meet in December and have our Legislative Council meeting. And it's not just the Exec Board, because it's the Legislative Council. So, you know, I think it's times like this when we're faced with financial decisions that it's good to bring up and remind those who we are appropriating money on behalf that we're paying attention to things. And I personally am paying attention to the watering down and eroding of transparency in government. And I am displeased by it. I see that I am just about out of time, so I will get myself back in the queue. I will talk my three times on this. And on a reconsideration motion, I will talk my three times on that because I do not believe that this is the right time for us to be increasing the judges' salaries. Not this biennium. I'm sorry, judges. I do appreciate judges taking this role on. But again, we got to tighten our belts and suspenders or whatever article of clothing you want to quote-- tighten up your tie, sharpen--

ARCH: Time, Senator.

M. CAVANAUGH: --sharpen your pencil. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. And again, I want to add some additional considerations for my colleagues and for the record. Indeed, it is sometimes very challenging to glean the tenor of the committee hearing when you are only reading the committee transcript. I did not watch the live video on this committee hearing, but I have read the full committee transcript. And I will tell you, I have a different definition of the word robust than my friend, Senator Hallstrom, because it is not a lengthy transcript and it was not a lengthy hearing. There were a few proponents, no opponents, and many leading members of the legal community were notably absent in regards to testifying on this measure. And there was very little dialogue and Q&A from the committee, so it's a pretty quick read. I know how hard the Judiciary Committee works and how many challenging issues they have before them-- and they have had many robust hearings. I don't think that the judges' salary bill was one of them, but perhaps we have a different definition in that regard or a different understanding of, of what that might mean. So the other thing that I do want to lift up is the fact that, again, Nebraska's in the top half or the top ten in

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terms of compensation as compared to our sister states with current salaries. So Supreme Court justices' current salaries are \$225,000, over \$225,000. That is also well-paid not only in comparison to judges in other states but in comparison to private attorneys in Nebraska as well. The Nebraska State Bar Association published a 2022 economic survey showing that, in Nebraska, Nebraska attorneys' mean income was \$156,000. The Supreme Court justices earning \$225,000-- a significant jump from the mean income of Nebraska attorneys. The geographic area in Nebraska with the highest income was in our most populous area in Douglas and Sarpy County, where you saw a mean salary of \$178,000. Amongst full-time attorneys in law firms-- partners-- partners in private law firms, according to the Nebraska State Bar Association, have a highest mean salary of \$258,000 a year. And judges in Nebraska on the Supreme Court earn \$225,000 a year. So you can see that these-- the compensation for judges in Nebraska is actually fairly close to even full-time attorneys and partners in private law firms, really undercutting and vitiating proponents' arguments in this regard. So I do have the most recent information I could find available from the Nebraska State Bar Association, which provides a host of important data points for attorney compensation, and that is relevant and helpful to this debate. One interesting side note when I was reading this report was Douglas and Sarpy County has a mean salary for attorneys of over \$178,000 a year. And the bar notes this is at the upper end of the metropolitan area-- of metropolitan areas all around the country-- for example, higher than Los Angeles and Bridgeport, Connecticut. Let that sink in for a minute. That was a very interesting and kind of shocking statistic that I was not aware of until I was preparing for this hearing. And that helps to put into context really how well-compensated-- and de-- de-- deservedly so-- our hardworking, fair-minded judges in Nebraska are as compared to their counterparts in our sister states and as compared to private attorneys and partners in law firms right here in Nebraska. And in recognition of the fact that in the Omaha met-- thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Well, colleagues, I'm, you know, I'm, I'm still on the fence about the whole bill. I appreciate the conversation. And so, you know, I pushed my light to talk a little bit about judges and, and the wisdom of raising their salaries while we're cutting everything else. And, of course, you know, I've practiced in front of, I don't know, dozens of judges. And I have tremendous respect for all of them. And county and district court in Douglas County is where I've spent most of my days. And, you know, a lot of the people who have become judges there were people that I've practiced

