

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 14, 2024
Rough Draft

LINEHAN: My name is Lou Ann Linehan. I serve as Chair of the committee. I'm from Elkhorn, Nebraska and represent Legislative District 39. The committee will take up the bills in the order they are posted outside the hearing room, except that we're going to flip the first one after we get done with Jacqueline. Our hearing today is your part of the 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 a public hearing and you would like your position stated for the record, you may submit your position and any comments used in the Legislature's website by 8 a.m. the day of the hearing. Letters emailed to a senator or staff will not, will not be part of the current record. If you are unable to attend and testify at a public hearing due to a disability, you may use the Nebraska's Legislature's, Legislature's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceedings, I ask that you follow these procedures. Please turn off your cell phone and other electronic devices. The order of the 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 you would like to distribute the committee, please hand them to the page to distribute. We need 10 copies for all committee members and staff. If you need additional copies, please ask the 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's my request that you limit your testimony to 3 minutes. We will use the light system. You'll have 2 minutes on green, 45 seconds on yellow, and then 15 seconds on red, so you know to wrap up. If your remarks are reflected in the previous testimony or you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphones. Our transcribers-- so our transcribers are able to hear your testimony. I'd like to introduce committee staff. To my immediate left, is legal counsel, Charles Hamilton. To my left at the end of the table, is committee clerk, Tomas Weekly. Now I'd like the committee members with us today to introduce themselves, beginning at my far right.

KAUTH: Kathleen Kauth, LD 31, the Millard area of Omaha.

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MURMAN: Dave Murman, from Glenvil, District 38. I represent 8 counties, mostly along the southern border in the middle part of the state.

von GILLERN: Brad von Gillern, District 4, west Omaha.

ALBRECHT: Hi. Joni Albrecht, District 17, northeast Nebraska.

MEYER: Fred Meyer, St. Paul, District 41, central Nebraska.

LINEHAN: And our pages today, if they would stand up, please. We have Mia, who is a UNL political science major, and Collin, who is a UNL criminal justice major. 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 rooms are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members reference information on their electronic devices. Please be assured that your presence here today and your testimony are important to us and is a critical part of state government. And Senator Hardin, I made a mistake. Actually, we have a-- I thought you were first, but we have Jacqueline Russell for confirmation. So I don't know if you would just-- I don't think that will take very long. But Senator Bostar wasn't here, so that's why I panicked and called you. OK. With that, we'll start the hearing on Jacqueline Russell. Good afternoon.

JACQUELINE RUSSELL: Good afternoon, Senator Linehan, members of the Revenue Committee. My name is Jacqueline Russell, that's R-u-s-s-e-l-l. And most of you know me as Jackie, I think, in this room. But, I'm here today to seek confirmation for my recent appointment for Governor Pillen to the at-large Tax Equalization Review Commissioner position. I believe you all have a copy of my resume with you, but I'll just do a little bit of background information for you. I'm a native Nebraskan. I was born and raised in Hastings, Nebraska. I graduated from the Hastings Public School system there, and then I later went on to receive my bachelor's of science in business administration from the University of Nebraska-Lincoln. My emphasis was on finance and management at that time, but I did have an elective course that got me interest-- interested in real estate and appraisal. So then after I graduated from college, I got my real estate salesperson's license. And then in 2007, I accepted a position with the Adams County Assessor's Office on the appraisal staff, where

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I began doing work and evaluations and statistical measuring for the Adams County Assessor's Office. In 2011, I received my assessor certification from the Nebraska Department of Revenue, and then I later went on to serve as the Adams County Assessor from 2015 until my appointment to the Tax Equalization Review Commission. If you have any questions for me, I'd be happy to entertain those.

LINEHAN: Thank you very much. Are there questions from the committee? Have you-- are you new to the-- new?

JACQUELINE RUSSELL: Yes. Very new.

LINEHAN: OK. Thank you for your service.

JACQUELINE RUSSELL: I started on the 29th. Thank you.

LINEHAN: Seeing no questions from the committee, thank you for being here.

JACQUELINE RUSSELL: All right. Thank you very much. I appreciate your time.

