

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: Welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan and I served as Chair of this committee. I'm from Elkhorn, Nebraska and represent Legislative District 39. The committee will take up bills in the order that they are posted outside of the room. Our hearing today is part of our-- your, excuse me, legislative process. This is your opportunity to express your position on the proposed legislation before us today. We ask that you limit handouts. If you are unable to attend the public hearing, and would like your position stated for the record, you may submit your position and any comments using the Legislature's website by 8 a.m. the day of the hearing. Letters emailed to a Senator or staff member will not be part of the permanent record. If you are unable to attend and testify at a public hearing due to a disability, you may use the Nebraska Legislature's website to submit written testimony in lieu of personal testimony. To better facilitate today's proceedings, I ask that you follow these procedures. Please turn off your cell phones and other electronic devices. The order of testimony is the introducer, proponents, opponents, neutrals, and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We need ten copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell your name for the record. Please be concise. It is my request that you limit your testimony to three minutes, and we will use the light system. We'll have two minutes on green, 45 seconds on yellow, and then 15 seconds on red to wrap up. If your remarks were reflected in previous testimony, or if you would like your position to be known but do not wish to testify, please sign a white form at the back of the room, and it will be included in the official record. Please speak directly into the microphones so our transcribers are able to hear your testimony clearly. I would like to introduce committee staff. To my immediate left is legal counsel Charles Hamilton, and to my left the end of the table is committee clerk Tomas Weekly. Now, I would like the committee members to introduce themselves, beginning at my far right.

BOSTAR: Eliot Bostar, District 29.

von GILLERN: Brad von Gillern, District 4.

ALBRECHT: Jody Albrecht, District 17.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

DUNGAN: George Dungan, District 26.

MEYER: Fred Meyer, District 41.

LINEHAN: If our pages would please stand. So Mia is at UNL and she's studying political science, and Collin is at UNL and studying criminal justice. Thank you for being here today. Please remember that senators may come and go during our hearing, as they may have bills to introduce in other committees. Please refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us. It's a critical part of our state government. With that, we will open with Senator Sanders' LB1022. Good afternoon.

SANDERS: Good afternoon, Chairwoman Linehan, members of the Revenue Committee. My name is Rita Sanders, R-i-t-a S-a-n-d-e-r-s, and I represent District 45, which encompasses much of Bellevue and the Offutt Air Force community. I bring LB11-- LB1022, the Nebraska Ca-- Cast and Crew act before you all, as it seeks to provide a tax credit for qualifying film projects completed in Nebraska. This bill carefully and thoroughly explains what qualifies as eligible spending for different types of projects. The Department of Economic Development will administer a maximum \$25 million credit annually. LB1022 also directs the Department of Economic Development to administer a grant program to smaller local film development throughout Nebraska. LB1022 seeks to retain and recruit new talent within the film industry to stay here in Nebraska. Unfortunately, Nebraska often loses much of their recent college graduates as they seek better opportunities elsewhere in the country. Incentivizing our filmmakers to create films and build studios here in the state not only generates a substantial amount of revenue, but also provides more jobs for our young filmmakers and provides a path forward to them to stay here in Nebraska. Behind these sit filmmakers and producers native to Nebraska, but left for Hollywood who are now wanting to come back to the state they love and call home. At this point. I'll take any questions if you have any.

Speaker 1: Thank you very much, Senator Sanders. Are there any questions from the committee? Seeing none, thank you. very-- Oh. I'm sorry. Senator Bostar.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

BOSTAR: Thank you, Chair Linehan. Thank you, Senator Sanders. I saw that you filed an amendment. Just now, I was looking at the bill. Could you tell me about that amendment?

SANDERS: I don't have that in front of me, but I'll have that for you at closing.

BOSTAR: Great. Thank you.

LINEHAN: Thank you. Senator Bostar. Are there any other questions from the committee? Seeing none, thank you very much.

SANDERS: I'll stay to wrap.

LINEHAN: And you will stay to wrap. OK, so our first proponent. Good afternoon.

BOB MAASS: How you doing?

LINEHAN: Good.

BOB MAASS: My name is-- Go ahead and start?

SANDERS: Yes.

BOB MAASS: My name is Bob Maass. I'm here presenting as a private citizen. I'm not representing my employer, Metropolitan Community College. I've been teaching media production courses for about 26 years, and---

LINEHAN: Can you spell your name, please?

BOB MAASS: Oh. I'm sorry.

LINEHAN: That's OK.

BOB MAASS: B-o-b M-a-a-s-s. Tax incentives can bring out of the state-- can bring in out of state productions to Nebraska that will not consider-- that would not consider Nebraska without incentives. The productions will bring in crews, and will spend money in Nebraska. Many of our media students want to work in the film industry. And the first thing I ask them if they want to actually be in the industry is do they want to work in-- move to L.A., Chicago, New Orleans, Atlanta, or New York. Because that's where the industry is. And-- or-- and most of them have incentives that bring production into their state. I can think of eight past students and graduates that are working and living

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

around Los Angeles and all work in the entertainment industry, another in Chicago, and I can think of one of ours that has been in New Orleans for a while. One of our students moved home for a month last summer to work in the film production in Nebraska City. The director grew up in Nebraska City, so that's why he-- the stories about him growing up in Nebraska City, so that's why he chose Nebraska. It was a chance for her to get more hours towards being a full time AC 1 assistant camera crew, which-- to, to gain her union hours at L.A. So. She worked at [INAUDIBLE] while she' was in high school doing production, she worked there through college, and two weeks after she graduated two, three of them from that group of that graduates all moved to L.A., like two weeks later because there's more opportunities in what they were wanting to do. Another past student started working in the industry when Iowa had their incentive program. And he worked on a couple film sets and I-- when he was finishing up his degree at UNL at that time, and I think the Iowa stuff all fell apart and he moved out to L.A.. And he's been a AC 1, very successful, worked on a lot of national TV shows. He's been with America's Got Talent for, for a long time. And he's native Nebraskan, went to Metropolitan Community College, went to UNO, graduated with a communications degree there and loved, loved the film industry stuff. More film and TV production in Nebraska can give opportunities for younger people who want to work in the industry and not move out of state. Incentives I could bring back Nebraskans to-- that aren't going to move back here, but do projects here. And there's an example in Fremont where they-- Christine Conrad is a writer in L.A., and she came back and did a movie, a feature film in Fremont, and a lot of our students worked for her crew, that was about a two or three week shoot in Fremont, so it was a great opportunity for our students. That's what I have.

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none, thank you very much.

BOB MAASS: Thank you very much.

LINEHAN: Next proponent. Hello.

AARON HANSON: Madam Chair, members of the committee, my name is Aaron Hanson, A-a-r-o-n H-a-n-s-o-n. I am the sheriff of Douglas County. Why am I interested in this bill? If you know me, and you know much about me, you know I'm passionate about skilled trades. And in, in the many conversations that I've had with individuals that are on the front end of, of this effort, I know that behind what people believe to be the typical film industry, the actors, the directors, the writers, is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

hundreds and hundreds, thousands of skilled trade men and women. Electricians, carpenters, teamsters. And what does that mean? That means jobs. And that means jobs here in our state. You know, I talk to a lot of my peers, sheriffs and law enforcement executives in the surrounding states, and I get jealous. They have mountains. You can't pass a bill to create mountains. They have lakes. Well, you might pass some bills to make lakes. I think, I think you have, but that, that's good. But, but, you know, whether it's natural resources, there's just some things that we can't wave the legislative wand and create. You can create this industry through incentives. It's exciting. And why do I care as sheriff? Because skilled trade jobs equals prosperity, and prosperity equals disrupted cycles of poverty, and disrupted cycles of poverty equals enhanced public safety. And I please ask you, build this industry where we know we can. Let's find a way to have instead of a Georgia peach at the end of all these films, we're going to have the big old Nebraska N. And we can make young people stronger and break cycles of poverty. Thank you very much.

LINEHAN: Thank you, Sheriff. Are there any questions from the committee? Seeing none, thank you very much for being here. Next proponent.

KATY BODENHAMER: Hi. I'm Katy Bodenhamer. Katy Bodenhamer. I'm a proud Nebraska native cowgirl, and the fourth daughter of a farmer who had five daughters. He needs help on the farm. I went to a one room schoolhouse, where we routinely put on performances for all the local farmers and ranchers, and this led me to high school speech and drama competitions, which led me to lead roles at UNK and community theater. And now I've been out in L.A. For the past 13 years developing a whole full time acting career. So I've been involved in 100 plus projects. To name a few national campaigns Michelob Ultra, Philadelphia Cheesecake, Blue Buffalo, Smirnoff Ice, Botox Migraine. I've been on The Office, Switched at Birth, and most recently the feature film Desperation Road with Mel Gibson, which I executive produced on as well. And I helped Killian Murphy ride a horse for Oppenheimer. And now I would like to move home. There are so many projects, crew and actors that are leaving L.A.. The living conditions are not affordable or sustainable. It's near impossible to raise a family there financially or morally. Creativity is dying there due to controversial agendas being forced into content versus using art to really connect humanity through like a truth, a goodness, a beauty that does exist in Nebraska. Right now, there's a huge opportunity to jump into this hustle of the film industry, to get those economic benefits that are leaving L.A., and to attract amazing people that want a safe place to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

call home, which is not L.A. They want to-- we want to create aid in helping real, honest, wholesome art that supports American beliefs and values. And it would be a huge missed opportunity which could aid in Nebraska's prosperity for years to come if we don't just at least open the door for this opportunity here while the industry is drastically shifting at this moment in time. Texas sees it, Oklahoma sees it, Kentucky sees it, Arizona, New Mexico, Georgia, all of them. So now's the time to jump on board. Trust me, I know agriculture is Nebraska's thing. Our calving season is very much underway, I have to run home after this to do the night shift. So I know Nebraska is about real work, real people. But honestly, from my actor/producer/writing perspective, film and TV is starving again for real people with real stories who are humble and faithful and committed to family and responsibility and goodness, helping your neighbor and being a real hero. And that is Nebraska. So don't think of how the film industry might change Nebraska, but think how Nebraska can so incredibly change the film industry. It is in dire need of saving in a way that can truly impact, impact the culture and the future of America. Also, Nebraska isn't only agriculture. There have always been artists here craving for support and for a means to live out their potential. My sister coaches high school one act in York, and those student actors and crew have about six state championships under their belt-- their belt, and they would love, love to stay in Nebraska and work here. So, give them the chance to have a career doing what they love here. I love Nebraska, I have a Western script that's ready to be filmed in Nebraska, so please help us all to stay in Nebraska. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee? Yes, Senator Dungan.

DUNGAN: Thank you, Chair Linehan. Thank you for being here today. As a fellow person who did speech and debate and theater in high school, I a) appreciate that, and b) see the pipeline of people who do those things, who then leave the state.

KATY BODENHAMER: Yes.

DUNGAN: All of my friends who did theater left almost immediately. And I think a lot of them want to come home, but similarly have run into the same issues you have.

KATY BODENHAMER: Right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

DUNGAN: I'm curious, as somebody who's an actual expert in the field, because I don't know how this works, we've seen it seems like more and more production companies choosing to do, like, on site filming in, like, Kentucky, Atlanta, all these different places.

KATY BODENHAMER: Right.

DUNGAN: Do you believe that if we enact something like this, it will have an immediate effect on being able to draw those people in? Or is it something that you think is going to be a down the road kind of effect? What, what is the timeline look like, you think, if this were to go into effect on being able to attract those products and those productions in Nebraska?

KATY BODENHAMER: It, it-- from my perspective, it will be immediate. These productions just look for-- they have a limited amount of money for the budget, and they just look for where they can get the best deal. Every project that I've been in, the script is set in a different location. In, in Iowa, but Kentucky offers the best incentives, so let's go straight to Kentucky. Like, as long as they can get the location visually of what they want to convey, it'll go straight into effect, if their money can get more mileage, the more tax incentives you can give back to them. So it's, it's really-- creative people can make whatever work if you're helping them get it done.

DUNGAN: Thank you.

KATY BODENHAMER: Yes. Yeah.

LINEHAN: Thank you. Senator Dungan. Are there other questions from the committee? Seeing none, thank you very much for being here.

KATY BODENHAMER: Yeah. Thank you.

LINEHAN: Next proponent? Good afternoon.

HASSAN BIGGUS: Hassan Biggus, H-a-s-s-a-n. I want to thank everybody for being here today. I'm a intern for the Eastern Nebraska Film Office, and I just wanted to speak on the immediate impact that this would have on me. Because I'm from North Carolina, and I go to school in Nebraska, and it would keep young people like myself coming and wanting to make opportunities for ourself out here, because it's-- we feel as film creators and actors, there's not many opportunities out here, but we see the potential. And I was talking with my friend on

the way over here, and we were talking about how growing up in the Charlotte area in North Carolina, we saw the direct effect of Atlanta, how their film industry grew, and everybody from where we was from wanted to go and just be in it and get a part of it. So we think that if Nebraska was to do something like that, probably the first city would be like Omaha, that would affect the whole state in such a great way, because when a big city like Omaha get something like that, it just trickles down to the entire state. And Nebraska is a beautiful state with a lot of great landscapes to film in it. And I just-- I see endless opportunities for it. So I just think that a bill like that would just stimulate jobs for the economy, with-- and, and I also think that it would help with bringing the young people, would help with the-- it would put-- but it would-- to pull a companies in, you would have to, to make an attractive offer as the incentives, and to get the incentives, it's good-- what I was going to say was, it's good to get into something from the ground floor. And the state of Nebraska hasn't had a real film industry. It will bring diversity to the economy it's never seen, which I believe would take the state of Nebraska to another level. So, yeah, that's all I had today. Thank you.

LINEHAN: Thank you very much.

HASSAN BIGGUS: Thank you. Did you have a question? Sorry.

KATE PRYOR: Hello, my name is Kate Pryor, K-a-t-e P-r-y-o-r. I am a professional filmmaker and actor living in Bellevue, Nebraska, Senator Sanders' district, and I am also a military spouse and part of the Offutt Air Force Base community. My husband and I moved here over six years ago via the Air Force, purchased a home we love, and have requested to stay in Nebraska throughout the remainder of his commitment, with hopes of living and working here following his Air Force commitment. We have fallen in love with the great state of Nebraska. I've established an LLC with the state for my production company, and my husband is a board certified general surgeon with a Nebraska State medical license. We would love to stay here and continue to live and work in this great state post the military commitment. And we believe we both contribute to the economic and humanitarian situations here in Nebraska. And while my husband's career as a general surgeon is essential and he can find work anywhere, it would be a continued strain on me to be able to find and make a sustainable living here in Nebraska without a state film tax incentive that truly supports a viable film industry. I'm currently having to travel out of state on a regular basis for film industry

work, to states like California and Georgia. For significant impact and retention, Nebraska really needs an incentive in the tens of millions range to be a viable film industry. Additionally, Nebraska has top-notch film, media, and emerging arts University programs, and it is a shame to watch so many young, equipped people leave Nebraska every year for other states with viable film industries. A viable film industry here in Nebraska means young, professional and overall Nebraska film industry professional retention, a reason for Nebraskans who have moved away to other states to come back home, and overall economic growth, viability and prosperity. So please support LB1022.

LINEHAN: Thank you very much. Wait. Are there any questions from the committee? Seeing none, thank you very much. Good afternoon.

CALE FERRIN: Good afternoon. My name is Cale Ferrin, C-a-l-e F-e-r-r-i-n. And for the past ten years, I've poured my heart and soul into acting. I've chased my dreams on sets across North America, from the bustling streets of Toronto to the vibrant energy of Atlanta, and the bright lights of Los Angeles. But a piece of my heart always remains in Nebraska, where I call home. Today I sit before you not just as an actor, but as an advocate for LB1022, the Cast and Crew Nebraska Act. This bill represents an opportunity to transform Nebraska into a thriving hub for film and television production. For years, Nebraska storytellers like myself have to pack their bags and follow their dreams elsewhere. We leave behind our families and our communities. Why? Because Nebraska lacks the incentives to attract major productions. And I'd like to add that when I was filming in Toronto, I filmed just 45 minutes outside of Toronto on a farm and it was just-- it was just like Nebraska. It felt just like Nebraska. And same for a show called Shadrach that I filmed that involved a horse, and it also involved, involved a farm, and that also filmed 45 minutes outside of Atlanta in a town called Coving-- Covington. That just so happens to also be at-- be the town where shows like Stranger Things and Vampire Diaries, just to name a few, were filmed. This isn't just about personal dreams, it's about the untapped potential within our state. Imagine sets buzzing with activity, local businesses benefiting from film dollars, and Nebraska landscapes showcased on the silver screen. The Cast and Crew Nebraska Act is a roadmap to make it-- to making it a reality. The proposed tax credits and grants will help level the playing field, making Nebraska a contender in the film industry. By investing in film, we invest in jobs, economic growth, and the future of our state. It is also about nurturing creativity, fostering innovation, and giving a platform for Nebraskan voices and stories. Passing LB1022 isn't just about supporting a bill, it's about

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

supporting our future. It's about saying to every aspiring screenwriter, actor, and filmmaker in Nebraska, your dreams matter, your stories deserve to be told. Stay here, create here, and let's build something extraordinary together.

LINEHAN: Thank you very much.

CALE FERRIN: Thank you.

LINEHAN: Thank you. Are there any questions from the committee? Seeing none, thank you very much for being here.

CALE FERRIN: Thank you so much.

LINEHAN: Next proponent?

RAVEN WILEY: Good day.

LINEHAN: Good afternoon.

RAVEN WILEY: My name is Raven Wiley, R-a-v-e-n W-i-l-e-y. I live in Saline County, and am 13 years old, and I am here again to testify. My desire to be in the film industry began a few years ago from a love of movies and from acting in local musicals, from the Lincoln Community Playhouse and Beatrice Community Players. My parents have been very supportive in pursuing my passion for filmmaking. It started when I asked for a typewriter to write short stories with. And those short stories, with the help of my dad, turned into short scripts, and soon my parents bought me my first camcorder to make films at home. Soon after, my parents learned about a film camp hosted by Digg Site Productions, where I experienced not only being in front of the camera, but also learning what goes on behind the scenes. During Film Camp Slater, I fell in love with all things film. Living in the village of Weston Nebraska, a town of 250 people, there is very little opportunity for someone like myself who doesn't play sports and doesn't care about video games to pursue the things I really love. I've tried making films with my friends, but I can't seem to get them out of the house long enough to shoot anything on camera. So I rely on great organizations like Digg Site and the Eastern Nebraska Film Association to help, but unfortunately, they're very limited to what they can do without the tax incentives. It's really hard for kids like me living in small towns, but having big dreams. My parents do all they can to support those dreams, but driving two hours one way to make a production schedule on the weekend, just to go to school on Monday is hard enough, let alone being able to fly out to Hollywood to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

make an audition that I may not get the part for. This is why it's so important to pass this bill. Let's keep our young, aspiring filmmakers like myself at home with their family and friends, not to tell us there's no chance of achieving those dreams unless we move away from the state we call home. Thank you.

LINEHAN: Thank you. Are there any questions from the committee? Seeing none. Thank you very much for being here.

RAVEN WILEY: Thank you.

