

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate March 11, 2026

Rough Draft

ARCH: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the forty-second day of the One Hundred Ninth Legislature, Second Session. Our chaplain for today is Senator Rob Clements. Please rise.

CLEMENTS: Please join me in an attitude of prayer. Proverbs 1 says: Let the wise hear and increase in learning and the one who understands obtain guidance. Lord, help us to open our hearts to hear your voice as we seek to do your will. It is the heritage of all your children to hear the voice of the good shepherd. I ask you to clearly direct our hearts today for your glory. Jeremiah declared, because of the Lord's great love, we are not consumed, for his compassions never fail. They are new every morning. Great is your faithfulness. 1 Kings 19. Today is a new day. Let us never give up hope of making progress. When we feel the pressure of a crisis, remind us that you have plenty of time. We remember that you are never in a hurry and will not be rushed by the pressures of mankind's issues. Today, we pray that you watch over and guide your grace to our Governor and his staff, each senator and our legislative staff, and the Supreme Court and judicial staff. We ask you to watch over and protect our families and our state and national leaders. We pray for protection for our first responders and the military who keep us safe and free. We pray that we will be God-fearing listeners and will recognize that we are accountable to you for each decision. As we honor you, may you continue to bless the people in the great state of Nebraska. In Jesus' name we pray. Amen.

ARCH: I recognize Senator Storer for the Pledge of Allegiance.

STORER: Colleagues, please join me. 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.

ARCH: I call to order the forty-second day of the One Hundred Ninth Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

ARCH: Thank you, Mr. Clerk. Are there any corrections for the Journal?

ASSISTANT CLERK: I have no corrections for the Journal.

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

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

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ARCH: While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR355 and LR356. Mr. Clerk, please proceed to the first item on the agenda.

ASSISTANT CLERK: Thank you, Mr. President. General File, LB1072, introduced by Senator Arch at the request of the Governor. When the Legislature last was considering the bill last evening, it had before it the bill, the Appropriations Committee amendment, and Senator Machaela Cavanaugh would move to amend with FA1040.

ARCH: Senator Machaela Cavanaugh, you're recognized to open on your floor amendment.

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. I submitted some amendments yesterday, so I've got to figure out which one this is. Is this the one? Yeah. I think this is the one. OK. This one is for our, our, our colleague, Senator John Fredrickson's husband, Jeff Formanek. This strikes the section that strikes the cash fund for the apiary fund. Apparently, there is one person that pays into this fund every other year and I don't know who the person is but I just assume that it is Jeff because he is an apiary and so I thought it'd be nice to just start out with a little levity in our floor debate today and FA1040 is for you, Jeff. I, I know you are an avid apiary, partially because I, I sort of stalked you while you were building your beehives, because Senator Fredrickson and I live very near each other and I drive past his house multiple times a day when I'm going, like, to my parents' house or to my kids' school. And one weekend, I saw the evolution of Jeff building his beehives and I texted Senator Fredrickson to let him know how it was progressing along. So, Jeff, for you, I brought forward an amendment to strike the striking of the apiary fund, but I don't think it's going to have the votes so I'm going to withdraw FA1040. Thank you, Mr. President.

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

ASSISTANT CLERK: Senator Machaela Cavanaugh would move to amend with FA1041.

ARCH: Senator Machaela Cavanaugh, you're recognized open on your amendment.

M. CAVANAUGH: Thank you, Mr. President. OK. I think this is striking Section 37, but I've got to get into my computer to confirm that. Sorry, everyone, you'll just have to bear with me for a minute. I

should have gotten into my computer while I was talking about the apiary fund. And if it is not Jeff Formanek who is the one person who pays into that fund, I would love to hear from the person who does pay into the fund because we just eliminate-- we're going to eliminate it, so. It's, it's not a robust fund. This is strike Section 31. Oh, I have bad handwriting, that was supposed to be to strike Section 37, so I will have to do that later. But let's see what Section 31 is before I don't strike it. Sorry. So strike Section 37 that I meant to strike was violence prevention fund. So I'll just fill you in a little bit on that. So what happened is that we have these multiple-- could I have a gavel? Could I have a gavel? Thank you, Mr. President. Oh, I am sorry. I did not intend to strike Section 31. I don't want to get law enforcement coming after me. Section 31 is the Nebraska Commission on Law Enforcement and Criminal Justice and the Law Enforcement Training Center, which I believe is in Grand Island. So sorry, Senator Quick, I'm not coming after your district. So I will withdraw this and we'll go to the next one that I have or whoever's is next. Thank you, Mr. President.

ARCH: So ordered.

CLERK: Mr. President, Senator Clouse would move to amend with LB-- excuse me, AM2558.

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

CLOUSE: Thank you, Mr. President. Colleagues, I rise to bring this amendment to talk about the Municipal Equalization Fund. And this is a fund that I don't think a lot of people have a very clear understanding of what this fund does and how it's, it's funded and the mechanism of creating these funds and distributing them back to cities in the form of equalization or just helping them with their finances. In this budget, it takes a significant amount of those dollars and gives it to the Department of Revenue Enforcement Fund. The basic way these funds are calculated, it, it takes a sales tax, and there's quite a formula that goes into that, but cities that collect a local option sales tax, percentage of those dollars go into this fund. And the premise is, and I have some information, I'm going to go back to 1997 when this was first implemented, and it started when the levies were quite high on municipalities, and so legislation was passed to put a cap on the levy limits, and we talk about that often. The cap for cities at that time was placed at 45 cents levy and with 5 cents that could go to bonded indebtedness. The challenge you had back in, in that time, was that there were numerous cities that were quite

high. And so the, the bill to put this in place by Senator Warner was simply to say, OK, we'll give you some help. If you can't meet that threshold, then we'll get you some funds to help you drive down your levies. The challenge we have, and we always have these types of things, we put it in statute, and then we become dependent on it. The city of Kearney at that time, when that happened, had a high levy. And so we went to the voters. The voters said you give us a local option sales tax and we will drop that levy. And, in fact, that's what it did. It went from around 50 cents, the levy at that time, down to 8 cents. And that was using the local option sales tax to buy down and use the city to use that in their funding mechanism. So that was a very smart move and very-- something that we've taken a lot of pride in over the years. I think now it's up to 18 cents. And for the longest time when I was on the council and as mayor, it will always fluctuate to 12, 14 cents. So we've maintained that. The challenge is you take those dollars on the local option sales tax that goes to the state, there's some other insurance fund, taxing things that go into this, and then those dollars are allocated out to those communities that still haven't been able to lower their levy. One of the communities that-- and this is the flaw in this Municipal Equalization Fund, because if you're a community, they take the average of what that levy should be, there's a formula in there that does that. If your community is above that, and you might say it's an array, this is a very complex formula, so I'm just trying to dumb it down a little bit, if you will. And it takes that formula, and it says if you're lower than this then you don't get any equalization because you're doing, you're doing fine. If it's higher than this then you'll get some funds. There are, in fact, communities that raise their levy, and now we're getting equalization fund. So the intended consequences went the opposite way. So instead of rewarding communities or doing it the right way, then what we're doing is we're rewarding those that if, in fact, jump their levy up higher than their array, then they start getting money from the state. This bill and this allocation takes dollars from that fund. And when I talked to Fiscal, they said, well, we always have about \$8 or \$10 million more in there than what's used. So my question is then why don't you give it back to the cities that are generating it instead of taking it and keeping it and reallocating to other things? And I would tell you too that from Kearney's perspective, I've always felt that our, our local communities of Shelton and Gibbon and Ravenna and Elm Creek and those that need that funding, I felt that that was only fair and appropriate because Kearney is a regional and a retail trade center. We take a lot of their money from those communities and our communities. So I never had

an issue with that because we're actually helping out our bedroom communities. But when I look at taking this out and the way it's done in this budget, every community across the state is taking a hit, every one of them, except those that are already below their levies and doing a good job managing their levies, and they're not getting it anyway So I am opposed to this piece in the budget. I think it's only about \$14 million, but it does impact every community in this state. And I have the spreadsheets and if you would like, I can visit with anyone who wants to look at it, and I can show you what communities. And it goes from the very smallest, smallest communities. It might only be \$3,000 or \$4,000, but their whole budget is significantly less. And then we have some larger communities, and I'm going to pick on my friends from Grand Island, they were one that when this initially went in, they had a lower levy. Now they generate over \$1.5 million in equalization funds going to the city of Grand Island. I had a bill last year that's sitting on my desk and I wanted to review the Municipal Equalization Fund, the process, and in that bill my target was any community over 15,000 that was either retail, class one cities, that was a retail trade center or they had casinos or were growth communities, good life districts, all those types of things, we should take them out of that formula. They should not be getting revenue and I feel strongly about that. That bill is still sitting on my desk. I introduced that first session and I thought, well, we'll have some time to work on it because we really have a lot of first class cities that do need this funding. And so what happens now is we get this in front of us, there's no thought, this is not the right way to handle it. We have better ways of handling it and we have better ways that we can help with property tax. If you are against raising property taxes and you take this funding away, that only leaves some of these very small communities and other communities with one option, and they either cut significantly or they're going to have to raise their property taxes. So unless you're sitting in those seats and are looking at those budgets and trying to figure out where you're going to cut from municipal services, taking this away, and again if you're taking it away, I don't have a problem if there's a way that we can go for property tax relief, but this isn't going to that, it's going to the Department of Revenue Enforcement Fund. So I'm not sure how that's going to impact lowering property taxes from these municipalities that are using these funds to help control their costs. And there are several communities that it's gravy in my view. So I think we need to take another look at this MEF. It's only \$14 million, which is-- a lot of people say only \$14 million, that's a lot of money. Well, it is. So I think there's a better way of doing it. And I would not come up here

and, and state my opposition to something unless I had a plan or a better way of doing something. And so I, I would request that this amendment get approved and we take this out of the budget and we'll work on other funding mechanisms. Thank you, Mr. President.

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

SORRENTINO: Thank you, Mr. President. Thank you, Senator Clouse. My comments won't be directly on AM2558 in support or opposition to it, but instead I wanted to take a few minutes to address a topic that's been brought up a number of times yesterday in LB1071 and also in LB1072. That being a number my colleagues will not support the budget if it includes \$3.5 million in vouchers or scholarships for needy children to the private schools. I think there's another side of this issue financially that hasn't been addressed and I want to at least flesh that out a little bit. Currently, there are 37,000 boys and girls in the state of Nebraska who pursue their K-12 education through private schools. Per the Nebraska Department of Education, the current cost of educating a child in the public school system K-12 is about \$19,000. If we simply look at this mathematically, and we are in a budget discussion, so I think that's appropriate, each year in Nebraska saves over \$700 million by not having to educate these 37,000 Nebraska residents, young Nebraska residents. \$700 million. If you want to do the math, it's about \$703 million, actually. If those students had to be or chose to be educated in the public school system we obviously have nowhere to house them. The counties or the state or the municipalities would have to either buy, build, or lease buildings to do that. I'm not an expert in real estate but I can tell you that's an extremely large number, well into the nine figures. Looking at this purely from a financial standpoint, using break-even analysis or any kind of fiscal responsibility, we have to say that the investment or the lack of investment of the state in private schools pays off quite handsomely. If I were to ask our Chief Investment Officer if, in this particular case, if we, if we look at this as an investment in education, Ellen Hung would probably say it's a pretty good investment. We're being asked to invest, if you will, for needy children about \$3.5 million. In return, if we just used the \$700 million cost that we would have to pay at \$19,000 per child, that's about a 20,000% return on investment each year. I'm quite certain in the \$40 billion that we invest in this state, we have no asset that returns 20,000%. So as we sojourn through this discussion on budget, I would ask you, would you pay \$3.5 million for a 20,000% return on your money? And I think everybody would have to say yes. So looking at it

that way and taking all the emotion and the politics out, out of it, it's a great investment at \$3.5 million or more. Thank you.

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

CLEMENTS: Thank you, Mr. President. I rise in opposition of AM2558. It's not going to hurt cities very much at all, and it is a \$14 million benefit to the budget. This amendment would increase our shortfall by \$14 million, in my opinion. The, the money that's generated here is from administration fees on sales tax, local option sales tax. And the projection we have for 2026 is about \$49 million will be generated in this fund. The cities will get about \$35 million of it. They'll still get \$35 million, but the \$14 million normally would be unused and come back to the state, but not until the end of our biennium at, at the-- after our year closes, and we're taking credit in the budget now for money that we would getting later on anyway. The effect to the cities, the projection that I have is \$2 million across all cities in the, in the state. By size of city, Grand Island gets the most of this funding. They would get \$1.6 million. This adjustment in the budget bill would-- they would lose \$104,000 of that, but, but they have a budget of \$321 million for that city, and \$104,000 is not a hardship, in my opinion. In my district, Plattsmouth receives about \$700,000 a year, and their city budget is \$66 million. This would reduce their equalization payment by \$48,000-- \$46,000. We had testimony in the committee about this provision because there was a rumor that first class cities were going to be eliminated completely. That has never been in the bill, and we did not adopt a provision like that, so all cities are still eligible. So we had some first class cities that did come in and said, well, we're going to lose \$1 million, Plattsmouth, \$700,000, Beatrice, \$780,000. And they were-- that was-- had been a misunderstanding in what this provision was doing. And so instead of losing \$700,000, it's maybe \$46,000 depending on this. I see in Nebraska City, it's close to me, they get \$246,000 of benefit, it'd be reduced by \$15,000 on a \$55 million budget. So the damage to the cities isn't that much, the benefit to the budget is \$14 million, and the amendment is not friendly, in my opinion, so I ask for your red vote on AM2558. Thank you, Mr. President.

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

DORN: Thank you, Mr. Speaker. I also wanted to get up and talk about this bill, we, we-- not this bill this amendment. We did have probably six or seven cities, Beatrice, Wayne, Plattsmouth come and testify in

front of us because the original proposal in the Governor's budget had the wrong wordage and they thought this all was taking-- taken away. No, it's-- the balance-- what's kind of in the fun was left, that was absorbed back, and then also the fee was changed what the state's going to collect. The fee-- the collection fee went from \$1-- excuse me, not \$1, 1.05% to 1.9%, the state is going to keep now of this collection fee. That's where that \$2.3 million comes in. Many of you that are here, you're going to learn something that it took me 8 years to learn. I never knew about this municipal fee fun that happened until I'm here in my 8th year, never even heard about it, never even knew it went on, and I sat on Appropriations for 8 years. This year because of some wordage in the two budget bills, or whatever, we got to find out a lot about it. So I am opposed also to this. But I, I did pass out-- Senator Clements did a good job of explaining it, so did Senator Clouse. He did a good job explaining what the purpose of it was and why it is there. To me, it's almost like TEEOSA. It's a balance of how we balance out some funding for some cities that don't quite have the, I call it, taxing authority or taxing that they need to balance their budget. The city of Beatrice does get \$700,000 out of this in their budget. I did pass out, though, a sheet and it's Nebraska Department of Revenue Administrative Services Division, this is our July 1 numbers, what we collected last year or the year before. As of July 1, what we collected, these are state numbers, these are our total receipts from the Nebraska Department of Revenue. Sales and use tax, and I put some in yellow over there, look at that number there under yellow. We collected \$3.412 billion in sales tax. I said, no, that can't be right, because I've always heard the 2.5. Look at the next column or group of columns down there: city sales tax, we refund \$683 million to the cities. Yes, we collect \$2.5 billion, but the cities also collect \$683 million. The next line down is \$107 million. That's for use tax, sales and use tax is like-- Pinnacle Bank has a use tax. We collect all of that and then refund it back out. The fourth line down there is highway transfer and that's that sales tax that's put on that goes to the Department of Transportation every year. When you look down at the bottom third or the bottom grouping, that's the net sales tax for the state of Nebraska, \$2.5 billion. That's what the state collects. But you also have to take in all those refunds. I also passed this out for one other thing. We have talked a lot about, on this floor, about income tax, pausing income tax, doing different things with income tax. When you look at the top grouping up there, individual and corporate income tax, we collect \$5 billion in income tax. But when you go down and look at what we refund, about \$1.8 billion, that is what this body has agreed to in Imagine Act, all

different kinds of, I call it, we collect, but then we refund it back in other programs. For a net, when you look down below, the bottom down there, corporate and individual income tax is \$3.255 billion. The one other thing I didn't put on this, and I did look up over the weekend, too, just so everybody has a connotation of where we're at, it also is on the department's website, the total taxes that billed out last year, property taxes billed out across everything in the state of Nebraska last year were \$5.5 billion. We do now-- we have money that goes out in the form of property tax relief, and that brings that down to about \$3.7 million net when you count in homestead exemptions, Tier 1, Tier 2, and community colleges. Just wanted to show you this and bring that up for this bill here, \$37 million is about-- goes into this fund, \$34, \$37 million every year. It's allocated out to certain cities based on a formula, but yet also-- they also collect \$635 million in other sales tax. Thank you. I'll yield my time. Oh, I'm done.

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

RAYBOULD: Thank you, Mr. President. Good morning, colleagues. Good morning, fellow Nebraskans, watching us on TV. First off, I do want to thank Senator Clements for his words of inspiration this morning. It's tough to come back to a Chamber when there's something that you're passionate about that goes down in defeat, but I took his words to heart. He says: let us not give up hope of making progress. And so that's why I stand before you today. And I hadn't intended to speak on this, but I do support this amendment by Senator Clouse. And it's no surprise sales tax increases are one of the bright shining elements in our Nebraska state budget. And it is no surprise to anyone who's been a mayor of any municipality or who has served on any municipality city council, even the county boards. They know the municipalities rely on that sales tax revenue to provide the goods and services that the people in their cities, towns, and villages depend on. So I stand in support of this. And I hadn't intended to even speak on Senator Sorrentino's comments but I wanted, I wanted to address that and the reason why some of us are voting no. Senator Linehan and I would argue about this issue all the time. She says how can you even think this way? You are a, a product of private Catholic schools. And how can you even think this way? And your children have all gone to private Catholic schools and high schools. And I said to Senator Linehan, I said, Senator Linehan, I have been involved in private schools, Catholic school fundraising to help the endowments that they have for children and families who can't afford to pay the modest tuition that Catholic schools charge. I have been in so many fundraisers. My father

was the treasurer of the parish council dealing with the budgets on how to make access to Catholic education more affordable. And for those parents, that is an option. It is available. There is tuition assistance. There is help for those parents and families who want to send their children to these private schools. And for that reason, I stand up because I know how fundamentally important public education is to our state of Nebraska. It's so much so that it's, it's clearly in our constitution stating that it is our solemn obligation to make sure that we fulfill our duty to educate all children free instruction in the common schools of this state of all persons between the ages of 5 and 21 years. The Legislature may provide for the education of other persons in educational institutions owned and controlled by the state or a political subdivision thereof. That's our duty, that's our obligation. And that's why I have always worked on behalf of Catholic education, because I'm proud of the Catholic education I received from grade school, high school, college, and even graduate school. There is value to that, and I know it's important to parents. And no child, to my knowledge or recollection, has ever been denied access to being able to attend a Catholic school and to get tuition assistance to help make this possible. So in closing, I want to say I, I support Senator Clouse's amendment. I do trust the mayors and their shared experiencing of managing their, their, their own city's budget, their town's budget, and their village budget. And I know this is an important contribution, however small, to them being able to deliver on their commitment to the people that they serve in their municipalities of staying within their budget. Thank you, Mr. President.

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

BRANDT: Thank you, Mr. President. So it kind of seems like we've morphed into a private education, public education debate this morning. I'm happy to enter, enter into it. I know Senator Sorrentino was on the mic earlier stating some numbers about what the average cost of public education is. And I will tell you, I think it was \$19,000 something was the number that he quoted from Department of Education. And that would be a statewide average. I've got 13 schools in my district. By and large, most of my numbers are \$20,000 or more on my average cost per student. And let me tell you why. You take a school like Meridian, great school, consolidated school out there, Daykin, the footprint, the physical footprint of that school district is probably larger than OPS. And they have about 200-and-some kids. They're in an area where you live half an hour from a gallon of gas and half an hour from a gallon of milk. And so we, we may have some

classes, we may have a 4th grade class that's got 12 or 14 kids in it. So I mean if, if the standard is 20 or 25 kids and you divide the cost of the teacher by the number of kids, of course your costs go up. And a lot of this is mandated by the Department of Education, rules by the state, you have to have certain things in a public school, whereas a private school may not have that. Would Senator Sorrentino be available for a question?

ARCH: Senator Sorrentino, will you yield?

SORRENTINO: Yes, please.

BRANDT: So, Senator Sorrentino, I trust your numbers. You're the only CPA in the body and an attorney. So you always bring us good numbers. I heard the number for the, the public schools. Was that-- what was that number, \$19,000?

SORRENTINO: \$19,000 was for the Nebraska Department of Education per student.

BRANDT: OK. How does that compare against the private schools? What's the private school number?

SORRENTINO: The private school varies, but if you had to come up with an average, it's about \$8,600--

BRANDT: OK.

SORRENTINO: --at last count.

BRANDT: And then your district, are you OPS or Elkhorn or Millard? What are you in? Which one?

SORRENTINO: I have a little bit of Millard, I have DC West, I have Elkhorn, and a little tiny, I think one street [INAUDIBLE] of OPS.

BRANDT: OK, so you've got some very large school districts. I mean, Millard is the third largest in the state, and OPS is the largest. Do you know what their average numbers are approximately?

SORRENTINO: For, for Millard?

BRANDT: Millard or OPS.

SORRENTINO: I, I don't know the OPS one, but I believe the Millard one to be somewhere a little bit higher than that average. Not, not the \$19,000. I'm sorry. They're lower than that average.

BRANDT: Yeah.

SORRENTINO: Right.

BRANDT: Yeah. I mean, I'm kind of going from past information here, but I, I believe a lot of those schools are like \$11,000 or \$12,000.

SORRENTINO: They're definitely less than 19.

BRANDT: Right. So what do you attribute, what do you attribute the difference between your public schools and your private schools in the area that you live?

SORRENTINO: Partially, because of the, the audience, which you don't get to select. If we look at other school districts in Omaha, they have children that are coming from less wealthy areas. They have children who are coming with more disabilities. And while I think the education generally is the same, I would believe that it's, for lack of a better word, a tougher audience to educate. I, I didn't say in my earlier comments that Omaha Public Schools-- excuse me, public schools, in general, have about 16% of their children be considered of some sort of a disability, whereas private schools only have about 12%. There's a difference, not huge, but a 25% difference. And, in fact, public schools actually do provide some services to those private schools along the lines of disability. Having said that, those public schools will also get some federal program money to help with the disabilities where the private schools do not.

BRANDT: But in a sense, the private schools do get that money. I know in my district, my four private elementary schools use the local public school for all their special ed services. So if that special ed is getting federal dollars through the federal government, that translates to all children that use those services, does it not?

SORRENTINO: There is certainly some of that. I don't know that in, in my district if the private schools that get help, they certainly don't get all of those services, but they do get some.

BRANDT: OK. And then I know one of the legs of your argument is that the public school system could not absorb the kids that are, that are hurt by this. Is that correct?

SORRENTINO: Well, what I'm suggesting is if, without private schools, those 37,000 young men and women have somewhere to go, and it's a simple fact--

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

CLOUSE: Thank you, Mr. President. Colleagues, I'd just like to make a couple of clarifications. First of all, it was not a rumor that they would take money away from all first class cities. That was spelled out in the Governor's red book, so if we got that straightened around, that's positive. But I want to talk a little bit about the administration fees. And this is one area that, again, I wanted to take a look at, and I think we need to look at. And whether this amendment gets passed or not, I will be having his bill, first and foremost, in my slate of bills for next year. We could reduce the administration fee. If they already have that much money left in the administration fee, why are we taking it and taking more from the sales tax and, and from these communities that are contributing to this? Let them keep their money and let them manage their cities and communities without the need for the Municipal Equalization Fund. And I think that's a step that we need to take a look at and see how much that percentage is on that fee. And look at lowering it, and then let the communities manage it from, from there. Another couple of interesting things that I have, and I'll probably be handing these out just for some entertaining reading, going back to 1997, this was an article out of the Lincoln Journal Star, and it says that an amendment proposed by Senator Doug Kristensen of Minden would direct more of equalization aid to towns with 800 to 2,000 people. The fund generally provides aid to towns with high needs and low property tax resources. Again, that's the purpose of the fund. And we've strayed from that. We've gone too far. We need to roll it back. We need to bring it back and have a little better control. Another thing that I've noticed in reading in some of my readings and some of the things that have been handed out, May 20, 1997, this is from the Omaha World-Herald. And this was, many of you know Karl Bieber. He was the press aide to Senator Ben Nelson. And this is really interesting, as I read through it. The Governor's first priority is the tax cut, said Nelson's Press Aide Karl Bieber, and he will make all budget decisions in the context of a tax cut. The income tax cut is a priority of the business community and sees it as a tool to encourage people and businesses to move to Nebraska. So when we look at these things and put all this stuff together, talking about property tax relief and the things that we need to do to cut expenses, this is nothing new. This has been going on for a long time. And to really get good property tax relief,

which I firmly believe we need to do that, it's not a quick fix here, quick fix there. It needs to be a structured process where we look at all things that go into it. How do we take piece by piece? What can we do? How do we massage it? We're not going to get there by moving dollars around and then throwing it into credit funds. That doesn't solve anything. That's just moving things around. We really need to have a very structured approach and look at those things that go into the property tax on both the counties and cities and schools, and what do we need to be doing? And we, obviously, haven't been doing a good job of that since 1997 from these documents. But to get back to the Municipal Equalization Fund, again, I think this fund needs to be looked at, and I am committed to taking a look at that next year, working with our cities and all those involved, because I, I-- the administration fees haven't had excess money in there, when it could go back to our communities to better manage their communities is important. Another community that is going to lose some money on this is the city of Lexington. You know, we have heard about that at length, the impact that Tyson closing and, and their impact to their community and all the things that they are going through. They would lose roughly \$90,000. It doesn't sound like a lot, but for them it is. And so we are not only-- we talk big about how we're going to help Lexington and we are going to get through this crisis and then we cut some of their funding at the time when they need it the most. So that is one of the reasons why I am going to take a look at this and see what we need to be doing as far as property tax cuts and the Municipal Equalization Fund. Thank you.

ARCH: Mr. Clerk, for an announcement.

ASSISTANT CLERK: Thank you, Mr. President. Natural Resources Committee will hold an executive session at 10 a.m. under the north balcony. That's Natural Resources Committee at 10 a.m. under the north balcony. Thank you, Mr. President.

ARCH: Returning to the queue, Senator Fred Meyer, you're recognized to speak.