with, either-- you know, they were defense attorneys or prosecutors. And-- so I know them well, and, and I really do respect the work they've done. And I supported Senator Hughes' bill that was to make sure we were ensuring the protection and privacy for our judges because in the current climate we're in, we're constantly hearing about, you know, threats and, and attacks on the personal safety and privacy of our judges because people disagree with their decisions. And I, I, you know, have no idea-- couldn't tell you how many cases I've done and how many I've disagreed with judges in terms of either their decision on, you know, a, a rule of evidence or a rule at the, you know, the conclusion or sentence in a case. You know, I've had a lot of disagreements with judges but have always had respect for them and know that they will not hold it against me if I oppose their pay increases because they are honorable people and use their wisdom and judgment as they engage in their deliberations. But, of course, that's-- you know, as you're a lawyer prac-- in, in the Legislature who practices in front of judges, it might be a legitimate concern that you'd be afraid that judges might hold it against you. I don't have that concern. I, I hold them in the highest esteem, and, and so I don't think that's a real problem. But, you know, of course we have a obligation in the Legislature to make decisions based off of what we think is the right thing to do, what we think is best for our constituents and for the state of Nebraska and all of those things. And I-- my problem is, while I have all-- you know, my respect and appreciation for judges. I also think that while we're having this whole conversation about needing to cut budgets and take money out of cash funds and-- we're going to ultimately have a conversation about raising taxes going forward for other things and clawing back tax credits we've done and just the whole, you know, panoply of accounting and moving around money that we are doing, it, it does seem like it's not the right time to give a pay increase to someone even if they are the person that we respect or appreciate the most. So that's, that's kind of where my consternation is. I do think that it is a hard job. I think that it's de-- deserving of being paid appropriately for the intellectual effort that goes into it and the specific skill and all of those things. And then, of course, that risk-- there is a risk associated as being-- like us like a public figure, there's a risk associated from the threat that are in the broader, you know, I don't know, we call it Twittersphere or whatever we call it now, social media and things like that. So I get all of that. But the one thing I did want to talk about and why I pushed my light was the 1.5% increase. And I thought that was-- it's interesting because that was the original capped increase that was proposed in the minimum wage bill. And I was opposed to that because I thought that was not appropriate. You know, I thought it should be rep-- to the, the--

pegged to the CPI. But when I was being told about this bill, I was told, well, 1.5% is not really an increase. It's basically keeping them flat and they're actually losing money because of the growth and all these other expenses. And so 1.5% is really the bare minimum we can do. And so I thought that was really interesting in the context of all these other things where we are now, I think, paying minimum wage to a 1.75% increase, which I would be curious if-- what the folks advocating for this bill would say about that. But, yeah. So judges, or at least their advocates, recognize that 1.5% is essentially flat and not an increase. And so I think when we're talking about the increase in the minimum wage, we should think about folks that work for minimum wage. At least they should be getting a, a increase that is meaningful. And I would think that if we're going to vote to give judges a 1.5% increase to keep them flat, we should be increasing minimum wage by more than that. So I'll--

ARCH: Time, Senator.

J. CAVANAUGH: --keep listening. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. Yeah. I, I agree, Senator John Cavanaugh. If we are going to give them an increase, we should be giving other people an increase. We shouldn't be fighting on decreasing things that the voters decided. But, I mean, the reality is that we've made choices on the mainline budget and the cash transfers budget that I, I think it's fair to say is no secret that I don't-- do not support. And, and I think that unless we are going to revisit those two bills and make different choices that improve the lives of people, that-- I don't see that this is an appropriate move, that we shouldn't be increasing these salaries at this time. Yeah. Additionally-- I mean, I think this session, if not a financial fiasco, will be known as the felon factory. So-- maybe it'll be both, the financial fiasco felon factory of 2025. But we have put forward so many felonies and enhanced penalties this year that I am frankly shocked by me not-- not really anymore. I was at the start, but now I'm like, OK. This is-- we're the felony factory, the financial fiasco felony factory. And would-- that maybe makes sense as to why we're so du-- dug in on the prison, is that we can't possibly-- even if we start letting people out because LB50 is constitutional, we can't possibly not build the prison because we're going to put more people into prison after this legislative session is over because of all of the felonies and enhanced penalties that we are creating. So maybe judges do deserve a raise because we are going to fill their courts with more people. But we could alternatively look at