MICHAEL WHITE: As always, the actors take the stage. Hello, I'm Doctor Michael G. White. Traditional spelling's on both, M-i-c-h-a-e-l White. I am the head of the film program at Wayne State College. I'm also an independent filmmaker. I'm here today as an educator and a creative. My comments are my own, and I am not speaking on behalf of Wayne State College, nor am I speaking on behalf of the Nebraska College System. The Wayne State College Field Film program has over 60 students, and that program has only existed for four years. Film production is one of the fastest growing programs on campus, drawing students from as far away as South Africa. Sadly, when I give tours to prospective students, I have to tell them, your industry is not here. Some of these students will remain in Nebraska and do commercial work, while others will leave for markets in states with a film tax incentive. These students would love to stay close to home but feel their industry is unnecessarily elsewhere. In 2021, Oklahoma created a tax incentive, less than a year after Martin Scorsese shot Killers of the Flower Moon, which is now nominated for multiple Academy Awards. While my students attended the BisonBison Film Festival in Oklahoma City, their film commission screened a video asking our students to consider moving to Oklahoma to handle the new production demand that they cannot. At that festival, we met filmmakers and students who were involved in that career altering film. Many of those students had careers lined up before graduation in their home state. Our students also leave for Iowa, which has a strong grant program independent film infrastructure. Thirteen feature films were shot in Iowa in the past year, compared to a fraction in Nebraska. The proposed tax incentive will give a distinct advantage over neighboring states to bolster our industry and retain our Nebraska students. Shelby Hagerdon is here today. She piloted the film program at Wayne State College. She went on to graduate from the Emerson School of Film in Boston, the number four screenwriting program in the United States. She is a professional animation producer and writer. She is only able to stay in this region because her position allows her to work remotely. For her to advance

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

in her career, she will need to leave at some point. On the rare occasion a large scale production does come to the state, I typically get a call looking for crew. Wayne State students meet this demand and are always described as well-trained, set ready, and ambitious. We are losing our best and brightest. This incentive is vital to creating a film production infrastructure that will change the career trajectory of students across Nebraska. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you for being here.

MICHAEL WHITE: Thank you.

LINEHAN: Next proponent? Thank you.

SHARONDA HARRIS-MARSHALL: Hello. My name is Sharonda Harris-Marshall, S-h-a-r-o-n-d-a H-a-r-r-i-s hyphen M-a-r-s-h-a-l-l. Although I am a board member of the Nebraska Film Association, as well as a teaching artist at the Lincoln Arts Council, these are my own words. Today I am a transplant to Omaha, Nebraska, north Omaha in particular, and I'm a filmmaker, photographer, instructor, and artist. I've worked with the film industry since 2008. When my husband and I moved to Nebraska in 2015, we had no previous connections here. I was ecstatic to find a vibrant film and arts community full of multi-talented and dedicated people, but I struggled to find viable and sustainable work in the state that was on par to what I was used to in other states. I soon found that Nebraska, unlike other states, did not have film incentives as part of their economic strategy. In fact, I found that many Nebraskans did not see the film industry work as viable career choices, despite the film industry existing in all 50 states and in every nation in the world, and being a \$260 billion industry in the US alone. In my home state of Alabama, there are film incentives in place that include a 25 to 35% tax rebate, dedicated film commission offices, and a state run work roster where I can be hired as a local because I'm a native to the state. The incentives offered also include tax rebates on cast and crew lodging and expenditures. Thanks to film incentives, my home state has welcomed such films such as Get Out, Selma, Big Fish, Jesus Revolution, and Just Mercy. While Alabama caps eligible film budgets at \$20 million, the neighboring state of Georgia does not, which has transformed the state's economy. Georgia is now jokingly referred to as Yollywood. In Louisiana, a state that is close to my hometown and where I have also worked, there is a tiered incentive system for both local filmmakers and for larger productions. This ensures that the local, smaller film productions can benefit as

much as the major studios, because Louisiana recognizes the need for those already in the state to preserve its history and to amplify underserved voices. You will hear many of my colleagues today talk about the benefits of film incentives to current film industry workers. And while there are plenty of benefits, especially considering the direct job impacts, but I want to talk briefly about the future. I'm also a teaching artist, teaching photo, video and digital art to elementary schools. I previously taught at Southeast Community College for four years. In every class I've encountered, there is at least one student excited about the idea of telling their own stories, expressing themselves, and often my class is the first exposure to them realizing that they can actually utilize their talents to make a living. So my question is, why do we treat this creative curiosity as mere child's play? There's a demand to teach filmmaking and creative writing skills to your children. Your children want to learn how to use a camera, how to write, how to edit, and how to act. While not every child will be the next Alexander Payne, if children aren't taught that a film career is not only a doable but an actual possibility in their own state, then we risk losing Nebraska's youth to other state economies who have decided the film and creative industries are worth the investment. Thank you.

LINEHAN: Thank you. Are there questions from the committee? Thank you very much for being here. Thank you.

SHARONDA HARRIS-MARSHALL: Appreciate it.

LINEHAN: Good afternoon.

TRAVIS BECK: Good afternoon. My name is Travis Beck, T-r-a-v-i-s B-e-c-k. I was born and raised in Lincoln, graduated from UNL with a journalism degree, and moved to Los Angeles a decade ago. I'd like to come back and create jobs for my community. I work as a location scout in the film industry, and I'm the guy that gets paid to knock on doors and offer homeowners \$5,000 to film there. Or a manufacturing plant, \$20,000 to film there. So when I get a job, it creates 10 or 15 other jobs, and that's just in one department. These are jobs that already exist in Nebraska, and they're seamlessly transitioning to the film industry, like the sheriff mentioned earlier, drivers, etc.. Montana, one season of filming Yellowstone, \$70 million went into the state. That's just one show for one season. Imagine if we had five shows for multiple seasons. We could have filmed that here, we have the land, the space, the beauty, as people have mentioned. Can you imagine if we injected \$70 million into Scottsbluff, Alliance, or Chadron and other

parts of western Nebraska? We can support family shows and dictate what gets filmed here. Sports shows, faith-based films, some of which are breaking records, like *The Chosen*. Some of you may have heard of that. Nebraska could lead the way in faith-based filmmaking. What a beautiful opportunity to serve God. What's popular now on TV, by the way? Westerns, horse shows. We could film all of that here. And the thing I like most about the film industry, in my opinion, it's one of the last surviving strong blue collar industries like the automotive industry and the railroad. I bet if I asked for a show of hands today in this room on who watches TVs and movies, I'd see a lot of hands go up. I call that job security. Movies are a universal language. If we pass this bill, it will incentivize film productions to come here. And if they come here, it will revitalize our communities and give our young people a really good reason to stay. Other states are already doing it, but it's not too late for us. This bill will create jobs not just for our community, all communities, not just for this generation, other generations to come. People are tired of the Marvel movies and the superheroes. They want the real thing. And Nebraska is as real as it gets. I urge you to advance LB1022 out of the committee. Thank you.

LINEHAN: Thank you very much. Wait please. Are there questions from the committee? OK, seeing none, thank you very much. Other proponents? Good afternoon.

MAHER JAFARI: Hi there, senators. My name is Maher Jafari, M-a-h-e-r, last name J-a, f as in Frank, a-r-i. I'm a native Omahan. And, like many others, I took off, after, after high school, and I was in L.A. For about 25 years, a little bit over that, and moved back here for family a few years ago. While I was in L.A., I was an executive for three preproduction companies under three different studios. I was part of about 400 episodes of television, selling those projects and packaging them. And I was at that table when people were discussing where they wanna shoot, and where they can shoot, their projects, and I can tell you that if there's no incentive on the board, your state is off the board immediately. It's just an economic fact, unfortunately. So, since coming back here to, to Nebraska, I continued working some in L.A., but last year I shot two films here locally. So I think I've gained a perspective both on the crew quality we have here and also some of the needs of what we have in building this infrastructure. And what we've got is a really great untapped resource. We have a, an economic engine that we're not using yet. And we need the incentives to drive it. There's also a timing factor where Hollywood is decentralizing, almost every other-- all, all production is decentralized. Creative is beginning to decentralize, and people

aren't tied to being on those studio lots anymore. They see the value in being in other places and being in real places and in, in and taking advantage of a host of, of talents across the board. So, with this bill, we'll be able to build a stronger film infrastructure that also grows multiple industries. Michael mentioned the, the Oklahoma incentive. They actually started an incentive further back. And to answer your question, Senator Dungan. Their first five years of their incentive injected about \$100 million into the state. The four years after that, it quadrupled. So what we're doing is, is providing both an instant injection into the economy, but we're building a long term pathway for a real, economic engine here in Nebraska. Like others have mentioned, it's not just kind of quirky creatives that make films. It is a serious business that encompasses hundreds of people on a film set. You've got builders, construction workers, electricians, truck drivers, construction equipment operators, food service, educators, animal trainers, telecom. It literally goes into every sector of the economy. We need accountants. We need lawyers. God knows they need work. And all of those things come into play when you've got a film incentive program that also needs good reporting and good-- and, and, and is viable to, to, to keep going. So a healthy ecosystem brings all of those industries, industries together, and it helps them all. And the better that, that those industries get at servicing the film and TV industry, the more work and the easier the work is that comes here, and it creates that quadrupling effect that Oklahoma saw.

LINEHAN: Thank you.

MAHER JAFARI: So in passing this bill, you're providing a long term pathway for growth, an opportunity that reaches into all sectors of the economy and not just a niche. And I think that's really important to understand is it's not just, please help us artists out, which is nice, but, it's much bigger than that.

LINEHAN: OK.

MAHER JAFARI: I want to address also--

LINEHAN: You got to wrap up. Your time is up.

MAHER JAFARI: You bet. The grant element of the bill is super important because it's where we build our skills. And we've got a top 30 film school here now. Wayne State is doing amazing things. Wesleyan is one of the, the highest job placement successes, mostly out of state, from their theater program. And we need to keep those students

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

here and help them build here, and so that they are ready when those big films come to town, we can service them, we can bring them here ourselves as creators as well, as I've done and some members have done here.

LINEHAN: Thank you.

MAHER JAFARI: So appreciate your time.

LINEHAN: Thank you very much. Are there questions from the committee? Yes, Senator Bostar.

BOSTAR: Thank you, Chair Linehan. Sir.

MAHER JAFARI: Oh. I'm sorry. Yes.

BOSTAR: You talked about the return on investment that other states have seen. Do you have data available?

MAHER JAFARI: The numbers I had mentioned, I pulled straight from Oklahoma's website, so I'd be happy to get you that website.

BOSTAR: Please.

MAHER JAFARI: Yeah. I'm sorry.

BOSTAR: Thank you.

MAHER JAFARI: You bet.

LINEHAN: Thank you, Senator Bostar. Are there other questions from the committee? Seeing none, thank you very much. Are there other proponents?

KIRK ZELLER: I think I might be the last one, possibly.

LINEHAN: Good afternoon.

KIRK ZELLER: Good afternoon. My name is Kirk Zeller, that's spelled K-i-r-k, last name Z-e-l-l-e-r. Some of you have seen me testify on other things, or speak at various events around the state. One topic that has really been important to me has been adding new industries to Nebraska. My family immigrated to Nebraska from Germany to central Nebraska, and to the Sandhills. And we had a long history of, of working in agriculture here in Nebraska until the farm crisis of the 1980s. I had to watch the devastating effect this had on my

grandfather's mental well-being. And he strongly suggested that until our state had a more diversified economy, I go elsewhere to build my career and, and raise my family. I've worked hard to get back to Nebraska. I, I have managed to make it back to Nebraska to do start ups. I did the independent film, *My Corona*, shot during the pandemic here in Nebraska with many local cast and crew. And then also a documentary, which will be coming out. The impact of what I experienced, you know, with my grandpa really helped me understand, you know, the real effect that this could have on, on our children, and giving our children other opportunities to stay in the state beyond just agriculture and some of the other industries. It could allow for a lot of family, you know, continuity. I would have definitely stayed and worked, you know, on the farm while doing another, another occupation if it were viable at that time. We have great academic programs here in the state, as have been pointed out. And I'd like to see a time when Doctor White can stand up in front of his state-- his students and say with confidence, we've got jobs here in the state of Nebraska. And as other people have pointed out, the economic impact, you know, as we've talked about bringing a lot of different industries, new, new industries here to Nebraska, a lot of them, the economic impact is, you know, significantly down the road. I work in health care, and oftentimes the real impact comes 5 or 10 years down the road. With this, as soon as production comes to the state and it's greenlit, all the tradespeople and all the-- all the folks that were discussed by other people testifying, they've got jobs. Hotels are full, restaurants are full. It can have a very, very immediate impact on our economy. I would encourage you to look at the testimony. I know we've got a large amount of testimony that's come in online, much of it from Nebraskans in L.A. saying, hey, I want to move back. This is the kind of thing, you know, editors, writers, producers, you know, all kinds of folks that want to move back to the state of Nebraska. It was also brought up about the amendment. It's largely technical changes that were worked out by the stakeholders. So, you know, you can certainly take a look at that, but please do, I please do encourage you to look at all the testimony that's come in via the website. So thank you for your time.

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

KAUTH: Thank you, Chair Linehan. Thanks for being here, Mr. Zeller, can you tell us about the ROI?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

KIRK ZELLER: I'm probably not the best informed person to, to talk about that, but I think there is, particularly the states of Georgia, Oklahoma, New Mexico, there's a lot of information online, and I believe we've prepared some. I'm also on the board the Eastern Nebraska Film Office, and I believe we prepared some of that information. At least we were-- we're planning to put it into some of the information they should have in front of you, and I apologize if, if, if it's not there.

KAUTH: Thank you.

KIRK ZELLER: Yes.

LINEHAN: Thank you, Senator Kauth. Any other questions from the committee?

KIRK ZELLER: Thank you for your time.

LINEHAN: Thank you very much. Are there other proponents?

SHELBY HAGERDON: Good afternoon. I'm Shelby Hagerdon. That's spelled S-h-e-l-b-y, last name is H-a-g-e-r-d-o-n. I'm coming from the perspective of a producer, aka the one that's holding all the money and making all the jobs, right? We-- I am an animation producer, remotely, from a studio in Columbus, Ohio. We are currently building a studio that I would really like to be able to bring here to Nebraska. I came from Iowa originally. I am a small farm girl, and I came to Nebraska, and I went to Wayne State College and got my degree in film, and then also history in political science, so I'm glad that that's paying off right now. But I came to Nebraska because I saw it as an opportunity for me to tell stories. And I left and went to Emerson College in Boston because I was told I couldn't tell stories here. When I got to Emerson, they told us, we don't want to hear coastal stories anymore, we don't want the L.A., we don't want the New York. We want stories from people in Nebraska. And me, especially, coming there as a woman from Nebraska, they were so excited to hear what I had to say. We had studios talking to me, wanting to read my scripts because it was a perspective that they haven't heard before, because we just haven't been given a voice. As a producer, when I am speaking with other writers, other directors, other producers, they are willing to travel. They want to go other places, but they don't see Nebraska as an option currently because they just don't have the financial support, and they don't think that the crew is here. We have the talent in Nebraska. They're, they're sitting behind me right now, and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

they're, they're online, they're, they're across the whole state. What I want to do is build those studios here, bring L.A., bring New York here, because we can build this industry right here in Nebraska. And it's completely possible because we already have the talent, and they already want to come here anyway. I hire all-- I hire people all the time, and I would love to be able to hire Nebraskan crew, Nebraskan and actors, writers, directors to be a part of a larger team and to help build this industry. And it's a way for us to revolutionize and change the way the industry is currently thought of as just being Hollywood. It can be here in Nebraska. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much for being here. Are there any other proponents? Any other proponents? Are there any opponents? Any opponents? Anyone wanting to testify in the neutral position? Neutral position? Looks like not, so, Senator Sanders, would you like to close? We did have a lot of letters, 65 proponents, 1 opponent, and no one in the neutral position. Thank you, Senator Sanders.

SANDERS: Thank you, Revenue Committee, for your time, and to the testifiers who took time out of their busy schedule. As you are aware, one of the top priorities in Nebraska is to retain its youth in the growing state's economy. LB1022 does just that. Researching other states' success rates, Georgia is a model in regards to the film incentives. In 2021, Savannah, Georgia attracted 15.2 million visitors, which contributed to an 18% increase in visitor spending up to \$3.3 billion. Unfortunately, Nebraska is at the bottom when it comes to incentives to attract film studio television industry. However, with a competitive tax credit incentive, Nebraska can build upon success to recruit filmmakers to bring once again their films to the state of Nebraska. Nebraska has proven to be successful, an attractive location for filmmakers and studios. Now let's foster an environment of incentives to get them to stay. Thank you very much for your time. I ask you to please vote yes to move this bill out of committee. Thank you, and I'll take any questions you might have.

LINEHAN: Thank you, Senator Sanders. Are there questions from the committee?

SANDERS: Thank you.

LINEHAN: Seeing none, thank you very much. And with that, we'll close the hearing on LB1022, and open the hearing on LB1095. Senator Dorn. Welcome, Senator Dorn. You can go ahead.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 21, 2024

Rough Draft

DORN: Thank you. Thank you very much. Good afternoon, Chairwoman Linehan and members of the Revenue Committee. For the record, my name is Myron Dorn, M-y-r-o-n, D-o-r-n. I represent District 30, which is all of Gage County and the southeast corner of Lancaster County. I'm here to introduce LB1095. Last year, LB562 was adopted, creating the E15 Access Standard Act, which established criteria for gas stations to sell E15 and receive tax credits. The state agencies implementing this tax credit have requested some cleanup language and clarification within the act. LB1095 mainly clarifies the definition of motor fuels to include all products and fuel commonly or commercially known as gasoline, including ethanol, and the various ethanol and gasoline blends. The bill changes the definition of motor fuel dispensers to mean storage tank pumps and dispensers, and remove the list of parts for the pumps and the dispensers. It also clarifies average annual gas gallonage to the most recent three years that pertains to small retail locations. In the bill that was the original three years it didn't, I call it move that forward. And lastly, it clarifies that it is there-- if there is a blend of diesel and biodiesel, only the biodiesel portion is eligible for the credit. We have letters of support from the Department of Revenue and the Department of Agriculture. I would reiterate that, like the Department of Revenue and Department of Agriculture, I consider this a clean up bill. This was a bill brought forward, brought to us by the Department of Revenue. In the handout, you also have the letter from Director Kamm and Director Vinton from each of those agencies, and they will ex-- the letters basically explain also why they brought this, it's basically a technical clean up type bill. I do also want to mention, just because of the fact that we did last night at 10:00, we did receive a proposal for an amendment from the grocers last night at 10:00. We did not bring that forward. I cannot tell you whether it's a good one or bad one, so we are still trying to visit with people about that. If that needs to be brought forward or is something considered, then we'll visit with Chairman Linehan and the rest of the committee about that. But I do want to mention that we did receive that. So, I wanted that as part of my testimony. Thank you.

LINEHAN: Thank you. Are there any questions from the committee? Seeing none, thank you. Are there proponents? Are there any proponents? Good afternoon.

JOHN HANSEN: Chairman Linehan, members of the committee, good afternoon. For the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union and also their lobbyist. We supported the underlying legislation last year that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

Senator Dorn brought. We are comfortable with the idea that this is a clean up bill that was brought by the Department of Revenue and the Department of Ag, so that they can do a better job of implementing a bill and a law that has already been passed. So for-- from our standpoint, it has good public policy basis, it has every reason why it ought to be considered a clean up bill and should be moved forward. And with that, I'd be glad to answer any questions if I could.

LINEHAN: Thank you, Mr. Hansen. Are there any questions from the committee? Seeing none. Thank you very much.

JOHN HANSEN: Thank you.

LINEHAN: Are there other proponents? Good afternoon.

MICK MINES: Good afternoon, Madam Chair. My name is-- and members of the Revenue Committee. My name is Mick Mines, M-i-c-k, M-i-n-e-s. I'm here today representing Renewable Fuels Nebraska. I am their lobbyist. Renewable Fuels Nebraska is a membership asso-- membership association comprised of Nebraska's current 24 ethanol plants, future plants that intend to locate in Nebraska, as well as all their associated businesses. Nebraska's annual ethanol production capacity exceeds 2 billion gallons, second in the country only to Iowa. Last year, Senator Dorn sponsored and passed LB562, the E-15 Access Standard Act, that changed provisions of the Beginning Farmer Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Investment Finance Authority Act, and the Nebraska Pure Food Act. Nebraska fuel ref-- excuse me, Nebraska fuel retailers are now promoting and selling higher ethanol blend fuel, relying on the tax credits codified in statute last year by LB562. This Senator Dorn bill, LB1095, provides essential technical fixes so that those tax credits can be distributed as initially intended. For all the retailers who participate in promoting and selling homegrown Nebraska fuel, we ask that you advance LB1095. Thank you. I'm happy to answer any questions.

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none.

MICK MINES: Thank you.

LINEHAN: Thank you very much for being here. Are there other proponents? Any other proponents? Are there any opponents? Is there anyone wanting to testify in the neutral position? Senator Dorn, would you like to close?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

von GILLERN: He waives. He waives.