LINEHAN: You're welcome. That will close the hearing on-- oh. I'm sorry. Thank you. Pretty soon, von Gillern's going to go, just give it [INAUDIBLE]. And I might. Is there any proponent testimony?

JON CANNON: Uh-oh. I'm in trouble already.

LINEHAN: Hopefully not.

JON CANNON: Good afternoon, 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, here to testify in support of the appointment of Jacqueline Russell to be a Tax Equalization Review Commission commissioner. I've known Ms. Russell for a long time. It was actually before she became the assessor in the office. She was, I believe, the chief, chief appraiser in Adams County. But since then, since she didn't want to brag on herself, I will. She became the president of the Nebraska Association of County Assessors. She was appointed to Governor Pillen's valuation reform working group. A number of you served on that committee with her. And for my own, own part, I've always known her to be-- to want-- really want to be fair to the landowners in her county. A lot of arguments that we had when I was at the department and she was in the assessor's office about, well, you know, that's just not right. It's not right by my, my taxpayers. And

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sometimes I said no, and sometimes I agreed with her, but she's always interested in the best interests of the taxpayers. She definitely believes in what's right. And we're going to be sad to lose her as an elected official in the state of Nebraska. And I'm happy to take any questions you may have.

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

ALBRECHT: Thank you, Chair Linehan. And thank you for being here.

JON CANNON: Yes ma'am.

ALBRECHT: When I saw you as one of her references, I had, had to pause. But now that, now that you say that she argued with you and, and-- then I'm sure she'll be just right for the job.

JON CANNON: She argued with me so much.

ALBRECHT: I like to hear that. I like to hear that. that's [INAUDIBLE].

JON CANNON: Yes, ma'am.

LINEHAN: I think that's a compliment. Thank you, Senator Albrecht. Are there any other questions from the committee? Seeing none, thank you very much.

JON CANNON: Thank you very much.

LINEHAN: Are there other proponents? Are there any opponents? Anyone want to testify in the neutral position? Do we have any letters? No letters. So with that, we will close the hearing on Ms. Russell, and open the hearing on-- we're going to skip down to LB1026. Welcome, Senator Hardin. Thank you for coming early. I appreciate it.

HARDIN: Thank you, Chairwoman Linehan. And good afternoon, fellow senators of the Revenue Committee. I'm Senator Brian Hardin. For the record, that's B-r-i-a-n H-a-r-d-i-n, and I represent the Banner, Kimball and Scotts Bluff Counties of the 48th Legislative District in western Nebraska. I'm before you today to introduce LB1026, which was brought to me by State Treasurer Brieser. LB1026 protects Enable Savings Plans from being seized, taken, appropriated or applied by any legal or equitable process or operation of law to pay any debt or liability of the owner of the account. The Achieving a Better Life

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Experience, known as ABLE Act, was passed on the federal level in December of 2014. This authorized individuals with disabilities to open tax exempt savings accounts to save for disability-related expenses without impacting eligibility for resource-based benefits. Without these accounts, individuals with disabilities would not be able to save more than \$2,000 in assets. These accounts allow up to \$100,000 before it starts to affect some benefits. Nebraska signed the Enable Savings Plan into law in May of 2015, and it is overseen by the Nebraska Treasurer's Office. Since its inception in 2015, it has grown steadily. And as of January 31, 2024, the Enable program has helped individuals with disabilities open 3,895 accounts and holds \$38,681,521 in assets under management. The Enable Savings Plan has been life changing for many Nebraskans with disabilities. Having a place to save money, no longer having to needlessly spend money to keep under resource limits, encouraging independence, and building confidence, these are all things that Enable has been able to do for its account owners. I want to make sure that we continue to protect the assets that have been so carefully saved by these. Individuals. This bill would prevent a garnishment, lien or otherwise to take money from these accounts. We already have these protections on the college savings plans. Section 85-1809, paragraph (1), so it's important that we extend the same protection to the Enable Savings Plans. I'm prepared to answer any easy questions you may have. However, Stacy Pfeifer from the State Treasurer's Office will also be speaking on behalf of Enable Savings Plans and can answer any hard questions you may have.

LINEHAN: Thank you.

HARDIN: Thanks.