F. MEYER: Thank you, Mr. President, and good morning, Nebraskans. I want to spend a few minutes talking about sales tax because it's been brought up a number of times. When I was down here in my previous stint 2 years ago we spent an immense amount of time trying to find ways to raise revenue in order to lower property taxes and the majority of that was through expanded sales tax base. Nebraska has one of the narrowest sales tax bases of all of the surrounding states. And

that kind of gets lost in the, in the shuffle. Yesterday, Senator Raybould passed out a sheet with the seven states that surround us, including Nebraska, and our combined sales tax rate is 6.97%, which is among the, the highest ones there. But that sales tax rate only tells part of the story because it doesn't tell the part about the base. And I had some legislative historians kind of fill me in on, on how that narrow base came about. It seems there was one prominent person who pursued the majority of those over the last 30 or 35 years. Every couple of years he would come up, he would come up with a couple of new sales tax exemptions brought to him by one of his constituencies, and he would sell them to the body by saying, well, this is going to lower taxes. This is going to be a benefit for this constituency because it's going to lower taxes, it's going to help all Nebraskans. Well, in hindsight, all that did was move it onto property taxes. And in the two sessions, the regular session, the special session, I can't count how many times we talked about a tax shift, and it got almost to ad nauseam hearing that word, because from my perspective, it had been going on for 40 years, and we were just trying to even the, even the table a little bit on how the state of Nebraska raises taxes. Switching a little bit here, 166 communities at last count, maybe a couple more since, have voted themselves to tax themselves through sales tax on things that are bought in their community. What that tells me is that the citizens of Nebraska basically accept sales taxes. Well, that was just the opposite story that we heard 2 years ago and we still consider to hear because the people outside the glass, and I'm going to pick on them once again, were telling us how horrible they were. And every time there was a discussion on the floor, it was on somebody's Facebook page, how we were trying to tax this or that segment of Nebraska out of existence. Well, nothing could be further, further from the truth, because you had the people voting to tax themselves on one hand, and the lobby telling us how horrible that tax was. Well, you can't have it both ways. Who are you going to believe? I'm going to believe the people in Nebraska that have voted the sales tax on themselves for very beneficial purposes. But every time a community does that, it helps that community, but it kind of hinders, hinders the state because we have no ability, then, to kind of get some beneficial purposes by lowering property taxes because it's already been used up. The, the other thing about expanding the base is it has a great multiplying effect for all of those communities that have the sales-- that already have a local option sales tax. So by expanding the base, and I'm not talking about any one particular item, but there's a lot of them that, that come to mind, services that people have a choice to make. And we heard a lot about regressive

taxes with cigarettes and such like that. But I'm a firm believer that sales tax, by and large, is not a regressive tax that people spend according to what they can afford. And I know that my wife and I, if we want to go out to a nice dinner, we'll pay the sales tax, whatever, and some people can afford that. And I'm going to pick on my wife, she goes out-- she goes once a month to have her-- to maintain her looks, I'll just put it that way, and if she had to pay 6.5% or 7% sales tax on that, it wouldn't change her lifestyle or my lifestyle one bit. Tanning salons, you could just go on and on, haircuts. Now some in this body, that may not make a difference at all. Now, Senator Lippincott and I, that's a hardship, but we would pay the sales tax. So--

ARCH: Time, time Senator.

F. MEYER: --we are leaving a lot of money on the table. Thank you.

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

M. CAVANAUGH: Thank you, Mr. President. I wanted to correct something that was said in the conversation between Senator Brandt and Senator Sorrentino. Public schools are required to take care of all special education, IEP expenses, not just some. I believe in Senator Quick's district has the only private school that has a special education teacher on staff. And so one school in the state is the exception, but the rule is that the public schools are required to ensure that every child receives the education and access according to their needs. So thank you, Mr. President.

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

QUICK: Thank you, Mr. President, and good morning colleagues. I know Senator Dorn got up and, and talked earlier about just learning about this and he's been on Appropriations for 8 years. I'm just learning about it this morning. So I know I do support Senator Clouse's amendment. I can tell you that Grand Island does a great job. They're, they're good with the tax dollars that, that they are able to use within our community. One of the things that concerns me is that if we, if we allow this to happen or allow them to take the money, you know, cities or communities, they're going to have to probably increase their mill levy. You know, it's a possibility. And I know there's efforts to put caps on, so now we're, we're telling them you can't use all your sales tax dollars, but we're going to put a cap so you can increase your mill levy. So what are communities supposed to

do? I mean, they've put in-- voted in over time what they feel is best for their communities, trying to reduce property taxes, lowering their mill levy with increasing maybe some of their sales tax dollars. And then the other part that plays into sales tax is the economy. You know, we never know from time to time what the economy is going to do, whether, you know, when economy is down, sales tax dollars also go down, those sales tax revenues. So, you know, property taxes are, are more of a-- you know, you, you know what you're bringing in most years. Sales tax, it can ebb and flow with either what's happening in your, in your community or what's happening with the economy. I know I was provided with a sheet that they're, they're actually projecting that they would-- the Department of Revenue is projecting, and I'm not sure where they got these numbers or whether they're, you know, if they're just speculating, but they're projecting it's going to-- that the, that the, the aid would-- let's see, unadjusted projected aid would go up by almost-- well, it looks like more than-- about \$500,000. And I know communities are going where's that, where's that number coming from? Because I think in the last-- from what I'm understanding talking to, like, with Grand Island, there's been a reduction in some of the sales tax collections. So whether that's based on, you know, spending habits, what people are doing, whether it's based on the economy, maybe people feeling that, that stress of inflation and not spending as much, trying to keep some of their money for, for that time that they're struggling. So I'm not sure that-- I know Grand Island would-- their, their projected amount, they would lose \$105,000. And so, you know, Grand Island is a bigger community. I, I get that. But they all-- and, and they have a lot more sales tax dollars that they collect, but they also have to spend more, you know, like with law enforcement and also fire protection and with the firefighters and safety in our communities, road projects, things like that, streets and roads. So every dollar for every community is important, whether you're large or small. So taking these dollars from these communities, I think, would be detrimental to what we're here and I don't know what you want the cities to do. I don't know what you want the communities to do. Are you wanting to, to increase their mill levy? You know, what is, what is the goal here? So I am supporting AM2558 and I hope we can, can pass this amendment to make sure that we're protecting some of our communities and allow them to do what they need to do to provide safety in our communities as well as, as, as projected growth within our communities. So with that, I'll yield the rest of my time. Thank you, Mr. President.

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

DORN: Thank you, Mr. Speaker. I just ran out of time there when I talked a little bit ago. I just want to bring this point up: this amendment is strike Section 168, which is the whole municipal funding portion of this. I believe it's about a \$14 million, \$12 to \$14 million one-time sweep of that fund plus \$2.3 million of the adjustment to the rate that the cities get to keep versus the state gets to keep. I don't believe this amendment has anywhere in it to make up that funding. I just want people to be mindful of we will balance the budget. The Appropriations Committee will come to the floor with a balanced budget. If this is taken out, which if it is, it is, we will adjust with it. There will be other cuts made somewhere. This isn't a fund that Senator Clouse has come with, here is \$15 million to replace it or whatever. This is just striking it. The way I read it, maybe I'm wrong, and with that, to balance that budget, we're at \$140 million deficit right now, and that's what we're working on. We'll just add another \$15 million, we'll cut it somewhere. Thank you. I yield my time.

ARCH: Senator DeBoer would like to recognize a special guest seated under the north balcony. It's Nevaeh Einspahr, who is an intern today. Please rise and be recognized by your Nebraska Legislature. Seeing no one left in the queue, Senator Clouse, you're recognized to close on your amendment.

CLOUSE: Thank you, Mr. President. And, colleagues, I'm not one to filibuster. I'm not one to just talk about a lot of things ad nauseam. Make your statement, get to the point, and move forward. And so my point is Municipal Equalization Fund needs a lot of work. And if this goes down, you know, on the amendment, which I anticipate it probably will, that does not mean I'm not bringing this thing back next year and we're going to talk about it and we're going to try and fix this and get it right size. You know, we can't keep putting caps on levies and caps on the amount of growth and then taking the revenue streams away. So, you know, we got to do-- we got to really work through this. And I think that we have a lot of potential here. And, again, I'm going to hand out some of these things that I referenced earlier from 1997 and talking about taxes and income taxes and this stuff's been going on for a long time. So we just need to step forward and start eating away at it and finding places that we can make improvements and still allow our communities to remain whole and lower-- help lower their property taxes in some manner. And by not overregulating, I, I still think that the administration fee, we could do something with that, allow the communities to keep more of their money to work in their communities, and then let them take care of it on a local basis,

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and they keep more their taxes and they can work through it. So with that, I would ask for your green vote on this amendment. And with that, I'm closing. Thank you.

ARCH: Colleagues, the question before the body is the adoption of AM2558. 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, please record.

ASSISTANT CLERK: 25 ayes, 1 nay to place the house under call, Mr. President.

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 Storm, please return to the Chamber. The house is under call. All unexcused members are now present-- present. There has been a request for a roll call vote. Mr. Clerk, please call the roll. Excuse me. Senator Clouse, will you take call-ins?

ASSISTANT CLERK: Senator DeKay voting, voting no. Senator Riepe voting yes. Senator Andersen voting no. Senator Hallstrom voting no. Senator von Gillern voting no.

ARCH: Has everyone voted who wishes to vote? Mr. Clerk, please record.

ASSISTANT CLERK: 20 ayes, 16 nays on the adoption of the amendment, Mr. President.

ARCH: The amendment is not adopted. I raise the call. Mr. Clerk, next item.

ASSISTANT CLERK: Mr. President, Senator Guereca would move to amend with AM2579.

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

GUERECA: Thank you, Mr. President. Good morning, colleagues. And forgive me, I had about 5-minutes notice that my amendment was up, and here we are. Colleagues, I propose AM45-- AM2579. One of the, one of the transfers that gets done is a one-time transfer of \$5 million from the Nebraska Cultural Endowment Fund. Obviously, the work done by the Cultural Endowment's investment through Humanities Nebraska and the

Nebraska Arts Council is a force multiplier. It takes our public, our public dollars, matches it with money provided by the philanthropic community and invests directly into our Nebraska communities. And this isn't just an investment made in Omaha. One of the-- I think one the, one of the nicer aspects of being on the Government Committee is a lot of bills having to do with the art districts, art investment, the amount of money that we, as state government, invest in artwork when building-- when constructing buildings. It's been really enlightening and has expanded sort of my understanding of, of what the art scene, and not just that, but the impact of the art community has been across the state. And you might think that, oh, you know, it's a mural here or there, but it has real economic impact, especially in our smaller rural communities in outstate Nebraska. Because we're able to take public dollars and combine that with private funds, it really is a force multiplier, putting money into our local economy. Because that artist isn't just putting up art on a wall, they're consuming from the local hardware shop. They're buying supplies and materials, reinvesting those state and private dollars directly back into our Nebraska economy all over the state. And earlier, I think last week or the week before, the Arts Council went around Humanities Nebraska and talked about the investments that are being done by the Endowment Fund directly into our legislative districts. And I-- colleagues, I urge you to take a look to see really what's at stake, what programs are being affected, what that money is going through-- going to, and how that would have an impact on the lives of your communities, the lives of your towns, and the lives of your schools, because a lot of money is being put towards art programs and art education. So I'll just go through some of the grants that have been given in my district: the Bemis Center for Contemporary Arts received a support grant; Film Streams highlighting local films made here in Nebraska; the Joslyn Art Museum, ranked one of the top 10 art museums in the, in the country; the KANEKO Center, amazing art exhibits; Omaha Performing Arts, they do amazing work; the, the Symphony Association; the Omaha Theater Company; Opera Omaha; Omaha Performing Arts. Really bringing culture to our state, bringing in tourism to our state, putting money back into the state economy. There's a lot of money going to our community colleges into our community. Talk about Humanities Nebraska, grants going into our high schools, into our elementary schools. I mean, in my district, I have Metropolitan Community College, South-- Omaha South Magnet School, Bryan Elementary School. I think it's at least worth having that conversation to talk about what that impact would do to the art community. Again, this is not just something that's aesthetic. It really does have a direct economic impact, especially in

our rural, outstate communities. So might be a little topic for discussion, can maybe talk about-- folks get on the mic and talk about the amazing arts in your district, artists you would like to uplift. With that, I yield back. Thank you, Mr. President.

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

CLEMENTS: Thank you, Mr. President. I stand in opposition to AM2579. The Cultural state-funded Endowment Fund had a balance of \$15 million. All of that is taxpayer general funds that have been put into it. About 7 years ago, it had \$10 million in it, then there was a budget provision to add \$1 million per year, and that wasn't-- hasn't been done every year, but it added \$5 million more in recent years to get it up to \$15 million. And that was put in, in years when there was not a budget shortfall like we have now. The Governor's proposal took all \$15 billion into the budget. The committee decided to reduce that down to just \$5 million, which is the money that's recently been put in, in the good times, and to leave the \$10 million that will still earn interest and be used to benefit the arts with matching funds. And so the-- I believe the committee did a fair assessment of what the budget needs are, but also what the Cultural Endowment Fund should be left with. The \$10 million was determined to be enough to still give out a good amount of grants. And the, the Governor did have a proposal to put-- when reducing the fund \$15 million to put \$600,000 per year of appropriation to-- for matching funds for the arts. The testimony we heard in, in the committee hearing was that the arts people did not trust the budget process to have \$600,000 a year of appropriation. So that's why we only took \$5 million out and left the \$10 million and did not take \$15 million. So the \$10 million will still be in this fund, still be providing art matching funds, and I believe that's a reasonable thing to do. We're tightening on our belts-- tightening our belts in a lot of areas, but not canceling out a program that has been successful. And I ask for your red vote on AM2579. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I just rise because I think we just got to be honest with ourselves today and for the next couple weeks that if we want any changes in the budget, that means you might have to vote no on some things that you're voting yes on. And it's just that simple. If you want to keep money in your communities and you want to readjust things, you're probably going to have to vote no,

or yes for some things. It's just that simple. But, you know, I'm still going through this budget book, and one thing that, you know, I'm just curious about, I see a reduction of the Health Care Cash Fund of \$650,000 in fiscal years '25-26, '26-27 for the minority public health services in first and third congressional districts that-- to align with trends in the expenditure. Would Senator Clements yield to a question?

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

McKINNEY: OK, Senator Clements, so I see a reduction of the minority public health services of \$650,000 in the first and third districts because of trends in the expenditure. Are they not spending it down or the service is not being used? I'm trying to understand.

CLEMENTS: That was our understanding that it was excess funds that were not being distributed. And so the funding that is being used is preserved, but that was the funding that was not distributed. That's what [INAUDIBLE].

McKINNEY: Did they give a reason?

CLEMENTS: No, I didn't, didn't hear a reason. We might ask our Fiscal Analyst if they've heard from the agency, but I didn't know-- I don't recall.

McKINNEY: OK. Thank you.

CLEMENTS: You're welcome.

McKINNEY: Appreciate it. But, you know, I think there's more questions than this that I think everyone should be asking, not to say throw up a bunch of amendments on a budget because they're probably going to fail anyway, at least on General, but I think there are legitimate questions about what's being done in this budget that just simple answers would answer. So, you know, I'll continue to go through this booklet and look at things that raise some eyebrows and, you know, just make you curious about what's going on. And my whole thing is, why isn't funds being used? What is the reason? I think before we take dollars away from some of these funds and saying a lot of this money is not being expended, I think we need to understand why. The why means a lot, not it's \$5 million in this fund and it's not being used, let's just take the \$5 million, because there might be a legitimate

reason or there might systematic reasons or there might be operational reasons why the funds haven't been expended for the reasons that they were appropriated. And we should try to fix that as a body, especially something dealing with minority health care. I would guess whoever is a senator in the first and the third would argue that they have a population of minorities that could probably use \$650,000 for health care. I would guarantee it. And maybe there is a reason why it hasn't been spent, maybe it's not. But if we're not asking why these dollars are being taken away, and the bigger question is why haven't they been used? That's the question. Why are they sitting in these accounts? What is going on? What is the process? Why are we appropriating dollars that can't be spent? What is the reason? That is the question we should be asking ourselves. That's the question that we should be asking these agencies. Maybe the agencies are not operating as efficient as we would like. And maybe there needs to be some fixes there. But to just blatantly say it's money sitting in a pot, let's just take it, doesn't make any sense because it probably still has a reason to be used but we're going to eliminate that reason or more of that reason because the money won't be there and people won't get the help or the services that they need because we didn't ask the right questions of these agencies and that's the problem. I think there should be more "whys" than just, hey, let's just take it. But I'm not saying throw up a bunch of amendments because they will fail, but at least look at this booklet and ask some questions. I think that's valid as we sit here. Thank you.

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

ANDERSEN: Thank you, Mr., Mr. President. Would Senator Guereca yield to a couple of questions?

ARCH: Senator Guereca, will you yield?

GUERECA: Yes.

ANDERSEN: Thank you, Senator Guereca. And looking at the, the, the fund, we discussed about \$15 million. And I think Senator McKinney had mentioned that. Is that the whole composition of the, of the fund?

GUERECA: I believe that is what Senator Clements said, \$15 million, yeah.

ANDERSEN: So-- but that's \$15 million of taxpayer dollars, but the total fund actually has \$30 million in it, is that right?

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GUERECA: No, I think it's just the \$15 million. Yeah.

ANDERSEN: Should I ask Senator Clements? Would Senator Clements yield to a question?

GUERECA: He nodded his head at me, but, yeah, you go ahead and ask Senator Clements.

ANDERSEN: Would Senator Clements yield?

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

ANDERSEN: Thank you, Senator Clements. It looks like the, the fund is actually a private-public partnership, right, of which \$15 million is Nebraska taxpayer dollars and then \$15 million is, \$15 million is philanthropic. Is that, is that accurate?

CLEMENTS: That's right. The state General Fund money is \$15 million and then philanthropy has a separate fund that's \$15 million that they control.

ANDERSEN: Awesome. Since you're yielding to questions, I'll ask you the question. Do you know what their budget is every year, what they spend? Do you have any idea?

CLEMENTS: No, I don't know. The, the state doesn't control the philanthropic part. The way this works is the, the donor makes a donation, and then the state funds match it--

ANDERSEN: OK.

CLEMENTS: --up, up to the amount that they have in interest per year.

ANDERSEN: OK. Thanks, Senator Clements. Senator Guereca, will he yield? Sorry, Mr. President.

ARCH: Senator Guereca, will you yield?

GUERECA: Yes.

ANDERSEN: Thanks, Senator Guereca. OK, so now we've established it's not \$15 million, it's actually \$30 million. Half of that is taxpayer money, half of that is endowment. So when you're talking about the 5, 5, the million dollar removal, as the, the Governor has, has

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submitted, that's actually only a 17% reduction in the overall fund.
Is that accurate?

GUERECA: I will take your word that you ran that math correctly, sir.

ANDERSEN: [INAUDIBLE], \$25 million left out of 30, tells me it's 17% reduction, 83% remains. Do you-- Senator Guereca, do you know what the, the budget is and what the expenses are of the, the Arts Council, what they spend this year-- every year?

GUERECA: So based on their literature here, it says-- it's something called the 2030 Challenge. In 2020, the state of Nebraska made a renewed commitment to match up to \$1 million annually through 2030. So that represents an additional \$100 million in funding for the arts and humanities across each legislative district in our state.

ANDERSEN: So basically they're spending \$1 million a year, right?

GUERECA: I don't know if that's their total expenditure or just this match done in the 2030 program.

ANDERSEN: OK, so even if it's the max, that means they're funded with no additional funds for the next 15 years, right, at least 10. Nothing is going to stop, nothing is going to quit functioning, nothing is going to do anything if the \$5 million is pulled out. Right?

GUERECA: I mean, \$5 million will get taken out. I mean, what, what that overall-- because I don't know if there's other expenditures beyond the \$1 million match. I can't really answer that question. So there might be other expenditures done by the Arts Council and Humanities Nebraska. I'm sure there is, but this is specifically talking about the \$1 million matches for this 2030 challenge. So I don't know if they have other programs that provides grants or direct support to communities, to schools, and such.

ANDERSEN: OK, so if it is a \$1 million match, that means they're spending \$2 million a year, which means it's still fully funded with no other funds for the next 12.5 years. So this isn't going to shut anything down. This isn't going to stop things from functioning. It's simply going to bring it down a little bit. Right?

GUERECA: For the 2030 challenge, I suppose.

ANDERSEN: OK. And for Senator McKinney, his comment about why are we taking this away? I submit because we have a budget imbalance. Right?

We're upside down. We don't have the money. We've got to pull money from somewhere. And this is one of, this is one of the places identified. So, I mean, that's pretty easy math. I do think there is a value in the culture and arts and all that stuff, but it's when we have funds to pay for it. And right now we have a significant imbalance that we're trying to work through. So I will rise in opposition to AM2579. Thank you, Mr. President.

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

CLEMENTS: Thank you, Mr. President. I wanted to continue with one thing I forgot to mention. We put intent language into the budget that-- yeah, excuse me, that the intent of the Legislature is to put \$1 million per year back into the Cultural Endowment Fund up to year 2032 for the next 6 years, or 5 years after the end of this budget of 2027. And, also, the \$5 million transfer is not until the second year of our budget in fiscal year 2027. Also, the \$600,000 the Governor was proposing of a direct appropriation is actually-- would be 6% interest on the \$10 million. And, actually, our Investment Council has been making 7% interest. So if they do make 7% interest on the \$10 million, they'll have \$700,000 available. And so that was another reason that I thought it was reasonable to leave \$10 million in the fund and that with interest rates and investment returns doing well, that it wouldn't be as much of a hardship, but I just wanted to point out that we do have in the budget intent language that \$1 million per year would be put in the next 5 years after this budget, and that will be up to the Legislature a year at a time as there are funds, and I'm hoping that there will be. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. I appreciate Senator Guereca bringing AM2579. I opposed taking money from the Cultural Endowment to begin with. I, I do still oppose taking money from the Cultural Endowment, and I will vote for AM2579. However, the, the cash sweep that I oppose the most vehemently is from the Environmental Trust because that is constitutionally protected. And so that is problematic, and I think that there are, are motions to strike that from this bill as well. So definitely going to be supporting AM2579 and anything else that reinstates constitutionally protected dollars. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. Just to follow up, so I understand we are upside down, but the problem is we're not putting everything on the table to address the budget deficit, to address why we're upside down. So that's my issue. My issue isn't the, the what, it's the why, and it's we're putting everything on the table. We're picking and choosing what should be cut and what should not be cut because some things are holier than others. And I don't know how we ever get out of this problem with that, with that philosophy. I think that if we care about taxpayer dollars and we're really going to do everything we can to make sure the taxpayers are taken care of, the state doesn't go broke, give them tax relief, everything should be considered. But everything is not being considered, Nebraskans. So that's the bigger issue in this place and why people are being-- have been frustrated. There's going to be more heated debates next week, more than likely, because everything's not being considered. We're picking and choosing what should be considered. It's causing issues. Some things are being cut that may or may not be constitutional. Some things aren't being considered because they're holy. So that's the issue. If we need to-- if, if we're of the mind of caring about taxpayers and making sure we do the right thing as senators, then everything should be considered, but everything is not being considered. That's just the fact and that's the truth. So I don't know how we get tax relief. I don't know how to climb out of this budget in a smart way because the next biennium is projected to be worse. So if we're cutting everything and we're raiding all the cash funds now, what are we going to do later? So in the future, I think-- well, I think they might pass on a ballot, actually. Somebody approached me about a ballot petition for sports betting. I'm not sure if there's a recreational marijuana one out there somewhere, but it probably will be eventually. And why I'm saying that is, we need more revenue and people in the state of Nebraska. That is the issue, if you talk to anybody. We need more revenue and more people for tax receipts, but we don't have those currently. So that is our problem. I think we could solve it if we get out of our, what's the word for it, I don't know. If we just get out of just this one-track-minded philosophies, if we actually do our jobs and not the jobs of others, if we actually work as an independent branch of government to solve the problems, we could probably solve them. That is the fundamental issue, are we going to act as an independent branch of government to solve the issues of the state of Nebraska? We used to have a legislative budget. We don't have it anymore. We only operate off the Governor's budget. And that should single-- like, it should be alarming that we don't present a budget from the Legislature to say this is what we want, that's what he

wants, now let's figure out how we meet in the middle. We're operating from his budget only and then figuring it out. That is part of the problem. But, again, there's a lot of questions in this and I would just say you could ask a lot of questions. And I'm not saying throw up amendments currently because they all seem to be dying today, but you should ask questions and "whys", and if we're upside down and things need to be cut everything needs to be cut. And if that's not, if, if that's not going to happen we shouldn't say those words because there's money in other funds that's not being considered because they're holy, which means we're not going to, in a smart way, address this budget deficit. We're not going to get people tax relief like they want. We're just going to be back here next year trying to figure it out again. And that is a fact. Thank you.

DeBOER: Thank you, Senator McKinney. Seeing no one else in the queue, Senator Guereca, you're recognized to close on AM2579.

GUERECA: Thank you, Madam President. Senator McKinney brought up a couple of good points, and I want to address a couple of them. Twice now, in the course of this budget debate, the last 2 days, a pot of money or an appropriation has been flagged for reduction. And the reason we heard that it was OK to reduce that pot of appropriation, in this case, the tobacco cessation program and something Senator McKinney flagged to me this morning, the minority public health fund, is that the department was not using their full appropriation. That's a problem. When the people's representative, this legislator, appropriate an amount of money, we expect the money to be used for that purpose. In the instance of the tobacco cessation programs, the CDC recommended we spend over \$20 million. We appropriated 3 and used a little more than half of that. That is unacceptable. Now I haven't dug into this reduction or why the money for the minority public health programs in CD 1 and CD 3 haven't been used, but I have a feeling that I'm not going to like the answer. That's twice now that either money isn't being purposely spent for the purposes of later being able to be swept up, to fill a hole in our budget, to provide sweetheart tax deals for billionaires and millionaires, or we are being negligent, the department is being negligent in the services they're providing the taxpayers. Either way, it's an unacceptable situation. We appropriate money, we, we appropriate our taxpayers' money, we expect that service to be provided. Moving back to my amendment, AM2579, it's \$5 million this year. We're facing an over \$800 million budgetary shortfall for the next year. What we hear over and over again is we need bodies. You go into greater Nebraska, we hear people are fleeing our rural communities. You go into the metro

areas, corporations are saying we're having trouble attracting top talent. Young professionals want a vibrant social scene. Young professionals want art, young professionals want theater, young professionals want a pleasant environment to be able to spend their hard-earned time and treasure. So when we carte blanche, just cut \$5 million this year, who knows what it's going to be the next year, we're sending a message to young people in this state that we need desperately to stay, and a message to young people in other states that we desperately need to move in, that, you know what, we don't really care about providing an environment for you to move in, to thrive, to enjoy the good life. There is a pattern, folks, of not caring about our younger Nebraskans. Now, if we want this economy to flourish and our Nebraska society to be successful and to keep growing, we need young Nebraskans to stay and we need to create an environment that is appealing so our amazing Nebraska companies can attract top talent. So, colleagues, I appreciate your time. I appreciate your consideration in the discourse. And I urge a green vote on AM2579 to send a message to our young Nebraskans that we care about them and to send a message to young people across the country that here in Nebraska we want you to thrive. Thank you, Madam President.

DeBOER: Thank you, Senator Guereca. The question before the body is the adoption of AM2579. All those in favor vote aye; all those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk.

ASSISTANT CLERK: 14 ayes, 23 nays on the adoption of the amendment, Madam President.

DeBOER: The amendment is not adopted. Mr. Clerk, for the next item.

ASSISTANT CLERK: Madam President, Senator Storer would move to amend with FA1050.

DeBOER: Senator Storer, you're recognized to open on your amendment.