LINEHAN: Oh, he waived closing. We did have one letter-- well, we already have it from Sherry Vinton. One proponent, no opponents, and no neutral. Thank you.

DORN: Yes. Thank you.

LINEHAN: And that'll bring the hearing on LB1095 to a close, and we'll open the hearing on Senator Brandt's LB1002. Is Senator Brandt here? hopefully his office is watching.

von GILLERN: His staff is here.

LINEHAN: Oh, OK. Good afternoon.

TRAVIS WALDRON: Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Travis Waldron, spelled T-r-a-v-i-s W-a-l-d-r-o-n I'm the legislative aide to Senator Brandt, who represents Legislative District 32. Unfortunately, Senator Brandt could not make it today, so I am introducing LB1002 on his behalf. Last year, this committee helped to pass LB180 as part of a larger Revenue Committee package of bills designed to boost value-added agriculture in Nebraska by incentivizing the retail of biodiesel in our state. Biodiesel is a cleaner burning, high performing biofuel made for diesel engines. Biodiesel is primarily made from soybean oil or corn oil, but can also be made from animal fat and other fats and oils blended with petroleum diesel. Biodiesel is a renewable diesel replacement that can be used in existing diesel engines without modification. Importantly, biodiesel is a major value add to Nebraska's corn and soybean production. The biodiesel industry's demand for soybean oil and corn oil is one of the biggest demand side drivers, and we have put our state in a position to fuel that growth with this tax credit. The Biodiesel Tax Credit Act provides that any retailer who sells and dispenses biodiesel on a retail basis will be eligible to receive refundable tax credits in an amount equal to \$0.14 multiplied by the total number of gallons of pure biodiesel sold. The credit is designed to incent retailers to blend as much biodiesel as possible without requiring anyone to do so. Credits can be claimed for this current taxable year, but only \$1 million of credits are available. If the total amount of tax credits requested in any year exceeds \$1 million the department shall allocate the tax credits proportionally based upon amounts requested. With such a low threshold amount, we won't actually be driving demand because retailers can't be

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

sure they will get the full tax credit. I've introduced LB1002 to incrementally raise the Biodiesel Tax Credit Act by \$4 million. We know that with \$5 million total amount of tax credits, we can make a difference in purchasing power of the retailers, and in turn, drive demand. This bill also extends the sunset on the act by one additional year, giving the program the intended four years to work under the fully funded amount. This program has the potential to create a win for Nebraska's drivers, giving them greater access to a higher performing, more cost effective fuel. It can create a win for Nebraska's retailers, giving them a choice and scalable incentive to offer biodiesel, and it can create a win for Nebraska's farmers, driving demand for corn and soybeans. This win-win-win for Nebraska's economy is exactly what we should aim to do with limited tax incentives, and I am proud to offer this bill for your committee's consideration. Thank you.

LINEHAN: Thank you. Are there any que-- only technical questions from the committee. Senator von Gillern.

von GILLERN: Thank you for being here on behalf of Senator Brandt today. The fiscal note-- you're increasing the credit up to \$5 million. By looking at the fiscal note, it, it's estimating \$1.4 million, to \$1.5 million, to \$1.6 million, to \$1.8 million. So they-- are they-- did the Fiscal Office indicate that they did-- and maybe you said this, forgive me if you did, that the full amount of the credit they don't anticipate will be taken in any given year?

TRAVIS WALDRON: That would be my guess, but I can't. Answer that--

von GILLERN: OK.

TRAVIS WALDRON: --for certain.

von GILLERN: All right. Thank you.

LINEHAN: Thank you, Senator von Gillern. Other questions from the committee? I would have that same question. You can tell-- relay to Senator Brandt that I, I'm guessing they think that's all it would be claimed? If we just make sure we get that clarified, that'd be helpful. Are there any other questions for the committee? Seeing none, thank you very much for being here. Are there proponents? Are there proponents for LB1002? Good afternoon.

DENNIS FUJAN: Good afternoon, Chair-- Chairwoman Linehan and members of the Revenue Committee. My name is Dennis Fujan. It's spelled

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 21, 2024

Rough Draft

D-e-n-n-i-s F-u-j-a-n. I'm a soybean farmer from Saunders county, and a member of the Nebraska Soybean Association. I submit this testimony in support of LB1002 on behalf of Ag Leaders Working Group, which consists of elected leaders from the Nebraska Cattlemen, the Nebraska Corn Growers Association, the Nebraska Farm Bureau, Nebraska Pork Producers Association, Nebraska Soybean Produ-- Sorghum producers, Nebraska Soybean Association, the Nebraska State Dairy Association, and the Nebraska Wheat Growers Association, as well as Renewable Fuels Nebraska. Collectively, we support Senator Brandt for introducing this legislation. LB1002 seeks to change the prev-- prev-- provisions of the Nebraska Biodiesel Tax Credit Act by approving up to \$5 million in tax credits starting in 2025. The Nebraska Biodiesel Tax Credit Act provides a 14 perc-- \$.14 cent per gallon credit for the sale of biodiesel. The credit is applied to a Nebraska fuel retailer's income tax liability. The Biodiesel Tax Credit Act received vast support from Nebraska's agriculture industry, biodiesel producers, and fuel marketers. This forward-thinking legislation promotes production in the use of biodiesel using homegrown feedstocks is one of Nebraska's contributions to reaching decarbonization goals. LB1002 reinforces the commitment to making renewable fuels an integral part of our state's energy portfolio, and ensuring biodiesel as part of Nebraska's clean energy solution. We support the advancement of LB1002. Thank you.

LINEHAN: Thank you.

DENNIS FUJAN: If you have any questions, I'd be happy to answer.

LINEHAN: Thank you. Are there any questions from the committee?

DENNIS FUJAN: Thank you.

LINEHAN: Seeing none, thank you very much for being here. Are there other proponents?

RANDY GARD: Good afternoon, Chairwoman Linehan and members of the committee. My name is Randy Gard, and I am the chief operating officer of Bosselman Enterprises, located in Grand Isle, Nebraska. You spell my name R-a-n-d-y G-a-r-d. And I'm here to testify in support of LB1002 on behalf of Nebraska Petroleum Marketers and Convenience Store Association, or NPCA, the Nebraska State Chamber, and also the Nebraska Grocery Industry Association. We appreciate the work of Senator Brandt and this committee last year on advancing LB180 as part of LB727 to establish the biodiesel tax credit. While LB180 had to be scaled back significantly to fit the package last year, LB1002 builds

on the program that was created and helps Nebraska achieve the blend levels envisioned in the original bill. We at Bosselman's were an early adopter of all renewable fuels, primarily because renewable fuels has a direct positive impact on the state's economy, helping the farmers to grow the product that we blend and support the communities and customers that we serve. Biodiesel helps the money stay in the community while reducing impact on the environment, and increasing energy security. One of the great advantages of biodiesel is that it can be used in existing diesel engines, vehicles, and fueling equipment with no particular change at all. Biodiesel can be pumped, stored and burned just like petroleum diesel fuel, and can be used in blends in any proportion, but most commonly blends up to 20% in the summer months, and lower rates when the weather and colder temperatures dictate. Biodiesel has an energy content similar to that of petroleum based diesel, and offers several performance benefits. Our experience retailing biodiesel demonstrates that it's a reliable, desirable fuel. We would like to sell more of it. With-- but if the economies are there to support it. You know, in the retail industry, we chase pennies. A penny a gallon here, a penny a gallon there. And, and when you blend biodiesel, sometimes the economies aren't always there. This incentive is scalable, and will put all Nebraska retailers in a position to sell more of this homegrown, environmentally beneficial fuel. Nebraska retails over 527 million gallons of #2 diesel to on-highway customers annually, and blending biodiesel in, into those gallons drives the state's economy with increased soybean demand, adding value to a Nebraska product. When the Legislature passed LB180 last year, Nebraska joined the ranks of Missouri, Iowa, Illinois and Minnesota with forward thinking legislation that values the production and the use of biodiesel. Unfortunately, the cap in the-- in the bill limits and the utility-- it limits the utility and the impact to Nebraska. LB1002 will move the ball forward, helping to meet Governor Pillen's goal of adding value to every bushel of commodity that we grow in this state.

LINEHAN: Thank you.

RANDY GARD: And with that, I'd be happy to answer any questions.

LINEHAN: Thank you. Are there any questions from the committee? I'm going to ask the same question as Senator von Gillern, because I'm thinking you're in the industry. So the fiscal note doesn't go up very fast. So the question will be, like we did last year, when we get to the end here, we're going to have limited amount of money. So is-- do you think this I don't know if you've seen it, do you think this is a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

realistic on what would actually be needed? It goes, I'll say, it's \$1 million, then it goes to \$1.4 million, \$1.5 million, \$1.7 million, a little over \$1.8 million.

RANDY GARD: And you're talking dollars, correct?

LINEHAN: Right.

RANDY GARD: OK. Well let me put it in context of, of Bosselman and what I know.

LINEHAN: Right.

RANDY GARD: Two years ago, we blended about 300,000 gallons of biodiesel. And it's simply because the economics wouldn't support it. If we would have blended more than that, we would have lost money on every gallon we would have blended. This year with the, with this, you know, with this bill and with the additional funding that could potentially feed into that, you know, our goal this year is to blend 2.5 million gallons of biodiesel. I mean, that, that's the-- that's the impact of what the economics and the additional \$4 million can do. But the bigger part of that, there's other retailers. There's, you know, large travel centers, there's small mom and shops, that also have the ability to blend that as well. So in the bigger scheme of things, with 527 million gallons of diesel, on-highway diesel, sold every year, \$5 million, quite frankly, isn't even close to enough in the bigger scheme of things. But it's a good start. I don't know--

LINEHAN: So I think what you're saying is this would be used immediately.

RANDY GARD: Absolutely.

LINEHAN: OK, well, then we need to talk to Fiscal about the note.

RANDY GARD: Yep.

LINEHAN: OK. Any other questions from the committee? Thank you very much for being here.

RANDY GARD: Thank you very much.

LINEHAN: You were very helpful.

RANDY GARD: Thank you for your time.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 21, 2024

Rough Draft

JOHN HANSEN: Again, good afternoon, Chairman Linehan. For the record, my name is John Hansen, J-o-h-n H-a-n-s-e-n, and I am the president of Nebraska Farmers Union and also our lobbyist. We supported the underlying legislation on this bill as well. It does good things, it's a part of value added efforts. And sometimes when we say value added, people just kind of go right by that they don't really think about it maybe as much as they should. But anytime that you have things that you own or control, and as a state, we're the third or fourth largest ag producing state in the nation, we're usually number three or number four in corn production. So if you look at our agriculture and what our assets are and what we already control, when you can add value to what you already have, then there's some real positive multiplier effects that happen when you do that, because you're increasing the, the total value and the benefits of what you already do well. And so we do agriculture well. And so if there's anything that we've struggled with, it is as a state relative to our own domestic utilization of our own value added products, including the biodiesels and the ethanols and all of those things. Our neighboring states, in some cases, have just been more aggressive at being able to figure out incentives ,and marketing, and per capita consumption of those products. And so that's why we think that this is a, a bill that is-- we're supporting, and it's one of those that we look at and say, the more we spend, the better it is, because the more good we do, from air quality to economic activity, to all of those things. And just reiterates something that I've said before, which is, right now, when you look at the price of corn, it's a good \$1.00, \$1.10, \$1.15 below the cost of production. And so all of the folks that I talk to in ag lending, and all the other folks, we're already seeing lending pressure and financial pressure, and we're going to see a lot more of it this fall. The same applies to soybean values. And so anything that we can do as a state to try to soften that downturn that we're now in, the better off we are. So we would enthusiastically support this bill and thank Senator Brandt for bringing it. And with that, I'd be glad to answer any questions.

LINEHAN: Thank you, Mr. Hansen. Are there any questions for the committee? Seeing none, thank you very much.

JOHN HANSEN: Thank you again.

LINEHAN: Are there other proponents? Are there any other proponents? Are there any opponents? Are there any other opponents? Anyone wanting to testify in the neutral position? With that, Senator-- waives

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

closing, we did have three letters, proponents, no opponents, and one-- no neutral. With that, we close the hearing on LB1102.

von GILLERN: LB1002, LB1002.

LINEHAN: LB1002, excuse me. LB1002, and open the hearing on LB1324, Sir Conrad.

CONRAD: Hello. Good afternoon, Chair Linehan, members of the committee. My name is Danielle Conrad, it's D-a-n-i-e-l-l-e Conrad, C-o-n-r-a-d. I'm here today proudly representing north Lincoln's fighting 46th Legislative District. And I'm here to introduce LB1324. LB1324 may look familiar to members of this committee, but may be a first look for new members like Senator Meyers, welcome, Senator Meyers. This is kind of a revamp or a review of the child tax credit measure that I brought forward last year. You may remember from that hearing, you may have seen as part of your research that one of the most proven anti-poverty tools that we've developed in recent times was through the child tax credit. And we saw that play out on the federal level as part of pandemic relief. After the pandemic was over and we started to rethink our approach to federal policy, we pulled back on that and other measures. However, because of its efficacy in addressing childhood poverty, there has been a widespread surge of support across the political spectrum to renew the child tax credit on the federal level. That has been coupled with a deal on overall tax policy that's being worked out in between the House and Senate right now. Recently when he was back visiting the district, I had a chance to thank my friend Congressman Flood for casting his vote in regards to taking up the federal child tax credit again. And I believe all members of our congressional delegation have been supportive thereof because of its efficacy in terms of addressing working families' needs and addressing childhood poverty. In the wake of that federal action, which has yet to be solidified, again, on the federal level, more and more states are adopting the child tax credit because it helps working families address things like child care, things like private school tuition, things like transportation, all of the ever rising expenses that come with starting or expanding a family. And so this has-- this policy tool has received very strong support across the political spectrum on the federal level with our sister states. And I think the time is right to revisit this in Nebraska as part of our broader dialog when it comes to tax policy. Key distinctions in terms of policy design for this measure versus the one that carried over from last year, is this is very targeted. This is targeted to the youngest kids in Nebraska, six and under, families who have kids that are six

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 21, 2024

Rough Draft

and under. The bill I had last year was a bit more robust in design for, for all minor children and carried a much, much heavier fiscal note with it. But in discussions with committee members over the interim, it seemed that there was, perhaps, more comfort or consensus in addressing the needs of young kids, who are more expensive, due to child care and other needs in that regard. So that's the big difference that you'll see in this bill compared to the one from last year. And I think we would be able to help to address child poverty and family economic self-sufficiency in Nebraska with this measure, that-- it is a big fiscal note, but overall, \$100 million to help, about 100,000 families could go a really, really long way. And those dollars that we pay back to working families have a multiplier effect in the local communities as well. These dollars are not being used to buy, you know, yachts outside of Nebraska. These are being used at grocery stores and retailers and at child care providers right here in Nebraska, which, which has a multiplier effect in, in Nebraska. So with that, I'm happy to answer questions. I know it's a 70 degree day in February. People are probably eager to see and experience some of that. So I don't think that will we, we have not planned for a lengthy hearing. But I will be here if you have any questions.

LINEHAN: Thank you. Senator Conrad. Are there questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair Linehan, and, and thank you, Senator Conrad. I know when you were here last--

CONRAD: Yes.

DUNGAN: --session, we talked a little bit about the benefits of this, and I anticipate some testifiers getting into that. You mentioned the fiscal note. Obviously it's a little bit large as you indicated, but we don't, obviously here with our fiscal notes, do dynamic forecasting. So we're not able to see the--

CONRAD: That's true.

DUNGAN: --amount of money that we be save on the back ends of this. Can you speak at all, do you have any idea or information regarding some of the ultimate money saved with these upfront investments when we, when we put this, you know, \$51 million, or \$125 million, do we know when other states that have implemented the state level CTC, that it saves money on the back end as well?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

CONRAD: You know, that's a great question, thank you, Senator Dungan. I don't have it off the top of my head. If somebody doesn't have it behind me, I'll follow up with the committee either in close or after the session. But what I do know is this, is that when we see increases in the minimum wage or when we see increases in things like the Earned Income Tax Credit, which also enjoys broad bipartisan support, much like a CTC, is that when you reward work, and when you help lift families out of poverty, you usually see a corresponding reduction in public benefits programs, which saves taxpayer dollars.

DUNGAN: Thank you.

LINEHAN: Thank you, Senator Dungan. Are there other questions from the committee? Have you talked-- I mean, I haven't digested the fiscal note yet.

CONRAD: That's OK.

LINEHAN: But this would be on top-- we already did the program we did last year, right?

CONRAD: That's right.

LINEHAN: So did they subtract out that \$15 million I think already that we're doing some of this?

CONRAD: I, I don't believe so. I think that this program design would be on top of or in addition to the components of last year's tax policy.

LINEHAN: OK.

CONRAD: So we should make sure to perhaps harmonize that or marry that if the committee sees fit to move forward. What this does at its heart is that it really provides a per child, per family, tax credit of \$1,000. And then it-- there is a sliding scale to make sure it's targeted to not only the, the families with the smallest kids, but the highest needs.

LINEHAN: Does it say somewhere in the fiscal note, how many children do you think are at six and under?

CONRAD: Yeah.

LINEHAN: Is it six and under or five and under? Six and under, right?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

CONRAD: I think it's six and under. And I, I think it is listed here, and I think that we-- OK. Yeah. So the Nebraska data analysis, and I don't know if it's specifically listed on the fiscal note, I'd have to go back and double check, but they anticipate that this legislation would help about 98,500 families, or about 325,000 individuals, or about 154,000 children. With this targeted for kind of a sliding scale based on need and kids six and under. I hope that if I got that wrong, somebody will absolutely correct me.

LINEHAN: That's helpful.

CONRAD: OK.

LINEHAN: Any other questions from the committee? Seeing none.

CONRAD: Thank you.

LINEHAN: Will you stay to close?

CONRAD: I'll be here. Yes.

LINEHAN: Good. Are there proponents? Are there proponents for LB1324?
Good afternoon.

DIANE AMDOR: Good afternoon, Chairperson Linehan and members of the Revenue committee. My name is Diane Amdor, D-i-a-n-e A-m-d-o-r. And I'm a staff attorney for the economic justice program at Nebraska Appleaseed. We support LB1324 because Nebraska needs a state level child tax credit to supplement the existing federal level child tax credit and bring us closer to the historically low rates of child poverty that we saw in 2021. As noted in our testimony in support of LB294 last year, the research, based on the U.S. Census Bureau data from 2021, was clear, and it was impressive. The expanded child tax credit and other federal measures taken in response to the pandemic uplifted millions of people from poverty. I'm not going to read all of these numbers because I read them all correctly last year. Unfortunately, the 2021 progress made in reducing child poverty across racial and ethnic groups was largely reversed in 2022. The child poverty rate increased from 5.2% in 2021 to 12.4% in 2022, due in large part to the end of the expanded child tax credit. As the following chart shows, the racial disparities in child poverty are stark, and the 2022 increases were no exception. For-- just one example. For black children, that number, the child poverty rate, increased from 8.3%, it jumped all the way back up to 18.3%. That's-- I wish I could describe for the record what this chart looks like. You

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

can find it if you want to see it. I look at it frequently because it breaks my heart that we saw child poverty in this country decrease to that extent, and then we let it go. We changed it. We just said, no thanks. However, the combination of a new state level child tax credit and that-- the partial child tax credit expansion that's currently being considered at the federal level, as Senator Conrad mentioned, would be a moderate but important step in the right direction towards reducing child poverty. The details of that measure are outlined in my written testimony. And I'm not going to get to it. It's the very last paragraph there, but it addresses your question, Senator Dungan. Some citations to a benefit cost analysis from 2022 that estimates for every thousand dollars provided to families with children in the form of a cash allowance, like the child tax credit, society reaps \$5,603 in benefits from increased earnings in childhood and a variety of other areas of savings. Thanks for your attention to this issue. I'd be happy to answer any questions to the best of my ability.

LINEHAN: Thank you very much. Are there any questions? Senators Kauth.

KAUTH: Thank you, Chair Linehan. Do you know what the federal tax credit is right now?

DIANE AMDOR: The current federal tax credit is--Put it in here so that I wouldn't forget it. So currently it's back at the TCJA rates, which is \$2,000 per child.