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sentencing reform, criminal justice reform, investing in community programs, you know, doing all that stuff. I know. It's like, just-- why, why does she care about people so much? Ugh. I know. It's exhausting. I-- I'm exhausted caring about people so much because it would be really great if other people in here also cared about Nebraskans. But, you know. Whatever. At this point, I'm just gonna be taking time on this bill because I don't believe that this is the time to increase judges' salaries. And we are cutting state aid to public health, which is going to cause massive problems across the state. We talk about not being able to get enough judge-- applicants for judgeships-- or not enough variety, but we can't get doctors in rural Nebraska. We can't get nurse practitioners in rural Nebraska. We can't get dentists in rural Nebraska. So frankly, I'm a little bit more concerned about the fact that we're cutting health care than funding pay increases for judges when we do have judges where we need them. We also are cutting funding to the public advocate, which is going to cost counties across the state more money because they are the ones that act as public defenders. So I don't-- I mean, it'd be great if we could maybe talk about putting money in there. If we've got \$1.0-whatever million. Maybe that could, you know, go to the public advocate's office. Maybe it could go to the problem-solving courts. Just spitballing. You know. It's 9:00 at night. Just coming up with some ideas about how, you know, we might make more fiscally sound, not felon factory, not fiscal fiasco decisions, but. Who know? I know. It's late. It doesn't matter. It could be early and my colleagues would not be listening. That's fine. But, but I am going to take all the time that I can because that's the only tool I have at this point to try and get people to make better choices, so.

ARCH: Time, Senator.

M. CAVANAUGH: Make good choices. Thank you.

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

CONRAD: Thank you, Mr. President. Good evening, colleagues. Just to dovetail in addition to the fiscal constraints and budget deficits that we are grappling with in addition to the fact that we have denied modest but meaningful earned sick leave and minimum wage increases to Nebraska families, in addition to the fact that we'll be saddling the same working families with additional regressive tax increases most likely or potentially this year, I do think it sends the wrong message to provide significant pay increases for Nebraska's hardworking and fair-minded jurists who do a great job but are already paid in a manner

that is commensurate with their peers both in Nebraska and across the country. I do think it sends the wrong message to Nebraska that we're pulling back on prop-- proven solutions with broad support that save money and have better outcomes-- like problem-solving courts and veterans courts-- yet we're increasing judges' salaries. I do think it sends the wrong message when we have a crisis, a lack of attorneys who are practicing in rural Nebraska but loan repayment programs and other programs that we know could help to meet the legal needs of Nebraska citizens have not been able to find a path forward due to political disagreements and a lack of resources, yet we're increasing already well-compensated judges' salaries in this proposal. And I, I just think that those contextual pieces have to come to bear on where we are with this measure at this time. Additionally, there's nothing that prevents the body from perhaps taking this up in the adjustment year, in the second year of the biennium. There's nothing that stops this body from doing more research over the interim to perhaps put together a more thoughtful proposal for either the budget adjustment year or the next biennium. Do we have a sense about caseload caps? Do we have a sense about hours expended? Do we have a sense about how that compares to private pa-- practice? Do we have a sense about how that compares to our sister state? Do we have a sense that that compares in comparison to different geographic areas? I know sometimes there's an assessment of need when it comes to the creation of new judgeships, but I don't know if that analysis has been conducted recently and how it comes in to bear on this matter. But I do not think it should be divorced from these considerations. I think it is-- these are fair questions to ask. And in exercising our role as appropriators, it's important that we don't shy away from asking hard questions and speaking truth to power against-- not against, but in relation to some of the most powerful people in Nebraska, our fair-minded and hardworking judges. And-- so just to reiterate, our judges saw a significant boost in compensation over the past many years, including the last biennium. They have a very well-funded-- over 100% funded-- retirement program that is available to them so that they can live with dignity in retirement. They are paid in a manner that is commensurate to attorneys in Nebraska and commensurate to their peers in sister states. We are taking this up at a time when we're denying working people basic raises. We are taking up-- this up at a time when we have a budget crisis. We are taking this up at a time when we're cutting veterans courts. I think it is misplaced. I think the optics cannot go unnoticed. And I think this is worthy of serious deliberation and discussion. And I urge your delay or red vote on the underlying measures. Thank you, Mr. President.