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

KAUTH: Thank you, Chair Linehan. Senator Hardin, does this apply after-- if, if the person who owns the account passes away, is it still applying, or can it then be tapped into for liens?

HARDIN: I'm going to say that's a hard question.

KAUTH: I will ask-- maybe the next person or anyone who knows that. OK.

HARDIN: Sometimes, sometimes punting on first down is my best option, so.

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KAUTH: All right. Thank you.

HARDIN: Thanks.

LINEHAN: Thank you, Senator Kauth. Are there other questions from the committee? Thank you very much. Are you going to stay to close?

HARDIN: I will.

LINEHAN: OK. Proponents? Do we have proponents? Good afternoon.

STACY PFEIFER: Good afternoon. Members of the Revenue Committee, my name is Stacy Pfeifer, S-t-a-c-y P-f-e-i-f-e-r, and I am the director of the Enable savings program. I am here today to testify in favor of LB1026. And my children made you all valentines for Valentine's Day today, so they're passing those out to you. So Happy Valentine's Day. I want to thank Senator Hardin for giving us the history of the plan and for introducing this bill. As he stated, as of January 31, we have helped individuals with disabilities open 3,895 accounts and hold over \$38 million in assets. And as of today, we're at 3,900 and a little over 39 million in assets. And about 66% of the overall assets and 63% of accounts are held by Nebraskans, and then the rest are held by people in other states. The Nebraska's Treasurer's Office is honored and humbled to be able to help these individuals in this way, and we're looking forward to helping more of them. Part of my direct-- job as director of the program is to educate people all over Nebraska about this plan. I get asked lots of questions, listen to concerns that people have. This last year, I had 66 different events, presentations, and individual meetings with people across the state of Nebraska. And so, through listening to potential account owners, we realized that this was a gap in our law, and we wanted to make sure that we have these protections codified into law and-- to give our account owners the comfort in the, in the security of their savings. And as Senator Hardin said, this has already been a part of the 529 college savings law. And I, I gave you guys a copy of that also, so you could kind of see that they are mirroring each other. And I'd be happy to answer any hard questions that you guys have.

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

KAUTH: Can I ask my hard question?

LINEHAN: Senator Kauth.

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KAUTH: Same question.

STACY PFEIFER: Yes. OK. So when a person passes away, the money would go to an estate. So in, in that process, then that would be where you would have garnishments.

KAUTH: So they can't transfer it out to another-- someone-- another beneficiary, unless it's familial or--

STACY PFEIFER: So, so the Legislature passed a law last year where if it's \$5,000 or less, it could transfer automatically to a beneficiary.

KAUTH: OK. But, but \$5,000 or less.

STACY PFEIFER: Yes. Right.

KAUTH: OK. Thank you very much.

STACY PFEIFER: Yes.

LINEHAN: Thank you. Other questions from the committee? Did the law we passed last year, it had to be a family member, though, right?

STACY PFEIFER: No. It could be just a named-- whoever they name as a beneficiary.

LINEHAN: OK. OK. But anything \$5,000 or less?

STACY PFEIFER: Correct. Correct.

LINEHAN: All right. Are there other questions from the committee? Yes.

MEYER: Just, just a quick one. So these funds are invested just like the Nebraska College Savings Plan? The same--

STACY PFEIFER: Yeah. Yeah. It's a--

MEYER: --investment plan?

STACY PFEIFER: Yes, it's in a trust.

MEYER: OK.

STACY PFEIFER: Yes. Yeah.

MEYER: Thank you.

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LINEHAN: Thank you. Thank you, Senator Meyer. Any other questions?

MURMAN: I just had a comment. I did have the bill last year, and I thank you for the refresher.

STACY PFEIFER: Yes.

LINEHAN: Thank you, Senator Murman. This was my recollection, too. No other questions? Thank you for being here.

STACY PFEIFER: Thank you. Have a good day.

LINEHAN: You, too. Other proponents?