KAUTH: OK. And is that age-limited?

DIANE AMDOR: That one does not have an age differentiation.

KAUTH: So anyone under age 18.

DIANE AMDOR: 18, right.

KAUTH: And no maximum number of children.

DIANE AMDOR: No maximum number of children, but the-- that's one of the changes that is impacted by the, the change that Congress is considering currently. So, how do I-- it's not-- it's, it would-- it would count the credit. It would phase it in for each child separately, so that it's like families at the same income level would get roughly the same credit per child. Right now, like the refundable portion, there's a cap on it. So lower income families with more than one child get less than the-- get less per child than a family with the same level of income as them that only had just one child.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

KAUTH: Thank just one child. OK. Got it. Thank you.

LINEHAN: Senator Kauth, thank you. Senator von Gillern.

von GILLERN: Thank you for being here today. A quick follow up question to Senator Kauth's. That federal is a refundable tax credit, correct?

DIANE AMDOR: It is partially refundable. Currently there is a cap on the amount.

von GILLERN: OK.

DIANE AMDOR: And so the, the expanded tax credit in 2021 was made fully refundable. So it is not currently fully refundable.

von GILLERN: OK.

DIANE AMDOR: And the proposal that being--

von GILLERN: Would, would make it fully refundable.

DIANE AMDOR: --discussed in Congress now would, would still not make it fully refundable again. It's not going back to 2021 levels, but it's more than it is currently.

von GILLERN: So regardless, for those who don't follow all this, like some of us in the room do, refundable means whether you have a tax burden or not, you get that \$2,000 or whatever the amount, the ratio is back from the federal government.

DIANE AMDOR: Yeah. It's all--

von GILLERN: OK.

DIANE AMDOR: Yeah.

von GILLERN: All right. Thank you. Appreciate it.

DIANE AMDOR: You're welcome.

LINEHAN: Thank you, Senator von Gillern. Are there other other questions from the committee? So going back to your charts, I realize we had-- well, I don't realize. There was a time during Covid when every family got, I think was \$3,000 per child.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

DIANE AMDOR: Correct.

LINEHAN: And it just went into their checking accounts.

DIANE AMDOR: \$3,000 per child, \$3,600 for children under age six. So that expansion was age differentiated.

LINEHAN: OK. So-- Was it-- I didn't think of that as a tax credit. Was that a tax credit?

DIANE AMDOR: It was structured as an expansion of the preexisting child tax credit.

LINEHAN: But you didn't have to wait till you file taxes, because it came--

DIANE AMDOR: Half of it was sent out to households as monthly disbursements, as an advance on that tax credit that they would otherwise receive, or I believe there was a waiver process. If you said, no thanks, I don't want to receive this monthly, or you had a complicated tax situation and you didn't want to somehow end up owing when you'd file your taxes, you could forego those monthly payments. But for the majority of people, the default was half of that increased credit was paid out as an, an advance on the tax credit.

LINEHAN: OK.

DIANE AMDOR: In monthly disbursements.

LINEHAN: OK. Thank you. Any other questions from the committee? Senator von Gillern?

von GILLERN: I think so.

LINEHAN: That's OK.

von GILLERN: I'd like to follow up on that-- OK. Came back to me. The follow up on that question. Your comment about how the numbers got so much better in '21 but then fell off in '22, would that Covid tax credit-- would have been a, a large contributor to that? Correct?

DIANE AMDOR: Correct.

von GILLERN: OK.

DIANE AMDOR: And in tax year 2021.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

VON GILLERN: Thank you. Appreciate that.

LINEHAN: Thank you, Senator von Gillern. So OK. Yeah. We may be back with more questions so--

DIANE AMDOR: If I can help.

LINEHAN: Any other questions from the committee? Seeing none, thank you very much.

DIANE AMDOR: Thank you.

LINEHAN: Are there other proponents? Are there any other proponents?

ANAHI SALAZAR: Thank you, Chairperson Linehan and members of the Revenue Committee. My name is Anahi Salazar, A-n-a-h-i S-a-l-a-z-a-r, and I am a policy coordinator with Voices for Children in Nebraska in support of LB1324. Our state benefits when every child in Nebraska has the opportunity to reach their full potential. The child tax credit helps working families by offsetting part of the cost of child rearing. This child ta-- this tax credit would help families with children escape poverty and achieve self-sufficiency. Nebraska, like most of the country, has faced growing child poverty rates since the end of the federal rescue plan, and households are having to pay more each month compared to last two years past as cost of living rises. Voices for Children supports LB1324 because it supports Nebraska's working households and children. Child tax credits are often-- are an effective means to bring working families needed economic relief. In 2021, poverty fell 46% across the country with the federal child tax credit expansion. The money helped decrease the child poverty rate 5.2%, below that of adults for the first time. With the federal child tax credit expansion, households were able to provide for their children by paying for food, utility, utility bills, housing, clothing, and cover education costs. Families with young children also have the cost of childcare. Childcare annual cost for a young child in Nebraska in 2021 averaged about \$11,000. Oh, sorry. LB1324. I would provide additional support to families with young children who require childcare to remain in the workforce. By instituting a state level child tax credit, LB1324 would help maintain and hopefully push our child poverty rate even lower. Additional income, such as the CTC, would-- can improve children's health, educational and economic outcomes. It would help work in tandem with our state child and dependent care credit and any action taken by the federal government to enhance tax credits for working families. Finally, there is a

growing body of evidence that shows a relationship between family income and academic achievement. Increases in tax credits for working families have been shown to positively impact educational outcomes. This impact extends beyond the economic. Additional research found that income from policies such as the CTC improve the health, educational achievement, future earnings, and lifelong prospects of children. Enacting a state level child tax credit will help Nebraska, Nebraska's children flourish, and we thank Senator Conrad for her leadership on this issue. And we respectfully urge the committee to advance this bill. And then I, I didn't get to put it in my testimony, but there was a study in Dallas with the CTC, the expansion of the CTC, that helped financially strained parents work more by helping cover expenses that were barriers to entering the workforce, like transportation and childcare. That's it. I'm available for any questions.

LINEHAN: Thank you. Are there any questions from the committee? Seeing none, thank you for being here. Good afternoon.

TOM VENZOR: Good afternoon, Chairwoman Linehan and members of the revenue committee. My name is Tom Venzor, T-o-m V-e-n-z-o-r. I'm the executive director of the Nebraska Catholic Conference, and we'd like to thank Senator Conrad for introducing and advocating this important legislation to support the family. The child Tax Credit is a public policy proposal that has received the ardent support of the United States bishops at the federal level, and of the Nebraska bishops at the state level. As the U.S. bishops state, reflecting back on the Pandemic Relief child tax credit program and the need for its continued expansion, quote, families struggling to make ends meet received much needed relief in 2021 through the expanded child tax credit. They were able to use the credit to meet basic needs, with many spending it on food, utility bills, rent or mortgage payments, clothing, and education costs. This credit was extremely effective at reducing child poverty, with some reports indicating a nearly 30% decrease. With the expanded credit now expired, child poverty is sharply rising. Addressing this poverty is a moral imperative of the highest priority. Rising inflation impacts lower income families the most, making it even more expensive to raise children, end quote. Senator Conrad's focus on lower income to lower middle income families is an important priority. As the U.S. bishops also state, those with the greatest need require the greatest response. This is the option for the poor in action. While every family needs support, poor families and families facing discrimination carry the greatest burdens and require the most help. Empowering mothers and fathers to better

live out their obligation to each other, their children, and their communities is among the worthiest goals that public policy can help to realize. Tax credits that ease some of the burden of raising children, especially in large families or families with young children, are one important strategy for supporting this family. Supporting the family's particularly urgent as cultural, political and economic trends negatively affect marriage and family life. Smart public policy solutions can help better support, even if they cannot solve the problems facing this irreplaceable social institution. We urge you to advance LB1324 to General File, and thank you for your time and consideration.

LINEHAN: Thank you, Mr. Venzor. Are there questions from the committee? Seeing none. Thank you very much.

TOM VENZOR: Thank you.

LINEHAN: Other proponents? Good afternoon.

GARRET SWANSON: Good afternoon. Members of the Revenue Committee, my name is Garret Swanson, G-a-r-r-e-t S-w-a-n-s-o-n. And I'm here on behalf of Holland Children's Movement, a nonpartisan, not for profit 501(c)(4) that strives to fulfill its vision for Nebraska to become a beacon of economic security and opportunity for all children and families, in support of LB1324. We commend this committee and Senator Conrad for working on this legislation. Passing a state level child tax credit is a great step towards fighting poverty in Nebraska. Other speakers have and will touch on the social and economic benefits of passing this legislation. For my testimony. I want to touch on recent polling done to gauge what the second house believes about this issue and a related one. A poll published earlier this month by our sister organization, the Holland Children's Institute, offers us some insight. First, for the first time, and as I testified before earlier, for the first time since the institute began polling in July of 2019, most Nebraskans believe the state is moving in the wrong direction with 52% of Nebraskans believing that the state is moving in the wrong direction, compared to 39% of Nebraskans believing that the state is moving in the right direction. Second, Nebraskans were asked if the state government is doing enough, enough to help the average income people and families meet their needs to succeed. 63% of Nebraskans do not believe that the state was doing enough. Regarding the child tax credits directly, Nebraskans were asked several related questions. 62% of Nebraskans support the federal government expanding the child tax credit. Likewise, 62% of Nebraskans supported the ta-- state in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

creating a child tax credit. When asked about LB1324 directly, 72% of Nebraskans supported its passage. This poll was conducted between January 31st and February 4th, and it included interviews with 600 Nebraskans. Of those 600, 42% of people self-identified as conservative, 34% as moderate, and 14% as liberal. 53% voted for former President Donald Trump in 2020, and while 33% said they voted for Joe Biden. I bring this up just to clarify that this poll is a representative sample of Nebraskans and their thoughts. For anyone else that wants to see the results of the latest poll, we publish it on our website at the hollandinstitute.org. For your use, Senators, I've clipped a few samples from the poll and put them on the back of the sheet that I gave you. Thank you again to Senator Conrad and this committee. We urge this bill to be voted out of committee. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much.

GARRET SWANSON: Thank you.

LINEHAN: Good afternoon.

REBECCA FIRESTONE: Good afternoon, Chairwoman Linehan, members of the Revenue Committee. I am Doctor Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e. I'm executive director of OpenSky Policy Institute. We want to thank Senator Conrad for her leadership on the issue of a child tax credit, and we're here today to testify in support of LB1324 for a couple of reasons. State level child tax credits are increasingly seen as a way for states to support families with young children, and this type of credit would help offset some of the increased sales taxes. So an increase in sales taxes that low and middle income families might pay under this year's proposed tax reform bills. In 2024, 14 states will provide a child tax credit to families with children, up from 9 in 2023, and those are states all across the country. Several states have also expanded their existing child tax credits for 2024. This movement is in response to the robust evidence on the effectiveness of the federal expanded child tax credit. Modeling from the Institute on Taxation and Economic Policy finds substantial benefits to Nebraska families. If, if LB1324 were enacted. Our modeling indicates that about 154,000, almost 155,000 children would end up benefiting, and that's, 98,500 households. So of those children, that's about 35% of all kids in the state. Equally as important are the characteristics of the families who would receive this credit. It's estimated that the average income for eligible families who would receive the credit is \$60,000 a year. Further,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

there's evidence of an economic multiplier of about 1.25 on a-- from the federal credit. Additionally, the proposed credit would ensure not only that Nebraskans lowest income families receive the credit, but it would also reach families across a broad swath of income. For example, a two child household with two parents filing their taxes jointly and earning \$130,000 a year would receive \$500 per child. Nebraska families with incomes above the credit phaseout threshold would still receive the federal child tax credit, which is about, as we said, about \$2,000 a year. Finally, the proposal would help to offset some of the increased costs Nebraska families might experience under the proposed sales tax increase. Sales taxes comprise a greater share of lower income Nebraskans' family incomes, and this bill could reduce their overall tax burden. For these reasons, we support LB1324, and I'm happy to answer any questions. Thank you.

LINEHAN: Are there questions to the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. And is it Dr. Firestone?

REBECCA FIRESTONE: It's Dr. Firestone.

KAUTH: Thank you. Doctor Firestone. So you testified before that tax credits can take away from education do you think that this tax credit would take away from our public schools?

REBECCA FIRESTONE: To be clear, we, we have expressed concerns about what the revenue effects of tax credits are generally across the board. This is an evidence based program. There's significant evidence of the, of the benefits of its eco-- of having a significant economic benefit for families. What we've seen from the federal expanded child tax credit is that families use those funds for child care expenses, for food, for rent and for educational purposes.

KAUTH: But do you see it being taken away from education, from public schools?

REBECCA FIRESTONE: There's evidence that families use these funds to support their education.

KAUTH: Well, I guess what I'm--

REBECCA FIRESTONE: So I'm, I'm trying to see what you're trying to get at here, I'm trying to understand the question.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

KAUTH: What I'm trying to get at is when we, we've had tax credit questions before, and people are very concerned that public schools are the ones that are going to lose money. Do you think tax credits automatically come out of education funds?

REBECCA FIRESTONE: What we have said before on other types of tax credit programs is we're concerned about their impact on the General Fund and that those affect the state's ability to target those funds to a broad variety of state priorities, which includes public education.

KAUTH: So do you think that this one, and this is-- \$125 million is a huge-- I, I 100% agree with the need and the fact that it's going to help kids. But \$125 million is a huge, huge hit to the General Fund. Do you see this as being something that will impact it significantly?

REBECCA FIRESTONE: So the great thing about a child tax credit, it's a very flexible type of policy mechanism. So this program could be targeted in a number of different ways, based on the considerations of the committee and sort of what your priorities are, and the funds that are available for this type of program. So, Senator Conrad had some questions for us about the modeling and the potential fiscal impact of it. There are a variety of ways that it could be designed to fit within a specific fiscal window that the committee has.

KAUTH: OK. So it won't necessarily impact public school education funds that have already been set aside?

REBECCA FIRESTONE: No, it would not.

KAUTH: Thank you.

LINEHAN: Thank you, Senator Kauth. Are there other questions from the committee? Just because you mentioned it, you said that this money would be used to buy food, rent and educational expenses.

REBECCA FIRESTONE: The evidence of that from the federal child tax credit program is, and I think we can pull up that evidence, as I think Columbia University has done a lot of research on it, and they've looked at what families, how families use that credit, and it included educational expenses.

LINEHAN: OK. So if that's what they would be spending the money on, why-- none of it has a sales tax on it.

REBECCA FIRESTONE: OK. What, what we're suggesting is if we are looking at ways to support families, there are other considerations in the Legislature this year that could potentially shift some of their tax burden.

LINEHAN: But none of those-- none of those proposals include taxing food or rent or education.

REBECCA FIRESTONE: The evidence from this program is, as I'm citing to you the evidence about how families have used those funds, and how they have used those funds.

LINEHAN: Is for food, rent and education.

REBECCA FIRESTONE: Mhmm.

LINEHAN: OK. Thank you very much. Are there other questions from the committee? Seeing none, thank you very much--

REBECCA FIRESTONE: Thank you.

LINEHAN: --for being here. Are there other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Senator Conrad. Oh, let me see, letters. We had 23 proponents, 1 opponent, and 1 neutral.

CONRAD: Maybe I should quit while I'm ahead. OK. Thank you. Thank you so much to the Chair and the members of the committee for your kind consideration and good questions. Just wanted to wrap up a, a couple of points and thank the diverse set of testifiers that came down today too. To your point, Senator Kauth, and thank you for asking it and hitting the nail right on the head. I think they're absolutely connected. Every single decision we make that has a fiscal impact means we have less dollars available for other spending priorities for other investments in the state. So whether that's, you know, looking at the efficacy of the Scho-- the Opportunity Scholarship program, or child tax credit, or business tax credit, you know, we have all these ideas before us and we have to figure out where we think we're going to get the most bang for the buck when it comes to our public resources. So I think they are connected. Just like that discussion was connected, this discussion is connected as well. Also, when you look at, and I can pull up the tax expenditure report, but I know that you're all very familiar with that on this committee, you probably have it memorized in your brain, you can kind of get a sense about kind of where this kind of fiscal note might fit in with some of our

other tax policy decisions that we've made and what those cost our, our bottom line. So you can see different price tags for different policy decisions that we've made along the way. My argument for why I think an, a child tax credit or an expanded child tax credit, hopefully to work with the committee's work last year that we kind of started down this path together and, and Senator Bostar helped too to raise that, is that one thing that I think is unique about child tax credit and EITC in particular, is that we can help out a lot of people, for a relatively small investment, when you compare the amount of people that we're able to help for some other really big investments that we have baked into our tax code. So it's-- I think it should be part of the conversation, and then we can kind of sort out the dollars and cents to see what we think is going to get the, the best bang for the buck there. The other thing that I think is interesting about a child tax credit to Senator Linehan's questions as well, is that one thing that perhaps is, is really cool about a child tax credit is that whether or not, you know, we have yet to see resolution on what happens with the referendum and Opportunity Scholarships and other measures that are moving forward here. But even if those stand, there's still going to be un-- there's still going to be folks that are going to choose to go to private school that may not be a beneficiary of those scholarship funds. So by helping more families get more money in their pocket, then it's up to the families, their self-determination, their agency about the best place to spend them, whether or not that's at child care. If that meets their needs, cool. If their family doesn't believe in child care, then they can help cover expenses while they're watching their kids at home. If their family believes in private school, they can use them for tuition and uniforms and things of that nature. The cool thing about the program is that it honors those families' choices and gets the government out of the way. So I'll leave it there.

LINEHAN: What's this-- Wait a minute.

CONRAD: OK. Or not. See if you can catch me.

LINEHAN: No, no. I do appreciate the idea of giving money to parents.

KAUTH: Yeah.

LINEHAN: I mean, I, I think that is-- obviously no one's going to love them within their own parents.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

CONRAD: Yeah. And, and you and I have have talked a lot about this, too, about how there's a lot of families that we're aware of in our own circles and that in our own districts that they're working really, really hard, and they don't qualify for the public assistance programs, but particularly while their kids are young and need help in daycare while they're working, and they're trying to pay off those student loans as they're starting their careers and their families. Those families are super crunched right now. And so targeting to the youngest kids and making sure that we have space for those, those middle class families, I, I think should be part of our thinking in, in our tax policy.

LINEHAN: So the one thing I would ask, if you work with the fiscal officer--

CONRAD: Yeah.

LINEHAN: --whomever, figure out because I knew--

CONRAD: Yeah.

LINEHAN: I think we all knew last year when we passed those [INAUDIBLE] part of the income tax package, it wasn't going to be enough money. This makes that pretty clear, because I think this is capped at \$15 million.

CONRAD: That's right.

LINEHAN: But it would be interesting to see just some different breakdowns on here--

CONRAD: Yes.

LINEHAN: When we're moving forth with whatever else we're going to do.

CONRAD: Yeah. And once we figure out kind of what that forecast looks like as we get deeper into session, and I know that a little bit rosier because of some decisions and bills that we passed last year, that's not always going to be there. But, we got some good news from the January receipts. We can plug in a bunch of different data sets to figure out income level, or age of kids, or caps, or things like that. So I'd be happy, happy to work with the committee in that regard. And, and you do have to start somewhere. And I appreciate what this committee has done in that regard. And Senator Bostar is not here, but I know that he was a big part of that as well. And, you know, I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

remember what Senator Chambers told me as a once young senator, get what you can get when you can get it. So you got to start from there and build. And hopefully this gives us the chance to, to continue down that path.

LINEHAN: Thank you very much. Any other questions?

CONRAD: Thank you.

LINEHAN: Seeing none, thank you very much. With that, we'll close to the hearing on LB1324, and open the hearing on Mr. John Cav-- Senator John Cavanaugh's LB1367. Good afternoon.