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

M. CAVANAUGH: Call of the house.

ARCH: There has been a request to place the house under call. Question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Mr. Clerk.

CLERK: 16 ayes, 1 nay to place the house under call.

ARCH: The house is under call. Senators, please record your presence. Those unexcused senators-- 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. Senators DeBoer and Dorn, please return to the Chamber. The house is under call. Senator Cavanaugh, we are missing Senators DeBoer and Dorn. Would you like to proceed?

M. CAVANAUGH: Yes, that's fine. Do I get to talk now?

ARCH: Please proceed.

M. CAVANAUGH: OK. I didn't, like, want to have a captive audience, but I noticed that quite a few people were checked out and quite a few, few people had left and-- you know, misery loves company. So I invited you all back. Thank you for accepting my invitation. I was a little surprised that you did. So thank you. That was delightful to see. We're still on the judges' salaries. And I am still in support of M039, in opposition to LB513. I, I, I think that it-- just like when we had our salaries, there was that constitutional amendment. Now-- you might all remember several weeks ago. And then we pulled it. We passed over it. I don't think that this is the time to be increasing their salaries when we are cutting other things in the courts, like problem-solving courts. I'm concerned about other cuts that might come through the budget. When the governor gets the budget, I'm concerned that there's going to be additional cuts. Plus the felony factory that is this session. And then there's the fiscal fiasco. And so now this session is becoming a juggernaut of a fiscal fiasco and a felon factory all in one. And if we're not gonna make better choices, then I'm gonna at least try and have a conversation about making better choices. So LB513 could pay for-- if we had-- if we have the money for LB513, then we should be doing problem-solving courts or the public advocate, which we also-- we did not fund the public advocate at their request by a lot. And then we went back and-- in AM1300 on LB264 today, we cut \$500,000 more from the

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public advocate. So that's not great. And that's going to count-- cost your rural counties a lot of money because \$500,000 towards the public out-- advocate is probably going to save rural counties a few million. But, you know, they'll just pay for it with property taxes that they will increase so that they can pay for the court fees to have attorneys come in when they can't-- they don't have public defenders. But that's what the public advocate does. They, they, they serve as sort of a statewide public defender. And if smaller counties don't have the resources to keep a public defender on the payroll all the time, the public advocate steps in and does that work for them. But we are massively underfunding them. So that's gonna be fun for the counties that most of you represent. It will not impact my county. And I find this to be a theme that, like, urban senators are advocating for rural communities, so. Seems a little backwards to me, but here I am advocating for the public advocate, who supports rural communities almost exclusively. So another thing that this money could pay for is the public health that we're cutting. Another problematic area. So we're cutting health care. We're cutting a lot of health care resources across the state. So we already can't get doctors in these rural communities, and on and on. OK. I see that my light is on, so. I'm-- I hope you have all enjoyed this nighttime talk by me. Thank you, Mr. President.

ARCH: I raise the call. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. Well, I know everybody wants to stick around for me to correct the other Senator Cavanaugh. So it's-- first, it's the Commission on Public Advocacy. And they're not the public defender for small counties. They're, like, the backup public defender when there's, like, a serious case. So, like, a good example, I think, is at Cedar or Knox County, where-- Senator DeKay over there. I think that's in your district, right, Senator DeKay? Had a couple of homicides recently. And homicides take a lot more resources to prosecute. They take a level of expertise that maybe not every defense attorney has acquired over their career. You need to maybe do some more serious cases. And so the Commission on Public Advocacy serves the purpose not just to be the, the public defender for these communities but to be the public defender for the most expensive cases. And so I know there was a case-- I'm trying to remember where it was. It was maybe in Beatrice-- so in Gage County-- where there was a double homicide. And the commission-- what's that? Wilbur. OK. Well, Senator Brandt says Wilbur, but there was a homicide that-- the commission represented one of the two folks. And then the county had to appoint someone else as private counsel for the other person. And it ended up--