EDISON McDONALD: Hello. My name is Edison McDonald, E-d-i-s-o-n M-c-D-o-n-a-l-d, here representing the Arc of Nebraska. We're the state's largest organization representing people with intellectual and developmental disabilities and their families. We support-- this bill is a simple cleanup to help people with disabilities be better able to access employment opportunities. Just to give you an idea of how this looks on the ground for a family, is that they'll have to go and make a decision between do I go and spend frivolously on dumb items that they don't need, so that they can spend down to keep within their threshold? This allows them instead to focus on key tools. So I've seen so many of our members who are people with disabilities who have been able to work, work more, take raises, because of this valuable tool. Other than that, if you all have any questions, that's all I'm here for.

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

JOHN HANSEN: Madam Chairman, 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 think this is a commonsense bill. It's a fairness bill for-- as far, as far as I can see it. I have a lot of experience with folks with disabilities in my family, and also, in my volunteer work. And anything that you can do to help folks with very limited amounts of money in their lives, and earning capacity, squirrel away some money for those times when they really do need them and can be useful, is an extremely, I think, positive tool. And so, that is my testimony. And I would be glad to answer any easy questions.

LINEHAN: Thank you.

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JOHN HANSEN: Thank you.

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

JOHN HANSEN: Thank you.

LINEHAN: Are there other proponents? Any other proponents? Are there any opponents? Is anyone wanting to testify in the neutral position? Senator Hardin, would you like to close? Senator Hardin waives closing. Do we have-- marker-- do you remember, Tomas?

TOMAS WEEKLY: I just haven't-- no letters.

LINEHAN: No letters. OK. That's why we can't find any. OK. With that, we close the hearing on LB1026. Thank you, Senator Hardin. And we still have no Senator Bostar, so-- do we have any idea how long Senator Bostar is going to be?

BRANDT: You guys ready?

LINEHAN: We're ready.

BRANDT: OK. Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Tom Brandt, T-o-m B-r-a-n-d-t, and I represent Legislative District 32, Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. Today, I'm introducing LB1047, which updates the assessment of the fee for the Agriculture Alcohol Fuel Tax Fund, or the AAFTF, to reflect current industry practice. The Agriculture Ag-- Alcohol Fuel Tax Fund was established in 1971 and is the funding source used by the Nebraska Ethanol Board to carry out its statutory mission and duties. The Nebraska Ethanol Board is an independent, cash-funded state agency working to develop the renewable fuels industry in Nebraska. Today, the AAFTF is funded through an excise tax of 1.25 cents per gallon of denaturant purchased by an ethanol producer. I have testifiers following me that will be able to fill in more details regarding the Ethanol Board and its funding. For now, I will provide a little context for those not familiar with the process of denaturing alcohol. Since the very beginning of the U.S. ethanol industry, producers have been federally required to ensure that their ethanol is unfit for human consumption. This practice is called denaturing, and is typically accomplished by mixing the ethanol product with a natural gasoline, a substandard, low-cost gasoline. As a result of this practice, the original statute for the AAFTF was narrowly-- only narrowly encompasses natural gasoline. Over time, the

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requirements surrounding the practice of denatured ethanol have changed by way of the amount, method, location, and type of denaturant that is allowed to be used. In summary, ethanol producers are utilizing new denaturants that aren't specified in existing statute, and in certain markets may now denature ethanol at destination ports, terminals, as opposed to on site. These 2 changes have created a regulatory environment where select ethanol producers no longer remit to the AAFTF, whereas the vast majority of them still do. LB1047 updates existing statute to reflect these new practices. First, by expanding the list of denaturants, including those produced from renewable resources, and assessing the same 1.25 cent per gallon rate across 2% of sales of undenatured ethanol sold that is unfit for human consumption. The bill also includes some clean up by re-alphabetizing definition-- definitions and reviewing old provisions of the Ethanol Producer Incentive Cash Fund, EPIC, which sunsetted in 2012. Overall, these updates ensure that the fee for the AAFTF was assessed equitably across all ethanol producers without increasing the effective rate. This bill is important to ensure all are contributing equally, as the Ethanol Board's activities benefit all ethanol producers. LB1047 is also integral for the agency to continue to operate effectively, as their loss of funding has already amounted to between 10-12% of annual revenues. Without the passage of LB1047, the Nebraska Ethanol Board projects this amount to increase in coming years. Following me are testifiers that may be able to handle more technical questions regarding the bill. I would answer any questions.