J. CAVANAUGH: Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Senator John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h, and I represent the 9th Legislative District in midtown Omaha and I'm here today to introduce LB1367, which would adopt the Property Tax Circuit Breaker Act. LB1367 offers another approach of getting property tax relief to Nebraska homeowners. The basic concept can be described using the electrical circuit breaker analogy. When property taxes are too high relative to the homeowners income, the circuit breaker trips, or as it specifically relates to the program, the state steps in to backfill some of the taxes. Effectively, the program would set up an income threshold of 5%, in this case, where any property taxes paid in excess of the threshold would be backfilled by the state at a rate of 50%. Importantly, the Legislature would define the parameters for this program ensuring that the relief gets to those we want to-- we want to receive it. So how does it work? It's something like a combination of our-- of two of our existing property tax relief programs, LB1107 credit and the homestead exemption. There are notable differences, however, which I'll address a little bit more. LB1107 credit, the property tax-- like the LB1107 credit, the Property Tax Circuit Breaker Act would provide an income tax credit based on certain portions of the property taxes paid by a homeowner, but it would be specifically targeted to homeowner-- homeowners whose taxes are high relative to their income. And like the homestead exemption, the Property Tax Circuit Breaker Act is targeted and not broad based property tax relief. But while the homestead exemption is targeted specifically to homeowners who are elderly, veterans, and those with disabilities, the circuit breaker would be available to all homeowners who qualify. The circuit breaker also is an income tax credit, whereas the homestead exemption is an annual appropriation, which is applied for by homeowners whose eligibility is then determined by the Department of Revenue. The circuit breaker

would simply be granted to homeowners who meet the criteria and applies for the credit on their income tax. I introduced LB1367 as another potential tool for the Revenue Committee to consider as it looks at property tax relief. I understand that a number of senators are concerned about ag land values, and many of the proposals you're considering are greater-- are geared towards that relief. LB1367 is geared toward homeowners. The threshold amount and the maximum value in the bill can be adjusted to allow for broader tax relief. And I'm willing to work with the committee if you wish to move this idea forward. Thank you and I'd be happy to take any questions. I know it's nice outside so trying to be fast.

KAUTH: Everybody keeps saying that.

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

von GILLERN: Talk me through the mechanics of this a little bit. Number one, the fiscal note is staggering which you already knew. The-- so this, this is an income tax credit, which income tax is collected by the state, but it's for property tax relief which is collected locally. Do these funds from the state then go to the localities or do they go to the individual?

J. CAVANAUGH: Fantastic question, Senator von Gillern. I had the exact one when I first read this bill. So my interpretation of this is it, it works more like LB1107 then homestead exemption. So homestead exemption is where the state pays the county. In this it would be like LB1107 where you would-- you would file for your federal tax-- income tax and you get your adjusted gross income. Under the bill as it's currently written, if your adjusted gross income is-- or if your property taxes that you owe on your home is more than 5% of your adjusted gross income, then when you file your state taxes you would apply for the credit of whatever is above that 5%, you would apply for a 50% credit towards that as a credit back on your state income taxes.

von GILLERN: Theoretically, you would take that and pay it towards your local property tax bill.

J. CAVANAUGH: Well, I think you would have already paid your property taxes--

von GILLERN: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

J. CAVANAUGH: --in the previous year and so you're filing it with the next year.

von GILLERN: In arrears.

J. CAVANAUGH: So you, you could use it however you choose. You might want to-- it might be prudent to set it aside for the next year's property taxes.

von GILLERN: OK.

J. CAVANAUGH: But--

von GILLERN: So-- OK, so that handles the question about the mechanics. Now philosophically this is the state supplementing local taxing authorities, is it not?

J. CAVANAUGH: It, it would not lower levies or the amount that the county or city or whatever local entity takes. You're correct about that. This is-- this is geared towards the taxpayer, not the tax asker.

von GILLERN: So-- OK, so with the tax-- it's always hard to say the tax asker-- it wouldn't change any behaviors, wouldn't change anything that's happening from the-- from the school districts, from the counties, from the NRDs, the-- any of those asking-- those local taxing authorities.

J. CAVANAUGH: Right. So my philosoph-- to answer your philosophical question is that my philosophical approach here is I have a lot of folks in my district, in particular, who are saying property taxes are high and I'm going to get priced out of my home because I have to pay the property taxes. And so it's geared for folks like that where property taxes are going up really fast and making sure that we're helping folks not be taxed out of their home in that specific entity. So it addresses it from that side. So it's not-- it doesn't create a cap. It doesn't create incentives on the other side. I know that the committee has a lot of other proposals in that vein and this could be a complement to some of those other endeavors. But, yes, it addresses that specific problem.

von GILLERN: OK. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: Thank you, Senator von Gillern. Are there other questions? I think this fiscal note is way off. I mean, 5% of your AGI, that-- a lot of people are paying more than that in property taxes.

J. CAVANAUGH: Excellent question, Senator Linehan.

von GILLERN: We're 3 for 3.

J. CAVANAUGH: Chair, Chair Linehan. There is a dollar amount cap.

LINEHAN: OK.

J. CAVANAUGH: So I don't remember it off the top of my hand. I want to say it's about-- well, it's, it's based off of the average income in the county and I think in Douglas County it would-- it would limit it to something like \$12,000, I think. I'd have to look at the map or maybe somebody who comes behind me can look at that.

LINEHAN: Well, I would-- yeah, like to see the cap.

J. CAVANAUGH: So, so it does-- it does-- it does have an upward bound on how much it is.

LINEHAN: And does it have an upward bound on how much the house could be worth?

J. CAVANAUGH: Yes. That's--

LINEHAN: So it's-- in that regard it's like the homestead exemption.

J. CAVANAUGH: Yes, and-- yeah.

LINEHAN: OK, well that detail is missing from what I'm seeing. I'm sure it's in the bill, but I haven't read the bill but that would be-- I mean, property taxes in Omaha on a \$200,000 house are, like, \$5,000. [INAUDIBLE]

J. CAVANAUGH: A \$200,000 house in Omaha would probably be just-- yeah, that'd be about--

LINEHAN: \$5,000.

J. CAVANAUGH: --just around \$5,000. A little over.

LINEHAN: So that would mean, you make \$100,000, you would qualify for this program.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

J. CAVANAUGH: If your adjusted gross income was \$100,000--

LINEHAN: Yeah.

J. CAVANAUGH: --or give or take. Yeah.

LINEHAN: Which makes me think the fiscal note is a little off.

J. CAVANAUGH: I-- I've, I've disagreed with every fiscal note I've ever received. Generally, I don't--

LINEHAN: It's one thing when they're off in the, you know-- it's another thing when we pass a law and they're off for, like-- yes.

J. CAVANAUGH: Yes.

LINEHAN: Like they were with LB1107, they were only off \$400 million.

J. CAVANAUGH: And you and I have haggled about fiscal notes many times. It's one of our pastimes, I think.

LINEHAN: Yes. OK. Thank you very much. Are there any other questions from the committee? Thank you very much for being here. Are there other proponents or any proponents? I'm sorry.

REBECCA FIRESTONE: Good afternoon, Chairwoman Linehan, members of the Revenue Committee. I'm Dr. Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e. We are from OpenSky Policy Institute. We are here today in support of LB1367 since this bill would target property tax relief to income-constrained Nebraskans. We support the circuit breaker concept because it would provide targeted property tax relief to Nebraska's income-constrained homeowners. Because the circuit breaker would provide a credit to homeowners whose property taxes are high relative to their income, it could be an effective program to help low-, middle-, and fixed-income homeowners to be better able to afford their property taxes. We would hope that the committee would consider this program as it relates to the ongoing property tax negotiations, as it could complement some of the broad-based initiatives being considered. Further, this property tax program can be highly targeted so it can be designed to be less costly than across-the-board reductions. The fiscal note comes in at \$155 million for the first year. That's about 15% of the additional billion dollars being sought for property taxes again this year. Again, this mechanism would then be targeted to families facing the highest burden in affording their property taxes. Finally, the credit could help make

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

Nebraska's property tax less regressive. To be clear, evidence indicates the sales tax is the most regressive tax. There's about a 5 degree ratio between the lowest-income and the highest-income Nebraskans on sales taxes, it's 2.5 for property taxes. So property taxes are so regressive. And they are regressive because home values are higher as a share of income for low-income families than for higher-income families and because property taxes are based on land values and not income so they're disconnected from ability to pay. This imbalance could be offset by tying the property tax to income as this bill would do. Finally, this is not an untested concept. There are programs like this one in a number of states. And in 2023, 17 states plus the District of Columbia had the type of circuit breaker being considered here. For these reasons, we would support LB1367 and I'm happy to answer any questions.

LINEHAN: Thank you. Senator Meyer.

MEYER: Thank you, Chairman. I could have recorded your, your whole testimony here and played this 7, 8, 9, 10 years ago and it would have been the same thing for ag land. So all of a sudden now after residential values, in my opinion, being artificially flat, all of a sudden they're going up to match everything else. And now all of a sudden I see OpenSky testifying for the same problem that we've known we've had for 10 years, only OpenSky was not there advocating for us. So I, I understand the problem. I certainly do.

REBECCA FIRESTONE: Sure.

MEYER: But I don't know that this is the answer to escalating real estate values. I, I just question that, whether that's what we want to do. And I know we have a problem with that, but this has been an ongoing problem. And, in my opinion, this is-- this is not the answer to that.

REBECCA FIRESTONE: If I can understand some--

MEYER: Sure.

REBECCA FIRESTONE: --the question in there, Senator, I'd say, yes, this is a tool in the potential tool-- toolbox. I think it's been used in other states, specifically around, around residential land. So could be effective within that particular perspective, like, within that particular issue. It's not going to address all of our property tax challenges in the state of Nebraska. Much of that, of course,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

would have to do with, like, increasing state aid to cities and counties in order to reduce the overreliance on property taxes many of our local governments experience.

MEYER: Yeah. Well, well, you made reference to the income not matching the, the expense of the home and, and that's-- will continue to be an ongoing problem, I guess, so. Thank you for your testimony.

REBECCA FIRESTONE: All right. Thank you.

LINEHAN: Thank you, Senator Meyer. Are there other questions from the committee? OK, Senator Kauth is not going to do this so I am, so. OK, you've been here twice today and the total that you're supporting is 279, almost \$280 million. So it is kind of confusing to think that \$280 million wouldn't hurt other things, but this would. This wouldn't, but other programs might that are much, much smaller.

REBECCA FIRESTONE: We are here to support these concepts, Senator, and to offer them for the committee and your colleagues for consideration and certainly would want to ensure that this fits within the fiscal window available for the-- for the Legislature this year.

LINEHAN: And you think it does, \$280 million more dollars?

REBECCA FIRESTONE: There are some significant commitments being considered, I understand by this committee, around property tax relief so this is-- it's to offer that as part of that perspective-- as part of that--

LINEHAN: OK. Thank you. Any other questions from the committee? Seeing none, thank you very much.

REBECCA FIRESTONE: Thank you.

LINEHAN: Other proponents? Are there any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position?

TOMAS WEEKLY: Sir, do you have a green sheet?

JOHN ANDERSON: Pardon?

TOMAS WEEKLY: Do you have a green sheet?

JOHN ANDERSON: No, sorry.

TOMAS WEEKLY: OK, you can give me that after.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: We can-- we can do it afterwards.

JOHN ANDERSON: Yeah, thank you. Chairwoman Linehan and members of the committee, my name is John Anderson, J-o-h-n A-n-d-e-r-s-o-n. I'm a professor of economics at UNL. I specialize in the field of public finance and I've done a considerable amount of research related to state and local public finance, and specifically have published articles related to circuit breakers. I've got experience analyzing circuit breakers. So I'm here to provide context and background on the mechanism if you've got further questions on that. My first experience with circuit breakers came when I was in Michigan. I was serving as the deputy treasurer of the state and Michigan had a, a substantial circuit breaker to provide property tax relief. And I analyzed it at that point and its interaction with the state's income tax. So based on that initial experience, I've done research on many of the states that you've heard about, the 17 states that have circuit breakers that provide property tax relief. So as you've heard, it's a means tested way of providing property tax relief when property taxes rise above the threshold amount. In this bill, that's 5% of AGI, as you've heard. Then 1/2 of the amount above that threshold would be provided in a credit the way this bill is configured. So if you think about a household with \$100,000 AGI, the 5% threshold is \$5,000. So when property taxes would rise above \$5,000, the, the incremental amount above that would be provided as a credit; 1/2 of that additional amount would come back as a credit the way this bill is written. So you've got, if you think about this concept, you've got 2 levers to pull, right, 1 is the 5% threshold. The other is the percentage amount to the credit, the 50%. You can-- you can change those 2 parameters to make this credit fit within a budget to be more or less generous. This is one of the ways that states configure circuit breakers. There are many other ways-- there are multiple thresholds in some states. This is the thing-- single threshold circuit breaker. You could think about a multiple threshold circuit breaker. You could think about sliding scales. And there are-- there are a, a myriad of ways that states do this. But the basic principle is that the state provides the credit for property taxes that have been paid. So this comes to the, the homeowner in the form of a state income tax credit and it's a refundable credit the way this is written, which adds a degree of progressivity to your income tax system. You should be aware of that. And the-- so, so the overall incidence of your income tax system would be affected as well. The-- as you've heard, the property tax can be considered regressive. That's primarily because as income rises, people's expenditure on housing goes up-- excuse me, but it goes up

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

less than proportionately with the amount of income. And so providing a credit like this adds a degree of progressivity to the income tax and it is capped. The cap here is that the property tax must be less than the tax on, on a home of twice the average assessed value in the jurisdiction.

LINEHAN: OK.

JOHN ANDERSON: That's one way--

LINEHAN: You're on your red light, so.

JOHN ANDERSON: Oh, sorry.

LINEHAN: That's OK.

JOHN ANDERSON: That's one way to cap it. You could just cap the total dollar amount if you want to limit the expenditure, the tax expenditure. So I'll leave it at that and see if you have any further questions.

LINEHAN: Thank you very much for being here. Have you had a chance to look at the fiscal note?

JOHN ANDERSON: Yes, I have, it's--

LINEHAN: Do you think it's accurate?

JOHN ANDERSON: I have not analyzed it, so I can't speak to it. I see that it, it ranges from about \$155 million to 100-- \$170 million over the years. I don't know-- I haven't simulated that to verify.

LINEHAN: Any of the states that have done-- I'm sorry. Does anybody else have questions? The states that have done this, have they done anything to control the property tax taking rate? So back to Senator von Gillern's question, we do this, it doesn't do anything to slow down the growth in property taxes. Have any of the states that have done this, have they done things that slowed down the increases?

JOHN ANDERSON: Yeah, the short answer is yes. There are limits on the rate of increase in assessed values in some states. There are limits on the tax rates in some states. There are limits on the combination of the rate of increase of assessed values and tax rates. So the-- there are various ways in which states have attempted to limit the rate of growth of property taxes in combination with circuit breaker

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

mechanisms. I will say, the circuit breaker is generally used for residential property, not for agricultural properties.

LINEHAN: Or commercial. Right?

JOHN ANDERSON: Or commercial. That's right. Or industrial for that matter, only residential properties typically are covered by the circuit breaker. And that has to do with a, a number of factors. I mean, in our own case, we, we have a classified property tax system to start with. You know, the assessed values are lower relative to market value for agricultural property than all other classes. And so one, one thing you would want to think about is the way the, the whole array of ways in which the state is trying to provide property tax relief. Where would this fit with respect to the homestead exemptions and the current income tax credit that the state provides and the classification of the property tax system, I would-- I would encourage a comprehensive review of all the various ways in which we are attempting to provide property tax relief.

LINEHAN: Thank you. Did you spell your name when you started?

JOHN ANDERSON: Yes.

LINEHAN: OK. Can you spell it again? I'm sorry.

JOHN ANDERSON: Yes. John, J-o-h-n, Anderson, A-n-d-e-r-s-o-n.

LINEHAN: OK. And you're here on your own behalf or on--

JOHN ANDERSON: Yes.

LINEHAN: On your own behalf. OK.

JOHN ANDERSON: Yes, I'm speaking on my own behalf as a-- I am a professor at UNL. I'm also a, a distinguished scholar with the Lincoln Institute of Land Policy in Cambridge, but I'm speaking on my own personal behalf.

LINEHAN: Thank you very much for being here. Helpful. Other questions from the committee? Seeing none, thank you very much. Are there-- anyone else wants to speak in the neutral position? Good afternoon.

BETH BAZYN FERRELL: Good afternoon, Chairman Linehan, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

Officials and I'm testifying in neutral on LB1367. Whenever we see a property tax circuit breaker bill, one of the first things we look at is how do we administer that? What's the county's role in the technical aspects of doing that? When we look at this bill, since it's a refundable income tax credit, the only thing that the county would be responsible for would be calculating the average assessed value of single-family residences. That's something that's already being done as part of the homestead exemption process. So because of that, we are neutral on this bill.

LINEHAN: OK.

BETH BAZYN FERRELL: Be happy to answer questions.

LINEHAN: Thank you. Are there any questions from the committee? Seeing none, thank you very much for being here. Are there any others wanting to testify in the neutral position?

JOHN HANSEN: Madam Chairman, members of the committee, for the record, my name is John Hansen, J-o-h-n H-a-n-s-e-n. I'm the president of Nebraska Farmers Union and also our lobbyist. We have historically supported the, the whole conceptual idea of trying to figure out a way to integrate the circuit breaker into the toolbox of our different kinds of options relative to trying to make our tax system, at the end of the day, more fair and balanced based on the ability to pay. And so it's an interesting tool. And so I'm before you today in a neutral capacity because this does not deal with ag land. If this is a residential fix, which then is paired with some sort of ag fix who is-- we figure the folks who are the most adversely, as a sector, impacted by high property taxes, we would look at it differently. But because it does not involve ag as a stand-alone bill that gets us to, for the first time ever on this concept, neutral. And so if you can follow the logic of any of that, good for you. But our primary goal is to come up with property tax relief, but also do it in a fashion that ends up at the end of the day with a, a more fair and balanced state tax system. And so if this is a part of that and we come out with a package that works for ag as well then we'd look at it differently. But as a stand-alone bill, today we're neutral.

LINEHAN: Thank you. Are there questions from the committee? Seeing none, thank you very much for being here.

JOHN HANSEN: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: Is anyone else wanting to testify in the neutral position? OK. We did have letters. Excuse me. We had 2 proponents, no opponents, and 1 neutral. Welcome back.

J. CAVANAUGH: Thank you, Chair Linehan. And I don't really have anything to add to the discussion. I do appreciate those who came and testified here both in favor and in the neutral capacity. I think the one takeaway I had from Professor Anderson's testimony is that there's-- this is-- gives you a lot of options. As you're going forward and considering what you're going to do here and to Senator von Gillern's point, it doesn't address the sort of-- the one side of what's the property tax issue. But while we're addressing that issue, I think this gives us some options to help the folks who are disproportionately adversely affected right now. So that's why I wanted to bring this bill and have this conversation. But as to Mr. Anderson's point, there's a lot of potential to move around the percentage, the thresholds, the dollar amounts. So there's, there's a lot of levers that can be pulled in terms of how to direct who this affects and to constrain the costs to the state as a whole. So with that, I'm happy to take any questions if I could answer them.

LINEHAN: I do have one, but anybody else? OK. So one thing, and I don't know if I didn't introduce this bill or we still have it in committee from last year, but you realize with-- if you get-- if you're over \$10,000 in state taxes, income and, and property taxes, you can't deduct from your taxes.

J. CAVANAUGH: You, you can't deduct that from your, your--

LINEHAN: Right.

J. CAVANAUGH: OK.

LINEHAN: So any-- it's-- well, it's SALT.

J. CAVANAUGH: Right.

LINEHAN: So now it would seem to me, unless I'm missing something here, we wouldn't be letting you deduct your taxes, but you may be-- may be able to get a tax credit for paying.

J. CAVANAUGH: This would-- yeah, it'd be a refundable income tax credit for state taxes. I'm-- my recollection of SALT is it's a federal tax credit.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: No, but we followed it so you can deduct it from your state either.

J. CAVANAUGH: OK. So, yeah, then--

LINEHAN: You'd say it's a problem. Because-- I mean, we talk about progressive, it's pretty progressive when somebody pays \$15,000 in state taxes, which a lot of families in Nebraska probably are doing that when they have property taxes as high as they are. And then when you go to figure out your federal and state taxes, you cannot-- you don't get to deduct \$5,000. So \$5,000 is taxed, like, 3 times. Just if we're worried about whether we're having any progressivity in our tax code.