STORER: Thank you, Madam President, and good morning. I have filed this amendment to bring attention to what is really a very small fiscal issue when we're talking about trying to get our budget balanced, but yet can create-- I'm very concerned is going to create a very expensive legal issue if we do not pass FA1050. So I will explain that. The amendment is to strike Sections 21 and 22, and then the repealer the end of the AM2165 that reflects that as well with those funds. The two funds, Section 21, is proposing to deplete, basically,

to move all the money over from the Niobrara Council General [SIC] Fund into the state General Fund. There's like \$200 in there at the moment, but I'm going to give you just a little history of why that fund exists and why it's important to leave it there and leave some balance in there while the Niobrara Council continues to work through issues with the National Park Service. So the Niobrara Council was created in 1997 as a function of this Legislature. It was created in response to the 76 miles of the river that were previously designated a national scenic river by the National Park Service. The counties that, that 76 miles a river flows through is Cherry, Brown, Rock, and Keya Paha. The Council currently exists-- is made up of 16 members. There is one member-- one county commissioner representative from each of those four counties. And then there are Governor-appointed members. One would be a representative of a landowner from each of those four counties. There is a representative for nonprofits and environmental and wildlife groups, a representative from the recreation industry, and a representative from the timber industry. It also includes two representatives from the NRDs, which the river flows through. And then nonvoting members from Nebraska Game and Parks, U.S. Fish and Wildlife, and the National Park Service. So the Niobrara Council was created very thoughtfully in, again, response to that designation of the national scenic river, and in order to maintain a representation and a voice for those local counties and those industries that I mentioned in the management of the national scenic river. It's been effective. It went through ebbs and flows. Currently, there are discussions about whether or not the national scenic river management should be transferred over to Game and Parks because primarily the National Park Service has withheld funding that was being provided to the Niobrara Council to help with that management. So that's a separate discussion, but that, that is sort of where we're at with that now. That being said, the Council is, is important for two reasons: One, it is appointed-- those members are appointed in part by the, the Governor and this, this body, and there are representatives from the counties and the NRDs. They also have a fiduciary responsibility, and that takes me to Section 22, which is proposing to deplete all of the funds from the Niobrara Council Easement Defense Fund. So I'm going to take a minute to tell you what that is and why that exists. So the Easement Defense Fund, the funds that are currently there is \$34,140. Again, we're not going to balance the state's budget by sweeping the \$34,000. However, the money that-- where that originated from was through an NET grant, a competitive grant, that there was an agreement made-- that's how those competitive grants work-- as to how that money can be used. It is to be secured

and held for the purpose of defending conservation easements that the Council holds. So the Niobrara Council has the legal authority to hold conservation easements. Conservation easements in the state of Nebraska, and that's a separate conversation, but the fact of the matter is at the moment, conservation easements in the state of Nebraska are in perpetuity. That means the Niobrara Council holds these easements in perpetuity: (A) they have a responsibility to manage the easement; (B) they have a legal responsibility to hold this money in a defense fund in the event that they would ever be challenged. And I will just briefly read a little bit of information to you about what conservation easement defense funds are. They are a dedicated financial reserve used by land trusts to cover legal costs associated with upholding and enforcing the terms of a conservation easement. When a land trust accepts an easement, it takes on a perpetual responsibility to ensure the land's conservation values are protected forever. So if we sweep these funds, not only are we putting the Niobrara Council, but ultimately the state of Nebraska, at risk for a legal challenge in failing their diligence in managing the conservation easements they legally hold, but also in-- putting them in a legal quandary for violating the terms of the NET dollars that were provided for the purpose of defending these conservation easements. So while again this is a very small dollar amount, it was easy to maybe be overlooked and say, well, this was just a little cash under the, under the-- a little change under the couch cushion that we can clean up. It, it has the potential to create significant legal challenges and cost and put the Council in, in a grave position of being in violation of their due diligence of managing these conservation easements and maintaining that defense fund as those grant dollars were allocated to do. And so I'm asking for your green vote on FA1050 to keep this really small amount of funds, it's the best insurance, the cheapest insurance policy you're ever going to buy, in place so that the Council can maintain its perpetual, I will tell you at this time, perpetual responsibility for managing these easements and maintaining a defense fund in the event that the easements are legally challenged in the future, which they can be at any time by a third party enforcement. That's a much longer conversation. So, again, I ask for your green vote on FA1050. Best insurance policy, it only makes sense. We would really be in grave violation of those due diligence, those, those responsibilities, legal responsibilities that the Council has to these perpetual conservation easements and the defense of them. So ask for your green vote for FA1050. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate March 11, 2026

Rough Draft

DeBOER: Thank you, Senator Storer. Senator Conrad would like to recognize a group seated in the north balcony, the Girl Scouts of Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Murman would like to recognize some guests in the north balcony, senior students and their teacher from Southwest High School in Bartley, Nebraska. Included in this group are boys from the D3 6-man football team who were state runners-up in the championship, as well as Madelyn Tryon, who was the female state wrestling champion in her weight class in Class B. Please stand and be recognized by your Nebraska Legislature. Senator Raybould, you're recognized.

RAYBOULD: Thank you, Madam President. I just want to ask Senator Storer some questions. I know-- I'm on the Natural Resources Committee, and I know this matter was before us about the Niobrara River Council [SIC], as well as their fiduciary responsibilities and obligations. And it was brought to our attention at that time, prior to what we had intended for an interim study on this, of the gross mismanagement of the Niobrara River Council, the funding thereof for that. And so I'll ask Senator Storer that question. And I know that also it was elevated or heightened that the, the U.S. parks and game have, have oversight of the Niobrara River elements in partnership with the Niobrara River Council, which is so essential and important to our state of Nebraska. But in the past, the Niobrara River Council had been failing to execute on their duties and responsibilities and requiring those U.S. park officials to do some of the ordinary functionality like removing trash, etcetera. And so that's a big concern. And, you know, Senator Storer will be able to tell us how, how many improvements have been made. I'm wondering if that's the reason why that funding was stricken. And the other thing that I'd like to point out is that it's not likely that the Niobrara River Council will receive an Environmental Trust Fund grant because we're sweeping those funds, which really diminishes the interest earning capacity of that fund and so that's a, a big concern. We know that the Environmental Trust Fund has benefited so many organizations throughout our state that do these things like the Niobrara River Council has demonstrated in the past. And so the-- Madam Chair, would Senator Storer be willing to answer some questions?

DeBOER: Senator Storer, will you yield?

STORER: Yes, I will.

RAYBOULD: So I don't mean to levy all these accusations, but these are things that have been brought to our attention. Can you tell us what

steps and improvements have been made from the Niobrara River Council that you feel confident that we can entrust them with taxpayers' funds?

STORER: Yes, Senator Raybould. So I'm, I'm a little unclear. There were some wild accusations there. It is-- I am not aware that the Niobrara Council stood in the way of the National Park Service carrying out their responsibility. I think there was an audit question by Senator or by Auditor Foley a couple of years ago about hours that were paid. Were, were they logged correctly with the, the Council's executive director. I am-- if there is something that they were standing in the way or they were not carrying out their duties, I am not aware of that, so I would certainly appreciate some specificity on that. But through the years, the Council has had a good relationship historically with the National Park Service and they've had contracts that are renewed every 5 years where the Council carries out certain responsibilities for and on behalf of the National Park Service. Part of that includes education, they, they do float trips, they manage some of the just practical issues, like the toilets that are along the river. And that is all done with a-- based on that contractual basis. And so I believe 2 years ago, they were 3 years, don't quote me on this, I think 3 years into that 5-year contract, and the National Park Service simply quit, quit providing any funding without any notice. And so the Council was not in any position to be prepared for that because that was a large percentage of their funding. They actually-- other funding, they take a, a very small amount out of-- through the Game and Parks budget here in our state budget, I think it's less than \$50,000 a year to carry out their duties. But that really doesn't address the, the main problem that I'm explaining here with the defense fund, whether or not we think the Council has had an, had an auditing issue that they have since corrected or not does not take away from the fact that they have perpetual responsibilities for easements that they own and a defense fund they must maintain to manage those.

RAYBOULD: Thank, thank you, Senator Storer. I just want to follow up and I, I punched in again to continue. So these are some of the issues that the Niobrara River Council was charged with that the executive director was falsifying their--

DeBOER: That's time, Senator, but you're next in the queue.

RAYBOULD: Thank you, Madam. That they were falsifying their labor records while holding down another full-time job, you know, we see

this abuse happen frequently. We're seeing it throughout other agencies as well that Auditor Foley has brought to our attention, but also that they failed to do and execute on a lot of the educational programming that is part of their duties and responsibilities to go out to the community to really showcase the Niobrara River, its beauty, its majesty, and to educate the public and different groups and organizations throughout that area of the, the beauty and the value of preserving and protecting the Niobrara River. And then when it comes to conservation easements and any other easements, for that matter, are all dutifully recorded in the county register and assessor of deeds so that that is is always well known and well established for, for any entity that those easements, conservation easements have either in perpetuity or a timeline for that conservation easement. And so I don't want to minimize what the Niobrara River Council does and the good that they do, but I know that they were plagued by a lot of other mismanagement issues that held their organization in suspect. And I, I don't know why their funds were stricken. I don't know if Senator Storer knows why these funds were strictly going forward or maybe someone on Appropriations could fill us in, and what was the basis for, for doing that? So I'll, I'll see if Senator Storer might know the answer to that. Will Senator Storer yield to another question?

DeBOER: Senator Storer, will you yield?

STORER: Yes, I will.

RAYBOULD: OK, so the question is, do you know the reason why they struck these appropriations? Did anyone give you forewarning? Because I know you've been involved. I mean, that's, that's in your district and, and something you have really contributed to. So do you know why they did this?

STORER: No, Senator Raybould, I do not, which is why I have filed this amendment. Again, this is a very small dollar amount and I think was very, very not well understood of the purpose of those funds. And, again, in terms of-- you know, I, I want to clear the record. I don't-- there was a question in the audit of hours that the executive director recorded and was she on duty at that time? I very much appreciate Senator Foley's work because he is being very thorough with a variety of agencies. We get a weekly report almost. Those, to my knowledge, those issues were, were corrected, duly, duly so, but I am not aware of any duties that the Council failed to carry out. I know for a fact that there-- every year are educational activities. There

is a lot of-- the Council owns the, the canoes that are used with the youth for education, that's an ongoing and very up to last year when the Park Service withheld their funding for that was a very vibrant program. In fact, they had an additional part-time staff person in the summer just to do those educational float trips and work with youth. And so I, I am not aware of any accusation that they did not carry out their duties. I am aware of the Auditor's report in terms of how the hours were logged and if that was done correctly and I do believe that was corrected by the board about a year and a half ago.

RAYBOULD: Thank you. But thank you, Senator, I do want to see if I can get Senator Clements to answer a question.

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

RAYBOULD: Senator Clements, could you help us understand why the, the funds for the Niobrara River Council were stricken from the budget? Because we're, we're trying to have a better understanding of this issue that Senator Storer wants to reinstate.

CLEMENTS: This was a Governor's recommendation and the dollar amount that's there didn't appear that that had been used for a long time. If they do have a legal challenge or needed to defend the easement, the amount in there probably isn't enough as it is. So we adopted the Governor's recommendation, didn't get a whole lot of other information except to believe that, that the federal funding has been reduced, which I believe is true, and there have been problems with the management of that organization was probably another negative factor.

DeBOER: Time, Senator.

RAYBOULD: Thank you.

DeBOER: Thank you, Senator Raybould. Senator Storer, you're next in queue.

STORER: Thank you, Madam President. Thank you, Senator Clements, for that explanation. And again, this is why I filed the amendment and wanted to take a moment to bring attention to what the purpose of those funds are. They are not a large amount because the easements, there's about 600, I believe, in 54 acres that the Niobrara Council owns easements on. It is a, a, a 5-- at the time those funds were granted from NET, it was based on, I believe, a 5%. And that's sort of

a national standard for a conservation easement defense fund is to hold about 5% of the value of the easements in a defense fund, which is what this reflected at the time that grant was appropriated. So that's-- that is the dollar amount and the reason for the dollar amount. And the nature of the easements are in perpetuity. It's not just that they're recorded at the-- anybody that doesn't understand what a conservation easement is, they are on the title on the deed of the land that the easement is held on in perpetually, and you have to be an approved land trust to hold them. I can't go buy a conservation easement. OK? A nonprofit can't just go buy a conservation easement. They're very unique in terms of who can hold them. And the Niobrara Council is one of those approved and legally holds the easement. This doesn't just-- I don't know what anybody thinks happens to that legal issue on the deed of this landowner's property if the, if the Council just is unable to fulfill their obligation, which they legally agreed to in the purchase of that easement. We're not talking about just a grant program. This was a legal-- is a legal obligation of the Council that can't just-- we cannot like who's on the Council, or we can, you know, chastise them for an auditing correction. That, that is-- that doesn't take away their legal obligation in perpetuity on these easements. So we're, we're talking about two separate issues. So if somebody wants to punish the Council for an auditing infraction, well, I got a long list of agencies if we're going to go off of Senator, or excuse me, Auditor Foley's reports that we could chastise. I think that's pretty petty, I don't-- that kind of falls below what I believe this Legislature is charged with doing, quite frankly, but we are charged with making sure that the agencies who have been duly created by the state of Nebraska, appointed by this body and approved by the Governor, or appointed by the Governor, approved by this body and have been entered into legally binding agreements with landowners that they are left in a position to uphold those agreements. It would be the most irresponsible, childish thing I can imagine that we would take \$34,000 out of some snarky, we don't think they did a good job in 2022, to strip them of their legal responsibility and put not just the Council but, ultimately, the state of Nebraska in a huge legal liability. So \$34,140 is, quite frankly, the best insurance policy anyone is going to buy. And I am not being critical of the Appropriations Committee at all, because I do believe, as Senator Clements just stated on the mic, they weren't really clear about what that fund was for. And he's right. There hadn't been any funds drawn out of it, because it's intended to be held in the event it is needed. That's the, the, that's the legal obligation of a conservation easement defense fund. It's not a general fund. It's not like a

checking account. It is a reserve kept in place in the event the easements they legally hold are ever challenged. That is to protect not only the Council but also the landowner. They've entered into these legal agreements in perpetuity. So if we're going to continue to support conservation easements in perpetuity, then we better be prepared in the state of Nebraska to stand behind the responsibilities that come with them. So I'm asking again for your green vote on FA1050 just out of sheer responsibility. I hope that we all have a better understanding, even though those are a small dollar amount, why they're so important to keep in place. Thank you.

DeBOER: Thank you, Senator Storer. Senator Holdcroft would like to recognize 50 fourth-grade students from Gretna Elementary in the north balcony. Please stand and be recognized by your Nebraska Legislature. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Madam President. Well, I, I don't know where I'm at on this particular FA. I just punched in to give a shout-out to the kids in Gretna Elementary. I actually heard from-- Scarlett Parker [PHONETIC]. Is Scarlett Parker up there? Scarlett, there you are. Oh, hi, Scarlett. Well, heard from your grandma that you were going to be here. And so she asked me to give you a shout-out. Your grandma is a friend of mine, and so just wanted to give-- say hi to all the Gretna kids, but specifically give a shout-out to Scarlett Parker, say hi, that your, your grandma, Teresa Hook [PHONETIC], and I go way back. And so just wanted to say welcome to the Capitol. I hope you guys are having a good time. Thank you, Madam President.

DeBOER: Thank you, Senator John Cavanaugh. Seeing no one else in the queue, Senator Storer, you're welcome to close on FA1050.

STORER: Thank you for all of the good conversation. I actually think this was a, a good opportunity to-- sometimes things that appear to be small actually have a reason and a, and a really significant potential consequence. So thank you for listening and I ask for your green vote on FA1050.

DeBOER: Thank you, Senator Storer. The question before the body is the adoption of FA1050. All those in favor vote aye; all those opposed vote nay. There's been a request to place the, 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.

ASSISTANT CLERK: 26 ayes, 0 nays to place the house under call, Madam President.

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. Senator Hallstrom, Senator Riepe, Senator Arch, please return to the Chamber. The house is under call. All unexcused senators are now present. Senator Storer, a vote was underway. Would you like to do call-in votes? There's been a request for a roll call vote. Mr. Clerk, would you please call the roll?

ASSISTANT CLERK: Senator Andersen voting yes. Senator Arch not voting. Senator Armendariz. Senator Ballard voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements not voting. Senator Clouse voting yes. Senator Conrad voting yes. Senator DeBoer voting yes. Senator DeKay not voting. Senator Dorn not voting. Senator Dover. Senator Dungan. Senator Fredrickson voting yes. Senator Guereca voting yes. Senator Hallstrom not voting. Senator Hansen not voting. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes not voting. Senator Hunt voting yes. Senator Ibach not voting. Senator Jacobson voting yes. Senator Juarez voting yes. Senator Kauth not voting. Senator Lippincott voting yes. Senator Lonowski voting yes. Senator McKinney voting yes. Senator Fred Meyer voting yes. Senator Glen Meyer voting yes. Senator Moser not voting. Senator Murman voting yes. Senator Prokop-- Senator Prokop not voting. Senator Quick not voting. Senator Raybould voting yes. Senator Riepe not voting. Senator Rountree voting yes. Senator Sanders voting yes. Senator Sorrentino not voting. Senator Spivey. Senator Storer voting yes. Senator Storm voting yes. Senator Strommen. Senator von Gillern not voting. Senator Wordekemper voting yes. Vote is 27 ayes, 0 nays on the adoption of the amendment, Madam President.

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

ASSISTANT CLERK: Madam President, Senator Rountree would move to amend with FA1048.

DeBOER: Senator Rountree, you're welcome to open on FA1048.

ROUNTREE: Good morning, Madam President, and good morning, colleagues, and good morning to those that are watching across the state of Nebraska this morning. I just rise to introduce FA1048, which would strike the language in Section 101 and 102 on page 18 of the amendment, AM2165. I want to just begin by reading a couple of emails from constituents regarding this particular measure. This first one says: Mr. Rountree, I'm concerned about this bill since it would allow the state of Nebraska to transfer funds out of the Nebraska Veterans Aid Fund. This fund is to be used for veterans in need and not for any other purposes. Once funds are transferred to the General Fund, it can be used for anything and not necessarily veterans. Please do not support this bill if you respect the veterans of Nebraska. Thank you for your time in this matter. And this was from a Master Sergeant retired down in the district. The second one says: Senator Rountree, my name is Dean Johnson [PHONETIC] and I live at this address in Bellevue. He's in the district. He says I'm a retired Air Force Chief Master Sergeant and I believe I'm in your district. Yes, you are. I would like to highly encourage you to protect the Nebraska veterans fund and vote against LB1072. The fund should stay earmarked for veterans and should not be used for legislative loans. And so I want to talk a little bit about the Nebraska Veterans Aid Fund. It's OK, you can go on and cross. The Nebraska Veterans Aid can help veterans and their spouses or dependents with temporary financial relief in the event of a variety of emergencies. It can be used for food, fuel, shelter, transportation, daycare, funeral expenses, medical needs, and surgical items. So nearly \$60 million has been distributed to eligible Nebraskans since the fund was created back in 1921. But per state statute applications must be made through a county veteran service officer or post service officer of any recognized veterans service organization and submitted to the Nebraska Department of Veterans Affairs. The principal investment for the NVA is held by the Nebraska Investment Council and currently holds over \$60 million. And then let's talk about some of the distributions that have been distributed. So this is from a 19-- I mean, 2023 application data. So in 2023, it's been more now, but in 2023 what I have, 475 applications were received. Total application reconsiderations were 495. Applications approved for assistance, 354. Applications denied was 91. Applications counseled by the applicant was 13. And reconsiderations reversed and approved was 4. Reconsiderations upheld or denied was 4. And then we had some that was carried over to the next year. So we have those applications during the course of the year. Some are approved, some are disapproved, and then others are carried over into the next year. So when we look at spending, annual expenditures range from around

\$750,000 to nearly \$2 million per fiscal year. And I remember there was an increase back in 2019 when we had the great floods, the bomb cyclone here in Nebraska, followed by some straight-line winds, some derechos, if you will, and there was an increase in veterans applying for services and assistance. So by category, in 2023, the highest amount was given for cremations and burials, then amounts for dental, rent, in this order, food, mortgage, transportation, electric, gas, hearing aids, hospital, clothing, phones, eyeglasses, water, medications, and then other medical and surgical, even for garbage bills that one might have to pay, and some assistance for health insurance. So the Veterans Aid Fund is a very robust fund and used by our veterans here in this state. I didn't get a breakdown of how much has been used in each one of the counties. But it does show on a chart, and I can have that passed out once we are finished. But I won't go through all of that now. So I just want to go back and look at one of the articles that we talk about for the Veterans Aid Fund. Who's qualifying for that? By its establishment, immediate needs to be covered, the members that can qualify for this are those who have served on active duty in the armed forces of the United States, other in active training, duty for training, and who is discharged or otherwise separated with the characterization of honorable or general, on honorable conditions from such a service, or someone that died in the service as a direct result of a service, so it would be family members, and then being a citizen of the United States at any time of his or her entry into such service, served with the military forces of any government allied with the United States during this time. And so all the income from the fund is used for aid and not for administrative purposes of this fund. Aid can only be used for, as we talked about some of those again, food, fuel, shelter, transportation, daycare, wearing apparel, funeral, medical, and surgical items. And those applications would be made through a veterans service officer. I want to just also draw your attention to an article that was published by Nebraska Public Media back on the 18th of February, it's about a 3-minute read, but it states here that this was probably during the hearing, but advocates for veterans pleaded with state lawmakers to maintain funds slated to be transferred from a veterans aid program to support veterans homes, despite the Director of Nebraska's Department of Veterans Affairs saying the transfer would not reduce services. The Nebraska Legislature's Appropriations Committee heard public comments Tuesday on that date on proposed budget adjustments to Veterans Affairs. The committee has been tasked with drafting an updated state budget that fills this-- expected at that time, \$471 million shortfall. The Governor had proposed a selection of changes to the

Veterans Affairs budget, most notably a \$5 million transfer from the Veterans Aid Fund over 2 years and that's what we see in the budget that part of this amendment is addressing. The funds will be allocated to bolster services at the states for veterans homes. The Veterans Aid Fund provides aid to Nebraska veterans and their families for emergency and medical services. While several advocates cried foul over these transfers, Veteran Affairs Director John Hildreth said it wouldn't reduce the amount of aid coming out of the fund. Utilizing these funds is the most effective way to stretch these dollars and support our brave veterans throughout the state, Hildreth said. So this wouldn't be the first time the state transferred dollars out of the fund in the last 5 years. According to the North Platte Telegraph, state lawmakers approved an \$8 million transfer from the fund in 2023 to expand the Nebraska Veterans Cemetery at Grand Island. The \$7.5 million project, which incorporated the site's original 1888 burial grounds, was dedicated in July-- on July 12, 2025. Hildreth said that the Veterans Aid Fund is growing so rapidly that he believes the state could take funding off the top and it would still generate enough interest to meet the needs required of it. He said interest has already recouped the reduction to expand the Grand Island cemetery. The fund currently holds about \$60 million, \$57 million of which is set for long-term use and \$3 million for the short term. He said in a typical year, he said the department spends between \$1.3 million and \$1.5 million. I will give a copy of this to print out as well. There was also opposition testimony that came to testify at that particular hearing. But none of the opposing testifiers listed immediate negative impacts the transfer would have on Nebraska veterans. Instead, they largely argued that the transfer would set a bad precedent that could lead to a habit of the state siphoning dollars from the fund. Using Nebraska's Veterans Aid Fund to address General Fund shortfalls should be a last resort, not a first choice. And so as we look at this particular proposed transfer, we see that in these economic times there is a tremendous greater need. Even here in Lancaster County, their veterans have stated that the increase in aid requests has been over 50%. We recognize that there is veterans' homelessness. We heard a bill in our committee to address homelessness over in, in Omaha, but around the state as well, and to make that, I call it, criminalization. However, we have a lot of veterans that are out. They need homes. They need assistance. They need aid. They need mental health care. And we always talk about protecting and uplifting our veterans. When I'm out and about, I hear people say, thank you for your service. I always answer back, thank you for giving us a country that we can serve. We're all in it together. So we want to really

protect our veterans. And in this aid fund, instead of transferring these dollars out, we should increase the availability or increase the services that we give to the veterans out of the aid. If it calls for a statutory type change, then that's something I'm willing to look at. But when funds are designated for veterans aid, let it be remaining for veterans aid. Some of the--

DeBOER: Time, Senator.

ROUNTREE: Well, thank you so much, ma'am.

DeBOER: Thank you, Senator Rountree. Senator Guereca would like to recognize a group in the north balcony, Special Olympics Nebraska athletes. Please rise and be recognized by your Nebraska Legislature. Senator Quick, you're recognized.

QUICK: Thank you, Madam President. Good morning, colleagues. I want to thank Senator Rountree for bringing this FA, the FA1048, and I'm supporting it. I know this is probably one of the cash fund transfers or taking money from the cash funds I've received the most email on probably. And I know our veterans community in Grand Island is important. We have a, a, a fairly large veterans presence in our community and we try to, to commend them every day with the things that we do and we appreciate everything they've done for us. I can tell you that I've met with our veterans. We have a, a, a Hall County Veterans Committee and I've met with them several times over the years that I served, even when I served before, actually, that veterans cemetery, we made it a state cemetery, so one of my first-- one of my bills back then was to work with the, to work with the department as long-- as well as the Governor's Office and with our Hall County veterans to bring a bill that where we could make Grand Island, it was the old soldiers and sailors cemetery that was hooked to our, our, our vets home at that time and we could-- we made it one of the state cemeteries for the state of Nebraska. And so I know-- then later on, you know, there was some fundraising that had to happen. I know Hall County-- the Hall County veterans raised a, a bunch of money. We had to have some, some input as well. We had to have, have stake-- a stake in the game, so they raised the funds that were necessary to be-- to do their part, and then the state had to come up with some money, and then we had to wait for the federal Veterans Affairs to actually put it on their agenda of things that they would put money into. I know later on when Senator Aguilar was here he was the one that brought the bill to appropriate some of the, the state dollars so we could actually get it started. And I know that was really important for us

to be able to-- his-- my bill along with his bill were both important to be able to-- for us to have that, that state veterans cemetery in Grand Island. It's up and running now. We've had our-- we've, we've-- it's, it's open. I know-- I think they've even-- I know they've done a couple of burials out there and it's a great way to honor our veterans and have that access for veterans to be buried in central Nebraska. So I know that was really important for them to have. You know, as far as other, other things that are happening with this money, I know, I know, just reading from an article that was, I think it came out, probably the Grand Island Independent, it talks about the Veterans Aid Fund was created in 1921 to be self-sufficient and used for, for one-time emergencies. It is used for medical expenses, rent and mortgage assistance, food, and more. And as, as-- it goes on to say as the state faces a budget deficit of hundreds of millions of dollars, I know our, our VSO, Don Schuda, said losing these funds would really put more burden on and shift the burden to local taxpayers. I also think about, too, you know, with some of our cuts to Health and Human Services and what's happening. The veterans who maybe aren't receiving those services through the, through the Veterans Administration and through these funds now would be shifted more over to Department of Health and Human Services. And, and I know there's many of them that, that, that-- you know, they're working-class citizens. Some of them live in poverty, some of them have mental health issues, PTSD, and, and things like that. And so those costs would probably be shifted more onto the Department of Health and Human Services as well. So, you know, we're looking at health care costs increasing. If we're not providing those services for our veterans, then, then who is? I mean, I, I think it's going to be put back onto them as well. I know last year, the Hall County veterans had access to \$130,000 of funds for various emergencies. And that was in the 2025-2026 fiscal year. So these funds are important to our veterans. I mean, they're, they're crucial. I know I worked with-- when I worked at the power plant, there were several of my coworkers-- it seemed like a lot of the people who came out of the military seemed to work in the power plants, whether they were operators, whether they were maintenance workers, and, and so I had that opportunity to work with, with several veterans and hear about their experiences while they were serving.

DeBOER: Time, Senator.

QUICK: Thank you, Madam President.

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

CONRAD: Thank you, Mr.-- Madam President, and good morning, colleagues. I rise in strong support of the measure brought forward by my friend Senator Rountree and appreciate the dialogue that senators have offered to this issue thus far. I wanted to just preface my support for this amendment with kind of a general overview and then talk about some specific statistics related to this issue and connect that to a personal story from a constituent in my district. But over my 12 years in the Legislature and as an active observer and participating for almost a couple of decades even outside of my service, I have always really cherished the moments when the Nebraska Legislature has come together in a very, very strong, nonpartisan fashion to protect the most vulnerable, to protect the institutions, and to protect our military, our military family, and our veterans. I think that these are some of the moments where we are at our best and at our strongest. And Senator Rountree is giving us an opportunity to rekindle that collegial spirit in regards to the amendment that he's put forward. It's really important that we not be sweeping and cutting and raiding dedicated funds to help our veterans. And I've heard a lot about this from constituents. I know veterans groups have rallied across the state to advocate against these sweeps and cuts and the initial proposal has been diminished from the committee proposal in comparison to what Governor Pillen put forward. But we, we really should-- we really shouldn't raid these funds. We really should leave them with the flexibility as intended to meet the needs of our veterans in Nebraska. It's estimated that about 5-7% of veterans in Nebraska are living in poverty. A lot of times our youngest veterans are the ones who are struggling the most when they separate from service or are discharged from services. And we know that by giving such a sacrifice to our country and to our freedom, that also brings a great strain in terms of physical and mental health and a host of other issues as well. We know that Nebraskans do have unique needs and need specific and flexible support to address those. We also know that with the evisceration of the safety net programs in the so-called big beautiful bill and actions by this Legislature, many veterans in need are going to be losing food assistance. Many veterans in need are going to be using medical care. There are proposals pending to try and push back against that to protect veterans and the safety net and flexible support they need to navigate life, but those have yet to be adopted thus far. So ensuring the sanctity and access of these funds and their flexibility now-- is important now more than ever. I want to just kind of wrap up and share a constituent story. As I was out knocking doors this fall and talking to voters across north Lincoln, an, an older gentleman, who I had had the chance to visit with many

times, let me know that he was, he was a veteran and he was really struggling. His wife had become very, very ill with cancer and had passed recently. And the family had taken on considerable costs in dealing with that unfortunate occurrence. And it really impacted their financial health and his mental health as well. And as he was struggling through grief as a widow and after providing not only service to our country, but caregiving to his wife, he'd ended up getting in a, a, a financial crisis and had a risk of losing his house. We were able to connect him with free legal assistance through the University of Nebraska College of Law Civil Clinic and their services. And they were able to tap into funds just like this to help him right the ship and get peace of mind to stay in the family home after a medical crisis had hit that family. So it's more important than ever. It has real impacts for people across the state. And I urge members' favorable consideration of Senator Rountree's amendment. Thank you, Madam President.