the cost to appoint the private counsel was something like \$800,000. So that was the out-of-pocket cost to the county. The county had to pay that because it was their obligation. But the cost for the commission came out of the state commission budget. And, of course, it's more efficient because they are set up to do it all the time. And, and so they probably-- it probably cost them less than \$800,000 to do the representation. But the county had to pick up the budget for the other \$800,000. So then when there's a double homicide in Cedar County, Cedar County's going to have to pick up at least half of that. But if the Commission on Public Advocacy is not adequately resourced, they're going to have to turn down these cases. So they basically represent across the state-- and, yes, mostly in rural places-- not Douglas, not Lancaster, probably not Sarpy-- because there is a, a, a depth of lawyers there that can handle these cases. But the commission picks up these cases in Arthur County, in Hooker County, in Dundee County, all of these counties. If you have a homicide or a sexual assault that the county is responsible to pay for the defense of if somebody can't afford their lawyer and the county doesn't have lawyers that are qualified to do that sort of thing, then the Commission on Public Advocacy steps in at no cost to the county. And that's picked up by the state. So this is-- specifically is a property tax project. It, it alleviates unpredictable, massive costs against counties because, of course, we all know hundred-- several hundred thousand-dollar cost to a county is hard for them to budget for when it's going to happen once every 30 years or something like that, right? So that's-- the commission helps with those sorts of things. It helps with, obviously, making sure that the, the trials are done appropriately and that people are adequately defended so that we don't have relitigation and all those sorts of, of miscarriage of justice-- which, of course, did happen in Gage County a number of years ago. And then that, of course, led to a huge cost for Gage County. So there's a lot of reasons for that. That's not exactly what we're here to talk about. I'm gonna run out of time to talk about what I was gonna talk about here. But, you know, can't pass up the opportunity to correct the other Senator Cavanaugh, so. Thanks for that. Thanks for the setup. And also I do-- I care deeply about the work of the Commission on Public Advocacy. And I have brought a bill to fund the commission myself in previous years and have worked to get them more funding. And I would tell you they-- I, I think I've only ever seen them work in the Douglas County Courthouse one time in my entire career. But I was going to talk about, again, the 1.5% raise. And what I'm hearing is 1.5% is not a raise. It is-- judges are going to have less money to take home and that they are actually going to be at a deficit. And I'll have to push my light to talk about this some more. So I'll just go back to what I talked about last time

and-- well. Nobody else in the queue, so I'll just punch. So there we go. I'll get to talk after myself since nobody else was in the queue. So I'll just go to my next time, Mr. President, unless you want to be done for the day.

ARCH: You're next in the queue.

J. CAVANAUGH: Thank you, Mr. President. That was enthusiastic. OK. So 1.5% is-- I'm being told is not a raise. And I'm told that because even though it's more money out of the state's coffers and it is a-- it is a, a, a budget hit to us, that judges will take home less money. And it's because of increase in insurance costs and other things. And so this is-- you know, of course it goes into all of the other stuff we've been talking about, which is that people are being economically affected by inflation across the board and that we are talking about minimum wage and whether we should increase minimum wage by 1.5%, 1.75%, or by CPI. I'm on the CPI camp, of course, because I think it allows the increase to stay steady with inflation. But part of that is-- of course, it's the purchasing power. What is it you get for those dollars? And, you know, everybody's hearing that the, you know, price of eggs is one we're talking about a lot, is that you can't get-- you know, eggs are \$4.99 for, for 12 I think is what I saw the last time I was at the store, which is a-- an increase. My household, we eat a lot of eggs. Hard-boiled eggs are popular. I made scotch eggs last weekend, which are a lot work. And, you know, they're tasty, but I don't know if they're worth it. But-- so-- we're-- people's-- everyone across the board is-- purchasing power's being eroded. And what I'm concerned about is we're going to, if we do this, we increase judges' salaries, they are not going to increase their take-home pay, we are going to have to find money in the budget. And we are talking about filling that budgetary hole by doing things like raising taxes on food, by raising taxes on small businesses, by shifting the burden to people, to families, by increasing park admittance fees to fill holes in our budget. We are pushing these economic hardships further onto the people. And I would venture to guess that judges probably would say, I don't want my grocery prices to go up. I don't want the price of admission to the state park to go just so that my take-home pay stays flat. They would, they would say they would like their purchasing power to continue to go-- be worth the same as it was before. And so we're talking about a 1.5% increase is a hold harmless or even a-- or a mitigation of loss. We need to apply that same logic to everyone else in the state of Nebraska. We're going to increase the cost of your groceries. We're going to increase the cost of what some people would say luxuries but are small businesses, dry cleaners, the folks who cut your lawn. I know people are saying it's a luxury to have a, a-- lawn