J. CAVANAUGH: Well, the elimination of the SALT deduction, I think, was under President Trump.

LINEHAN: Yes, I know.

J. CAVANAUGH: And I probably have other issues with him.

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

J. CAVANAUGH: Thank you.

LINEHAN: With that, we end the hearing on LB1367 and we will open the hearing on LB825. Senator Blood.

BLOOD: Thank you, Chair. This is where I remind everybody LB211 is still in the committee, if you want a circuit breaker bill with a lower [INAUDIBLE] after that one.

LINEHAN: OK.

BLOOD: I don't expect that to get voted out. I was just been a smart-alec senator.

LINEHAN: Good afternoon.

BLOOD: Good afternoon to Chair Linehan and members of the Revenue Committee. My name is Senator Carol Blood, and that is spelled C-a-r-o-l B-l-o-o-d as in dog. And I represent Nebraska District 3, which comprises western Bellevue, eastern Papillion. Today I bring forth LB825, the Nebraska Farmers of Color Opportunity Act. So I first

want to highlight the amendment that's being handed out that we've introduced, and I hope the committee considers, in order to meet the true goal of our bill. Due to a miscommunication, we only ar-- we only included language addressing black farmers in the first copy. My intention from the very beginning was to make grants available to all people of color using the language from the census specifically. Also, we have many immigrants from agricultural backgrounds that relocate to Nebraska, and we want to make sure that they have less economic barriers starting their own farms here. These communities would add vital contributions with new farming methods and knowledge to our existing agricultural industry in Nebraska. You've seen some of this already in north Omaha, using African American Heritage Gardens as a template. Volunteers and others have planted truelove seeds, which are culturally significant to the black community. They grow produce like collard greens, heirloom tomatoes, and fish peppers. Some of the selections were historically grown by enslaved people. Others were brought by Haitian refugees. There is a legacy behind every vegetable that is harvested in those gardens. Many minority farmers have faced systemic discrimination, especially with the loan process, leaving them at a disadvantage with their white counterparts. Using black farmers as an example, as recently as 2017, the agricultural census has recorded only 25 farmers in Nebraska who are listed as Black or African American. The reasons for this are multifaceted, but many lead to historical discrimination for farmers of color, including within the USDA. This discrimination is still present for the modern loan process for minority farmers. As of 2022, the Department of Ag granted direct loans to only 36% of farmers identifying as black, and direct loans are widely known as one of the easiest loans to be approved for at the USDA. You compare this with a 72% approval rate for white farmers, and it's pretty damning. 48% of Black and Asian farmers withdrew their direct loan applications, showing the distrust, distrust and skepticism towards the USDA and its past history of discrimination. LB825 wants to rectify some of these past wrongs and provide not a handout, but a hand up for minority farmers. So I want to next talk a little bit about the tax credit mechanisms of this bill. Granting organizations would be certified by the Department of Revenue once they apply. Eligible farmers will be-- have to be one of the minority groups listed by the Census Bureau, and a resident of Nebraska. Their primary source of income has to be crop or livestock production in Nebraska as well. In order for a granting organization to qualify, it must apply to the Department of Revenue to become certified before being able to award any grants. Anyone who contributes to a qualifying granting organization would be eligible

for a nonrefundable income tax credit, either equal to the total amount of contributions made during the tax year, or 50% of the income tax liability of the taxpayer for the next year, whichever is the lesser amount of those two categories. The tax credit can be carried forward, but not back. The initial cap for the total amount of tax credits for the first year will be \$25 million. If the amount granted exceeds 90% of that \$25 million, the cap would be increased by 125% the following year. Otherwise, the cap would remain the same if that 90% threshold is not reached. So to encourage transparency, the qualifying grant organization would submit to the Department of Revenue a summary of the number of farmers receiving grants, the total number-- excuse me, the total amount of grants awarded, and the total amount of contributions received for grants to eligible farmers in a given fiscal year. So we are always talking about Nebraska being the good life, but this hasn't historically been the case for all Nebraskans. And we know that ag drives our economy, but we need to expand the opportunity so everyone can participate in this prosperity. We have available farming grants for youth and veterans, so why shouldn't we have available grants for minority farmers or inspire another career path in these communities? This is not only a matter of fairness, but an advantage for Nebraska's agriculture industry, increasing diversity among our food producers, which will lead to better sustainability practices and introduce new innovative methods for farming. Our land and the economic independence that comes with farming should be shared widely among Nebraskans, not just a select segment of the population. But the word that I really want to leave you guys with today is intentionality. So much of what we do when it comes to inclusion is a shotgun approach, where we hope the efforts we move forward will help our communities of color. I brought this bill forward because I want it to be purposeful and intentional about how we engage when creating programs for these communities. We should have, but do not currently hold, a vision of persons of color in ag. Sometimes we have to approach things in an uncommon way to get folks' attention to an issue that may make them feel uncomfortable, but this is my effort to do this. I thank the committee for their time today, I'd be happy to answer any questions, but hopefully we have folks here to testify that can speak as to what this type of program might mean to their communities.

LINEHAN: Thank you, Senator Blood. Are there any questions from the committee? Senator von Gillern.

von GILLERN: Thank you, Senator Blood. I've got several philosophical thoughts and comments, and I'll save those to the close, because I do

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

want to hear the testi-- testimonies and, and have that planned. But, but a couple of more pragmatic questions. Has the AG issued an opinion on this? I mean, there's a lot of reverse discrimination suits that, that are going on in the country today that are in universities and colleges and so on because of programs similar to this. If you asked for an opinion, or are you concerned?

BLOOD: No, I'm not concerned because we already, as I said in my introduction, we already do give grants out to veterans, give grants out to young people. So we do select specific demographics already in ag to give grants out to. And frankly, and I do mean this respectfully, but it's not going to sound this way. You know, I, I'd like to see the Attorney General's office to actually follow through on their lawsuit when it comes to the AltEn plant in Mead, Nebraska. Like, I don't want to burden them with things that I already know the answer to. When we know that there's these examples of grant giving already to specific demographics.

von GILLERN: OK. I'm not sure veterans is a demographic, that was a choice--

BLOOD: That's, that's what it is.

von GILLERN: --it was a decision that people of all different races and colors made to, to to serve. The better, more pragmatic question, the-- you said it's a \$25 million cap, and, and I, I'm really, I'm confused, and forgive me because I didn't do my homework before I got here today, but the fiscal note says \$260,000.

BLOOD: Right, to set it up.

von GILLERN: Just to set it up.

BLOOD: So I, I'm going to be really honest. I know Senator Linehan already knows this because she's so smart. We, we drafted it after your bill because there was so, so much support for that process, we thought it would be a great place to start. And as I said in my introduction, today is about starting a conversation.

von GILLERN: OK.

BLOOD: So if you indeed voted for Senator Linehan's school bill, it's the exact same process.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

von GILLERN: OK, then your amendment answered several of my questions, so I'll, I'll see if I have any other questions for the close. Thank you.

LINEHAN: Thank you, Senator von Gillern. Are there any questions from the committee? Seeing none. Thank you very much.

BLOOD: Thank you.

LINEHAN: Proponents.

JOHN HANSEN: Again, Madam Chairman, members of the committee, good afternoon. For the record, my name is John Hansen, J-o-h-n H-a-n-s-e-n, I'm the president of Nebraska Farmers Union. I have been working, long before I came to the Farmers Union in 1990, on discrimination issues within USDA and availability of farm programs for minority producers. And most of that was centered, in the south, where, unfortunately, a lot of the racial bias and discrimination was built in on the local county FSA system. And so, we have our own kind of much different kinds of biases. Most of them, I think not on purpose, but just sort of because the, the minority farming community is kind of hard to find. There's not very many of them in a lot of cases. But so here's our experience in trying to reach out to that community as a general farm organization and include them in, in, in our public life and, and appointments and all those other kinds of things is that-- and I'm passing out the census numbers, which just came out last week, which is, because we don't, unfortunately, capture and report the data on a yearly basis anymore for the number of ag producers we have or any of those other things that we used to do in a regular basis, we now get a census report, which is different than the, the, the data that USDA used to kick out. And this is-- this data. If you look at the press release from USDA on the census, it is a volunteer form as you-- as those of us in agriculture know that we either fill out or we don't. But the return rate is 61%, so there's 40% who don't fill it out in the first place. So here is the, the press release from, from, NASS, and also the article that was in last weekend's paper in the Lincoln Journal star. And here's also the Nebraska numbers. And I thought they might be helpful to you to get a better idea of kind of what's going on in agriculture. But we have some fairly substantial areas of, of interest, and it tends to be the Native American community. The Winnebagos are now much more active in agriculture and in a public kind of way. So they're easier to find to work with. We have the immigrant community, and a lot of the folks who work in our packing plants are farm kids from Mexico, who would like

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

to find a way into agriculture. And we, we do have some folks in Nebraska that I think that, that this conversation is worth including in talking about to see what we could do to help more of those smaller, emerging, immigrant farmers and others be more part of our agriculture community.

LINEHAN: Thank you. Are there any questions from the committee? Seeing none, thank you very much for being here.

JOHN HANSEN: Thank you.

LINEHAN: Are there other proponents? Are there any other proponents? Are there any opponents? Is anyone wanting to testify in the neutral position? Senator Blood, would you like to close? We did have-- I want to make sure I get the right-- did have two proponents, four opponents, and zero neutral.

BLOOD: So first, I'd like to respond to Senator, Senator von Gillern. Senator Ben Gillen, if you look at the definition of what a demographic is, it's to describe a certain population, and I don't disagree with you that they-- it's a job that they selected. And if you look at my legislative history I've been a huge supporter of veterans and military families. But regardless, they are a demographic. And we do give out specific grants for ag for veterans and for young people. I, I know the revenue has a lot on their plate when it comes to how we pay for things, but I also know that we are consistently trying to find ways to grow ag. And one of the ways we grow ag is that we have to slow down corporate farming. And if we're going to slow down corporate farming in Nebraska, we have to do that by finding new folks to farm, or new folks to expand their farming abilities. And so when I looked at the problem, this was the solution that I came up with. When I talked to different organizations over the summer, with the exception of people who felt that we shouldn't give anything to any people of color, that it should just be status quo, which I find concerning, and I understand where they're coming from, but I don't agree with it, we had nothing but consensus of support. So I told Senator Linehan that we were not to make a circus out of it today, out of respect to all the work you guys have on your plate. But I do want you to think about what we brought forward, and the potential that it has for Nebraska. And that will get me some true leaders by allowing nonprofits to contribute to the grant giving program. And what would that look like? And we use Senator Linehan's process as a foundation just to get the cogs moving. So I don't have high expectations that you're going to do anything with this bill, but

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

I thought it was necessary to finally bring something like this forward and have a serious conversation.

LINEHAN: Thank you, Senator Blood. Are there other questions from the committee? Senator von Gillern.

von GILLERN: That you're correct about demographic. I misspoke when I said that that was not a demographic, the veterans. What I was leaning-- or what I was intending to, to say that being a veteran is different than being born a person of color. And those are--

BLOOD: I don't disagree with that.

von GILLERN: --two very different things. But you are correct. Thank you for the clarification.

LINEHAN: Thank you, Senator von Gillern. Are there any questions from the committee? I don't-- I don't understand how we're doing fiscal notes this year. And I'm not--

BLOOD: I know, it's very confusing.

LINEHAN: --really trying to pick on the fiscal office, but-- it's a-- if it's based on Opportunity Scholarship Act, that goes-- I don't see-- the 503 organization, it'd be like the SGOs, they're set up to han-- they collect the money, and then they decide where the money goes, or who gets the grants?

BLOOD: So it, it's a lot. And I thought that was clear, and I don't have my bill in front of me, but, so we'll have nonprofits that pertain to ag that will be the grant giving organizations, much like we have--

LINEHAN: OK.

BLOOD: --the schools that are doing it.

LINEHAN: OK.

BLOOD: --at the same time.

LINEHAN: I guess that's all laid out in the bill, how they qualify.

BLOOD: I, I believe so.

LINEHAN: And is there a cap on it?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

BLOOD: There is a cap.

LINEHAN: And what's the cap?

BLOOD: \$25 million.

LINEHAN: OK. All right. That makes-- I got it. OK. Any other questions? Seeing none. Thank you very much for being here.

BLOOD: Thank you very much for your time today.

LINEHAN: You're welcome. And that brings LB825 to close. And we'll start the hearing on LB1363, Senator McDonnell. Oh, hi. Senator McDonnell's not here. Senator Vargas is present. Swing and a miss. OK, he's going to close and be right down. So why don't we take a five minute break?

[BREAK]

McDONNELL: It's always nice when you start off with an apology to the committee.

LINEHAN: That's OK.

McDONNELL: Thank you, Senator Linehan. Thank you, members of the committee. My name is Mike O'Donnell, M-i-k-e M-c-D-o-n-n-e-l-l, from State Legislative District 5, south Omaha. LB1363, a pivotal proposal designed to overhaul the allocation of tax revenue to address critical needs and stimulate growth throughout our state. And it is my priority bill. At its core, the bill seeks to enhance the doc stamp, thereby bolstering sustainable funding streams for a range of vital initiatives. These include supporting our counties, fostering affordable housing solutions, addressing the rising challenges of homelessness and mental health, providing aid to our esteemed veterans through programs such as the United States Department of Defense SkillBridge Program, mental health services, military research and development planning, and support for veteran owned businesses. Additionally, this bill aims to bolster essential sectors such as innovative-- innovation hubs, grant services for the state, federal qualified health centers, and the Film Office. Currently, I'm collaborating closely with pertinent stakeholders on an amendment geared towards reducing the overall increase of the doc stamp to \$1. This proposed amendment not only entails the removal of, of, of the affirmed allocations for the Affordable Housing Trust Fund, but also entails revisions to existing allocations, and the introduction of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

precious language-- precise language detailing the distribution of the funds for the federal qualified health centers. Estimates based on the 2022 documentary stamp allocations incorporating the adjustments figures are being provided for your convenience. Additionally, the forthcoming amendment incorporates language encouraging capital projects funded by the doc stamp to utilize apprenticeship programs, thus aiming to bolster the involvement of skilled workers in enhanced workforce development initiatives. Breakdown of the dollars, potentially-- and when you look at the fiscal note, as I mentioned in my opening, the dollar, it's at \$1.25, and so we're currently working with different people on their input on how to try to keep it right around a dollar. \$.50-- \$0.55 for the county general funds, \$1.15 for the Affordable Housing Trust Fund, \$0.25 for the Site and Building Development Fund, \$0.27 for the Homeless Shelter Assistance Trust Fund, \$0.36 for the Behavioral Health Service Fund. \$0.20 for Military Support Fund. \$0.20 for the iHub Fund. \$0.10 for grant services, \$0.20 for the federal qualified health centers, and \$0.05 for the Film Office. The proposal would-- the proposed adjustments in the doc stamp allocation exemplify a thorough understanding of our state's needs, from addressing housing and infrastructure development, to providing vital support for individuals experiencing homelessness, and bolstering mental health services. Our commitment to enhancing the well-being of all Nebraskans remains unwavering. Furthermore, this bill acknowledges the invaluable contributions of our military personnel, and strives to provide them with the necessary support through the Military Support Fund. Additionally, investments in the innovation hubs, federally qualified health centers and the film industry underscores our dedication to fostering economic growth and development across the diverse sectors of our economy. Moreover, the inclusion of a grant services office signifies a critical recognition of a systemic issue. Far too long, Nebraska has missed out on accessing billions of our tax dollars, effectively subsidizing the federal government simply because we have not applied for available grants. This office will serve as a proactive measure to ensure that Nebraska maximizes its potential in securing and leveraging grant funds for our benefit of ours-- from our citizens and prosperity of our state. In conclusion, LB1363 is a thoughtful and strategic approach to resources allocations intended to uplift our communities and propel Nebraska towards a brighter future. I'm here to answer any of your questions. I have some people here to testify that I appreciate their, their expertise.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: Thank you, Senator McDonnell. Are there any questions from the committee? Seeing none, thank you. You're staying for closing?

McDONNELL: Again, I apologize for being late, and--

LINEHAN: You're fine.

McDONNELL: --I'll be here to close.

LINEHAN: So you-- but you'll stay to close?

McDONNELL: Yeah, I'll definitely--

LINEHAN: OK.

McDONNELL: --be here to close.

LINEHAN: OK. OK. Proponents?

KENNY McMORRIS: Chairperson Linehan, members of the Revenue Committee, my name is Kenny, K-e-n-n-y, McMorris, M-c-M-o-r-r-i-s. And I am currently the CEO of Charles Drew Health Center in Omaha, Nebraska. We actually are one of the seven federally qualified health centers across the state. And I'm here to represent Charles Drew in support of LB1363. Additionally, I want to give my sincere appreciation to Senator McDonnell for his ongoing commitment to some of Nebraska's most health care vulnerable, and through this legislation, we will continue those efforts. For 41 years, Charles Drew Health Center has been a cornerstone in our community, offering comprehensive primary medical, dental, behavioral health, and pharmacy services to all, regardless of insurance status or ability to pay. We partner with our community to address the social factors that impact health, such as addressing food security, stable employment, and improving economic well-being. In 2022, Charles Drew Health Center served nearly 13,000 patients, accounting for over 37,000 visits. 80% of our patients have incomes of at least 100% or below the federal poverty level, with 30% lacking health insurance, or are uninsured or under-insured. Additionally, many of our patients have more significant barriers to care, such as housing insecurity. 18% of our patients served attested to experiencing homelessness, and 27% receive public housing assistance. Our health care delivery model supports co-location of services with partners like schools, homeless shelters, public housing, WIC, and Omaha Healthy Start. Our ability to coordinate, ensures we are addressing all the social barriers that impact our patients' health, and meeting them where they are. As a fully

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

integrated primary care service provider, Charles Drew Health Center patients on average experience at least one diagnosed behavioral health disorder, 1.9 diagnosed chronic conditions such as diabetes and hypertension. Across the state, 12% of Nebraskans will forego health care because of cost, and roughly 15% of adults lack health insurance. Health centers across the country, such as Charles Drew, who are facing financial challenges and need funding to stabilize and expand workforce recruitment and retention efforts, as well as supporting the growing behavioral health care needs in our community. For some service lines, new patients must wait as long as three months for an appointment due to staffing capacity. LB1363 directly addresses the increased need that comes with serving as the health care safety net provider in our community, and would further leverage other public-private partnerships and investments that have already been made to Charles Drew Health Center. Again, I want to thank Senator McDonnell for introducing this bill, and again, his ongoing support, and we'll welcome any questions that we may have from the committee.

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

von GILLERN: Thank you for being here, Mr. McMorris. Appreciate it. The-- are there other federal, federally qualified health centers in the community other than Charles Drew--

KENNY McMORRIS: Yes.

von GILLERN: --that would be recipients, and who are they?

KENNY McMORRIS: Yeah. So there's a total of seven across the state. And we're spread from west, all the way from Gering and all the way through Omaha. Again, I'm here representing Charles Drew, but they would be places like CAPWN, also OneWorld in Omaha. We have health centers, other ones in Columbus and Norfolk and other places as well.

von GILLERN: Great. Thank you.

LINEHAN: Thank you, Senator von Gillern. Are there other questions for the committee? What would this specifically do for Charles Drew?

KENNY McMORRIS: Yeah. So it definitely will, will help support a lot of the workforce challenges, and allow us to be able to address a lot of the capacity issues that we're having. Covid has exacerbated a lot of the, the healthcare disparities, and we're trying to do everything we can to keep up. We, we-- the additional funding will go also to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

help leverage some of the other resources that we have. So we generate res-- we generate funding through patient service revenue. We also leverage federal, state and local grants as well. But working with the business and philanthropic community to also carry additional dollars to expand capacity and access to our patients.

LINEHAN: How short are you on staff now?

KENNY McMORRIS: Right now we're short roughly, and depending on, on across the different service lines, so we provide medical, dental, behavioral health as well as enabling services, and those are the connection services. My health center specifically has the ability or we should be closer to about 250 employees. Today we're sitting at about 210.

LINEHAN: Do you say 250?

KENNY McMORRIS: 250.