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

J. CAVANAUGH: Thank you, Madam Chair, Madam President, Madam President, that's the right word. I rise in support of FA1048. And I appreciate Senator Rountree bringing this. You know, we've had a lot of conversations always about the budget being not just, you know, an accounting document, but a statement of priorities. And we owe a duty to the folks who have served this country to, to take care of them and help them in whatever way is possible, and there's been a lot of bills and conversations about things that we can do for veterans. And I, I do recall when this was proposed, there was a disagreement between the administration, the Veterans Administration and Veterans Services agencies about whether there were funds available and they could absorb the cost. And I, I don't know what the truth of that is and whether the funds are actually being used, but I, I do think as Senator Rountree went through a great list of things that this can be used for and Senator Conrad just had a, a great example of, of when this has been used, but I think that if there's money here that we should ensure that it is going to serve veterans. There are so many veterans in need. And if there's money that's going unutilized, it's because veterans in need are not being connected with those services. And so we need to be making sure that veterans are getting those services. We know that veteran homelessness is something that is very high. We know that the number of people who are incarcerated have served our country. We've had some great success in our problem-solving courts with Veterans Treatment Court and folks getting

that opportunity to, to be rehabilitated and treat their underlying issues that lead them into the-- be system involved. And so there is a lot of need out there and that rather than try to fill the budget shortfall from our own shortsightedness, we should make sure we are protecting this money and directing it specifically to services for veterans. And so if there are funds in here, I would, I would suggest that we just ensure that it is going to housing stability for veterans because there is definitely not enough transitional housing for folks who have served our country and are coming out of custody. There's definitely not enough long-term supportive housing for folks who are experiencing street homelessness who have served our country, and we could use any funds rather than take them from this. We could invest those funds in increasing housing stability for veterans and get them back on their feet, get them connected to the other services, and get them out of the current crisis that they are in. And so I really appreciate Senator Rountree bringing this because I think it is really important that we-- our budget does reflect our values and our values should be that we take care of our veterans. And so the fact that we're even at this point where we're suggesting taking money out of this I think is wrong. But we have an opportunity to vote green on FA1048 and restore those funds back to that, that program. And when we do that, if there really truly are funds that are still going unutilized, I think we-- there is plenty of need out there. And if people know that there are funds available, we can connect those people to those funds and help serve those needs. So I encourage your green vote on FA1048. Thank you, Madam President.

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

M. CAVANAUGH: Thank you, Madam President. I appreciate Senator Rountree bringing this amendment to reinstate the funds. So it's a veteran fund that goes to another fund. There's, like, funds that go to funds that then do things. And the, the main fund is where we previously appropriated money for the veterans cemetery in Grand Island. And when we did that-- and now this is similar to, like, how the Health Care Cash Fund is, that there's, like, money in there and we transfer, like-- because there's interest that kind of maintains it, and so those transfers come from the interest. So what we did previously with the, the cemetery was we took from the principal, which then lowered how much interest there was in the next year's. And it has now gotten back up to where it was before we took from the principal to give for the veterans cemetery. And at that time, we made a commitment that we were not going to do that again. And so this is

taking, again, from that core amount of money and transferring it to cover some veteran services that were previously covered through General Fund appropriations. So this is another shift from General Fund funding to a cash fund that is intended for a different purpose. And it has been underutilized. This is true. But to many points today, there's a need still for this fund and, and there needs to be more education to our veterans about this, this is an option when they are in need. They need rental assistance, they need help with medical debt, if a veteran family member passes away and they need to help with funeral services, there's a lot-- or if they're disabled and they need to-- some sort of equipment for their home or retrofitting or a van. Like, there are a lot of different things that this fund can be used for. And if it's going underutilized, that's not because there isn't a need. It's because we need to educate our veterans more on this option for them. But I've asked this question of a few people about what's the purpose of government? What are we supposed to do? Like, we all pay taxes. What do you think your taxes are supposed to pay for? So I pay income taxes and I pay property taxes and I pay sales taxes. And for me personally, I think that the function of government is public good. That includes infrastructure, so, you know, roads and electricity, those utilities, things like that, making sure that we have a functioning sewer system, etcetera. So that's some of the infrastructure pieces. And I believe that our tax dollars should go towards that. Another public good is public education, because an educated population is, is necessary for us to function as a society. So that's a public good. Public libraries are another public good. And then those essential social services to take care of our fellow man, that is also a public good. Not having people be homeless and-- or I'm sorry, unhoused without access to food, without access to transportation, without access to health care, those things make our society dangerous. So it is a public good to ensure that the public is cared for to a certain degree. And I think it is important to maintain that our veterans have done a service to this country and that is our responsibility to ensure that they are cared for and that is part of the state's obligation and we shouldn't be taking money from a fund that's intended for a different purpose. So thank you, Senator Rountree, for bringing this amendment.

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

ANDERSEN: Thank you, Madam President. First, I'd like to thank Senator Rountree for his support to the veterans. As most of the body knows, I'm a veteran as well, 21 years in the Air Force, so I appreciate your

attention to him. But I want to go through a little truth in advertising here. If you look at the, at the veteran fund right now, the balance as of June of last year was approximately \$53.4 million. The interest generated by the fund every year is about \$3.5 million. If you look at the aid to the veterans every year, and I think Senator Rountree mentioned this earlier, is approximately \$1.3 to \$1.5 million. So if you look at just those two facts between the interest generated and the expenses incurred, you're looking at the fund growing at, at approximately a \$2 to \$2.2 million increase per year. So now let's look at what the, what the, the budget does, it transfers \$1.5 million in this year before June 30. And then it transfers another \$1.5 million next year, and it will transfer it within the veteran system. It doesn't transfer to general funds. It doesn't transfer to a 501(c)(3). It doesn't go to any philanthropic or any endowments or cultural or anything else. It goes from one veteran organization to another, one veteran fund. So if you look at the total interest being \$3.5 million a year, and the two transfers out total, \$3.0 million, you're talking about actually an increase in the fund of half a million dollars or a total over the 2-year period of about \$1 million. Oh, by the way, I said the balance in the fund was \$53.4 million as of June. If you do the simple math and you say, well, that's 9 months later now, the fund would actually be at \$56 million, assuming the interest is, is accruing at the same rate. The utility of the, the money that would be transferred over for the Department of Veterans' Affairs, I think Senator Rountree mentioned this, I know that-- I've heard that it's going to be used for upgrading some of the veteran homes. There's other things that we are going to be doing to support veterans. So, so really when we look at this, the money is going from one, one veteran-related affair fund to another one. I really think it's a nothing burger. The fund continues to grow. It's not going to be depleted. The veterans are going to continue to be supported. They're going to continue to get what they need. And for that reason, I rise in opposition to AM1048 [SIC]. Thank you, Madam President.

DeBOER: Thank you, Senator Andersen. Senator Lonowski, you're recognized.

LONOWSKI: Thank you, Madam President. And I sure appreciate the, the sentiment of Senator Rountree and Senator Andersen. Thank both of you for your service. Thank, Senator Holdcroft, for your service and thank, Senator Riepe, for your service. As a veteran, I want to salute first my brothers Lonowski, Jack, Gary, Ron, Ken, and Randy, together we have well over 115 years of service. I was trying to count it out,

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but I can't keep track of my brothers when they would get in and get out and get back in. I am comfortable with \$1.5 million dollars being asked to be transferred over. As Senator Andersen said, we have well in excess of \$50 million in the Veterans Assistance Fund or the Veterans Aid Fund. This \$1.5 million is out of the interest that is accrued on that, well over \$50 million in access-- in excess of, of \$50 million, I should say. And as Senator Andersen said, we're close to the \$57 million with the accrued interest and the, and the continued service that we give there. This money will be used for veterans' homes and to update veterans' hospitals and veterans' homes. So as, as I said, I am comfortable with, with the \$1.5 million. It is-- you know, we've asked over 2 years, we do need to make sure that we don't continue to transfer money from such valuable funds, but at this time I, I stand in favor of LB1072 and AM2165. And I just think this floor amendment at this point probably is not needed. Thank you, Madam President.

DeBOER: Thank you, Senator Lonowski. Senator Sorrentino would like to recognize 54 fourth graders from Hillrise Elementary School in Elkhorn, Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Clements, you're recognized.

CLEMENTS: Thank you, Madam President. I really do appreciate the conversation. I, again, also thank the veterans. My father was an Army World War II veteran in France and Germany, and I'm a member of the Sons of the American Legion, so I honor the veterans as much as I can. In this, this case, the-- as it was told, this fund does have \$53 million last June. I believe it's-- I'm sure it's higher than that now, but that's what the number was then. And we're-- we've set this transfer to be using interest only. The Governor's proposal asked for \$2.5 million per year from this fund and I proposed to change it to \$1.5 million when I figured out that we could only use interest. We would not be tapping into principal. And also because 100% is going to be going to veterans' homes for improvements, so it's still going to aid veterans, and we made sure that was part of this provision. And, also, it will not reduce aid that's given out to needy veterans, the amount of aid available will not be affected. And the other thing is, this transfer ends June 30, 2027. There's no authorization permitted after this budget cycle ends and the Veterans' Affairs Agency Director did not oppose this and the-- so I, I believe it is a fair provision in the budget. I oppose FA1048, mainly because we have reduced the amount that was requested to keep it out of the principal of the fund and only to use interest, and also continue to help veterans in other

ways in the veterans' homes. And so I ask for your red vote on FA1048. Thank you, Madam President.

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

QUICK: Thank you, Madam President, and good morning, colleagues. One of the things that was just pointed out to me that this fund, there, there-- it's not fed-binding type of revenue, so there's nothing that comes into, to every year to, you know, up the principal balance. It's only just strictly driven by the amount of interest that goes into it. So I'm guessing I'm going back to when I, I read this before, when this was created in 1921. That's when probably some, I'm going to guess it was federal funds or what type funds went into create this to create the Veterans Aid Fund, that's when that was probably established and over time it's grown with, you know, with interest along with maybe some veterans maybe not understanding it's there and, and utilizing it like maybe they should. And maybe that goes back to, like, we've talked-- I've heard people on the mic talking about education, helping some of these veteran service officers across the state or different organizations understand that maybe there is, you know, if you needed some funds for housing or some funds for different-- a different veterans' project that these would be available to you to utilize. And so maybe that's something that's going to need to happen in the future so that they realize that those funds are, are there for their-- for them to access. I'm going to talk a little bit about our Hall County Veterans Committee and everything they've done for our veterans in our community and really surrounding communities as well. You know, I know there are several-- if I name all of the, the, the committee members, I would leave someone out, but I know they've all done really important work in supporting our veterans, like the hero flights, raising money so that they could fly veterans to, to Washington, D.C. to go to the monuments, see the, the different-- whether it's the Vietnam War honorees, or Korean War, or World War II. And I know those hero flights were important to a lot of the veterans. Plus, it helped them to raise funds within our community to help some of the veterans as well. I know our-- we have a veteran's hospital in our-- in Grand Island, and that they provide a lot of great-- you know, along with health services, they also provide, like, substance abuse, mental health help in that area. And one of the, one of the people I go to church with, he's actually-- he, he talks to me all the time about bringing veterans from Grand Island or he might even go to the vet's home in Kearney and transport veterans to Omaha because there's a need-- some of the needs aren't always available in Grand Island, so they would transport them to Omaha to receive some of

their health care needs. And it is a kind of a funny story because we talk a lot about the I-80 work and, you know, driving through that work zone, and him and I joke back and forth about whether we need to make sure that people aren't speeding through that area because, because sometimes-- I know it's 55 miles an hour there and there's some people driving 70 through there, so we joke back and forth about that. But that, that person, as an individual, the kind of service that he provides to, to get veterans to and from, their health care needs are really important. Like I talked before, I worked with a lot of veterans throughout all my years. I can remember when I used to work at the, at the sand and gravel operation, there was a veteran there that had served in World War II. And he didn't talk much about what happened during his time. The only thing I remember him ever talking about is how when they-- he was in Europe, so when-- near the end of the war, that he was in one of the military units that, that went into the concentration camps. And he said that was a, a pretty, pretty awful scene and, and sight, and, and I think it caused a lot of the veterans at that time, maybe even some not just from the war, but seeing something like that, PTSD. I know some of the, the veterans that I worked with at the power plant had been in the Navy, several of them, and there was some in the Army as well. I've had-- my dad was a veteran, he served after the Korean War. I will say that a lot of these veterans, and I'll just use my dad for an example, sometimes pride gets in their way to ask for help, too. So I know my dad, he probably had-- he could have access to some of the veterans' services, but he said that's for another veteran to use, not for me. So he felt like, like he didn't deserve or wasn't worthy to--

DeBOER: Time, Senator. Thank you, Senator Quick. Senator Clouse, you're recognized.

CLOUSE: Thank you, Madam President. I would like to know if Senator Rountree would answer a question or two, if possible?

DeBOER: Senator Rountree, will you yield?

ROUNTREE: Yes, ma'am.

CLOUSE: Yes, thank you, Senator Rountree. As I looked through this, and I've gotten letters from some-- well, one of the Buffalo County Board of Commissioners for one thing, and they've talked about how the program is funded. And as I look at statute 80-401, at this point and for the last number of years, is it true that it's just strictly funded through the investments?

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ROUNTREE: Yes, I'm looking at that statute as well, and that's true.

CLOUSE: OK. And have you gotten a lot of opposition? I know I've received several letters, a lot of opposition from the Nebraska Veterans Council, you know, and that, that Council has American Legion, VFW, Disabled American Vets, American Veterans, Vietnam Vets, Paralyzed Vets, those organizations, have you received a lot of pushback on this?

ROUNTREE: Yes, they have and I think most of the senators also should have just gotten an email in from our VFW as well.

CLOUSE: OK. And the number being dropped from what was originally proposed, does that, does that make it more palatable?

ROUNTREE: Not to me.

CLOUSE: OK.

ROUNTREE: And for the opposition that still comes in, I would say no.

CLOUSE: OK. Thank you. And that's all I have. Thank you.

ROUNTREE: Thank you so much, Senator.

DeBOER: Thank you, Senators Clouse and Rountree. Mr. Speaker-- Mr. Clerk, for items.

ASSISTANT CLERK: Thank you, Madam President. Your Committee on Banking, Commerce and Insurance, chaired by Senator Jacobson, reports LB1157 to General File with amendments. New resolution, Senator Clements, LR364. That will be laid over. Business and Labor public hearing will be held at noon immediately following recess in Room 1507. That's Business and Labor in Room 1507 for a public hearing. And a priority motion, Madam President, Senator Wordekemper would move to recess the body until 1:30 p.m.

DeBOER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. Motion carries. We're in recess.

[RECESS]

ARCH: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to

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reconvene. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

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

ASSISTANT CLERK: I have no items at this time, Mr. President.

ARCH: Senator Storer would like to recognize some special guests today: Alyssa Storer, a daughter-in-law; Yowen-- E-- E-- Eowyn-- excuse me-- granddaughter from Lincoln; and Lewis, grandson from Lincoln. They're located under the north balcony. Please rise and be welcomed. Mr. Clerk, please proceed to the first item.

ASSISTANT CLERK: Thank you, Mr. President. General File, LB1072, introduced by Speaker Arch at the request of the Governor. When the Legislature left the bill at recess, it had before it the bill, Appropriations Committee amendment, and Senator Rountree's FA1048.

ARCH: Returning to the queue from this morning, Senator Fredrickson, you are recognized to speak.

FREDRICKSON: Thank you, Mr. President. And good afternoon, colleagues. And good afternoon, Nebraskans. I rise today in support of FA1048. And I certainly want to thank Senator Rountree for, for bringing this amendment up for discussion for the body. And, and I also want to thank the members of the body who have served in the military as well as just Nebraskans in, in general. I was having a few conversations about-- you know, we've heard a lot about these sweeps in the media as it relates to funding for veterans. And I had a couple conversations with folks right before lunch and after lunch as well. And my understanding is, for this fund specifically, the, the, the-- there's no revenue stream for it. In other words, the only way that this fund gets revenue is through the interest that it, that it receives. And, you know, we've been hearing a lot of talk about the money's just been sitting there and that's an opportunity for us to, to take that money or to sweep that money, and a couple thoughts come to mind related to that. The first is specifically when we're talking about services for veterans. So my background is in social work. I've worked as a social worker in the past. And I've worked with a number of veterans and their families as well. And, you know, there is, there is certainly a need for funds. So if there is a disconnect between the money sitting there and the funds getting out, that's, that's something that's not

because there's a lack of need for services or support. That's because the funds are not moving effectively for some reason. And I want this to be said as well because this is a bigger global issue as it relates to the sweeps that we've been talking about, is-- again, we keep saying the money's sitting there, the money's sitting there. What we're not saying is that the executive branch has instructed all of these agencies to spend-- not spend that money. And we have evidence of this. We've been shown emails of this, that the, you know, agencies were reached out by the executive branch and saying, do not spend 10% of your budget. And so the fact that these additional funds are sitting there and not being spent is all done by design. And it's very easy to come back and say, well, we can sweep these funds because it's not being spent or there's no use for that, that-- the money to be spent. Well, the reason that those moneys aren't being spent is because, a year or two ago, agencies were told they cannot spend that. So when we think about folks like veterans, for example, and we're sweeping these funds saying that that-- those dollars are not being spent, this is another example of, of, of exactly that, where that's actually just-- we're not providing veterans with the amount of resources or services that we, that we possibly could. And then the last point I wanna make is that, you know, there's been a couple of conversations about some of these funds or cash funds are, are just untouchable. We, we shouldn't be able to touch them. This is off-limits when we talk about how we're gonna balance the budget and how we're gonna move through what we're, what we're navigating with the structural deficit. And, you know-- I, I mean, frankly, I, I, I, I would certainly hope that folks would agree that funding for veterans would be a priority and, and, and at the top of that list of, of things that we would see as, as untouchable. So I am going to support this floor amendment from Senator Rountree. I want to again thank him for bringing this amendment. And I also want to thank our colleagues in here who have served in the military as well as Nebraskans at home. Thank you, Mr. President.

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

QUICK: Thank you, Mr. President. And good afternoon, colleagues. I rise in support of, of FA1048. And, you know, be-- earlier before lunch, I was talking a little bit about my dad and, and about how veterans, you know, take pride in, in their, in their service, but they also sometimes-- like my dad. He felt like he should leave funds for other veterans because he didn't experience some of the thi-- same things that they did. Maybe they had PTSD or, or had injuries from,

from time-- from their time served either overseas or in, in a war. And so-- I know I'd mentioned that he maybe felt unworthy, but I don't think that's the case. I think it's just that he looks at-- that there are others out there that maybe were more in need of those funds than himself. And really, he could have utilized that. Really-- you know, because-- I think back to when we were kids growing up. I grew up in the '60s and, and early '70s and we grew-- we were farm kids. We actually didn't even know we were poor. But our dad has talked-- later in life. He's-- he'll be 91 this year. He's talked about his time when us kids were young, when he'd had to go out and dig graves on the side from farming just to make some extra money to buy groceries and stuff. And we never knew that. I mean, we just didn't, didn't know that. And I know as far as, like, when we were growing up too, our dad never went to the doctor. I mean, unless it was just absolutely necessary. We-- he never, he never went to the doctor. So I think there were times that maybe he could have utilized some of those services, especially later on in life when he was on Medicare and those type of things. He has hearing aids. Actually, he-- he's only-- uses one hearing aid because he's deaf in one ear. So I think that could have been beneficial to him as well. You know, we talked earlier about some of the education pieces for maybe some of these veterans services or the, you know, the different co-- county groups and maybe how they could better utilize some of these funds that are out there to at least maybe spend the interest each year so it doesn't get swept away. And so I think maybe that's something we're going to have to work on. I'm hoping there's support for this, but I'm not sure there's going to be. So maybe we're gonna have to do some education to help them understand that maybe they can use it for other things like-- such as housing or something like that. And I don't know how that would all work, but I think those are communications we're going to have to have with them to maybe help them figure out how they can better utilize those funds. You know, we're talking about-- a lot of these funds that are being swept, I have issue with that. I don't think that's a good way to sustain, you know, what we're doing as far as policy goes, for tax policy and those type of things. These funds were put in place as funds were needed instead of-- and instead of taking mon-- money from General Fund for a project, they would establish these cash funds so they would do certain types of work so you wouldn't have to come back every year and ask money from the General Fund. And now we've found a way that-- or, I would say maybe the Governor's found a way to say this is part of our-- the money that we have available. So we're going to utilize that. Well, I, I don't agree with that policy. I think it's, it's poor policy. I think-- we should been-- be using tax

revenues for those. And if we need to work on some of the Revenue bills to maybe create some more revenue or-- I'm still in favor myself. I know it's no-- it's not favorable to others, but-- pausing the income tax brackets, that's one of the things that I, I think should happen, but I know there's others that don't feel that way. So we'll keep, you know, talking about some of these, these cash funds as we go along, but I'm in disagreement with taking money from any of them because I don't think that's a good way to move our state forward and to actually grow our state, so. Thank you, Mr. President.

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

RAYBOULD: Thank you, Mr. President. Good afternoon, colleagues. I stand in support of Senator Rountree's FA1048. It's very important that we be mindful of the service our veterans do and the number of-- increasing number of veterans we're going to be seeing because of our conflicts in the, the-- in the world today, so. You know, we have our Vietnam War veterans. We have Desert Storm, Afghanistan. Now the military officials who've participated in Venezuela and, and now Iraq-- Iran-- sorry. Iran. And I think it's important that we be mindful of taking-- reducing the General Fund contribution to this very important category. I just wanted to read a letter from Mark Lakamp, who is a Lancaster County veteran service officer. And he wrote this letter to, to-- over the lunch hour to Lancaster County senators. He said, as the Lancaster County veterans service officer, I urge you to vote yes on Senator Rountree's FA1048, which would zero out any proposed transfer from the Nebraska Veterans Aid Fund to help cover the budget deficit. While I know you have a difficult task in balancing the budget, this fund should not be a source to consider using. Since fiscal year 2023, the Lancaster County Veterans Service Office has seen a year over year increase in the number of Nebraska veterans aid applications as well as a 50% increase in the amount of aid granted. For this fiscal year, we are on track to exceed last fiscal year's NV-- NVA, Nebraska Veterans Administration, disbursements by another 50%. This is not the time to reduce the principle of the fund, especially given the economic uncertainties we can see today. I also serve as the chair of the Nebraskans' Veterans Council, a group made up of representatives from every recognized veterans service organization in the state. The NVC voted unanimously in January to oppose using any funds from the Nebraska Veterans Aid Fund to help cover the budget deficit. FA1048 meets the intent of the NVC's vote. And as chair of the NVC, I also urge you to support FA1048. Please do not set the precedent that the Nebraska Veterans Aid Fund is a place to find funds to address budget deficits. Thank you

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for your consideration of this request. Mark Lakamp, county veteran service officer, director, Lancaster County Veterans Service. Thank you, Mr. President.

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

CLOUSE: Thank you, Mr. President. I'd like to know if Senator Clements has-- could answer a question.

ARCH: Senator Clements, will you yield?

CLEMENTS: Yes.

CLOUSE: When we talked about the-- these funds going to building projects for the VA, did they-- was that a specific list or they just said it's just going to go to the--

CLEMENTS: The director did talk about the veterans homes that we have. He has some rooms that are double occupancy. He'd like to remodel those into single bedrooms. And that's what he mentioned, that he would be able to use this money to do so-- some remodeling in the veterans homes.

CLOUSE: OK. So that was basically the extent of--

CLEMENTS: That is what we were told. Yes.

CLOUSE: OK. Thank you. And I think everyone had received a letter from the department-- let's see-- Jeff Baker with the VFW talking about some things that went to all the senators over the lunch hour. So this is something that they're interested in, but they would like to make sure that it's for a specific purpose. When this went out a number of years ago for the Veterans Cemetery, we actually brought over a check-- and I was telling Senator Rountree this a little while ago-- that, from the city of Kearney and Development Council, we come up with about \$10,000 in a check that-- to, to help with that, the Veterans Cemetery. So it was, it was a good project but it was targeted and it was earmarked for a specific purpose. With that, I will yield my time. Thank you.

ARCH: Seeing no one left in the queue. Senator Rountree, you're we-- recognized to close on your floor amendment.

ROUNTREE: Good afternoon. And thank you so much, Mr. Speaker. And to our colleagues here, I appreciate everyone's input today on this floor

amendment. We had a variety of perspectives, but mostly a lot of support for our veterans across the board. As far as the maintenance of the homes, the veterans home, I believe there may be a 309 Task Force funding that. Provides for those types of maintenance opportunities so they wouldn't have to be used out of this Veterans Aid Fund. And I'll do more research on that, but I believe that is available and would be an appropriate use versus what the state had transferred the funds were to be used for. Yes, everyone did get the letter from Mr. Jeffrey Baker, the adjutant quartermaster of the VFW. And I am a lifetime member of the VAW and the DAV. Always going to be supportive of our veterans and opportunities to expand the services that we've talked about on underutilization. Let's reach out more, because there certainly is not a lack of need that is out there, and especially for what this aid fund is designated for. If we were able to capture everyone who has that need, then we'd be coming back asking for more money because I think these funds will be expended well beyond what we have capacity to do. So with that, as I get ready to close, I was gonna read the letter from Mr. Baker, but I think you already have it. Please consider it. And I ask for your green vote on FA1048. Thank you so much, Mr. Speaker.

ARCH: Members, the question before the body is the adoption of FA1048. 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. Record, Mr. Clerk.

ASSISTANT CLERK: 33 ayes, 2 nays to place the house under call, Mr. President.

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 Dover, please return to the Chamber. The house is under call. All unexcused members are now present. There has been a request for a roll call vote. Mr. Clerk, please call the roll.

ASSISTANT CLERK: Senator Andersen voting no. Senator Arch not voting. Senator Armendariz. Senator Ballard not voting. Senator Bosn voting no. Senator Bostar voting yes. Senator Brandt voting no. OK. Senator Brandt voting no. Senator, Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting yes. Senator Conrad voting yes. Senator DeBoer voting

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yes. Senator DeKay. Senator Dorn voting no. Senator Dover voting no. Senator Dungan. Senator Fredrickson voting yes. Senator Guereca voting yes. Senator Hallstrom voting no. Senator Hansen. Senator Hardin voting no. Senator Holdcroft not voting. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson voting yes. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKinney voting yes. Senator Fred Meyer voting no. Senator Glen Meyer voting yes. Senator Moser not voting. Senator Murman voting no. Senator Prokop voting yes. Senator Quick voting yes. Senator Raybould voting yes. Senator Riepe voting yes. Senator Rountree voting yes. Senator Sanders voting yes. Senator Sorrentino voting no. Senator Spivey voting yes. Senator Storer voting no. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern not voting. Oh, I'm sorry. Sorry, Senator. Senator Wordekemper not voting. 20 ayes, 20 nays on the amendment, Mr. President.

ARCH: The motion is-- the amendment is not adopted. Mr. Clerk, next item. I raise the call.