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care, but the lawn care guy is a person who pays income tax, right? And so that is a tax on that guy. And so we need to think of things that way. We need to talk about how all of these choices we make about increasing the costs of something like this then shifts the burden onto all these other people. So at the moment, I'll probably be a no on the bill or maybe a-- I don't know. I think I'll probably be a no on bill at the point. But we're on-- indefinitely postpone. I'll probably be a no on the indefinitely postpone as well, so. Thank you, Mr. President.

ARCH: Seeing no one in the queue. Senator Conrad, you're recognized to close on your motion.

CONRAD: Thank you, Mr. President. Thank you to all colleagues who had an opportunity to weigh in on this. I noticed that in-- I think perhaps it was press reports, perhaps, around this issue earlier in the session-- my friend, our governor, Governor Pillen, expressed, I think, perhaps, some skepticism in regards to this proposal. I don't have the article right in front of me. So if I'm misremembering, I'm sure somebody will jump up and, and correct the record and correct me as appropriate if I'm mischaracterizing that exchange that I thought I had read in regards to this measure. I also was just wondering if perhaps my friend, Senator Bosn, would yield to a question in that regard.

ARCH: Senator Bosn, will you yield?

BOSN: Yes.

CONRAD: Thank you, Senator Bosn. Have you or has anybody in the committee or committee staff had an opportunity to touch base with the Governor's Office to glean their thinking on this measure at this time?

BOSN: Are you referring to the amount that's included in the amendment?

CONRAD: Sure. If you would be willing to share any of the conversations that you've had with the executive branch in regards to the fiscal impact of, of this measure or just the, the general proposal, I think that, that could be helpful for the rest of the body in determining their consideration.

BOSN: I don't have a definitive answer. I don't believe they came in and testified in support, but I am not seeing that sheet in my file.

CONRAD: I think that's right.

BOSN: My recollection is they did not. I think, ultimately, my conversations with Senator Clements have been that this is an amount

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that's supported as a negotiated reduction of their original request, from 4% down to the 1.5%. And so-- I don't want to speak out of turn, but I anticipate that it would be supported by the governor's team if passed by the Legislature and presented to the governor.

CONRAD: OK. That-- that is helpful because that would be something perhaps that some members are thinking about here too, why do we need to expend a significant amount of legislative time on this measure with scant remaining days and hours before us if perhaps it can't re-- achieve the vote threshold requisite to override a veto. Now, I think independent-minded legislators always need to cast their vote according to the facts available to them and as their conscience dictates regardless of a veto threat or perhaps option from any governor. But I did-- it just was a, a kind of interesting point here that, that I was thinking of. Colleagues, I'm hoping that you do-- I know there are members in the body and some new members in particular that do not like to vote on the IPPs or the brackets or the motions in that regard for a variety of different reasons-- and each member can cast their vote according to their own conscience. But if we have a clear vote in regards to this serious motion, it can help us to dispose of this measure because the time is not right from a fiscal and policy perspective for a host of different reasons and would help us to take up other matters that are indeed pressing in our remaining days in office together. So I do think I would ask for your consideration-- your favorable consideration of the IPP motion so that we could postpone consideration of this measure to a later time. Thank you, Mr. President.

ARCH: Colleagues, the question before the body is the motion to indefinitely postpone. All those in favor-- all those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 1 aye, 29 nays on adoption of the motion, Mr. President.

ARCH: The motion is not successful. Mr. Clerk for items.

CLERK: Mr. President, series of name adds: Senator Wordekemper, Senator Kauth, Senator DeBoer, Senator Dungan, Senator Bostar, Senator Brandt, Senator John Cavanaugh, and Senator Dorn, all name added to LB693. Senator John Cavanaugh withdraws his name from LB345. Priority motion, Mr. President: Senator Riepe would move to adjourn the body until Thursday, May 8 at 9:00 a.m.

ARCH: Colleagues, you heard the motion. All those in favor say aye. Opposed, nay. We are adjourned.