LINEHAN: And you're at 210.

KENNY McMORRIS: 210.

LINEHAN: So short.

KENNY McMORRIS: Short. Yeah. And, and what that does is ultimately just delays care. I mean, we, we do everything we can, and we have a very committed group of people that, that, do everything they can to kind of close the gap in need. But the fact is, is that when you're understaffed and under-resourced, you're trying to make sure they can leverage every dollar that you have to maximize benefit to the population.

LINEHAN: OK. Thank you very much. Are there any other questions from the committee? Senator Murman.

MURMAN: I'm not asking this question to be a gotcha question or anything like that, or even judgmental, but I'm just curious. Do, do the people that you serve have to be U.S. citizens?

KENNY McMORRIS: No, we serve everyone that comes to, to our doors.

MURMAN: Thank you. Do you know what percentage, percentage would be?

KENNY McMORRIS: Yeah, I don't know exactly what the percentage is.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

MURMAN: I mean, can you even ask, or do you ask?

KENNY McMORRIS: Yes we do. We get documentation of that, but I just don't know off top.

MURMAN: OK. Thank you.

LINEHAN: Thank you, Senator Murman. Are there any questions from the committee? Seeing none, thank you very much for being here. Are there proponents? Good afternoon.

CAROL BODEEN: Good afternoon, Chairperson Linehan, members of the committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association. I'm here today to testify in support of LB1363, specifically section 3, related to the Nebraska Affordable Housing Trust Fund. And as the senator has amended it to remove the directives for the administration of the fund. The Nebraska Housing Developers Association is an organization of over 70 members from across the state. Our mission is to champion affordable housing. We appreciate Senator McDonnell's efforts to increase the state's documentary stamp, an increase that has not been instituted since 2005. The increase directed to the Affordable Housing Trust Fund would simply almost return the allocation to the level that it-- the level that it was at in 2011, when it was decreased to fund the Site and Building Fund. In a time of such housing shortages in our state, it certainly seems an opportune time to do this. As you'll see in the sheet that I've distributed, the trust fund has supported development of safe, affordable housing units, resulting in new jobs, and millions of dollars of community investment across Nebraska. Using data provided by the Department of Economic Development in their most recently published annual report. Since its inception, the trust Fund has turned over \$200 million in awards into over \$1 billion of community investment, provided for over 7,500 housing units, and contributed to the generation of over 9,500 jobs. These types of investments make a difference in communities, neighborhoods, and in the lives of individuals throughout the entire state, from Douglas County to Dawes and all in between. Currently, the annual investment could be even higher if the department were given the needed authority within the Governor's budget each year to spend the funds that are on hand. If this increase in funding is approved, which we hope that it is, we also emphasize that the Governor must also give the department sufficient spending authority to get these funds out and into the communities. Grants from the trust fund can be used in many flexible

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

and innovative ways to facilitate affordable housing. Per the eligible uses provided for in the statute, new construction, rehabilitate-- rehabilitation for both homeownership and rental, down payment assistance, housing education, and so much more to meet the needs of a particular community or area. I could go on, but I see my time is getting short. The Affordable Housing Trust Fund has been a passion of mine, something I've worked with or next to for a long time. It's an established program with a proven track record of being a tool to increase and improve housing and homeownership for the last 25 years.

LINEHAN: Thank you very much for being here. Are there any questions from the committee? So this is your sheet, right?

CAROL BODEEN: Yes.

LINEHAN: So the amount awarded, \$200 million. And that turned into 7,541 housing units.

CAROL BODEEN: Yes.

LINEHAN: Is that homes, or is it also apartments that [INAUDIBLE]?

CAROL BODEEN: That could also be apartments.

LINEHAN: OK. So do you have a breakdown of what's actually single family housing apartments in townhomes?

CAROL BODEEN: I do not, but I could work to try to see if, if the department has that information.

LINEHAN: OK. I think that would be helpful.

CAROL BODEEN: Ok.

LINEHAN: Are there any other questions from the committee? Seeing none, thank you very much for being here.

CAROL BODEEN: Thank you very much.

LINEHAN: Other proponents?

KIRK ZELLER: Yes.

LINEHAN: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 21, 2024

Rough Draft

KIRK ZELLER: Good afternoon again, Chairperson Linehan and members of the Revenue Committee. I'm Kirk Zeller, that is K-i-r-k Z-e-l-l-e-r. I'm one of the board members of the Eastern Nebraska Film Office. Stacy Heatherly, who leads the office, had to-- had to leave and has asked me to fill in for, for her. So this is probably the only time you'll ever see me read from a script. Say-- thank you for the opportunity to support LB1363, and specifically the proposed allocation of funds to the Nebraska Film Fund. We believe allocating funds to support a competitive and significant expansion opportunity of the current film incentive program is a good idea. The expansion will empower the Nebraska Film Office and its partners, such as the Eastern Nebraska Film Office, to help build the film industry in Nebraska. By expanding Nebraska's participation in this industry, we can have a positive economic impact, retain talented professionals within the state, and give native Nebraska film professional, professionals a reason to come back to the state. I have been involved in leading many nonprofit organizations and know it is hard to find money to support good causes. This is a good cause. Something very positive for our state is right in front of us. Please help us by passing this request. Thank you for your time.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none. Thank you very much for being here. Are there other proponents?

JON NEBEL: Good afternoon. My name is Jon Nebel. I'm here on behalf of-- J-o-n N-e-b-e-l. I'm here on behalf of the Nebraska and Southwest Iowa Building Construction Trades Council, and the State Council of Electrical Workers. Just wanted to address what Senator McDonnell said in his open about the amendment and the apprenticeship portion of it. Basically what we're trying to do here is address the skilled trades shortage in, in Nebraska by having-- asking a question of anybody taking taxpayer money to build a construction site that they would train those people at a level of 15% of the job site will get trained in that apprenticeship. Right now, we're not asking that question. And I can tell you in the electrical industry, we're turning out people at the skilled trade level at about 20% of those that apply. Those that are in our apprenticeship programs, they're getting all the way through at, at least 67% on the bad years. So, wow, if you get into the apprenticeship, we kind of look at it as the same thing as college, but for the trades. We're doing better than the colleges, I think. I think colleges are-- aren't quite at 60%, so I like to think of us as the-- as a path to a career in the trades. And I'm here to answer any questions that you might have about the mechanisms of it.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none. Thank you very much for being here.

JON NEBEL: Thank you.

LINEHAN: Are there other proponents? Good afternoon.

JON CANNON: Good afternoon, Chair Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon. J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify today in support of LB1363. Certainly want to thank Senator MacDonnell for bringing this bill. This is something that is-- a lot of the previous testifiers have mentioned is a good and worthy cause for the state of Nebraska. For my part, I always appreciate the opportunity to discuss the documentary stamp tax. This is how I actually found my way into the property tax world. So you, you may not like the fact that I started off with doc stamp, but I do. And I do want to mention that this is a charge that we use for using the county's recording system. When you go to record, you know, a deed, title to the land or anything like that. And this is something that is administered by the county. It's not-- it's not a state function, it's a county function. In, in this bill, what we're doing is we're raising the doc stamp by \$1.25, and the counties are going to get an extra nickel. You know, certainly for the use of our-- of our recording system, we certainly always-- we're always interested in, in whether or not we have the adequate share. We're the ones that are doing the work on this. But again, these are all worthy items that NACO, NACO supports. And to the extent that, that my comments may seem remotely negative, that is not intended, because at, at heart, the reason that NACO supports this bill is because we value the intergovernmental partnership, and this is-- these are things that are of statewide concern. All of these moneys, if they were only being spent in a certain area of the state, if they weren't going to-- did not have the potential to go to, say, Clay County, or Thurston County, or to Howard County, we'd be a little bit concerned, that it's something that's being used for a state purposes when it's-- when it's really at the county level. But by virtue of the fact that this is going to-- these are funds that can go across the state, and again, we value the intergovernmental partnership, we are in favor of this bill and we urge your, your support in-- and moving it onto the floor. I'm happy to take any questions you may have.

LINEHAN: Thank you. Se-- Senator Kauth.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

KAUTH: Thank you, Chair Linehan. Mr. Cannon, so you said you get \$0.05?

JON CANNON: We get an extra nickel. So, right, right now, as it stands, there's \$2.25 that are collected for every thousand dollars of value being transferred. And the county retains \$0.50 and sends the remaining \$1.75 to the state. And so what this bill does, it raises our share to \$0.55, and the remaining-- have to do the math, \$3 would go to the state.

KAUTH: Do you know how much that \$0.05 adds to your budget?

JON CANNON: Let's see, I know that a quarter is, about \$5 million. The \$1.75 that we send to the state is roughly \$32 million--

KAUTH: So this is about \$1 million.

JON CANNON: --statewide. I think yeah, I think-- I think so.

KAUTH: Ish?

JON CANNON: Ish.

KAUTH: OK. All right. Thank you very much.

JON CANNON: Yes, ma'am.

LINEHAN: Thank you, Senator Kauth. Are there other questions from the committee? So the counties collect it.

JON CANNON: Yes, ma'am.

LINEHAN: Who-- the seller or buyer pays it?

JON CANNON: It's whoever's recording. And so it's typically going to be the purchaser.

LINEHAN: Purchaser?

JON CANNON: Yes, ma'am.

Speaker 1: And then you send the money to the state?

JON CANNON: Yes, ma'am. We-- so we retain \$0.50, of each \$2.25. And we remit the remainder to the state.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: So how much-- so is the to-- What did the counties retain? Is that what you asked, Senator Kauth?

JON CANNON: Yes, ma'am. It's \$0.50 out of every 2-- \$2.25, with the remaining \$1.75 going to the state. And statewide, it amounts to about \$32 million.

LINEHAN: OK, that's what I don't understand. Statewide amounts to \$32 million. To whom? To the counties?

JON CANNON: From, from the county to the states-- to the state.

LINEHAN: So what do the counties keep?

JON CANNON: Boy, I'd have to-- I'd have to do math and--

LINEHAN: Well, if it's not, I mean-- I agree, late the day, but--

JON CANNON: Probably about \$8 million or so would be my guess.

LINEHAN: OK.

JON CANNON: But I can get you that-- I can get you that specific number, ma'am.

LINEHAN: OK.

JON CANNON: From the last couple of years.

LINEHAN: All right. Are there-- yes, Senator Meyer.

MEYER: I don't think the buyer does-- the seller pays this has for-- my wife's been a real estate broker for 45 years, and every transaction it's come out of the sellers' proceeds.

JON CANNON: So what will typically--

MEYER: Unless Omaha and Lincoln do it different.

JON CANNON: Sure. So, when the, the real estate transfer statement is recorded at the, at the register of deeds office, then whoever's, whoever's recording the deed is going to pay it.

MEYER: Yeah, but it comes out of the settlement statement, off of the seller.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

JON CANNON: And, and that is entirely-- that's a private transaction between the buyer and the seller. And if, if the closing documents say that, you know, by the way, the, the seller is going to be the one that pays it, that is-- that is not the county's is concerned. It's whoever's going to record the document that, that is, is liable for the tax.

MEYER: That's always the seller.

JON CANNON: If that's the agreement, they've made.

MEYER: It's always the seller.

JON CANNON: Yes, sir.

LINEHAN: Thank you, Senator Meyer. Any other questions from the committee? Seeing none, thank you for being here.

JON CANNON: Thank you very much. And thank you to Senator McDonnell.

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

JUSTIN BRADY: Good afternoon, Senator Linehan and members of the committee. My name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Nebraska Realtors Association, for the Metro Omaha Builders Association, for the Home Builders Association of Lincoln, for Habitat Omaha, and for the State Home Builders Association, in opposition to LB1363. At least the green copy, I haven't seen the amendment that was shared as-- with the committee, but so I'll speak to the green copy anyway. We're opposed to this because the organizations I listed off are the ones that represent the individuals that are selling these homes, or building homes, and transferring homes. And yes, Senator Meyer here, the state law says it is-- the doc stamp is a grantor pays it for a privilege of being able to transfer their title. That's how the state law reads. So the privilege of being able to transfer your title, the state charges a fee to do that. That fee is known as the doc stamp. Currently, that money, as Mr. Cannon and others have talked about, goes to the county to help with records that helps facilitate home sales. It also goes to the Affordable Housing Trust Fund, which helps provide housing for all sorts of individuals across the state and provides money to homeless shelters and behavioral health. Behavioral health money typically, historically has also gone to housing for behavioral health individuals. This bill would expand the individuals who are receiving

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

it to a list of 17, all respectful, worthy causes. The-- on my-- the organizations I'm here representing aren't taking a position that these aren't causes we're spending money on. They would argue that these are monies that should have come out of the General Fund, as opposed to granting and transferring of properties. To put some of this in perspective, the National Homebuilders Association does a study every year across the country. And luckily for us, they pick Lincoln as one of the cities they do studies on. And their most recent numbers just came out. And so for every thousand dollar increase in the price of a home this last year, 1,068 home households will no longer qualify for a home. There are people that close to the margins. So this would raise roughly about \$300 on an entry level home in Lincoln at \$240,000. That means 320 households are no longer qualified to get a, get a loan if this were to pass. So again, because of the increased cost, that's where the homeowners are looking at. I know there are others looking at doc stamp as well. In your discussions yesterday on inheritance tax, Senator Jacobson and Senator Clements both made comments. I see my red lights on. Can I go ahead and finish that?

LINEHAN: You can-- yes, finish it.

JUSTIN BRADY: Well, to put it in perspective, to pay for the inheritance tax for the money lost to the counties. If that, as reported in the paper, was \$100 million statewide to the counties--

LINEHAN: I believe it was, was \$70 million, but OK.

JUSTIN BRADY: Well, that's somewhere between \$4 and 50-- \$4 and \$5 in doc stamp fees you'd have to raise on top of this dollar \$1.25 to cover the inheritance tax. So with that.

LINEHAN: Thank you. Are there questions from the committee? When did-- have we always had a doc stamp? Always being like for the last 100 years?

JUSTIN BRADY: I won't go with 100 years, but we'll go with maybe 45 or 50, 60 years?

LINEHAN: And somebody said it hasn't been increased since 2011.

JUSTIN BRADY: That was correct. And what-- and if I remember right, that was the time when we worked with the counties, when the counties were moving their records from being just paper records to electronic. And they said, as Mr. Cannon said, you know, that was an expense to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

the counties we sat down, the realtors, the home builders, the counties sat down and said, OK, let's all agree on what you need. Because it is something that help facilitate housing to move electronically. So yes, that was when it was, as I recall, raised last.

LINEHAN: Do you remember what it was before 2011?

JUSTIN BRADY: I don't, I'd have to go back and check.

LINEHAN: I think it'd be helpful if the committee saw what the increase was.

JUSTIN BRADY: OK.

MEYER: [INAUDIBLE] 50.

LINEHAN: 50? OK. All right. Any other questions from the committee? You said 17. I only see the additional five here, so maybe that's not on the chart.

JUSTIN BRADY: Well, I guess-- I don't know if that's--

LINEHAN: This might be an amendment.

JUSTIN BRADY: --based on an amendment which I--

LINEHAN: OK.

JUSTIN BRADY: --haven't seen. 17 are in the bill.

LINEHAN: OK. OK. Any other questions from the committee? Seeing none. Thank you very much--

JUSTIN BRADY: Thank you.

LINEHAN: --for being here. Does anyone-- others want to testify as opponents? Do we have any other opponents? Anyone wanting to testify in the neutral position? Senator McDonnell, would you like to close?

McDONNELL: Thank you. Just to follow up, if you look at the, the packet that I handed out, to answer your question a little bit on the history, it started in 1965, to 1985 was \$0.55 per, each \$500 a value. Then in, in 1992, it moved to \$1.50 for \$1000 value. January 1st of '93 to 2005, \$1.75. And then in 2005, moved to \$2.25. And you guys have that in your handout. Also, there's a breakdown of where we are

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

right now in your handout, and then what we're adding. And, and I think some of the-- most questions I've received is like on the grant office, for example. We're known in it right now as a donor state with the federal government. More of our taxpayers, their dollars stays in DC, and we don't apply for some of those grants that we're eligible for. Over \$1 billion last year that we could have applied for as the state of Nebraska, and we did not. So they call us a donor state at the federal level, because they're keeping more of the dollars that we could possibly apply for, not knowing for sure if we'd be-- receive those grants. But that's why the grant office specifically was, was put into this. Rest of those, I'm willing to answer any of your questions. But the reason we're adding the-- I think it's pretty self-explanatory.

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

von GILLERN: Yeah. Thank you, Senator McDonnell. I-- forgive me, I missed the name of the gentleman that spoke on behalf of the Nebraska and Southwest Iowa Building and Construction Trades Council, but he had a-- he had a hand out here that I've got a couple of questions about, and-- as, as you well know, I'm fundamentally opposed to anything that limits free market, open shop, right to work laws in the state of Nebraska. The prevailing wage items that are mentioned in here drive costs up, and those are taxpayer dollars. This refers to a council amendment. Is that an amendment-- and forgive me if you mentioned this earlier, is that an amendment that's pending that you are working on with the council? What-- could you tell me where, where that stands?

McDONNELL: So everyone that's testified so far today, I appreciate all their testimony, we are working on an amendment. You guys do not have that amendment yet, but we are working on it.

von GILLERN: I'm looking through my pile. I want to make sure that--

McDONNELL: No, that-- you guys, there's plenty of information in your pile, but we do not have the amendment ready yet.

von GILLERN: OK. The-- and again, in his testimony, or their handout that he handed-- that he gave to us, talked about training, which is-- which I fully support training for tradespeople. Would you support training programs that are outside of the labor unions also?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

McDONNELL: That's, that's the intent of it is--

von GILLERN: OK.

McDONNELL: It's training for everyone.

von GILLERN: OK.

McDONNELL: And again, to be actually a qualified training facility, you have to apply with the state or the feds or, or both. So everyone's treated equally there with the Nebraska Department of Labor.

von GILLERN: Thank you. And then I want to re-up my offer that I extended you a week or so ago to amend my LB205 into your bill, if you would be so interested, which would--

McDONNELL: I always appreciate--

von GILLERN: Limit the use the project labor agreements.

McDONNELL: I always appreciate my discussions with you, Senator, and no. But I believe--

von GILLERN: The offer-- the offer stands.

McDONNELL: But I always appreciate you asking, so. But no.

von GILLERN: Probably get another opportunity.

McDONNELL: Thank you.

von GILLERN: Thank you.

LINEHAN: Thank you, Senator von Gillern. Are there other, other questions from the committee? Seeing none, thank you very much.

McDONNELL: Again, I apologize for being late. Thank you very much.

LINEHAN: Oh, that's fine. Wait a minute. Let's see here. Do we have letters? Yes we did. We had nine proponents, no opponents, and no one in the neutral position. So with that, we'll close the hearing on--

McDONNELL: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: LB1363 and go to our last hearing of the day. Welcome, Senator Vargas, LB1346.

VARGAS: Thank you very much, Chairperson Linehan. Supersede for Senator von Gillern, I also don't want project labor agreements in my bill.

von GILLERN: It's LB205.