ASSISTANT CLERK: Mr. President, Senator Juarez would move to amend with AM2584.

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

JUAREZ: Thank you very much, Speaker. Good afternoon, colleagues. And good afternoon to everyone online. I have to tell you I am so excited about introducing this amendment to you today. And I know Senator Clements will be the most excited in the room about this amendment because my topic of my amendment today is on financial literacy. Colleagues, I rise to introduce AM2584 to LB1072, which addresses a funding gap that has emerged in Nebraska's financial literacy education efforts. AM2584 [SIC: AM2584]-- excuse me-- yeah-- would provide a one-time transfer of \$150,000 from the Securities Cash Fund into the Financial Literacy Cash Fund for the '26-27 fiscal year. So note what a low amount this is-- this request is. I have discussed this with the Fiscal Office, and they have confirmed this transfer is sustainable. On-- in the LFO book-- it's on page 220 if anyone would like to look at that. The Financial Literacy Cash Fund was established in 2012, funded by fees paid by payday lenders. Those fees generated approximately \$40,000 to \$50,000 annually, which supported the financial literacy education programs across Nebraska. However, in 2019, there was subsequent reforms that capped payday lender interest fee-- interest rates. That cap was an important consumer protection

policy which effectively eliminated the payday lending industry in Nebraska. While this was a positive step for consumers, it also caused the funding mechanism supporting financial literacy education to disappear. Though the funding source was eliminated, Nebraska made significant strides to codify financial literacy education over the past several years. The Nebraska Financial Literacy Act was signed into law in May of 2021, established a statewide commitment to ensuring students graduate with founding-- foundational financial knowledge. Under that law, students in Nebraska public schools must complete a course in personal finance or financial literacy as a graduation requirement. This creates a need to replace the lost payday lender funding mechanism for the fund to continue providing services to schools due to the graduation requirement. Last session, I introduced LB460 in Appropriations, creating a new cash fund with the similar purpose of the Financial Literacy Cash Fund and finding a funding source to sustain the new fund. The hearing showed that orig-- the original bill needed to be worked on, and it was suggested to use an existing cash fund. I have been working to-- on this bill and looking at cash funds and working to inform the committee chair of my plans during the interim. I worked to find sustainable funding options for financial literacy education, and I will continue with that goal. But today is to secure at the least a one-time transfer. More explicitly, the amendment allows for the transfer between the funds and reverses the language from the 2024 session to keep it specific to financial literacy educational programs. If we are going to mandate financial literacy education, we should also ensure that the organizations helping teachers deliver that education have the resources necessary to do so effectively. These programs help teachers implement financial literacy standards and economic standards through content-based, professional development and give students the real-world financial skills they will need as adults through programs at work. Financial literacy is just not an academic concept. It is a life skill, one that helps young Nebraskans avoid debt traps, understand credit, manage budgets, and build long-term financial stability. AM2584 helps ensure that the promise of Nebraska's financial literacy requirement is matched by the resources needed to make it successful. It is my perspective that we need to fund services to our constituents even in the face of cuts and downsizing. I just ask for your green vote to finally fund a cash fund that has left be-- that has been left behind in recent years. Thank you, Mr. President.

ARCH: Senator McKinney, you are recognized to speak.

McKINNEY: Thank you, Mr. President. I rise in support of AM2584. I think it's a great amendment. I think we should ensure that, you know, financial literacy education is taught and that our kids are learning it. I actually passed the bill to require financial literacy in our schools-- I think it was in my first year, in my first term. I cosponsored it with Senator Slama, and I think it was a Speaker priority with Attorney General Hilgers when we passed it. And at that time, I thought it was a great idea that all kids from K-12 would learn financial literacy geared toward the-- or, tailored towards their educational abilities and grade levels. So this is why I support this AM, because I think anything to ensure that our kids are getting some type of financial literacy and some foundational skills on financial literacy is very important, especially in times like this and-- really just to make sure that, when they graduate high school, they don't make a bunch of financial mistakes that maybe a lot of us have, have made in the past when we were graduating high school. But I think it starts with learning and it starts with knowing at least some foundational knowledge of financial literacy and knowing what to do and what not to do. Or if you-- even if you do, at least you make a better decision when you do make those decisions. So that's why this is important. I think everybody should vote for this. So thank you.

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

CONRAD: So sorry. Thank you, Mr. President. And good afternoon, colleagues. So sorry. Just got this really pesky cold. I wanted to weigh in, though, in support of my friend Senator Juarez's amendment that's on the board. This is an issue that I've worked a lot on over my career. In my first couple terms of service, I brought forward various pieces of legislation to either regulate or eliminate payday lenders in Nebraska, primarily because it had created such an extractive and predatory business model that it was ensnaring and entrapping a lot of low-income, working Nebraskans in my district in a really vicious cycle of, of debt and exacerbating their financial health and family well-being. And after many years of trying to move forward with those more restrictive approaches that were unsuccessful in this body, it had occurred to me during the course of those conversations with those representing the payday lending industry and those who are on the other side representing consumer rights, one thing that we identified as a common-ground principle in regards to all of our discussions was the need for greater consumer education and financial literacy. And so after years of failed efforts but listening in good faith to each other about trying to identify other options and common ground to move the ball forward, I approached the industry and

let them know that I was planning to move forward with a significant increase in their licensure fees and that those-- that a proc-- a par-- a portion of the proceeds from that increase would be dedicated to financial education and to consumer literacy. And this was a multiyear effort. It was hard-fought. It was in good faith. And we were able to finally come to an agreement in that regard to expand financial literacy and education in Nebraska without additional General Fund obligations. And our partners in the private sector and through the university and at the council for financial education literacy have done a really awesome job all across the state in every district of Nebraska, making a positive difference to help young people in particular be more astute in their personal and family finances. And with the subsequent passage of a ballot initiative that sought to regulate interest in Nebraska and specifically in regards to these practices, moving from-- at, at one point, I think well over 400% of interest was being charged on some of these products to a more modest, sustainable rate that was adopted and supported by I think almost 80% of Nebraska voters. The industry shrank and changed significantly. So this dedicated source of funding from that negotiated agreement was, was impacted. Since that time, myself, Senator Juarez, Senator McKinney, others have worked hard to try and figure out how we can restore funding to this critical public-private partnership to boost financial education in our schools and across the state. This is a serious and important effort that Senator Juarez has brought forward. And I really thank her for her leadership in that regard. I'd urge members to look at the materials that have been passed out. And if you hadn't had a chance to visit with the folks from the Nebraska Council on Economic Education, I encourage you to do so because they are literally, no pun intended-- or perhaps there is-- a wealth of resources. 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. I just wanted to rise in support of AM2584. And appreciate Senator Juarez bringing this specific amendment to LB1072 and I guess our Appropriations AM-- Committee AM of AM2165. And I, I really wanted to just echo some of the sentiments that were made before just around-- especially how policy can go upstream to address some of the core root issues that we're seeing, especially when you think about geographies that are navigating different implications of poverty, that this really allows for younger people to build a stronger relationship and understanding with money and financials and so that they don't have to navigate predatory practices or systems

like Senator Conrad uplifted with payday cash advances, which I appreciate all of the partners that really worked so hard on that, as my district saw and had a, a, a density of those types of predatory businesses that were there. And so I think there's a real opportunity to ensure, again, our young people are able to get this training, can successfully launch, and it allows them to, again, make better decisions as they are coming into adulthood, especially if they don't have the village or information around them that can help them understand that and that they are able to make the best decisions for themselves. And so I appreciate that this is being uplifted through this AM. I talked to Senator Juarez offline right after her introduction because, of course, as a member of Appropriations Committee, one of the things that we have been talking about and we just execed on over lunch is, what is sustainable? What else can we do? Because we still need to close this budget gap. And so speaking with her, the, the cash fund where this comes from is sustainable. It's a one-time transfer. It does not put that cash fund in any type of unsustainability or insta-- "insustainability" for continuing purposes and again, I think the intention and what we know to be true around how policy can really address core root issues, this is a good use of those funds in this way. And so I just wanted to stand up, again, as a member of the Appropriations Committee that is looking at sustainability of cash funds and fees and policy in the budget that I really appreciate AM2584 and will be in support and voting green on this and would encourage my colleagues to also vote green on AM2584. Thank you, Mr. President.

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

CLEMENTS: Mister-- thank you, Mr. President. I stand in opposition to AM2584. I'm-- mainly because I believe we've already served K-12 students very adequately in other programs through the Department of Education. This program is a nonprofit organization that resides within the University of Nebraska System, and a professor there has been running it. But my understanding is the university has cut their funding and looking for someone else to carry their financing. The-- this amendment would set up a \$150,000 base budget, and it would carry over to future years also. And so it's not just a one-time thing. We're talking about creating a new program that could keep going on and on, whereas the university has not felt like it was important enough to continue funding. And mainly, we've got-- we've really focused the last few years on financial literacy through the Department of Education. I believe it's a requirement now in school at some grades and that this is not necessary to add another program that

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might be doing some good, but the state has already devoted a lot of resources to financial literacy. And so I ask for your red vote on AM2584. Thank you, Mr. President.

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

ANDERSEN: Thank you, Mr. President. Would Senator Juarez yield to a couple questions?

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

ANDERSEN: Thanks, Senator Juarez. So when looking in the, the LFO book and looking it up, it looks like in 2024, they transferred in \$500,000 into the fund. Is that, is that accurate?

JUAREZ: I don't have the book in front of me. Yes, that's right.

ANDERSEN: OK. And then it looks like in '24, '25, they spent money-- \$59,000 on contracts and \$258,000 on operational costs, with an ending balance of \$183,000. Does that seem about right?

JUAREZ: Yes.

ANDERSEN: OK. And I look-- I looked at the permitted uses, and as you go through, it says that the, the bill was a-- amended to allow usage by the university's Housing Justice Clinic at the "Univy" of Nebraska School to provide legal services to low-income families facing eviction. Is that--

JUAREZ: That would have been probably a part of the tenants program from the past.

ANDERSEN: Tenant Assistance Project, right?

JUAREZ: Yeah. That was in the past.

ANDERSEN: OK. So--

JUAREZ: That was a one-time thing also.

ANDERSEN: Thank you. Yeah, in your beginning, you, you mentioned about how Senator Clements would love this because it's, it's about financial literacy, but actually it looks like it's about providing university a Housing Justice Clinic and providing low-income people with legal assistance.

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JUAREZ: That's part of the past. That's not currently part of my amendment.

ANDERSEN: No, but that's what's in the program, right? In the permitted uses, 2024 with Section 45-930, it amended it to allow the Housing Justice Clinic and then to fa-- give them legal consultation for facing eviction.

JUAREZ: Again, Senator Andersen, that's part of the past. That's not part of my amendment now.

ANDERSEN: OK. So are you going to amend your-- in your amendment, are you gonna take these utilities out of it and make it literally, as you said in the beginning, about financial literacy? Is that what you're gonna amend it to?

JUAREZ: My, my tra-- my amendment just shows that it's to be for funding financial literacy. That's the intent of my amendment. I don't see anything in here about what you're talking about at-- the one that I'm looking at. You're looking at that LF-- that LFO book. That's probably not been updated to what my amendment shows.

ANDERSEN: Well, your amendment says something different. It's not inclusive like what this says. Yeah, on-- it's LFO Directory - Volume 2, page 3-- or, 539 under permitted uses for the fund.

JUAREZ: Right. That's, that's part of the past. That's not the focus of my amendment, but thank you for your questions.

ANDERSEN: OK. So it, it was part of the past, but it's still part of the current because it's in statute as of 2024. Right? Unless you're going to strike out about the housing justice and the legal-- providing legal services.

JUAREZ: Yeah, that was an absolutely completely different focus on what they did in the past.

ANDERSEN: OK. With the \$150,000 that you're proposing, would go to fund those things as well, right?

JUAREZ: It's going to fund the literacy education that they want to provide to the students.

ANDERSEN: OK.

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JUAREZ: That's what--

ANDERSEN: Based on the statute, that's not what--

JUAREZ: That's what we're trying to do.

ANDERSEN: But that's not what it says in the statute. Thank you very much.

ARCH: Senator Conrad, you're-- oh. Excuse me. Mr. Clerk for items.

ASSISTANT CLERK: Thank you, Mr. President. Banking Committee will hold an executive session in Room 2102 at 2:30. Banking Committee, Room 2102 at 2:30. And the Education Committee will hold an executive session at 2:30 in Room 2022. That's the Education Committee in Room 2022 at 2:30. Also, I have an amendment from Senator Cav-- John Cavanaugh to LB933. That's all I have, Mr. President.

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

CONRAD: Thank you, Mr. President. Good afternoon, colleagues. I just wanted to weigh in to perhaps provide some clarification in regards to the good Q&A from my friend Senator Andersen and Senator Juarez recently in regards to her floor amendment. So no doubt the Legislative Fiscal Office puts out a dynamite publication called the Legislator's Guide to State Agencies, which has great info on FTEs, programs, budget allocations, a bit of history, designates who the fiscal analyst assigned to that program might be, and is an awesome reference guide. It usually lags a little bit, even though it is frequently updated, but I think that might be part of the confusion in regards to the amendment that Senator Juarez has before us. So the TAP funds, the Tenant Assistance Project funds, the Housing Justice Clinic at the University of Nebraska College of Law funding came from a negotiated budget deal with myself and Senator Lou Ann Linehan and other senators. I remember Senator Arch was in the room, Senator von Gillern maybe, Senator Wayne, and Senator Hansen I think at the time where we were trying to negotiate kind of a global package in regards to helping to move the budget forward. And one of the discussion points during that negotiation that came up was that Senator Wayne, Senator McKinney, myself, Senator Dungan and others, Senator Cavanaugh had been working really hard-- Senator DeBoer-- to try and advance some tenants' rights issues and to bring some more balance to that system. There was a fairly contentious measure on the floor that was

unsuccessful, but we recognized, OK, well, if we're not going to be able to have some systemic policy change in regards to tenants' rights, let's figure out a way that we can help more people know and understand their rights in the landlord-tenant context. So that was part of a negotiated deal to provide one-time bridge funding on the cusp of the pandemic to a proven partner at the Housing Justice Clinic at the University of Nebraska College of Law that trains law students and assists low-income people who can't afford attorneys with navigating the eviction and other housing-related issues. There has been a lot of data gathered from that process. There have been positive testimonials from landlords, from judges, from tenants' rights people that say, when you have people represented in these contentious situations, it helps everything to work more smoothly-- smoothly. And-- so that was what that negotiated, one-time infusion of appropriation was in regards to. I know Senator Juarez mentioned that and clarified and was clear about how this component was different than the housing justice negotiated items in regards to a previous budgetary cycle that are not ongoing-- even though they should be-- but were one time in nature. And that's, that's what that's about. I'm happy to answer more questions for, for anybody off the mic about the program or about the past negotiations. Thank you, Mr. President.

ARCH: Seeing no one left in the queue. Senator Juarez, you are recognized to close on your amendment.

JUAREZ: Thank you very much. So I'm really hoping that my colleagues are going to listen to my closing to clear up inaccurate information that was provided. The-- UNL has never allocated resources to the Nebraska Council on Economic Education. That was just where they had their office. I'm not trying to require that the state provide funding in the future. That-- that's a different legislation to work on. I am asking for a one-time \$150,000 transfer. And I did discuss it with the Fiscal Office, and they confirmed that my request was sustainable. If we're going to require financial literacy education for Nebraska students, we should also ensure the programs that support teachers and students have the resources to succeed. AM2584 provides a responsible, one-time solution to help bridge this funding gap while we continue working towards a long-term path forward. I respectfully ask for your green vote. Thank you.

ARCH: Colleagues, the question before the body is the adoption of AM2584. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

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ASSISTANT CLERK: 12 ayes, 26 nays on the adoption of the amendment, Mr. President.

ARCH: The amendment is not adopted. Mr. Clerk, next item.

ASSISTANT CLERK: Mr. President, Senator Raybould would move to amend with AM2554.

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

RAYBOULD: Thank you, Mr. President. Good morning-- or, good, good afternoon, colleagues. Good afternoon, fellow Nebraskans watching on TV. This amendment strikes several items in our AM2165 concerning the, the Nebraska Educational Land Trust Funds in a number of places. So we're talking about striking \$2 million and \$40 million from the budget that is being swept from these funds. I want to thank Senator Riepe for his great comments this morning. He talked about being a Marine, and he said, you know, a Marine always shows up for duty. You're kind of like a Marine. You show up and you answer the call of duty to show up no matter how difficult it is, especially on some days. It made me think of my dad, who was a Marine and then later on a Merchant Marine and how much he loved being of service to his country. He always would say-- wherever we went on family trips, he would say-- whenever we got to the county line of entering Lancaster County, he would always say, Lancaster County, the county of law and order. And so I just want to point out to everyone that I'd like to believe that, but I'd like to also say that it does not seem so much of lately with so many of our norms, statutes, history, and legislation that undermines our state's history, our tradition, and actually our state's constitution. In challenging budget times, many states make very poor fiscal decisions that are short-sighted and short-term. Sweeping funds from all of the trust funds reduces their interest-earning capacity and really restricts any further sweeping in the next year, the next biennium, and the following biennium. We in this Chamber and state are clear beneficiaries of the [INAUDIBLE] of so many before us who built our roads and bridges and highways, our public schools, hospitals, museums, community centers, theaters, government buildings, our courts. That-- today, all these achievements were because of an investment in our state and in our state's future that has made us an extraordinary state. I have passed out many things regarding the amount that is being taken, and one of the things that we've talked about and I've referenced a few time, was the Attorney General Jon Bruning's opinion on the legality of doing this. I can't think of any other funding that's in our state constitution that has

these specific guardrails-- the specific guardrails and prohibitions on how these funds may be used. And I challenge everybody-- pull out your constitution and see where they have such tight restrictions on these. So when Attorney General Jon Bruning did his opinion, he took on all these things, State Investment Council and State Treasurer, policies for distribution of interest, premiums, dividends, capital gains, and other income for the Nebraska Veterans Aid Fund-- that we just had a discussion on-- the Nebraska Cultural Preservation Endowment Fund, the Bessey Memorial Fund, the Nebraska Environmental Endowment Fund, the Permanent School Endowment Fund, the Normal School Endowment Fund, and the Agricultural Endowment Fund. They were very clear that these type of transfers that we're making at this point in time are unconstitutional. They were very clear from this opinion back in 2007 that they are-- were unconstitutional. And so that attempt in a real fiscal crisis back then to take these funds was not permitted. Today, we are also in a fiscal crisis. But this time, we're pushing back on the ability to take these funds. I had read before the statutes that are in our constitution-- and I will read them again so that people that are listening understand the severity of this measure that we're taking. The taking of \$40 million and the taking of \$2 million. This is from our constitution. All funds belonging to the state for common school purposes, including early childhood education purposes operated by or distributed through the common schools, the interest and income whereof only are to be used, shall be deemed trust funds. Such funds with interest in income thereof are hereby solemnly pledged to the purpose for which they are granted and set apart and shall not be transferred to any other fund for other uses. So that is one section of the constitution where they reference it. They also reference perpetual land-- perpetual funds enumerated. The following are hereby declared to be perpetual funds for common school purposes, including early childhood education purposes operated by or distributed through the common schools, of which the annual interest or income only can be appropriated. And it's further clarified for the stated purposes, not for transferring to a general fund, not to be assisting in, in our fiscal crisis. And I want to credit the wisdom of our previous legislators for knowing that there are significant guardrails and prohibitions for trying to do this. And it's clear that it has been attempted, but the important element to remember is that the Attorney General's Opinion said this is disallowed. I want to remind everyone that the Permanent School Fund is not a cash fund. It is a management investment account, similar like a 401(k) or your investments. So it does not have \$40 million in cash to be swept. Investments would need to be sold to generate that cash. And the value

of that fund has increased for two reasons. The lands send over \$1 million a year to the investment council to be invested in the fund. Oil and gas royalties, easement sales, land sales, et cetera. The investments increased in value, just like a retirement account or an investment account has. If we continue to pursue removing that 4-- \$40 million and the other \$2 million from this account, it will cause a decrease in the funds that are annually dispersed to public school districts throughout our state of Nebraska. One of the handouts that the pages provided this morning was an updated final apportionment for 2025 census of districts that operated in the prior school year, actual 2025-2026 apportionment. This year, it's \$83,298,223.05. So I want to review, what is that apportionment for? Each county gets a certain apportionment that goes directly to the school districts in those counties. And in that apportionment, it has two columns. One column is for K-12 per pupil apportionment, and then they also get another sum for real estate tax payments. So I want to be clear: if you pull out that form that has every single public school district listed-- and I'm looking at the very first one. It says Adams County, and we're looking at Kenesaw Public Schools, Hastings Public Schools, Adams Central Public Schools, Silver Lake Public Schools. Currently, they're slated to get \$62,000, \$850,000, \$234,000, \$59,000. So what will happen if the state continues to proceed on this unconstitutional sweeping of those funds, those funds that go to those school districts in that county will be cut in half. They will be cut in half. And so now you're leaving the school districts that you represent in a quandary to how to backfill some of that money. Many of the schools, as you know, they have authority and a levy to use property taxes to help with the functions of their school. Without that functionality in their schools and the funds that we're sweeping not only from the trust funds but we're also sweeping from these schools get the-- that get this apportionment. And I don't know if you were all aware of that or not, but I-- it is something that I think we should take very, very seriously. And I ask--

ARCH: Time, Senator.

RAYBOULD: Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. Well, I rise in support of AM2554. I appreciate Senator Raybould bringing this and the, the analysis she's laid out here. When we were at the briefing the other day, this came up. I think Senator Raybould

raised this as a question to Senator Clements. And I see Senator Clements is in the queue, so he'll probably have an opportunity to respond to this, but my understanding was that Senator Clements said that these funds were allowable because of some legal analysis and that it was really that we were moving it into another education fund, which was-- made it allowable. But I think as Senator Raybould points out, that's sort of like a domino of then we move money out of that fund into other funds. And so what it made me think of is a, a, a scam called the "quick change," which is featured in a movie called Paper Moon. And so I was thinking about that when this came up. I've thought about it a lot on these cash transfers because they all have reminded me in some capacity, but just this one specifically really jumped out at me. So what happens in this scene is the main character buys some ribbons-- and this is in the '20s or something like that-- so buys some hair ribbons for 35 cents. And he gives the-- he says, oh, I just got paid, and so he gives the cashier a \$5 bill. And she counts out his change and then gives him back, you know, his, his coin change and then gives him four ones. And then he says, well, I just got paid, so I got a lot of money in my pocket, so how about I, I condense these four ones into a five? And-- so I'll just-- I'll-- you give-- I'll give you back the four ones and you give me a five. He says, well, matter of fact, actually, this is still too much. I'll give you back the 5 and you give me a 10. And then he, you know, continues to talk to her about her grandkids or some sort of distraction. And then, he says, actually matter of fact, I'll give you back the 10, you give me a 20. And so then he takes that and he says, OK, well, great. Thanks. And he walks out. And he has, of course, gotten from her \$19 in change for his \$5 purchase of a \$0.35 item. And he did that through distraction and shifting the, you know, the dollar amounts and the increments and things. And that's what this feels like to me when we're saying, this is not allowable, but if we move it and you squint-- we move it to this fund and you squint at that fund, then you take the other money out of that fund and put it into this fund, and then you can use that money for other things. And we've done that a lot in terms of balancing our budget over the last couple years, is that we have continued-- we've done it with the Environmental Trust, where we have shifted money out of the Environmental Trust into other environmental-type water reclamation or water remediation funds. And then we have taken money from those funds and put those into general funds. And so we've continued to shift money out of restricted funds into other funds so that then we don't have to put money into those other funds. And it has been an effective way to fill the hole in the budget, but it has two problems. One is it does continue to violate

our obligations under the constitution. And two, you can't do it forever. The-- we have to actually be responsible in how we are budgeting. And if we continue to just sweep funds and shift money around in this illusory sort of way, we're going to run up against a problem perhaps this year, perhaps in the next biennium, where we have a-- I don't remember what the number is on the next biennium right now, but I think it was somewhere close to \$800 million is the projected deficit in the next biennium if we continue on the path we're on. And so this maybe is an attractive stop gap for folks, but it does go contrary to the constitution. And it will, by the way, result in less money overall going to education. That's what this will do. We would take money out of the, the educational funds, which would go to education. We put it into something like the Education Future Fund-- which is supposed to go to education-- but that means those \$40 million or whatever it was exactly, that would have been \$80 million is now \$40 million. And education overall gets less money. That's the way there are savings in this. So it is-- again, feels very similar to the man buying the ribbons in Paper Moon. So I encourage your green vote on AM2554. Thank you, Mr. President.

ARCH: Senator Clements, you are recognized to speak.

CLEMENTS: Thank you, Mr. President. I stand in opposition to AM2554. We did ask for a-- an opinion about the proper transfer of these funds before the committee voted on it. We have a letter dated February 26 from Michelle Potts, General Counsel, Department of Administrative Services, which says that budget item only uses long-term investment net earnings for the school purposes. It's not using principal. The purpose of this fund is for the public schools. Only public schools, not private schools. And LB1072 transfers this to the Education Future Fund and a separate sub-fund, which also will only benefit public schools. And the handout-- I sent a handout around. You can look at the blue line at the top. The balance in 2016 was \$666 million. And in 2025, \$1.032 billion. So it's over \$500 million of increase. And in the green line, the total revenue that came in in 2025 was \$91.8 million, but the transfers out for schools was \$40.961 million. So \$48.773 million just continued to add into the balance and not go to the schools. And that-- numbers like that show you that more money could be going to the schools if it would be allocated that way. So the transfer here does not cut into the principal, but it will allow these funds to finally be used to support our schools as directed by the constitution. And once we had the legal opinion that DAS provided, I was comfortable with moving this budget item forward. And I believe that the LB1072 provisions are constitutional and that the, the money

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definitely is earmarked to go toward public schools and to be distributed the same way the Board of Education Lands and Funds does per student, in a sa-- separate sub-fund that will be maintained, identified that way. So I ask for your red vote on AM2554.

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

RAYBOULD: Thank you, Mr. President. I'm hoping Senator Clements would yield to a few questions, please.

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

CLEMENTS: Yes.

RAYBOULD: Thank you, Senator Clements. Have you read the statutory language in our constitution regarding these funds?

CLEMENTS: No, not specifically.

RAYBOULD: Are you aware that the advice from the Department of Administrative Service Council conflicts with that of the opinion from the Attorney General back in 2007?

CLEMENTS: I did read the 2007 opinion and I read the more recent one, yes.

RAYBOULD: Were you aware that in 2007 they were not permitted to make any transfers from these funds?

CLEMENTS: No, I wasn't sure about the history.

RAYBOULD: The reason why the legal opinion from the Attorney General Jon Brewing [SIC] was issued is because they had attempted to do the very same thing with those funds, and they were disallowed because they're unconstitutional.

CLEMENTS: I would be willing to have the current Attorney General rule on those two conflicting views.

RAYBOULD: Were you aware that I had already requested Senator-- or, Attorney General Hilgers to provide his own opinion on this matter and what happened?

CLEMENTS: Oh, you told me you were going to ask for that.

RAYBOULD: I did. I sent a letter on Monday morning.

CLEMENTS: Well, that's fine with me.

RAYBOULD: Were you-- did you have any conversation with Kelly Sudbeck, who is the CEO and the executive se-- secretary for these funds?

CLEMENTS: He testified at our hearing.

RAYBOULD: Did--

CLEMENTS: I didn't have a direct conversation with him.

RAYBOULD: Were you aware that he is saying that they would have to sell something because they don't have that \$40 million in cash readily available to be transferred?

CLEMENTS: No, I wasn't told that.

RAYBOULD: Did you have any other follow-up conversations with Kelly Sudbeck on how this would be handled and, and the impacts to the schools that currently receive these funds?

CLEMENTS: No, I've not heard from him.

RAYBOULD: Thank you, Senator Clements. I think what we're seeing and what I'm hearing is there is a disconnect on looking at a legal opinion issued in 2007 and the advice from the council of one of the departments on pursuing with this matter. It's very clear from Mr. Sudbeck that there-- this is a managed investment account. So it's not a-- an account that you can readily swap and sweep cash frun-- funds from. They also made it very clear to me that if the \$42 million is taken, our fiduciary duty to the school land trust will require that we sue to get it stopped. We have no choice. That was the comment they had made. And I wouldn't be surprised if some of the other trust funds would join suit with them on the appropriateness of continuing to sweep their funds for our, our General Fund purposes and to help deal with our funding gap. I just want to say that in my time as a public servant, I have witnessed incident after incident of the state of Nebraska reneging on their promises. I know many of you have heard me say this on the mic, but my first year as a county commissioner, Lancaster County commissioner, they swept-- they did away with state aid to cities and counties. Boom. We're doing away with it. Not going to happen. They actually stiffed Lancaster County for about \$5.8 million on jail reimbursements. Sorry. We're in a deficit. We're in a crisis. We cannot pay you those funds. And here what I see is that they're also reneging on the-- their commitment to the constitution of

our state of Nebraska. And I wish more senators would stand up and say, this is unauthorized. We should not be doing this. I've asked other state senators who are now lobbyists, I said, did you-- did anybody ever attempt to do this and were you aware this happened in 2007? And they said yes. But we, we were not permitted to do it, so we didn't do it. And they also said, we haven't been sweeping the funds from all these other departments and services. What they did do when they had a crisis-- not of our magnitude that we're dealing with today, but they did cut, cut things, and they required departments to make some tough choices. There are other avenues that we can proceed and pursue that I hope my colleagues keep an open mind to on this matter. But all I can say is there is a repeated practice of doing this. We committed to-- thank you, Mr. President.

ARCH: Senator Dorn, you are recognized to speak.

DORN: Mister-- been listening to the conversation this afternoon and what Senator Rainbould [SIC] brought up and stuff, and I, I want to clarify a couple things. Number one is we're talking about two different funds here. One is called the Permanent School Fund. When Senator Clements passed a handout out to everybody, it has some different colored lines on there-- and we'll go over that in a minute-- but there is a line on there that transfers into the Temporary School Fund. And that is where the money allocated to the schools that Senator Rainbolt [SIC] passed out-- the handout of every school that gets the money, that's where that money comes from. So this is one of those funds that-- we have over here a permanent school fund. Some earnings-- some other stuff comes out of there. It goes into the temporary one. The temporary one also has other things. It has-- they call it common ag rent, it's oil and gas rent, sand and gravel rent. There are other things that are involved in there. And that is also its own separate fund. And I wanted to make sure people knew that at the end of June 30, 2025, that fund had \$157 million in. And in 2026-- or, or at least the handout that shows what was spent out of that fund-- 2020, it was \$49 million; '21, it was \$42 million; '22, it was \$42 million; '23, 59; '24, \$59 million; 25 was \$119 million. And what Senator Raybould passed out, what every school got, it agrees with the \$83 million in 2026. But that Temporary School Fund, which includes all these other sources of income, at the end of June in 2025 had \$157 million in. That is different, though, than the Permanent School Fund. And there's been a lot of discussion since I've been up here, especially the last three or four years. I remembered I really got asked a lot of questions at a school board talk that I gave or whatever about this because there are many public school-- or, this

program has many school lands in it set up by the federal government. Other people have talked about it. But I'll go back to the handout that Senator Clements handed out. And it shows the-- I call it the pink line. About halfway down, it shows ending balance for fiscal year '16 of \$690 million. Ending bal-- balance three from the right shows \$1.122 billion. The line right below it is transfers out to the Temporary School Fund. And except for the last two years, there was-- the biggest one was \$23 million. The last two years had been \$31 and \$40 million. And that fund has grown to \$1.122 billion. I'm not a banker. Senator Jacobson-- they're having their own meeting in the back room. But if I'm a banker and look at this and it goes-- that fund grew from \$690 million to \$1.1 billion. Why are we allowing that fund to grow at the rate it is? Shouldn't we giving-- be giving that back more to the kids? That's my argument. I see what Senator Raybould says. Why are we building that fund up by the amount we are? That's quite an increase in ten years. Shouldn't that be going back and funding schools? Why do we have it at \$1.122 billion? I know they want growth, they want investments, they want other things on it, but they transfer money over into the temporary one, which also gets a lot of other money. And we allocate that out to the kids. And that fund, after spending \$83 million this year, still has \$157 million in it. So where do these numbers all add up? Why are we-- why is that board-- because this board is appointed. And former Speaker Scheer is on that board. Why is this board, I call it, building those accounts up the way they are? I, I guess I-- that's what to me is really the question. Why isn't more of this funding allocated out to the kids? If it was, there wouldn't be any-- there wouldn't be any \$40 million for us to, I call that, decide to take this year. Whether it's right or legal or not, I think that the courts are going to have to decide. Many people ask me would I sign on to a letter to the Attorney General. I said no. I said, ticket to court. Let's have a ruling. Let's see what the courts rule on this, and then we'll know. Thank you.

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

J. CAVANAUGH: Thank you, Mr. President. Thank you for the conversation, colleagues. I appreciate all the analysis from Senator Dorn there, and I, I think there are-- those are good points. Senator Raybould's amendment strikes a number of sections, and so just-- I was just looking here as he was talking. Section 113 is specifically a transfer out of the Permanent School Fund, which on this sheet that was handed out by Senator Clements is listed as Fund Number 63340, Permanent School Fund, parenthesis, Trust. And then handwritten is BELF, Bureau of Educational Land Funds. And I, I think Senator Dorn

makes a good point, is, why are we building up such a huge amount of money and not directing it to the kids? And I think that is a fair point. That is not what we're doing here, though. We are shifting money out of this account into other accounts so that we can shift money away from kids in another way and still act like we're meeting our obligation. That's the problem with that argument. But the other problem is that this trust, as you're saying the problem is it's accumulating money over time-- this is a permanent trust. That is, it does have a few things coming into it. So fines, we'll say-- let's see-- fines this year, \$31,000. Unclaimed property, \$13 million. Transferred in, \$15,000. Other miscellaneous, \$140,000. Mineral deposit royalties, \$963,000. And then long-term investments, \$53 million. Investment interest, \$20 million. And tax and government revenue, \$2 million. So it does have some money coming in year to year, although I would point out that the long-term investments lost money in the first year on here. And so it's not that there's always going to be money accumulating through investment. But this was created to be a permanent trust, to be put in trust for security, and that the interest and dividends and things would grow, and then off of that money would be used for educational purposes. And so if we start digging into it and see it as just a pot of money that we can grab, we are going to deplete it, and it will start to shrink-- which is maybe some people's goal. But if it starts to shrink, then it will no longer exist and will no longer be a source of revenue for education. So I think it is a good question of why. And I think Senator Raybould did answer one of those questions, which is that they have to liquidate some assets to achieve the directive of this budget. And if they liquidate assets-- if they're forced to liquidate assets, they maybe are not gonna be able to do it the most beneficial way, meaning that they might sell \$40 million in assets-- or if-- I guess \$45 million in assets to get \$40 million. And then they will take, you know, an effective loss on that. Whereas if they would do it over the time and in the, the way the-- of their choosing, they might get a better return on that investment. And so we should not be doing this, because it is contrary to the intended purpose. But there are things that I think have been raised, which is we should find a way to ensure that they are most efficiently spending this money in interest of education. But we most certainly should not be using it in this shell game fashion to offset other educational funds that we were going to use. As to the Attorney General's Opinion, I have said many times the Attorney General is one person, one lawyer whose opinion is not-- does not have the force of law. I do agree with Senator Dorn on that, that should be litigated. I do think, though, we should rely-- if we're

gonna rely on any lawyer's opinion, it should be the Attorney General and not someone from the department. And I think it would be in our best interest to-- if we have conflicting opinions, we should probably rely on the Attorney General's Opinion when it comes to those two things. But I do think we are setting up-- we have said this many times now on many different issues. This is going to fu-- put us in position to be litigated. This is going to put us in a position where somebody's going to sue us. Why are we taking so many actions that we, we are at risk of being sued over? We should be more deliberate and conscious in our approach so that people are not so concerned that the action is going to lead to us being sued. So I got one more thing I nee-- wanted to say on this, so I'll push my light and finish my thought. Thank you, Mr. President.

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

RAYBOULD: Thank you, Mr. President. You know, I started out my last comments-- you know, I've seen this happen year after year-- 16 years in county, city, state government. And yes, they, they renege on their commitments to fulfill an obligation. We're seeing it happen to this day, \$1.2 million for-- \$1.2 billion for the Educational Trust Fund. But what about our commitment for \$250 million every year? That's why they need these funds. They need to do that instead of taking funds from our General Fund to pay for our \$250 million commitment that we've made. I was hoping I-- Senator Dorn would be willing to answer a few questions.

ARCH: Senator Dorn, will you yield?

DORN: Yes.

RAYBOULD: And Senator Dorn, I want to say I agree with you 100% that we should be revisiting how this money is spent. But there is a constitutional language that gives us direction on how this money is to be spent. We need to approach the committee that is entrusted with overseeing all these funds. And-- so the question to you, have you seen any other type of funding source that has as much constitutional guardrails as the permanent educational and BELF lands?

DORN: We, we see a lot in Appropriations. And I cannot tell you I saw anything like this. We did, however, have a lot of discussion with-- amongst our committee, amongst ourself, amongst, I call it, a couple legal people on this. So I, I agree with you that-- is this legal or

not? I don't know. I hope that if the Attorney General-- and Senator Cavanaugh here just said that's one person again-- I hope between that ruling and-- if there is a court case, we do have this decided again. That's what I-- that's what my hope is. That way, the future legi-- I won't be here next year or the year after. And neither-- and unfortunately, neither will you. But I hope-- so that we do determine this as we look at next year's budget again, is this something that could have been done or should have been done? And that we'll have an answer.

RAYBOULD: So you ha-- I guess my question was, have you seen any other funding source anywhere in your years of service on the Approt-- Appropriations Committee that has had these-- this level of constitutional guardrails on how these funds are to be spent and controlled?

DORN: The-- I, I can't say that specifically-- seen a lot of them. We have looked at different ones from the Environmental Trust and other programs or other agencies also. So I can't say specifically as much as this one. We did visit with some legal people from DAS. We did have conversation among ourselves in the committee. Yes, there was a lot of questions, a lot of, is this interpreted this way or this way? Unfortunately-- I don't know if anybody on the committee is a lawyer or not, so it's hard for us sometimes to answer those. And that's why I hope that for future-- for the Legislature in the future, they get this answered.

RAYBOULD: I think that's a very good point. Can I ask you one more question? Are you aware of the Perkins County Canal having similar constitutional guardrails on that funding? Because we know it's about \$650 million-- and we talked that there is substantial investments in this fund comprised of not only land and other investments but the investments that they get from their accounts that they have set up.

DORN: There, there, there-- I will make this comment and then I've-- I-- I've heard a lot for the, the Perkins Canal. I will say this, though, we have the Attorney General that has visited with us, has visited with many people about that, and they are 100% behind Nebraska's position in the Perkins Canal.

RAYBOULD: Well, thank you. I'd, I'd like to see a legal opinion on that one too.

DORN: Yeah.

RAYBOULD: Thank you. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. I am really enjoying the conversation. I appreciate the, the conversation between Senator Raybould and Senator Dorn. And I think that was a very good point Senator Raybould just raised about the canal and-- actually-- so Senator Quick came over and asked me a question about this, which is, what happens if somebody does litigate this and they win and they claw back, say, the \$40 million? And of course it's already-- at that point, by the time it's been litigated-- unless they file a lawsuit immediately and prevent the, the sale of that ite-- whatever item or property that the, the trust would have to sell to get the \$40 million liq-- liquidity, that damage will at least be done. But say they win and then we have to put the \$40 million back. I mean, that conversation just made me think-- Senator Quick asked me, where do we find the \$40 million? I think we probably should take it out of the Perkins Canal Fund because it is not protected by the constitution. And it is interesting that folks around here are so unwilling to even temporarily move money and star-- to move it back into that because that is such an important project that is not being done yet. And the Attorney General is in favor of it, is basically what I just heard Senator Dorn say, but not-- of course, one lawyer litigating this in the Supreme Court is not dispositive, meaning it's not certain that we're going to prevail there. But we are hol-- encumbering all of that money and taking money out of the Educational Trust instead, which is a choice we are making. The reason I, I wanted-- the thought I did want to finish was this idea of trust. So we just voted on Senator Rountree's amendment a little bit ago, and folks did not vote to, to put the money back in the veterans trust. And I did what to make sure people understand the distinction and difference between some of these trusts that don't have really another source of revenue other than their interest and their growth. And so the Department of Veterans Administration said they could sustain the loss of that money. But what it means is that that fund is depleted and its source of revenue is the interest. And so you have undercut the future of that fund here. And this is another short-sighted thing, which is exactly the problem with continuing-- or, starting to deplete the, the principle of the Permanent School Fund, is that these are funds that their source of revenue is the fund themselves. And so when you all voted against Senator Rountree's amendment or just didn't vote for it, you voted to deplete future services to veterans. That's what happened

there. And here what we're doing, Senator Raybould has an amendment that can, can change the course here. But without her amendment, what we're going to do is deplete the future amount of money that will be available for education. And we are shifting it into an education fund and then shifting that fund to cover the budget hole. So again, we are, we are papering it over. We are saying, well, this is an allowable use because we're moving it into another education fund. But we are doing that to offset other funds that we would have otherwise put into that education fund. So we are on net decreasing the amount of money that we are putting into education. I agree that this fund should probably find a way to be on-- more on balance in terms of what it is doing, but this is not the way to do it. And this Legislature has a future-- looking at a future budget shortfall. And if this goes by and nothing happens, we run the risk of making the same decision again at a larger amount and seeing it growing-- even with that \$40 million going to \$1.2 billion, and perhaps saying, well, this could supplant the entire Education Future Fund and we can take that money. And so this is a bad course to set ourselves on. We should-- when we are-- when money is put in trust, we should respect that, because that is what it means to be put in trust, is that it is not supposed to be depleted by our actions. And we are continuing to break into these trusts. We are breaking trust by doing this. So I encourage your green vote on AM2554. Thank you, Mr. President.

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

QUICK: Thank you, Mr. President. And good afternoon, colleagues. I'm, I'm really-- thank-- I want to thank Senator Cavanaugh for actually answering my questions off the mic. And, and so-- you know, one of the things that I see happening here is we're taking from all these different cash funds to try to balance our budget. And I've received so many email from so many different people saying, don't do this. We're asking you not to take these funds from us. And many of these funds like we've already been talking about are obligated funds or, like, this is a trust that's set up to support education. And I do agree with Senator Dorn. Why aren't we using those funds-- more of those funds to, to send to, to schools? Why aren't we supporting the students and having that money follow them instead of us using it in the General Fund to balance our budget? And, you know, one of the reasons I went over to Senator Cavanaugh and I asked him about some of these questions is, is what-- so if these lawsuits-- and they happen to win these lawsuits going forward-- and it's probably not just this one. I think there's some-- there's several others that are probably looking at, at, you know, filing lawsuits to get their money back.

What are we going to do in, in future years? I know some of the senators won't be here, but we're going to be left here to deal with that. So we're-- we could have-- we're already looking at shortfalls in the future because we don't have enough revenue to replace some of the money we've done for property tax relief and, and other, other things that we're wanting for our state. And, and now we're stealing from the cash funds to offset that to balance our budget. So now if we're going to have these lawsuits and now all of a sudden they're going come back and they're going to-- we're going to have to give that money back probably plus some interest and whatever else that they would ask for, that's going to make the shortfall even, even larger in the future. So the other problem I see, especially with this trust, if they have to sell off some of their assets to, to come up with the money to give the \$40 million-- and maybe they're thinking of future times when they're-- we're going to take more of that money, that's really causing a problem for them. And they won't have the assets there to really be, be able to create the amount of money that they need to support education. So I think there's a lot of issues going on here that really Nebraskans need to be focusing on to understand that this is not good tax policy, that we're taking obligated funds to offset a shortfall. You know, like I've said before, we're probably going to have to look at areas of, of different revenues maybe to create more-- a little bit more revenue to accomplish all the goals that we have for this state. I know-- I've talked to people in Grand Island. Some people are upset about property taxes, but they also don't want a tax shift. So they understand that there are, there are issues there. I think one of the things that happens too is people-- they don't wanna pay taxes, and, and I get that. I-- each year when I go to file my income taxes, I'm looking how I can pay less on my income taxes. But one of the things that we have to understand is there's, there's a need for these taxes for, for-- we want good roads to drive on. We want to make sure that we're providing resources for people that need those resources. We want, we want safety for our state and for-- and our communities. So, you know, there are-- and if we're good stewards of the tax dollars, whether it's on a local level or on a state level or on the federal level, that's really what's-- what the-- our constituents shoul-- should be asking for, to make sure we're good stewards of those dollars. I know some people will come to me and ask me, you know, you know, government needs to just cut spending, cut spending, but then when it comes to something that they need, a resource that they need, then they're saying, why are you cutting this from me? Why are we losing this? Why are we losing this resource? And so there's got to be some middle

ground there where we can try to, to work on this altogether. I don't think taking from these funds or the trust funds is the way to do it. And I'm hoping we can come to some type of an understanding that, that this isn't the way to do things, so. Thank you, Mr. President.

ARCH: Seeing no one in the queue. Senator Raybould, you are recognized to close on your amendment.

RAYBOULD: Thank you, Mr. President. Thank you, colleagues, for this discussion. You know, I have no illusions on, on how this vote will go down, even though I'm disappointed in the direction you're all leaning and thinking. We know that these educational lands are held in trust. There is a very clear and distinct, separate constitutional authority for the benefit of future generations. I have found nowhere else in our Nebraska Constitution where it so en-- embodies and endows an agency with our lands and in trust for the purposes of future education. There is no reason why this Legislature next year can take up a conversation with the authorities and the board that is making these determinations. You have all raised some concerns. Yes, it would be wonderful if they could have more funds go out to the schools. That's what it means. More funds go out to the school. Not more funds that will be taken from this trust that's enshrined in our constitution to go to the General Fund to help supplant the money that we committed and obligated to say that we're going to be paying \$250 million on an annual basis. Past legislators have demonstrated great stewardship and the courage to say no. This is a tempting pot of money. We are going to use it for our intended purposes, but we're also going to allow the General Fund to lapse in their responsibilities. That sets a very bad precedent. I won't be here next year, and next year you're all going to be struggling with that \$874 million deficit that was of our own making. A structural deficit. I have given you examples of Kansas and Louisiana, and it is very clear. We're going to go down that same pathway of failed decision-making. It's no surprise Louisiana and Kansas did the same thing. They raided their land trust. But not only did they raid their land trust and the investments in that and money in that, they actually sold the land. That's the desperation they were in. The state of Louisiana had a \$800 million deficit after they did the raids on other funds like we have done and cut expenses. They turned around and sold the land. And then the next year, their budget deficit ballooned to \$2 billion, which created further consequences. The state of Kansas stumbled along in the same fashion. And I, I really appreciate Senator Fred Meyer commenting on the map that I also handed out to showing our surrounding states. And the sad truth is, we're talking about doing a

deacceleration of our income tax rate. Slowing it down. Slowing it down. If you look on that handout, you'll con-- you can see that the state of Kansas did something that would be unconscionable, unfathomable for our legislators to contemplate. They had to raise-- they had to raise their income taxes because of the financial mess they created. I don't want to see that happen to our state of Nebraska. I don't want us to do unconstitutional things. I know for a fact that we will be sued because they have told me in a couple of emails to me, we will sue because it matters so much to us to see our Legislature disregard our constitution. If we don't like our constitution, we can change it. But, you know, why did Senator Brandt introduce a constitutional amendment to keep us from raiding the Environmental Trust Fund? I would not be surprised if there was a-- several of these trust funds joining in with our Nebraska Land Trust and sue our state of Nebraska for inappropriately doing things with funds. Let's be-- let's be better stewards. I ask you-- all of you, be better stewards. Please support this amendment. Thank you.

ARCH: 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; opposed, vote nay. Mr. Clerk, please record.

ASSISTANT CLERK: 19 ayes, 2 nays to place the house under call, Mr. President.

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 Jacobson, please return to the floor. The house is under call. The question before the body is the adoption of AM2554. There has been a request for a roll call. Mr. Clerk, please call the roll.

ASSISTANT CLERK: Senator Andersen voting no. Senator Arch voting no. Senator Armendariz. Senator Ballard voting no. Senator Bosn voting no. Senator Bostar voting yes. Senator Brandt voting no. 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. Senator Dungan. Senator Fredrickson voting yes. Senator Guereca voting yes. Senator Hallstrom voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate March 11, 2026

Rough Draft

Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKinney voting yes. Senator Fred Meyer voting no. Senator Glen Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop-- I'm sorry, Senator? Not voting. 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. Senator Storer not voting. Senator Storm ven-- voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper voting no. 14 ayes, 30 nays on the amendment, Mr. President.

ARCH: The amendment is not adopted. I raise the call. Mr. Clerk, next item.

ASSISTANT CLERK: Mr. President, Senator Machaela Cavanaugh would move to amend with FA1044.

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

M. CAVANAUGH: Thank you, Mr. President. Colleagues, FA1044 strikes Section 49, which is the transfer of funds from the Homelessness-- the Homeless Shelter Assistance Trust Fund. I think I got that-- those words right. So, you know, felt like maybe we would want to not do that. It transfers \$5 million from the fund. And as I understand it, that money has not been spent because that-- the applications for the FY '26 funding cycle closes on March 27. So there's \$5 million in the fund that is currently unencumbered because they are in an open grant cycle. So if we take this money, there will be no money for the grants to the homelessness shelters. So a little background on this fund. It is funded through the doc stamp, which we just voted to take-- increase how much money we are taking-- or, charging with the doc stamp for housing. And we just had another line item in the budget that we passed over over the lunch hour to take money from housing, so-- which is also funded by the doc stamp. So we have the middle income rural housing doc stamp, we have affordable housing doc stamp, and we have the Homeless Shelter Assistance Trust Fund doc stamp. But for some reason, we are going to take the money out of this fund, which would leave it with no money. So essentially, we are funding General Fund appropriations with the doc stamp. That's what this means. If we do not take Section 49 out of this-- out of the budget bill, we are funding the budget with the doc stamp. General Fund appropriation. I, I mean, if people are OK with that, then why don't we do that-- just en-- take the entirety of the doc stamp? I don't even know how much we now charge for the doc stamp. But we could take

the whole doc stamp and just put it into the General Fund. And we could even increase the doc stamp, put it to the General Fund. I mean, we're doing all of this for-- to make housing more affordable, owning a home more affordable, property tax relief. But hey, what do I know? OK. So revenues deposited into the fund are used to assist in the alleviation of homelessness to provide temporary and permanent shelters for homeless persons to encourage the development of projects which link housing assistance to programs promoting the concept of self-sufficiency and to address the needs of the migrant work-- farm worker expenses relating to the administration of the program not exceeding \$75,000 in any fiscal year are authorized from the fund also. OK. So the fund-- we can use money from it to administer the fund, but instead we're taking money entirely-- sweeping it out and putting it in general funds. In Omaha recently, a city council member went on a crusade against homelessness. And he wanted to round up homeless people and I don't-- was it put them in jail or put them in a hotel or both or combination? Oh, jail-- which wouldn't cost the county and the city any more money. That's, you know, interesting. But if his plan-- if Brinker Harding's plan had succeeded, then we would be giving him a huge gift because we would be ensuring that more people become homeless or don't have access to resources by taking this doc stamp-funded fund for homeless shelter assistance and putting it to general funds. That's fun. Is anybody OK with-- when you buy a home that doc stamp going to just the state general funds? Has anybody brought a bill to do that? Why don't we just do that? Why don't we just have the doc stamp go to general funds? Why are we bothering with acting like, when you're buying a home and this is so great that you're in a position to buy a home and there's going to be a small fee that's going to help housing in the state. It's going to help everyone. It's going to rise all tides. Why are we pretending like we care about homelessness when we clearly don't? We're trying to take money from all of these different funds that are harming people. We are doing all of this on the backs of the working poor in Nebraska for property tax relief and income tax cuts for the wealthy. We are the Sheriff of Nottingham. And I know some of you might view the sheriff as the hero of that story. He is not. He is the villain. The, the hero is Robin Hood, who takes from the rich and ensures that the poor have food and housing and medicine and clean water and education. There's an entire investment platform based on the concept of the story of Robin Hood that helps low-income people build wealth in small amounts. It takes those barriers away. Colleagues, I don't want to be the Sheriff of Nottingham. I don't want any of us to be the villain. But right now, what we are doing, it is a tragedy of unquantifiable

proportions. I mean, just today alone, the hea-- things that we have heard from our colleagues to take out of this budget. The Veterans Fund. Yeah, the department came in and said that they could handle it. Guess what? They're a code agency. What does that mean? It means they report to the Governor. They serve at the privilege of the Governor. Noncode agencies came in in opposition to their budgets. Code agencies came in and said, we can handle this because we were told that we have to and we were told that we can't tell you that we can't. So we can handle this. This is so difficult. And I understand, I really, truly do, I understand the position that we are in. I understand that we have had to make difficult cuts. I understand that we have to make difficult choices. I have been in the room. I know what's going on. I know that our staff, the Fiscal Office has been working to the bone on trying to help us budget this bill. Budget this bill? Budget-- balance this budget. Thank you. Balance this budget. I know that. But we can't do this this way. We shouldn't do this this way. We shouldn't be moving all of these funds that were established for specific reasons to, to do specific things, to help specific populations of Nebraskans so that we can balance the budget so that we don't have to pause an income tax cut that hasn't even happened. We are taking money from homeless shelters so that we don't pause the income tax cut for the wealthiest Nebraskans. That's insanity. And everyone should be outraged. We're taking money from veterans, from a fund that was established over a hundred years ago that has no new revenue beyond the interest that it accrues on the principal. We are taking that so that rich people can have an income tax cut. That is what we are doing with LB1072. What are we doing? What are you all doing by not voting to take these things out and force the people out there to come to the table and say, OK, you're right. The nonstarter isn't the income tax. The nonstarter isn't the property tax. The nonstarter is this. This is a nonstarter. This is.

DeBOER: Time, Senator.

M. CAVANAUGH: Thank you.

DeBOER: Thank you, Senator Machaela Cavanaugh. Mr. Clerk for some items

ASSISTANT CLERK: Thank you, Madam President. The Revenue Committee is holding an executive session in Room 2102 now. Revenue Committee, Room 2102 now. Additionally, Committee on Enrollment and Review reports it has reviewed LB972 and, and places it on Select File with amendments, LB596 to Select File with amendments, LB838 to Select File with

amendments, and LB1181 to Select File with amendments, and LB727 to Select File, LB1240 to Select File. Additionally, your Committee on Enrollment and Review reports that LB822 has been correctly re-- engrossed and placed on-- is ready to be placed on Final Reading. LB823 is correctly englo-- engrossed and placed on Final Reading. And LB900, correctly engrossed and placed on Final Reading. That's all I have, Madam President.