VARGAS: I'm going to pass this put once we get a-- All right. Good afternoon, and thank you very, very much. I know we added this to-- so that the original communicated date to a, a handful of testifiers could be honored. So, again, thank you, Chairperson Linehan and members of the Revenue Committee. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s. I represent District 7, which includes the communities of downtown south Omaha. I'm here to introduce LB1346. This would provide a property tax exemption for qualified affordable housing developments. LB1346 defines qualified affordable housing as a housing development that consists of at least five residential units and includes one or more eligible units, which means it is rent restricted, affordable to tenants who earn no more than 80% of area, area median income, and has been constructed on or after the effective date of this act, or made subject to rent restrictions on or after the effective date of this act. It states that exemption amounts for any qualified affordable housing development shall be a percentage of the property taxes that would otherwise be due. For developments containing eligible units targeting tenants who earn no more than 80% of area median income, the percentage of eligible residential units shall be multiplied by 25%. For developments containing units that target tenants earning no more than 60% of median income, the percentage of eligible residential units shall be multiplied by 70%, and for developments containing units that target tenants earning no more than 50% of area, area median income, the percentage of eligible residential units in the development shall be multiplied by 100%. In other words, a sliding scale. LB1346 would also require owners of qualified affordable housing developments which have been granted this exemption, to reapply for the exemption each year so that new calculations can be made. I brought this bill up in part to be a counterpart to various housing discussions that we have had, and will continue to have in the Appropriations Committee. Many times we're discussing the need for more, more affordable housing developments, but we recognize the difficulty that owners of these developments have in keeping their properties affordable, while also being able to afford their property taxes, especially when we're trying to make sure

it is keeping at a-- at a rate that is affordable for the general public. I believe that granting property tax exemptions to qualified affordable housing development owners will promote, incentivize the expansion of affordable housing developments for low income individuals and families, and will encourage the continuation of affordable housing options across the state of Nebraska. There are many experts behind me who could speak to the need for these types of exemptions for qualified affordable housing developments, and the impact this will have on owners and tenants. Just a couple of things I wanted to add to it. This is not-- sometimes you'll see property tax exemptions, exemptions, for just nonprofits. This is for for-profits or nonprofits. We do not discriminate, as long as they are creating affordable housing units, as long as those affordable housing units are meeting the lower income needs. We are trying to make sure we're incentivizing them to maintain availability of housing units for low income individuals. And so that's what's behind this. And as you might have heard, we are probably, in the midwest, one of the lowest in terms of the amount of funds and/or laws that we have that promote affordable housing. Iowa, you know, has like two times the amount of funds or some type of exemptions that promote workforce for affordable housing. So instead of just focusing on appropriations, or as you heard previously, we have a doc stamp tax that does fund the Affordable Housing Trust Fund to the tune of about, you know, \$12 million to \$16 million a year. This is a way to incentivize more individuals to build this kind of housing.

LINEHAN: Thank you. Are there questions from the committee? Senator Kauth.

KAUTH: Thank you, Chairman Lineham. Senator Vargas, I have a couple of concerns with this, mostly-- so when we're talking affordable housing, do we mean more apartments, multi-family units, and talking about more of a density?

VARGAS: Yeah.

KAUTH: And then if we're not taxing them for property taxes, which supports the schools and the infrastructure, I, I see that as pushing more of that burden on to single family home owners.

VARGAS: So, you know, I don't disagree with you. So I often use the example of in my neighborhood, if you go to 10th Street in Little Italy, I have \$85,000 homes. Older housing stock. Across the street, there is \$375 thousand to \$450,000 condos. And there's nothing wrong

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

with either one of those options, but there is nothing incentivized to be in the middle. This is trying to incentivize rental units for-- to be able to be in the middle. And I understand that that will be-- for people that do not get this exemption, it's not that necessarily the amount will be raised on their behalf. We want to make sure that there are more affordable units for people to live in that area. If there's a more diverse tax base of individuals in an area, that's really good for improving communities, in particular east of 72nd Street, where we don't have as much diversity of housing. So we think it's really gonna incentivize us to build affordable housing units in places so that it, it does sort of diversify that tax base. So, yes, it is a concern that I have, but we don't have the funds to be able to throw-- to be able to fund hundreds of millions of dollars into housing right now. And as I think Senator von Gillern knows, the cost of doing housing is just going up, which means that people who are doing the housing are going to price the units to the market rate, and that means that they can be pricing out more individuals and more affordable housing units won't be what they develop.

KAUTH: Thank you.

LINEHAN: Thank you Senator Kauth. Are there other questions from the committee? Yes, this is your handout. So earning no more than 80% of the area median income. Do we know what that is in Douglas County?

VARGAS: I don't, but I can get that for you.

LINEHAN: OK. I think would be helpful if we knew what those amounts were.

VARGAS: Yeah.

LINEHAN: Obviously it going be different in Douglas and Lancaster and Hall and Scotts Bluff.

VARGAS: Yes.

LINEHAN: But, OK.

VARGAS: But we are using it so affordable-- so from area median income according to HUT.

LINEHAN: OK. All right. Any other questions from the committee? Seeing none, thank you. You'll stay to close?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

VARGAS: Yes. Thank you.

LINEHAN: Are there proponents for LB1346? Thank you.

ZACH REINHARDT: Good afternoon, Chair Linehan and distinguished members of the Revenue Committee. My name is Zach Reinhardt, that's Z-a-c-h R-e-i-n-h-a-r-d-t. And I appreciate the opportunity to speak in support of LB1346. I've worked in banking and real estate development for more than a decade, with a large part of that time being work in the multifamily development space, including affordable market-rate and even employer-assisted workforce housing. I want to start by acknowledging that when we talk about affordable housing, we aren't always talking about the same thing. In fact, if you asked ten people to define affordable housing, I expect you'll get 11 different answers. While it may seem like a nebulous topic, I think the definition of affordable housing is actually pretty straightforward. Simply put, affordable housing is housing that is affordable to the person that needs it. What is affordable to you may not be affordable for your neighbor. Generally speaking, housing is affordable to someone if the cost of the housing is less than 30% of their income. Those that spend more than 30% of their income are often described as rent or cost burdened. When we talk about affordable housing, we should be talking about providing housing options that are affordable for all of our neighbors. That being said, the greatest need in our community is housing that is affordable for our neighbors earning low to moderate incomes, generally accepted to be less than 80% of the area median income. Now that we understand the definition, let's talk about the challenge. I'm from Omaha, so my data and experience is related to Omaha. And in Omaha alone, according to a study by Front Porch Investments in 2021, 25% of households are rent or cost burdened. The same report noted that there are approximately 20,000 units of affordable housing in the Omaha area, but nearly 100,000 households that qualify for that housing, leaving a gap of nearly 80,000 affordable units. By 2030, it's expected that Omaha will have a shortage of more than 100,000 affordable units. It's important to remember that these are not just numbers, they're not just statistics. These are our neighbors, people working hard to provide for their families, and living with the effects of housing insecurity. We're talking about service providers, including child care workers, CNAs and other health care workers, and paraprofessionals in our schools. I guarantee that you know someone, you care about someone, you interact with someone on a daily basis for whom this is not a nebulous topic, but a real and significant challenge in their lives. Despite the significant need for additional affordable housing, we really only

have a couple of tools in our toolbox for developing new affordable housing. We've got LIHTC, or Low Income Housing Tax Credits, we've got tax increment financing, or TIF. However, these tools are limited in their accessibility and utility. We only have so much LIHTC that can be allocated every year by NIFA, and TIF is only available in targeted specific areas for specific uses, typically, in older areas of our cities, and typically not in areas of higher educational and economic opportunity. Finally, it's important to understand that affordable housing is a misleading term, as it's not anywhere close to affordable to build. Once you account for legal and accounting costs, application and program fees, specific design requirements, and ongoing compliance costs, it is often more expensive to build a unit of affordable housing than to build a unit of market rate housing. Combine the higher costs with the reduced income due to rent restrictions, and you have a real challenge in getting new affordable housing properties built. To put it simply, these projects do not generate sufficient income to support their construction through normal means of development, meaning the economics of these projects do not generate sufficient investment from market based investors. Therefore--

LINEHAN: OK, you're going to have to wrap up.

ZACH REINHARDT: I'll get there.

LINEHAN: OK.

ZACH REINHARDT: LB1346, as introduced by my friend, Senator Vargas, is an important step forward in addressing our state's need for more affordable housing. By implementing a scaled approach to abating property taxes for newly built or set aside units, we not only incentivize the development of more affordable housing, but we help those projects close the funding gap. Affordable housing development is not a get rich quick scheme. In fact, it takes a long time and it costs a lot of money. More affordable housing developers I know share a sense of purpose, a desire to make an impact in their community, and a new tool in our toolbox is what we need to make the difference. Supporting LB1346 is an acknowledgment that we can't expect different results while doing the same thing over and over, over and over. In order to get different results, we need to try new and creative approaches to solving the problem. We can move big problems. We can make a significant and lasting impact. And your support of this bill can be the first step in the right direction.

LINEHAN: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

ZACH REINHARDT: Thank you.

LINEHAN: Are there questions from the committee? Seeing none, thank you--

ZACH REINHARDT: Thank you.

LINEHAN: --very much for being here. Are there other proponents? Good afternoon.

CAROL BODEEN: Good afternoon again, Chairperson Linehan, members of the revenue committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association, here today to testify in support of LB1346. My new friend Zach did a wonderful job of talking about the housing issues in our state, and I appreciated listening to him and visiting with him. Thank you to Senator Vargas for bringing forth this legislation. We appreciate his willingness and his efforts to legislatively solve our housing issues within our state during his time in the Legislature. LB1346 presents yet another solution, which is very intriguing and creative. We support this bill and its concept, and defer to you as a committee and to the Senator as to how it might be able to be implemented. Our desire for Nebraska is that we continue to be a state that values safe, decent and affordable housing for all residents. We appreciate your consideration.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you for being here.

CAROL BODEEN: Thank you very much.

LINEHAN: Are there other proponents? Thank you.

BUEY RAY TUT: Good afternoon, Chairperson Linehan.

LINEHAN: Linehan.

BUEY RAY TUT: Linny? Oh.

LINEHAN: It's like Monahan, only Linehan.

BUEY RAY TUT: OK, as soon as you hear my name, you'll understand.

LINEHAN: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 21, 2024

Rough Draft

Speaker 1: Yes. Buey Ray Tut, B-u-e-y R-a-y T-u-t. I'm sorry. I'm, I'm a bit nervous up here it's my first time, and English is not my first language, so I'm going to try to struggle as much as I can through this. I am, I come in behalf of Spark, I'm their new CEO, so I've been at Spark for seven months, so if you have any difficult questions, I would appreciate you holding them. I'll answer them at a later time, but I am in support of LB1346 and I'm really happy Senator Vargas is bringing this. As coming to Spark, one of the primary-- what was it, one of the primary motivations that I have coming on is that passion for aspiring entrepreneurs, especially in the real estate development sector. And in the real estate development sector, one of the areas that we work in is developing developers. So we train developers to become real estate developers and one of the things I've learned so far, it's very difficult for developers to make affordable housing work with the current toolboxes they, they have, and especially if they're looking to build long term, long term, weal-- wealth. And actually, building up, what was it, the housing stocks that are needed in north and south Omaha, and the areas that we operate in. So I very much appreciate the concept that's put in place here, and I look forward to its development.

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

BUEY RAY TUT: Whoo! All right. Thanks.

von GILLERN: Well done, well done.

LINEHAN: Good afternoon.

SHEYL GARST: Good afternoon, and thank you for having us. I know this has been a long afternoon for you all. My name is Sheryl Garst, S-h-e-r-y-l, and Garst is G-a-r-s-t. Yes, we are related to the Garseeds [PHONETIC], but grandpa never liked those cousins. So if you're a rural area, you would know that joke. I'm from District 19, and thank you, Senator Vargas, for bringing this bill. I'm with inCOMMON Housing Development Corporation. We are just south of downtown Omaha and north of downtown Omaha, in some very vulnerable, impoverished neighborhoods that are experiencing high gentrification. To compliment what's been said already by some colleagues, yes, the Front Porch housing affordability study has a need for 98,500 households in the larger Omaha/Council Bluffs region, but fewer than 20,000 dedicated units available. So that's quite the gap. Also, inCOMMON Community Development, pre-pandemic, conducted an affordable housing survey that estimated 200 individuals were affected by the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

loss of affordable housing between 2012 and 2015 in our Park Avenue neighborhood. And that just, of course, accelerated, you know, based on, city, state national trends with the need for affordable housing. So these persons were displaced. The Park Avenue neighborhood, where inCOMMON residents reside is on the front lines of the crisis. InCOMMON alleviates poverty at a root level by uniting and strengthening vulnerable neighborhoods. We believe that no one should face a lifetime of poverty simply because of the zip code they were born into. The Park Avenue neighborhood, again, has been subject to the impact of gentrification over the past decade, due to the pandemic, and has accelerated the impact of our lower income residents to become vulnerable to displacement from their own community altogether. About 1 in 3 residents and 1 in 2 children in our neighborhood census tract live below the federal poverty line. And rapid redevelopment in the area has brought many challenges in the areas of housing. So we talked about child care tax credit, this is the, the base of a healthy household family. This density also magnifies impact of where the displacement of their homes are priced out of the area altogether. So frequent moves, difficulty paying rent, eviction impacts mental, physical health, children losing academic ground when forced to change schools. And LB1346 supports affordable units benefiting low income neighbors where the median household income is \$33,000. Two things I wanted to point out, lastly, is LB1346 supports, one, a diverse workforce. Our neighborhood is very diverse, with 60% Hispanic Latino, 12% African American and 25% white neighborhood makeup. Our residents primarily work in the service, construction, maintenance, and transportation industries. Our residents work in some of the largest workforce shortages industries, and are regularly displaced from their homes due to gentrification. And then affordable housing construction. I have 20 years experience again in this.

LINEHAN: [INAUDIBLE].

SHEYL GARST: Oops. Sorry. But pre-pandemic costs compared to pandemic costs, we are experiencing a 20% increase in construction cost. That is the new baseline for future developments. So we, I have experience in the tax credit game and allocations, and appreciate all that love on the housing fronts. But this is something that could have an immediate short term impact that a local rural city clerk could administer, as well as a seasoned developer, you know, with large planning departments, for affordable housing units. So that's where I love the creativity of this, the simplicity of it, to help us with that 20%. Covid, those first two years, inflation rate is 14%, and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

then another modest inflation on top of that. How are we as a state, as a nation, going to make up 20% to keep an affordable housing unit with existing toolbox? So I'm asking the committee to be-- help us be proactive in this, to lead. The states that do that are the states that are going to stabilize this workforce that I'm talking about, that resides in our neighborhood. So thank you.

LINEHAN: Thank you. Are there oth-- are there any questions from the committee? Seeing none, thank you very much for being here.

SHEYL GARST: Thank you.

LINEHAN: Other proponents? Are there any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Good afternoon.

JON CANNON: Good afternoon. Chair Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, the Nebraska Association of County Officials, we represent all 93 counties in Nebraska. I want to talk very quick because I understand that I-- beside Senator Vargas, I'm the only person who stands between you and enjoying a 70 degree day outside. You know, we certainly want thank Senator Vargas for bringing this bill. It's a laudable goal of, you know, much like I was describing in the last bill. But I do want to talk about the fact that any time we do a property tax exemption, it is necessarily going to be shifted to everybody else that remains. And so and that is not to say that's a bad thing, it's a good thing, but that is the reality of the situation. The legislative-- the Legislature, as you know, has broad powers of exemption. We certainly respect that. And when it comes to targeted property tax relief, these are the sorts of things when you grant an exemption that, that actually deliver that, that sort of relief that you're looking at. We-- you've heard me say this before. We traditionally exempt organizations when they receive government for performing a function that they otherwise would have to do. I think everyone knows that there is an affordable housing crisis that's ongoing in the state. And certainly whether or not that rises to the level of the government needing-- government needing to step in and saying this is worthy of an exemption for that purpose, is a-- is a question for the Legislature. There's always the constitutional test of whether there's a gain or profit of the owner our user, that is addressed in the, the-- at the top of 77-202 which talks about exemptions. And so that, that should not be a problem. And to the extent that anyone might construe our negative-- our neutral testimony

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

as being any remotely negative, that is not the case. We just want to bring these issues forward to the Revenue Committee for your consideration before you send this out to the floor, if you do. And with that, I'm happy to take any questions you may have.

LINEHAN: Thank you very much. Senator Bostar.

BOSTAR: Thank you, Chair Linehan. Thank you, Mr. Cannon. On your final comment regarding your potential negative test-- your neutral testimony being perceived as negative, is that applying to this bill, or is that a general policy when NACO comes in a neutral position?

JON CANNON: Generally, when we come in in a neutral position, sir, we are not trying to influence the committee one way or the other to be for or against. We're just trying to present information as best-- best we can, usually on a neutral day, that's like a beige alert.

BOSTAR: I, I erred, actually, what I said, generally. Let me be more clear. Universally, when you come in neutral, there is no attempt to influence the committee one way or another, is that correct statement or incorrect statement?

JON CANNON: We just want to have information there for the committee to consider. And if that takes them a different direction than they might otherwise have gone, that's. That's where the chips have fallen.

BOSTAR: But if you were to testify, or NACO or were to testify neutrally, there-- it would be inappropriate to conclude that NACO disapproved of the legislation, or was opposed.

JON CANNON: Sir, if we're opposed to a bill, we will come in in opposition.

BOSTAR: Thank you very much.

JON CANNON: Yes, sir.

LINEHAN: Thank you, Senator Bostar. Are there other questions from the committee? Seeing none, thank you very much.

JON CANNON: Thank you very much, ma'am.

LINEHAN: Is there any other neutral testimony? Any other neutral testimony? We do have one letter for the record, proponent, and no opponents, and no neutrals. Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 21, 2024

Rough Draft

VARGAS: Thank you very much. I hope you'll humor me here. This is my last bill that I'll have ever introduced. It's really, really a bit bittersweet. My wife was here earlier in Appropriations, because it was the last Appropriations Hearing that we had. So I just-- I really want to thank this committee for a couple reasons. One, this bill-- we're trying to get creative, right? Like, I think what you heard from developers, from both private and nonprofit developers, there's an incentive to make more money. And if you're making units that are market rate, it will make you more money. This is trying to incentivize making sure that there's units affordable to people. And I did look up for the median income in Douglas County is somewhere between \$68,000 and \$71,000, \$72,000. Which means that when we're looking at the 50% getting 100%, you know, exemption here, we're looking at somebody making around \$35,000 a year. And that's what we're talking about, making it more affordable, upwards to the \$70,000. I know there's going to be a lot of conversations in the future, this session, later in the session, on whether or not we have the funds to be able to do all the projects that we currently have. Even today, we have millions of dollars of requests for water infrastructure. It's the reason why I bring a bill like this, and I really appreciate NACO, I really appreciate others. And to your question, Senator Kauth, earlier, this would mean receiving less revenue at the-- you know, it would. But the outcome is going to be, people can better afford their units, and it will diversify the tax base in different areas. People will have more spending power because they're going to have more of their take home pay, which inevitably is going to be used in the communities. So we will still be getting revenue into our communities in other ways. So I just want to thank you for that. I also want to thank you for all of your service. I very much remember when my daughter-- when my wife went into labor with my daughter, Ava [PHONETIC]. I had to leave committee early and couldn't introduce a bill to be with my wife at Methodist Hospital. And again, appreciate, Chairwoman Linehan for your support in that, and my letting my team just take the reins. But I appreciate all of you. It's great to be in this committee the last time. And I hope you can support this bill and see the effect and the impact of it.

LINEHAN: Thank you. Other questions from the committee. Senator von Gillern.

von GILLERN: I don't want to crash down on your high note, so.

VARGAS: It's not my note, it's not my note.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

von GILLERN: Just an easy question, I think, or maybe one that needs looked into a little bit. You said the median income in Omaha is seventy-some thousand dollars?

VARGAS: So I was looking--

von GILLERN: That might be the-- that might be the mean, but that would not be in the median.

VARGAS: Median, yeah. Mean is higher. Median is-- that's what it was in the census, we just looked it up. That--

von GILLERN: OK. All right. Maybe-- All right. I'll arm wrestle with you over that one.

VARGAS: No. It's OK. I, I was surprised.

von GILLERN: We'll both [INAUDIBLE].

VARGAS: I was surprised to. The mean is higher. The mean, the average is higher. But the median is, is lower.

von GILLERN: That must be a weighted figure, but we'll figure that out later.

VARGAS: We can arm wrestle afterwards.

von GILLERN: And congratulations on your last hearing. And thank you for your service.

VARGAS: Thank you.

LINEHAN: Thank you, Senator von Gillern. So what would-- The bill just says they pay less in property taxes, it doesn't have the state filling up coffer.

VARGAS: No it doesn't.

LINEHAN: OK. I'm very surprised that there wasn't more testimony. OK. Any other questions?

VARGAS: Don't-- let's not put that out there.

LINEHAN: Now [INAUDIBLE].

VARGAS: Yeah, let's not put that out there.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 21, 2024
Rough Draft

LINEHAN: OK. That-- I've already mentioned letters, so we're done.

VARGAS: Thank you.

LINEHAN: LB1346.