DeBOER: Thank you, Mr. Clerk. Turning to the queue. Senator Conrad, you're recognized.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I rise in support of my friend Senator Machaela Cavanaugh's floor amendment to try and prevent cuts and sweeps to the Homeless Shelter Assistance Trust Fund as evidenced in her floor amendment. I think it is very distressing and disappointing that here we are in a time not of an economic recession or depression but actually a time of generally economic prosperity in Nebraska as evidenced through our low unemployment rate and robust economy across a lot of different metrics that our fiscal house is in disorder. And it's in disorder because of reckless fiscal decisions that have been pushed by Governor Pillen and the majority in this Legislature by putting our state on a course that had been well-traveled by many of our sister states-- so we didn't have to guess the end here. States like Kansas, where they committed themselves to a course of radical, unsustainable, inequitable tax cuts for the most wealthy and, and put their, their fiscal house in disorder similarly and then ultimately had to, to pull back from those. Rather than heeding that lesson from our neighbors to the south, Nebraska decided to double down on that failed policy and economic perspective. And just as predicted by the fiscal note, just as predicted by the critics of that plan in this body, we now have a present and ever-growing structural budget deficit that we're scrambling to fill. And when you talk about balancing the budget on be-- on the backs of the most vulnerable, I don't know if it gets much more vulnerable than little kids with autism or Nebraskans with developmental disabilities or Nebraskans with significant medical needs or those who are homeless and experiencing homelessness. And that-- that's the issue that we have before us in this floor amendment. Again, these, these are not general funds that are just allowed the flexibility to fill budget gaps and be repurposed according to the dictates of this appropriations process, but these are dedicated cash funds that come in-- we set aside about a quarter of-- a, a quarter cent on every thousand dollars of value of real estate transferred in Nebraska through the dot-- tamp-- documentary

stamp tax into the Nebraska Homeless Shelter Assistance Trust Fund, recognizing that we all have a collaborative part to play in preventing and addressing homelessness. It goes to human dignity. It goes to our shared humanity. And there is a recognition that once we can ensure stable housing for somebody, it's easier to treat the other attendant issues related to behavioral health or poverty, what have you. And this collaborative approach through cash-funded, dedicated revenue sources aren't, aren't meant to fill budget holes caused by billionaire tax, tax cuts. They are meant to support exigent housing needs for our most vulnerable, many who are children, many who are veterans. And we see-- have seen a rise after a precipitous decline, or at least improvement in the numbers, in terms of some trends in regards to homelessness. And I think my friend Senator Andersen had a measure before the Judiciary Committee this year that I think was very, very misguided and mean-spirited to punish those experiencing homelessness with criminal sanctions. And now we're removing critical funding and safety net components to try and address homelessness and a housing crisis and an affordability crisis. And it's all to fill budgetary gaps that are driven by that fiscal recklessness. I know that we are going to do our best to balance the budget, and we will, but I'm asking you to take this amendment seriously and demonstrate your humanity for your fellow Nebraskans who are the most vulnerable and most in need and not steal homeless housing funds to balance a budget driven by billionaire-- budget deficit driven by billionaire tax cuts. Thank you, Madam President.

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

GUERECA: Thank you, Madam President. I rise in support of FA1044. So the, the money in this trust fund-- let me get my notes. I'm was a conversation with Senator Raybould. So the money in this Homeless Shelter Assistance Trust Fund is the only money the state of Nebraska puts towards dealing with this issue. Throughout the course of, of debate, we've talked about, well, you know, we're ta-- we're, we're scaling that money back because it hasn't been used. And, you know, in some cases, we can argue about whether or not-- you know, why it hasn't been used and, and have a greater debate to that point why that money which was appropriated hasn't been expended. And that's fine. That's not what's going on here. We are scaling back money-- the only state money being put towards addressing the homeless issue-- in the middle of the grant cycle. We are decimating the fund in the middle of the grant cycle. If we sweep that money from this fund, there will not be enough money to meet the obligations of this grant cycle. This is the only money the state of Nebraska puts towards the homeless and

unhoused issue. All the money does not just go to Omaha. There are folks out in the Rotunda that have the numbers. Hundreds of thousands of dollars being spread around all of Nebraska. And to repeat, this is the only money the state puts towards dealing with this issue, and we're sweeping it up in the middle of a grant cycle. This is on-the-ground work. These aren't folks that, that are coming in off the street to shelters. This is money being put to find these folks who a lot of times have mental health issues or a lot of times are veterans. There's a myriad of reasons why folks are unhoused. And this is, this is the nitty-gritty, hard work of finding those folks. Not just in Omaha. This is not just an Omaha issue, folks. This is all across the state. Hundreds of thousands of dollars that would be going into your communities to deal with the homeless issue. And we're scaling it back in the very middle of the grant cycle. That doesn't make any sense to me. Again, we can have a conversation of, well, that money hasn't-- didn't get used, the money's been appropriated for several years and we're taking that unused money. This is money that's being used year after year. The only money the state is using to address this issue, and it's in the middle of the cycle. I'm gonna go out and bring back some of the numbers to show it's not just an Omaha issue, folks. The budget is a moral document. Let's-- we're taking some interesting votes here, colleagues. Let's not make this one of them. Thank you, Madam President.

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

CLEMENTS: Thank you, Madam President. I rise in opposition of FA1044. The Governor's red budget book has an analysis of this fund on page 71-- the bottom of page 71. And it will show you that it-- this fund currently had last June 30 a balance of \$6.5 million in it. And it receives \$4.2 million. This is documentary tax. It, it-- it'll be receiving \$4.2 million in additional funds this year, which will bring it up to \$10.7 million. The most that has been spent out of this fund in the last four years is \$3.5 million. And so after we fund-- and if that's-- we're projecting that another \$3.5 million will be spent out this year, this grant cycle, and that would still leave \$7.229 million in this fund excess. This transfer would come out of the \$7 million and would still leave \$2.2 million at the end of this June 30. Then next year, it's projected to get another \$4.2 million in, and then it would-- and if, if it spins out \$3.5 million, the balance of the fund will increase to \$2.9 million at the end of our-- this budget cycle. So it-- or even if they spend-- increase it from \$3.5 million to \$4 million each year, there would be still about \$2 million unspent in

this fund. Then we-- this is an example of how we analyzed the various cash funds as we went through the budget process. We looked to see what was available and make sure that the funds would be sustainable in the future, projecting out to the end of fiscal year '27. And so I, I wouldn't have wanted to harm homeless or reduce homeless shelter assistance. And the analysis on page 71 will show you that there's money that wi-- can fully fund the needs that are there in this next two years. Thank you, Madam President.

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

M. CAVANAUGH: Thank you, Madam President. If that is the case, what Senator Clements said-- which I am not fully convinced that that's how much money is in there. But the-- this fund does receive under the amount that it, it really needs to be allocating to different homeless services. But it also has enough money because of keeping the compounding interest in there that it, it earns. So taking this money out of there is going to have long-term ramifications. Additionally, if you look at the fiscal note for LB1067, you will see the breakout of the doc stamp. The current doc stamp is \$2.32. 50 cents goes to the county, 95 cents goes to Affordable Housing Trust Fund, 25 cents goes to Site and Building Fund, 25 cents go to homeless shelters fund, 30 cents goes behavioral health, and 7 cents goes to demy-- Domestic Violence Fund. Now, in addition to the 7 cents that goes to Domestic Violence Fund, the domestic violence shelters also receive grants out of the Homeless Shelter Assistance Fund. They will not receive grants this year. And not only will they not receive grants this year, but they will also lose out on matching federal funds. So of this \$5 million, at least \$2 million of it goes to shelters and programs in the western part of the state. The majority of the money goes to the western part of the state and you are essentially taking away \$4 million in homelessness services. Now, if the department wants to come back and say, you're wrong, we're going-- we are planning to move ahead with all of the grant applications that we are going to receive when we close our grant process on March 27, then let's have that conversation. But I don't think that that's what's going to happen. I think we're going to stop funding homeless services. And even if we aren't, even if there is this money in there, we shouldn't take it. We should put it towards Senator Clouse-- or, not Clouse-- sorry-- Senator Hallstrom's bill. He just had the LB1067, increasing the doc stamp by 75 cents for rural workforce housing and middle income housing. Well, instead of increasing the doc stamp, maybe we need to look at all of the doc stamps' allocations and maybe we need to

reallocate instead of increasing. But we're charging fees for something specific, and we're not delivering on it. And then we're saying, well, we've made lots of bad decisions in the last eight years, so that's cool. We'll just increase fees, sweep cash funds, and pretend like everything is copacetic. That's what we're doing with the cash fund transfer bill. It is fund after fund after fund that we should not be touching. And, you know, we had the BELF Fund, the, the Building Education Land Fund, and it's constitutionally protected. Senator Hallstrom said in his bill, LB1067, that that would be protected money. The doc stamp's protected money. It's not. It's-- FA1044 tells you right now the doc stamp is not sacred. Nothing is. We had pediatric cancer as an option to defund. We did defund partially biomedical research. They wanted to take the doc stamp for affordable housing just today. Nothing is sacred except, except Perkins, pausing the income tax, property tax. The three P's are sacred. How do those things help homeless people? How do those things help victims of domestic violence? How do those things help children with cancer? How does it help children who are unhoused who don't have access to food or clean water or heat or air conditioning? How does it help educate? How does it help our developmentally disabled community? It is not sacred. It should be on the table. We are going after every single vulnerable population in this state so that we don't have to pause a very ill-advised income tax cut that people will tell you out there is going to yield to more revenue. Thank you, Madam President.

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

QUICK: Madam-- thank you, Madam President. So I'm going back to last year when we were going through-- I think there were-- there was some-- [INAUDIBLE] working on the budget then and there was some funds that were-- had been-- through the grant process awarded to different communities across the state. And it was for middle income housing, rural workforce housing. And I'd been in communication with people in Grand Island, and, and they thought that money was safe-- and this is after the grant process-- and that are-- these funds had already been awarded. Well, now all of a sudden those funds were being clawed back. They were notified that they wouldn't be receiving those funds. After the awards had already been made. So I'm in agreement with Senator Cavanaugh about this, about the, the, the-- you know, if these grants-- if it's still open till the 27th, why are we taking that money out of the grant process? Because they'll claw it back. They're gonna say those-- there's no funds there for you to be able to, to use for these different projects that you have or to help keep the

homeless-- and take care of homeless. I'm learning so much more today too because, you know, with the, the-- I didn't realize that most of the money would go out to, out to outstate Nebraska, outside Lincoln and Omaha. And-- I mean, we have homeless shelters in Grand Island. I mean-- and it's a problem for them to remain open at times and to-- and I'm sure some of the-- I'm going to guess maybe, like, Hope Harbor and the Crisis Center for Domestic Abuse for, for Women that they utilize some of these funds as well to help with some of their housing for people who are, are displaced from in their homes because of either domestic violence or something that's-- that-- or a loss of income or whether they lost their job and don't-- and couldn't afford to either still pay their rent or, or maintain a home. I can tell you that I understand too there are people in all these communities, whether they're veterans, whether they're working families, whether they've fallen-- fallen on hard times, whether it's a health care issue, whether it's a workplace injury, and at some point maybe the workmen's comp wasn't utilized through the employer and now all of a sudden they've lost their job and now they can't help-- provide income for their home and they've lost-- now they lo-- they're losing their home or their-- the place they rent and they're homeless. So I am for this amendment. I will vote for this amendment. I am also in agreement that we should pause the income tax brackets. There is no reason that that shouldn't happen. We're taking all these funds from all these different cash funds. We're also, you know, making cuts on the other budget bill for health and human services. People who are on Medicaid, people who are on-- who have developmental disabilities, people who have substance abuse issues or mental health issues. We're cutting the funds to people who are the most vulnerable in our state, and that is just-- it's just wrong. And so-- we've got to do better, you know. I've said that before. We've got to do better to represent the people in our communities. I know we hear from people about how they want to lower their property taxes. I get that. You know, we hear from-- I never hear from anybody about lowering income taxes. Ever. I hear people say, I don't want to have a tax shift from property taxes to sales tax. I'm against doing a, a tax shift. You know, we've done a lot for property tax relief, and I think most people understand out in the public that property taxes are a local issue. It's schools. It's your local government. It's county and city government and some of the other local government entities. And we're doing what we can from the state side, but we have to replace those revenues then. And so, you know, some of things that we're doing here aren't helping that situation-- you know, putting caps on, on local governments so they can't, you know, make sure that they're providing the services they

need for their community-- all in the name of trying to reduce taxes across the board and-- which-- you know, I get it. But when-- it comes a situation where you're in need of services or resources, then you're reaching back out to me and saying, why am I losing this? And so-- you know, this is a hard job for a lot of us. I mean, I don't think people out in the public understand, you know, that we get a lot of emails on different-- and people are passionate about it. And I get you're passionate about certain issues.

DeBOER: Time, Senator.

QUICK: Thank you, Madam President.

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

SPIVEY: Thank you, Madam President. Good afternoon again, colleagues. I appreciate the conversation. And I just wanted to add a little bit of color, as Senator Machaela Cavanaugh brought up some initial points in her opening. So both Senator Cavanai-- Cavanai-- Cavanaugh and I-- that was kind of a mouthful-- sit on Appropriations together, and so we've spent a lot of time together, along with Chair Clements and other folks that have weighed in today. And I think one of the themes for me that was important to uplift is this idea around what agencies are spending or not and then how we get to a point where they have a balance that can be swept or that they say the agency says that they are not using the money that is not just appropriated, right, because they ha-- they don't have to spend all of it. But they're not meeting that appropriation or the expenses that they had originally forecasted or projected. And that has come across a number of agencies that are at the leisure of the Governor. So we just had this conversation today with Department of Corrections and what they are spending and not. Specifically, that conversation was around some insurance dollars that came in that could actually be used to address some current maintenance issues around folks inside that they're saying, oh, we're not using it. It was \$3.4 million, so sweep it to the General Fund. And I think this is another really good illustration of an agency-- and I, and I believe Senator Fredrickson maybe said this earlier, you know, these agencies that work at the leisure of our executive branch are being asked not to spend even though the need is there, even though that-- this is the role of government, that we should be providing that social safety net and quality of life for Nebraskans, they're being asked not to spend, and so that then there's this buildup, quote, unquote, that then can be swept to address our deficit, which I, I do think is harmful. We have had conversations--

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especially in the Omaha area, but I think across the state-- folks seeing an increase of people navigating being unhoused. And, and I think Senator Guereca mentioned that is for a number of reasons. It could be issues with addiction, navigating behavioral health needs. It could be financial mismanagement. We talked about problem gambling and how that can impact someone and their experience with being unhoused. But we know that there is a need. We know that there are direct service frontline agencies that are applying to these grants from the government, yet we're willing to take money despite us knowing that there's an epidemic or that there's a need for this. And so I do think that there's a larger conversation that needs to be had around how agencies are not doing what we pass in statute. We say this is a type of program or this is a type of policy and they are withholding those funds. They are withholding the implementation of programs that are directed in statute through laws that we have passed, which I think is highly problematic and, and is creating what we're seeing now, the opportunity to say, oh, they're not using the funds to fill a budget deficit gap, which-- I, I don't think that that should be filled with a collection of fees through the doc stamp. And so again, I appreciate the conversation. And I just wanted to add that piece because I've been thinking about that not only for this but a, a number of other programs where they say that there is excess cash or excess dollars but yet we're not providing those basic needs, those basic services, which I believe government is responsible to do on behalf of its constituents and Nebraskans. And so I hope folks will weigh in on this topic. I think it's a, a really important discussion and why we are debating the budget, why this is at the full body in this way. The last thing I will say because I will-- I see my time is up, but I have a minute-- is that former Senator Stinner talked about this in his op-ed. He talked about the-- where we are with the deficit, where we are with the budget is we have to pay attention to the transfers and where things are going and how we fill this gap. And so I think that is really important for folks that respect the tenure and leadership of former statesmen, people that have been in the body that have led through precarious times, that I do think these things should be on the table and that folks. Ideally would be engaging in intentional dialogue about this as-- again, we've done our work in committee. And that doesn't mean that our decision-making or leadership starts and stops there, that it really takes the full body to really weigh in. And so I hope folks will weigh in on this conversation as it relates to what's in front of us with FA1044 but in general. Thank you, Madam President.

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

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I, I do want to make sure to rise in continued support of this floor amendment that is seeking to restore cuts and sweeps to the homeless assistance programs in Nebraska. And I wanted to lift up in addition to the "reoccurrent" current theme in regards to how our fiscal house got to be in such disorder through deliberate policy choices by this Governor and this Legislature to bestow sweetheart tax deals on behalf of the most wealthy and largest corporations not only through the recent tax cuts but through decades of corporate welfare programs, new requests with their handout for more before the body this very year, buttressed against the fact that we're now cutting programs and services for those who are unhoused and homeless and experiencing homelessness. And one of the major contributing factors to why after seeing the trend lines move in the right direction that we're starting to see some increases or a lack of progress in regards to addressing homelessness in our state and in our communities is because we know that we have an affordable housing crisis. We know that we have an affordability crisis writ large, hitting working Nebraskans. And the primary reason we're seeing an increase as a contributing factor in our efforts to address homelessness is because housing costs have outpaced wage growth. And again, the efforts and decisions of this body to artificially restrain and to cut wages of working people-- which makes it harder to balance the budget at their kitchen tables and afford a house or rent-- is a contributing factor to this dynamic that has to be grappled with. Additionally, these sweeps and this balance is not due to inefficiency. It is due to not only fiscal recklessness but impoundment, perhaps. And other members have mentioned this. We have seen impoundment-related strategies hit the ag community, hit the business community, hit domestic violence, hit a host of different programs and services, including housing, wherein directives from the Governor have told state agencies not to send appropriated dollars out the door and to artificially inflate some of these cash fund balances. Or even worse, they've issued grants, as Senator Quick was talking about in regards to housing. We heard the same at Natural Resources in regards to the Environmental Trust, where literally people had gone through the grant process and there were letters seeking to claw back those successful efforts due to this fiscal recklessness and impoundment and gamesmanship in our budgetary and fiscal house. So there is a trend in restraining wages. There is a trend in undercutting wages, which makes it harder for people to stay housed in modest apartments, in modest homes, in making their mortgage

payments and being able to grapple with increased rent. Additionally, there's this broader issue of impoundment that absolutely must be grappled with. I have a measure pending before the Government Committee that would simply ask for a report to be made to the State Auditor-- I think it's drafted at a-- on a quarterly basis-- so that policymakers and the public know what appropriation decisions we've made are being frustrated by the executive in terms of their implementation and execution. That would be helpful to know and help us to get abo-- ahead of some of these issues pre-budgetary cycle. Additionally, I do want to lift up-- I'm going to have grave concerns about the bill moving forward from my friend Senator Hallstrom that seeks to jack up the documentary tax stamp in a laudable effort to try and increase access to housing. But again, why are we jacking up fees if we're seep-- sweeping the same fees away from their dedicated purpose to help the homeless? Finally, colleagues, I ask that you look at the 2026 qualified allocation plan in Nebraska Affordable Housing Trust Fund that's put out by the Department of Economic Development. Nowhere, nowhere in this plan does it say cut or sweep these homeless assistance funds. This was published just recently by our own Nebraska Department of Economic Development. Thank you, Madam President.

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

ROUNTREE: Good afternoon. And thank you so much, Madam President. Good afternoon, colleagues and those that are still watching online with us today. I rise in support of FA1044. Some time ago, I was driving downtown in Old Town, Bellevue, and I saw a family pushing a grocery cart with items in it. It seemed like they might not have had any place to go. So I kind of pulled off to the side and just kind of watched how they maneuvered and, you know, where they went, and they kind of disappeared. And I, I thought-- I said, well, I don't, I don't even know that I recall ever seeing a homeless shelter here in Bellevue or even in Sarpy County, for that matter. So I went down to Lift Up Sarpy and I asked the question, do we have a homeless issue and do we have a place to house our homeless? And they said, no, we don't have a place to house our homeless and we do have a homeless issue. Homelessness is rising in Sarpy County, Nebraska, with the recent estimates identifying over 70 individuals in street, car, or tent situations and over 140 homeless children in local school districts. As the state's fastest growing county, Sarpy currently lacks dedicated homeless shelters or transitional housing, forcing reliance on neighboring Omaha resources. So I was talking with Lift Up Sarpy, and we talked about that relationship with our members being

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housed up in the Omaha area. We've also talked about one of the pieces of legislation that was introduced here in this session dealing with homelessness. And I think one of my fellow senators have already discussed that and talked about it, so I won't mention those again or rehash that. But with the growing population in Sarpy County, a March 2023 spot check identified 30 people at that time in encampments, 18 in hotels, and 27 in cars or couchsurfing, with 144 children in school districts experiencing homelessness. When the children are experiencing homelessness, that's going to have a negative impact on their opportunities to excel in school. And we're looking at other bills that we've introduced: a third grade reading test, looking at K-2 suspension. All of these things have an impact. Homelessness can impact us in ways that sometimes we don't even begin to understand because most of us aren't homeless. We have a place that we can go to. It's like I talked about with Senator McKinney's bed bugs and the legislation he's trying to bring for that to eradicate that. I can just about say that-- and I will step out on a limb to say that every one of us are gonna go into a place of rest and we won't have to deal with bed bugs. We'll lie down in comfort, we'll rest tonight, get up tomorrow-- the Lord willing-- and we'll continue on our way as we press through. Lack of infrastructure is an issue for us. I know there was an opportunity for one of the hotels that came open that might have had an opportunity to be reused. I think that the rehab cost was gonna be cost-prohibitive. But with these additional funds that I see here in this particular fund, I'd like to see us move forward to be able to utilize some of those and to get beyond what we are doing right now-- but reach out so that we can take care of the needs of our people, and especially for the homeless. Get some transitional housing. Year-round homeless shelter and transitional housing. But a lot of the advocates fear that policies in neighboring Omaha-- we've talked about those a little bit-- such as potential camping bans may drive more unhoused individuals down into Sarpy County. And we don't have facilities that can take care of them. Reports indicate that a significant number of children in local school districts are considered homeless or unstably housed. That has negative impact. Our children need to have a secure place to live. They need to be well-fed and-- so when they come to school in the mornings, they are ready to learn. We've talked about our educators. Sometimes our educators are the brightest light that a child may see when they enter into their day. So all of these moving pieces working together can really come together and eradicate a problem that we have. So with the excesses, I'm gonna advocate that we don't move the funds out of this for homelessness, because we do have an issue that needs to be resolved.

And with that, Madam President, I yield any time remaining-- a few seconds-- but thank you so much.

DeBOER: Thank you, Senator Rountree. Senator Machaela Cavanaugh, you're recognized. And this is your third opportunity before your close.

M. CAVANAUGH: Thank you, Madam President. It's actually my second opportunity before my close. How long, Madam President? It's been eight years. Come on. I'm just teasing. Thank you, Madam President. And thank you, colleagues, for this conversation. I-- I'm looking at-- again, I'm looking at the analysis from the Governor's budget book and I'm looking at their revenue and the grants, and the-- it's just-- it is not-- it's not going to be solvent and we're not going to be able to fund these programs, and we need to be funding them at-- ye-- at a higher rate than we currently are. The fact that there's money means that the department should have been giving out more in grants than they've been giving out, so. Yeah. I'm not really sure what else to say. I mean, I can see the room is getting kind of empty. We're getting close to the end of the day on this. So I think I will withdraw this motion and I'm gonna refile it on Select File, so that can give you all some time to hear from your constituents and your communities about how they feel about us taking money from this fund. So yes, I withdraw FA1044.

DeBOER: Without objection. So ordered. Mr. Clerk for the next item.

ASSISTANT CLERK: Madam President, Senator Cavanaugh would-- Machaela Cavanaugh would move to amend with FA1049.

DeBOER: Senator Cavanaugh, you are recognized to open on FA1049.

M. CAVANAUGH: Thank you, Madam President. This is a interesting one. I talked about this on Senator Sorrentino's bill. He had a bill about NEST accounts. If you recall-- now, if you don't know, 529 NEST account is an account that families create for their children to invest in for their future education. My children all have them. Very robust. We put \$10 a month in. So I spend \$30 every month, putting in \$10 for each of my three kids. It's-- sure it's going to fully fund college-- if they get a lot of scholarships. So that's what the NEST account is. And it is private citizens putting away money for their children. Education. And interestingly, we are taking money-- I've got to grab my things. We are taking money out of the, the administrative fund. And I'm sure the argument can be made, well, they have more

money in the administrative fund than they need. Well, then they shouldn't be taking as much money as they are. They are taking a cut of the money of the NEST accounts that-- the NEST account is a savings account, so it will accrue interest. And they're taking some of that interest for the administration of the account. If there's an excess of that, they are taking too much from the NEST accounts. It's not our money. It's our children's money. It is actually our children's-- not our money. It's not even my money. I set up these accounts. It's even my money once I set up the account. It's my child's money, not mine. I chose to give it to my child. The interest bearing on it is supposed to go into that account for my child. So every single person in the state of Nebraska who has these accounts for their children, we are taking your children's interest to pay for the General Fund. That should be problematic for people. We've got these students-- pages sitting up front. I bet some of their parents started a NEST account for them. They probably wouldn't have been too pleased if we took-- skimmed more off the top than we needed to for the administration of the fund so that we could fund general funds. But here's another fun thing about the fund. We are taking almost as much out of that fund as we are giving to the private school voucher fund. Curious. So we care about low-income kids having access to education that is deemed appro-- most appropriate for them, so we're gonna spend General Fund dollars to do that. At the same time, we're going to take money away from kids whose parents were trying to invest in their future. And some of those parents, yes, they may be wealthy, but some of them-- this gal right here-- not wealthy. Like I said, \$10 a month for each of them. How-- make it make sense. Make it make sense. This is not our money. This is not interest that we are owed or due or deserve or any of it. This is private citizens' money that just happens to be administered by the state. I don't think the state should be administering this any longer. It should be taken away from us. We cannot be trusted. We are stealing money from children. Sorry, Mom. I know you're watching, I almost cursed. They're really fired up about taking money from kids. So FA1049 strikes Sections 104 and 105, which are the cash transfers out of the NEST account into the General Fund-- or, strikes-- yes, taking the money-- strikes the transfers entirely. And I think that we need to take a deep, deep dive-- maybe an interim study-- into how we are operating the NEST accounts because it, it, it should be criminal to take this money. The fact that it was even an option that was considered to me makes me feel a little bit ill. So. I'm now looking at-- OK. The Education Savings Plan Administration Fund. It's on page 67 of the Governor's proposal. So we're taking-- the recommendation was \$2 million out of that. And then the Education

Savings Plan Expense Fund, taking \$3 million out of that. I don't have the bill up in front of me. That's not exactly how much we took. We took a little bit less than that. But-- so it's sales of service, is how it is funded. You know what sales of services is? It's what the cha-- state charges the funds-- the kids' funds-- to administer the funds. So they're overcharging. The idea of having a-- someone like a state oversee these funds as opposed to having, like, a bank is so that you don't pad the budget. Because a bank, they have profit margins and they have shareholders that they've got to, you know, show a, a return on. We are supposed to be just taking the money we need to administer the fund. We're taking too much money. We're charging too much money. If anything, from the Governor's red book to LB1072, AM2165, if there's anything to take away from this, is that the state is nickel-and-diming every Nebraskan in every way possible. And you just don't know it. You just don't know how much money you could have back in your pocket if we did things better, if we didn't charge you so much so that we could put money towards property tax relief and income tax cuts. That's what's happening. It's been going on for a long time, long before I was here. But now we're, like, doing it out loud in front of everybody for everyone to see. LB1072 is taking the shell game public. We're no longer hiding the ball of how much of government we have funded through fees for things that we had no business charging. We are telling you out loud we are doing it and we are cool with it. And that's it. So. Colleagues, I'm gonna get back in the queue. I'm going to take a mini break from talking, collect my thoughts, and I'll get back to you. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Mr. Clerk for some items.

ASSISTANT CLERK: Thank you, Madam President. Agriculture Committee is going to meet in executive session at 4:30 in Room 2022. That's Agriculture Committee in Room 2022 at 4:30. That's all I have, Madam President.

DeBOER: Thank you, Mr. Clerk. Returning to the queue. Senator Conrad, you're recognized.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I rise in support of this floor amendment and appreciate the comments from my friend Senator Machaela Cavanaugh. It's no surprise to myself or other members that we've seen a rise and growth in participation in our NEST accounts, our 529 accounts. This has been a very popular program. It does tip a little bit more towards utilization by wealthier

Nebraskans, but it does enjoy broad support because of the beneficial tax benefits because of the laudable goals of supporting a pathway to access quality education. We've also seen an increase in utilization due to specific policy choices to expand the utilization of these-- I think through at least two bills, maybe if memory serves, that my friend Senator Tony Sorrentino has brought forward in regards to how the funds are utilized for, for parochial schools and then also looking at an expansion based on recent federal changes that'll provide an allowable use for more apprenticeships and professional certificates and things like that to account for the importance of building and trades in regards to providing pathways to prosperity as well in addition to traditional community colleges and, and four-year colleges. We also know that there's increased demand due to the increased tuition at our state colleges, community colleges, and many other institutions of, of higher ed due to a lack of federal and state funding in that regard. So those issues are, are interrelated there as well. But-- I don't know if I'm going to have time to cover it all at this time on the mic, but I, I want to try. We've, we've heard a frequent refrain over the past couple of years that this is idle money. I think the, the phrase that my friend Governor Pillen uses is something like pillowcase money, which is a phrase that's not familiar to me, but I've heard him talk about it in that way, that he's just going to sweep away idle dollars that are sitting in funds and not doing anything good for anybody. Now, to be clear, that would be the worst thing to happen, right? If there's too much money sitting in a fund, I think, number one, we should reexamine and push down the fees. We should also look at whether or not there is an impoundment or frustration of appropriation in terms of getting those dollars out the door. Or if there is some other thing that perhaps those funds and fees are no longer needed, we should examine that robustly and reduce those programs altogether if they're no longer needed. But if in fact the programs are needed, if in fact they are effi-- efficient at addressing the policy goal and if the funds or fees themselves are sufficient, then they should be working as planned. They shouldn't just be swept willy-nilly. And we need to do a broader examination of that. But I also want to lift up this, this "reoccurrent" theme that somehow these cash funds are going to be an ongoing source of assistance in balancing our budget-- because, colleagues, I, I don't think they will be. And, and here's why. If you look at just kind of a, a general back-of-the-napkin scratch, look at this, in 2024, we swept over \$170 million from cash funds. In 2025, that jumped exorbitantly. And we, we swept about \$230 million from cash funds. We are on track now in 2026 to sweep another \$70 million in cash funds.

So this, quote, unquote, pillowcase money or pockets of change is not going to be available in future years as the structural budget deficit grows deeper and wider in the outyears, almost to a billion dollars. So, so please think about that. In addition to the discreet amendments that are coming before the go-- board to raise awareness and try and protect so-- the fidelity of some of these cash funds, think about the bigger picture there too, because that bears upon this discussion in our budget over the next many days and in preparations for the next biennial.

DeBOER: Time, Senator.

CONRAD: Thank you, Madam President.

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

ARMENDARIZ: Thank you, Madam President. I just wanted to get on the mic and clear up a little bit-- well, we'll do FA1049, the investment accounts, the NEST accounts. To be clear, we are not reaching into individual children's NEST accounts and taking the interest off. Everybody that has an investment account usually pays a fee to that investment advisor. We collect fees on NEST accounts to manage those accounts. If there is excess in those "fee'd" accounts, then we have taken that and put it back in the General Fund to spend in other areas. I think Cav-- Senator Cavanaugh is correct. It would be illegal for us to go into a child's investment account and take the interest they have earned off of that account. We are absolutely not doing that. We are using the management fee that is charged on the investment accounts as funds to go back to the General Fund if they are available. And generally, in Appropriations, we do that. So we spend months and months combing over all of the budgets of the state. This isn't done on the fly. We analyze how much cash certain agencies might have. We analyze how much they spend year over year. And if they have large accounts they're carrying over year over year, we think it's prudent to move that money to somewhere we need it elsewhere in the state budget. It i-- it isn't smart budgeting to leave money in accounts to roll over year over year when you could use it in other areas. The ho-- the homeless account, for instance, there's money being carried over year over year, and we had that conversation in committee that they aren't using it. For whatever reason. We are not privy to why they are not using it. We have the financial analysts tell us what's in the account, what is being year-- used year over year, and how much they are not using year over year. We redirect

that-- that's what we're supposed to do on Appropriations-- for the good of the state. If there is idle money sitting around, we should redirect it for the good of the state, per the voters. That's what we do. We make sure the accounts stay whole. We make sure grants that are already out there are funded. We do not take the money from obligations in any of these accounts. Just to be clear. It'll probably come up more, but I want to give a full picture. We do not defund. We did not defund homeless shelters. They have enough money. They have enough money for grants. All the money that they spend year over year we kept with them. They're good. We're not taking investment money out of children's accounts. We are taking money from the administrative account for the fees that are charged to the account, which fluctuate according to how much money they're managing. Same holds true in all private investment accounts. Our 401(k)s, we, we pay fees for management. Those are the fees that we're talking about here, not our children's investment accounts. Thank you, Madam President.

DeBOER: Thank you, Senator Armendariz. Seeing no one else in the queue. Senator Machaela Cavanaugh, you're welcome to close on AM1040-- or-- excuse me-- FA1049.

M. CAVANAUGH: Thank you, Madam President. I agree with Senator Armendariz on, I think, almost everything that she said. I think that we worked really hard. We went through everything. We're still going through everything a second time. I am so impressed and amazed by the work of the Fiscal Office and their just constant dedication to helping us fix this. But I-- we can't keep doing this. We have to do something different. We have to do something around the revenue. And the point of bringing this up is the number of things in the budget that should be a nonstarter. But the nonstarter is tax cuts for the wealthy and property tax for the wealthy. Those are the nonstarters. Why are those the nonstarters? The nonstarters should be things like this. And yes, maybe the amount that fee that is charged fluctuates depending on how much money, but it still-- if they have this money in their reserves, then we should be taking-- having them give it back to the accounts, not taking it for ourselves. That's not right. So I think we have about 45 minutes, 40 minutes left-- or, no-- yeah-- 35 or 40 minutes left. So we'll ge-- take a vote on this. And then I think we have an interesting amendment coming up next from Senator Hunt. So there we go. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. The question before the, the body is the adoption of FA1049. All those in favor vote aye;

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all those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk.

ASSISTANT CLERK: 12 ayes, 18 nays on the adoption of the amendment, Madam President.

DeBOER: The amendment is not adopted. Mr. Clerk for the next amendment.

ASSISTANT CLERK: Madam President, Senator Hunt would move to amend with AM2591.

DeBOER: Senator Hunt, you are recognized to open on AM2591.

HUNT: Thank you, Madam President. Colleagues, I haven't drafted amendments or any time-taking amendments or anything like that. I have obviously grave concerns about the budget and concerns about LB1072, and I've talked about that with many of you in private conversations. And my votes have reflected those positions as well. And I've done a couple speeches, but I'm not in the business of amendment factory to get to eight hours or something like that. This amendment, AM2591, came up through conversations with staff-- my staff in my office and, and other staffers kind of throughout the Capitol and, and lobbyists who have watched the process of the budget unfold over decades. And what this amendment does is it strikes the severability clause in the budget. Colleagues, I'm told that this language has never been in the budget, or at least not in anyone's recent memory-- not that anyone can ever remember and-- I'm, I'm going to ask Senator Clements on the mic if he can correct me if I'm wrong, but I want to pose the question, what are we doing in this budget that gives us so much concern that we need to add for the first time ever a severability clause? I think it's a tell that we are not confident in the legality of the budget. And I think that that's a conversation worth happening-- wor-- worth having. So language like the severability clause is designed to preserve the remainder of the bill if one part of the bill is struck down by the courts. And so I think we need to be honest with ourselves and honest with taxpaying Nebraskans about why we feel that safeguard is necessary. So would Senator Clements yield to a question?

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

HUNT: Thank you, sir. How come we have a severability clause in this bill?

CLEMENTS: That's the first I've heard of this clause. I hadn't been made aware until now that it was there. So I, I couldn't answer. I don't-- not sure who proposed that.

HUNT: OK. Thank you. Thank you, Senator Clements. I appreciate that. Given that it's the first time we've ever had this, you know, I-- when we have language like this in bills, it's sort of code for we don't know how the court will rule. We don't know what the courts are going to say about this bill. And if a law goes to court for unconstitutionality claims that are then found valid, it's my understanding that the courts will sever the unconstitutional part. And if they can or they don't sever that part, then the whole thing is just thrown out. So then potentially the whole budget could be thrown out. And I was told by some attorneys working on this amendment that, depending on the situation, the court might just throw the whole bill out anyway and ignore this clause and that's why it's less common that we use it in bills. So the question is, what is it about the budget that we think is suspect that we needed to give ourselves this cover? If we're confident in the budget being constitutional, then I don't think we need this, which is why I introduced the amendment to strike it. It sounds like, you know, Chairman Clements didn't know it was there and doesn't know why it's there. So I think I'd like to have a vote on this amendment. And we can talk about, you know, why we need a severability clause. And if it passes, I think that's a really good thing. I think it's a sign of confidence in the budget and in the process. And if it doesn't pass, I think that's a conversation we should have between General and Select. And also worth-- highly, highly worth bringing in some experienced voices, not just Senator Clements, who is extremely experienced on the Appropriations Committee, but-- really, can we talk to some old-timers? Like, I know there's folks in the lobby who have done decades of work on this stuff. I know there's staffers in the Capitol who have done decades of work on this. Maybe people who have, have left and retired. I want to hear some more opinions about this severability clause, especially given that it's never been in the budget before. If there are elements of this budget that we believe might be vulnerable in court, that's precisely the kind of issue that deserves open debate. Severability language can function as, like, a procedural insurance policy, but it can also have the fa-- the effect of muting discussion, which I think is what we've observed this week throughout the budget debate. I think that if we see the severability clause in the language, it kind of

gives us cover to move forward as if all of the policy decisions in this bill are sound and lawful and fair and constitutional, but I don't think that serves the public interest. I think that we need to have confidence in the constitutionality of our work, and that comes from the rigor of debate, not from protective clauses embedded at the very end of the bill. If we believe this budget is lawful and defensible, then I think we should be willing to stand on that without written language like this, which staff throughout the Capitol, like I said, says has never been in the budget before. And if we're not willing to do that, then maybe the most responsible course is to continue refining the provisions that give us pause rather than assuming the courts will, will sort it out later. Thank you, Madam Chair.

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

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I think this is a very interesting amendment from my friend Senator Hunt. I honestly can't remember from my time on the Appropriations Committee for eight years during my first two terms of service whether or not this was standard practice and boilerplate in our budget, because, of course, the, the committee spends a lot of its time on the substantive matters and then the, the staff helps to put together the labeling for the different funds and the amounts and the internal references. And I know sometimes there's some boilerplate at the end of, say, for example, a mainline budget bill in the, the first year of the biennium which provides directions or flexibility as to what would happen for funds received in the interim, et cetera. So I honestly can't remember off the top of my head if the severability clause is just part of our standard boilerplate or if it's new. Either way, I think that it presents a very interesting question at this particular moment in our budgetary deliberations. Senator Raybould and others-- Senator Cavanaugh-- have done a, a really great job of lifting up legal concerns based not just on our opinions but based upon past court cases, based upon Attorney General's Opinions, based upon credible legal authority that should be pause for concern for members when we're seeking to raid or sweep things that are lit-- literally deserving of constitutional protection because they're embedded in our constitution. The, the funds related to the Board of Educational Lands and Funds, the boar-- the funds related to the Nebraska Environmental Trust, and, of course, to a lesser extent, the, the parameters and guardrails around the cultural endowment funds, et cetera, which don't necessarily rise to that constitutional standard. But there seems to be very clear questions as to the legality of the utilization of those

constitutionally protected funds. So knowing that litigation has been brought on these matters in the past, knowing it may be brought on matters in future in regards to these pieces, I think Senator Hunt's amendment is, is, is a rather daring endeavor from a legal perspective. On the one hand, we would not want to jeopardize the importance of the hallmark issue before this Legislature, the, the midbiennial budget adjustments from being ineffectuated if subject to later challenge. But on the other hand, if members in here refuse to a-- even acknowledge that there are serious, legitimate legal questions being brought forward about the mechanics of this budget, Well, then that in essence asks members to pu-- put their money where their mouth is. Literally. If you think that this budget can survive any legal challenge despite past warnings from past litigation or past Attorney Generals, you don't need a severability clause, right? I think that's a, a very-- perhaps precarious and daring, but a very interesting proposition that's kind of an umbrella issue on many of the legal issues that have been brought forward in regards to the budget. And I want to lift up a couple of things. It's definitely not apples to apples in regards to contract law and canons of construction governing constitutional challenges, but there are some general commonalities in how courts look at something like a contract or a law that has suspect components. If there is a clear severability clause, well, that makes their work much more easy. They can remove with a scalpel rather than a bulldozer the, the, the concerning parts that don't ma-- meet constitutional or legal muster and leave the other nonconcerning parts or components in place. But if there's not that severability clause, the court is challenged then to try and to figure out whether or not the offending provisions were so intertwined with the overall-- thank you, Madam President.

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

CLEMENTS: Thank you, Madam President. I rise in opposition to AM2561. It's-- and I was not aware that this was in the bill or in the amendment, but I see that it, it is. And there have been mentions during this process that might-- something might bring up a lawsuit, and I think it's-- Section 224 is a responsible way to protect the budget so that if there is a provision that is found invalid that the rest of the budget is still preserved. I would-- I don't agree that it means that somebody thinks it's not valid. It's like saying a, a doctor who buys malpractice insurance is saying he is not treating people correctly. I think he'd buy malpractice insurance just in case some-- somebody happens to get-- I don't-- a judgment against him. And

so this is a, a way to also protect the budget. If something does become invalid, then the rest of the budget is protected. I think it's a responsible thing to do. So I urge you to leave in this section and vote no on the amendment. Thank you, Madam President.

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

CONRAD: Thank you, Madam President. Sorry, I ran out a little bit of time on my, my last time on the mic, so. Again, people might be most familiar with a severability clause in contracts, in contract law, in contract principles. Most of us have entered into numerous contracts over the course of our, our lives or our business, et cetera. And, and sometimes you'll see it in this boilerplate language in the contract where it has a severability clause. Basically, good lawyering that says if any of the other provisions in the contract are found to be unlawful or impermissible or unconscionable or invalid for whatever reason under contract law, that in essence it protects the rest of the contract from being thrown out when those offending provisions are challenged-- identified and, and challenged and, and found to be such. So that's where-- that might just be kind of a layperson's kind of, of, of familiarity with, with how severability works. So in the context of legislation, don't forget that this issue is taken up as a canon of construction, statutory interpretation when it comes to evaluating whether or not our legislation meets legal or constitutional muster. And so the acts of this Legislature, once duly enacted and through all three rounds of debate and signed by the Governor, carry with them on its face the presumption of validity, the prem-- presumption of constitutionality. So that's kind of the first piece. But when deciding-- then courts will then look to decide whether or not to overcome that presumption. They're going to look at the language itself. They're going to look at legislative intent, if the language is ambiguous or vague, et cetera, things that we say on the record. Why the-- one reason why the record matters. And then what they're going to decide then if there is a challenge to one of those laws that does have the presumption of constitutionality is the component that they-- that is subject to challenge. And if they find it suspect from a legal perspective, can that stand on its own or does it take down the whole bill? And so you'd want to think about that when you see committee packages. You want to think about that when you see things like the budget that has a lot of different moving parts in it. Because unlike a measure that is indeed single subject and discreet in nature, there's not a ri-- as great a risk if the individual bill is challenged that it's going to take down a whole

slew of bills that may have been in a package or a whole slew of policy pronouncements as is present in our, our budget. So the risk heightens when you start to play games with germaneness and single subject and omnibus and large budgetary packages and you start adding in bills from other committees and-- all of the things that we've seen come up in recent days in regards to our budgetary debate. So as that risk heightens, the severability clause becomes more important because you're recognizing that you're taking risks in terms of the rules and in terms of the substance of the measures, which may definitely pose legal challenge, as is the present case for the sweep and utilization of protected trust funds as per our constitution, past court decision, and past AG decisions. So when the court is going to-- if the court has an opportunity to say, no, this was an impermissible use of Environmental Trust; no, this was an impermissible use of the Board of Education Lands and Funds, the severability clause is relevant because we're trying to decide whether or not just that discrete piece takes down the rest of the budget. And one thing that the court's going to look at if there's not a severability clause is, is that component critical to the whole package going? My contention is it is because the huge sweeps in this instance from Environmental Trust, from Board of Education Lands and Funds, they are critical to hitting the budgetary goals that are outlined and that we all operate within. They can't be separated, so to speak, because they're required to achieve the overall policy goal here. So that's, that's a, a very, very interesting, very dicey question. I'm not sure if we're going to be able to, to sort it out on the floor here today, but I do think in some ways, if in fact this is the first time, it is an admission of potential ig-- illegality. Thank you, Mister-- Madam President.

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

J. CAVANAUGH: Thank you, Madam President. Good afternoon, colleagues. Well, I-- Senator Conrad did a really great job of explaining the necessity and the, the reason you have severability clauses. And of course, that-- the thing I think she hit on there that is important but maybe bears repeating is that the severability clause itself is not an absolute protection but also the lack of one is not an absolute failing, meaning that the courts will analyze the parts of the bill on-- and term-- determine whether it is severable, both without and with the severability clause. It is an additional protection, as Senator Hunt correctly pointed out, that putting it here in an unusual circumstance after having a conversation about the fact that there is most certainly going to be a lawsuit regarding at least the, the

Education Trust Fund-- or permanent education-- what is it called-- sorry-- the Permanent School Fund Trust that-- those folks have already said that they're going to have to sue under that. Means that there's the potential for a lawsuit. I honestly don't know where I'm at on this because I have advocated for putting severability clauses in-- previously in bills in an abundance of caution, I would say. I have suggested that we put them in there and, as a reflection, again, of the fact that we knew that there was pending litigation against parts, but I do think we've done a lot of things here recently that are a abrogation of our responsibility to do a thorough vetting of bills. We have, you know, every year bills coming that are to fix a bill we rushed through last year. We see that this year on a number of bills. We see that we are taking corrective action because we are rushing so much and refusing to listen to criticisms and suggestions where people bring forward legitimate problems in bills and people just say, well, you don't like my bill anyway, therefore I'm not going to fix it for you. And I have many, many times said that I'm-- I've brought forward suggestions and said, I-- this is not going to get me to where, you know, I can support this bill, but in, in the interest of what you're trying to accomplish, this is a, a suggestion, and I think that's, you know-- on the, the Educational Lands money that Senator Raybould brought-- the amendment there that was an attempt to fix something that Senator Raybould saw as a critical failing in this bill. And I-- the, the attempt-- continued attempt to stop raiding the Environmental Trust is another one that folks have brought-- I've-- personally have brought before. And so I have policy disagreements, of course, with this bill. And, and, and Senator Rountree's amendment as well. So I have some fundamental policy disagreements as well, but there are ways in which you could make it still not meet my policy expectations or what I want to see, but you could make it be something that is less threatened by lawsuit. And so Senator Hunt's amendment here definitely illustrates the fact that folks are concerned about the legal ground on which this budget stands. And again, I think this is more of a sign of the times that we continue to do a less than ideal job and, and still just wash our hands of it and move forward and then come back and, and fix it. So, you know, at the moment, I'm not sure where I'm going to be when we're voting on Senator Hunt's amendment, but I do appreciate the conversation. I think it is an important one to point out, that-- I-- it, it underscores the fact that there are some, some very flawed things in this budget. Thank you, Madam President.

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

DOVER: --Madam President. Well, thanks, Danielle Conrad-- Senator Conrad for bringing up the severability clause. It is a standard boilerplate in e-- in every contract I've ever seen in real estate and many other contracts that we deal with in our other businesses. I think if it hasn't been included before in the budget, it needs to be. Just for those who didn't sit in on our Appropriations meetings, that was always a constant question. Are we-- can we constit-- constitutionally do this? And when [INAUDIBLE] said, no, you can't consciously do this, we did not do that. And for that reason, we didn't take a lot of votes. We-- when we did-- for one example, just so everybody knows, Lewis and Clark Lake. Obviously, probably marina slips, boat slips are not a use for the Environmental Trust. Therefore, we had that taken out. And so if the severability clause hadn't been included in past budgets, I think it was oversight. I think it needs to be included in, in, in every budget. I also think this: courts are there for a reason. I-- and-- be-- and be quite truthful, talking to Senator Dorn-- who also sits on Appropriations-- we, we say pri-- pri-- please bring lawsuits because we have people that bring bills all the time and they say, hey, they're doing it in Texas or they're doing it in Mississippi or doing it at whatever and it must be constitutional. That's-- we all know that's not true. It's only constitutional after it goes to the court and found to be constitutional. So having said that, I think-- I'm glad the-- I'm glad the severability clause is in there because most of that budget, if not 100% of that budget, is constitutional. But again, the courts are there to provide a remedy. Thank God there are courts. And hopefully some of these questions that people have where we have opposite opinions on what is constitutional, what is not constitutional, the courts are there. So hopefully they'll make it to the-- make it to the courts and be settled. Thank you, Madam President.

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

FREDRICKSON: Thank you, Madam President. Good afternoon, colleagues. And good afternoon, Nebraskans. This has been an interesting conversation about severability. I know we've had that come up on a couple of the bills we've talked about this year, especially some of the committee packages. I-- I'm listening and, and honestly I'm kind of learning in this conversation as well. I do think it is-- you know, I, I appreciate the remarks from Senator Dover and his insights from

the Appropriations Committee. I think it's-- you know, it sounds like this is a pretty standard clause in most contracts, but it is, I think, worth noting, it should pique-- certainly at least pique our interest if this has never been included in our budget why, why now and what our, what our concern might be. I certainly received a number of emails about the constitutionality of certain parts of the budget and the proposed budget. I know many of you probably have received those as well. I personally am not an attorney, so I'm not gonna make any sort of position or claims on, on what that might be, but it's something that I think we should be cautious with as we proceed on this. And I guess I, I did have a few questions about this. I wonder if Chair Clements would be available to yield to a question.

DeBOER: Senator Clements, will you yield?

CLEMENTS: Yes.

FREDRICKSON: Thank you, Senator Clements. So I guess just kind of in light of this conversation-- I'm, I'm just kind of curious whether or not the committee has been approached by any group or organization or-- and, and told that if, if we were to pass this budget that they do plan to pursue legal action against the state.

CLEMENTS: We haven't had a direct-- somebody approach us directly about that, no.

FREDRICKSON: OK. So no one's come and said, we're gonna sue if, if this passes or if you guys do this, we're gonna sue.

CLEMENTS: Right.

FREDRICKSON: No. OK. All right. Thank you, Senator Clements. So I think that's helpful context as well just in terms of-- you know, obviously, that doesn't mean that that's not a possibility, but I think that's good to have on the record as well. If, if we kind of knowingly knew that there was a lawsuit that was coming, that would be something else that we would certainly have to consider. So I don't know how I'm gonna vote on this amendment. I think it's an interesting point of conversation, and I'll keep listening. Thank you, Madam President.

DeBOER: Thank you, Senator Fredrickson and Senator Clements. Senator Strommen, you're recognized.

STROMMEN: Thank you, Madam President. I just wanted to talk real quick. As we continue to talk about the cuts that we're doing here-- I don't know why that came out so loud. But as we're doing all these cuts, it might be helpful discuss the spend, how much over this past biennium spending bills-- so-- these spend bills, A bills with fiscal notes over this past biennium-- so the past two years-- as we're talking about the cuts we're trying to make to right-size the budget, there have been a total of \$787 million worth of spending bills. So we're trying to make cuts. We know that we were \$400 million down this year. We're looking at \$800 million next year. And over this biennium, there has been \$787 million of A bills brought to the table. So we're in a fiscal deficit this biennium, next biennium. And while we're working hard to try and find cuts, we're trying to-- hard-- Senator Clements and the rest of the Appropriations Committee is working hard looking for cuts, trying to find savings in the budget, doing what we can. I know not everybody's going to be happy. But at the same time, \$787 million worth of asks have come to the table. So I just want people to be cognizant of the fact that there are still a lot of A bills that are showing up and there are still a lot of people that are asking for money while we're in this crisis, so. Thought I would bring that to everyone's attention so that they knew what was going on there. Thank you very much, Madam President.

DeBOER: Thank you, Senator Strommen. Seeing no one else in the queue. Senator Hunt, you're recognized to close.

HUNT: Thank you, Madam President. Yeah, I guess the reason I think that this bill and the budget bill we discussed previously-- previously has some constitutional questions is because so many people have said that to me. Attorneys, old-timers, people who have been-- worked on appropriations for decades, lots of questions from those folks about the severability clause. And-- so, you know, I said, should I do something about that? And they suggested this amendment. And I asked Chairman Clements why there was the severability clause in the budget, and he said he didn't know and that, you know, this has never been in the budget before. So it's a little strange. It bears mentioning. And a lot of things about this process bear mentioning. The bill itself, LB1072, the introduction page, the title of the page is four pages long. It begins: a bill for an act relating to government. Normally-- you know, it doesn't even say a bill for an act relating to appropriations. It's government, is the very first thing that we say in this bill. And so there are a lot of obvious policy decisions being made in this appropriations legislation. It's strange. It's kind of unusual. It bears being remarked upon. And I think that we should

consider taking out this severability clause because we've never had one before. Also, I think that other, other folks-- other attorneys have told me-- and I, and I think Senator Raybould covered this earlier when she was talking about the BELF funds and-- that they've said in no uncertain terms that they would sue over the transfer and whatever happens that unfolds that ties up the funds for the duration of the court case so schools lose that money for the same time period, whatever that means. You know. So we know someone's thinking about suing. We know that there could possibly be a lawsuit over the voucher funds, which it sounds like maybe there's a deal to get those out on Select or whatever. There's just a lot of policymaking being done in these bills that are supposed to be appropriations bills. And I think that the process has not gotten enough scrutiny. And the fact that I'm introducing this amendment to remove the severability clause because we've never had one before in an appropriations bill-- or, in a budget bill-- excuse me-- it's curious, right? The chair doesn't know why. So here we are at the end of General File debate on one of our main budget bills but we don't know why that's in there. So I encourage you to vote green on AM2591. All it does is remove the severability clause. It doesn't say anything about funds. It doesn't say anything about adding or subtracting. It just removes that section of the bill, which is the severability clause, which we have never had before in a budget bill. Thank you, Madam Chair. I'd ask for a call of the house.

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: 25 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. Senator Machaela Cavanaugh, Senator DeKay, Senator Storer, Senator Hughes, Senator Bostar, Senator Dover, Senator Riepe, Senator Hansen, please return to the Chamber. The house is under call. Senator Storer, Senator Riepe, please return to the Chamber. The house is under call. All unexcused senators are now in the Chamber. The question before the body is the adoption of AM2591. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 11 ayes, 33 nays, Madam President, on adoption of the amendment.

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Floor Debate March 11, 2026

Rough Draft

DeBOER: The amendment is not adopted. Mr. Clerk, there's a motion on your desk.

QUICK: 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? 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 voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Clouse voting yes. Senator Conrad voting no. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan. Senator Fredrickson voting no. Senator Guereca voting no. 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. Senator Kauth voting yes. Senator Lippincott voting yes. Senator Lonowski voting yes. Senator McKinney voting no. Senator Fred Meyer voting yes. Senator Glen Meyer voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Prokop voting no. Senator Quick voting no. Senator Raybould voting no. Senator Riepe voting yes. Senator Rountree voting no. Senator Sanders voting yes. Senator Sorrentino voting yes. Senator Spivey voting no. 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, 12 nays, Madam President.

DeBOER: The motion for cloture is successful. Mr. Clerk. Next vote is for AM2165. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 33 ayes, 11 ayes on adoption of the committee amendment, Madam President.

DeBOER: The amendment is adopted. The next vote is for the advancement of LB1072 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 33 ayes, 12 nays on advancement of the bill, Madam President.

DeBOER: The bill is advanced. Mr. Clerk. I raise the call.

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Rough Draft

CLERK: Madam President, some items for the record. Your Committee on Banking, Commerce and Insurance, chaired by Senator Jacobson, reports LB1118, LB1119 to General File, both having committee amendments. Additionally, amendments to be printed from Senator Ballard to LB912, Senator Machaela Cavanaugh to LB1072. New LR: LR365 from Senator Hardin. That'll be laid over. That's all I have at this time. Excuse me, Madam President. Name adds: Senator Hallstrom name added to LB762; Senator Clouse name added LB762; Senator Prokop, LB938. And a priority motion: Senator Fredrickson would move to adjourn the body until Thursday, March 12 at 9:00 a.m.

DeBOER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. We are adjourned.