LINEHAN: Thank you, Senator Brandt. Are there any questions from the committee? Seeing none--

BRANDT: All right.

LINEHAN: --thank you very much. Are there proponents?

RANDY GARD: Good afternoon, everyone.

LINEHAN: Good afternoon.

RANDY GARD: Good afternoon, Chairwoman Linehan and members of Revenue Committee. My name is Randy Gard, R-a-n-d-y G-a-r-d. I'm chief operate-- operating officer of Bosselman Enterprises, which operates 48 convenience stores in Nebraska, and is the largest retailer of E15 in the state. But-- and I also serve as the secretary in my second term on-- as a petroleum rep on the Nebraska Ethanol Board. Today, as a fuel retailer and on behalf of the NEB, I test-- I'm testifying in

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support of LB1047, that updates the assessments to the AAFTF, which is a funding mechanism for the Nebraska Ethanol Board. The provisions within this bill keep up with new industry practice, ensure the fee is assessed equitably without raising the rate, and that the NEB has proper resources to carry out its mission. The NEB is a diverse coalition that represents the full-value chain of our ethanol industry, including growers, processors, workforce, and distributors. I play a particularly interesting role as a petroleum rep on our board, which I find is one that offers great feedback on how we can get our renewable fuels to our customers across our state. But now, we have set our sights on new, exciting markets such as sustainable aviation fuel or SAF, and renewable chemicals, and look forward to working with our ethanol industry to find the best ways to bring these opportunities to Nebraska. The NEB thanks Senator Brandt for bringing the bill to update the fund. Our executive director will follow with my comments and may be able to answer more detailed technical questions on the programs and as funding, but I'll do my best to answer any questions you may have at this time.

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

RANDY GARD: Thank you very much.

LINEHAN: Next proponent. Good afternoon.

JOHN HANSEN: Madam Chairman, again, this afternoon. For the record, my name is John Hansen, J-o-h-n Hansen, H-a-n-s-e-n, and I'm the president of Nebraska Farmers Union. Our organization helped build the public support for the adoption of the ethanol board and the creation of the Nebraska Ethanol Board in 1971. And so, we have been really pleasantly pleased with the performance of what the Nebraska Ethanol Board has been able to do with such a limited amount of dollars over such an extended period of time, and would say that the, the waterfront or in this case, the ethanol front, is ever changing, and that there's always new challenges, new opportunities, from a marketing standpoint, from a technical standpoint. And I think Randy Gard did a good job of laying out a few of their priorities right now. But some of the things that they do relative to-- that are sitting there in the table, relative to sustainable aviation fuel, not to mention some of the other uses and processes that are, that are kind of on the drawing board right now, that it's important that our Ethanol Board be adequately funded. And so, when it's so small to start with and you

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look at a 10-12% reduction, that is significant. And so, this is something that's been talked about for, for a while, and so we welcome the bill. We thank Senator Brandt for bringing it, and that it seems a relatively simple update, given the technology and the processing, so that we're applying the, the relatively small fee, across the board to all the different players. And so, there is, I think, a good reason to do it sooner rather than later, and wait till the bill gets larger. And so, with that, I would end my comments and be glad to answer any questions if I could.

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

JOHN HANSEN: Thank you.

LINEHAN: Are there other proponents? Are there any other proponents? Are there any opponents? Does anyone want to testify in the neutral position? Good afternoon.

DAWN CALDWELL: Good afternoon, Chairwoman Linehan and Revenue Committee. Happy Valentine's Day. My name is Dawn Caldwell, D-a-w-n C-a-l-d-w-e-l-l, I am the executive director of Renewable Fuels Nebraska. Renewable Fuels Nebraska is the membership association representing all of Nebraska's 24 ethanol plants, as well as renewable fuel plants intending to build in Nebraska and their associated businesses. Nebraska is the nation's second largest ethanol producer, with a total production capacity of nearly 2.5 billion gallons annually. Combined, our 24 plants use more than 750 million bushels of corn per year and produce more than 6 million tons of distillers grains, a high, high protein livestock feed, as well as corn oil and other valuable co-products. RFN membership appreciates the aspect of LB1047 that brings a level playing field to the industry. In terms of funding of the Nebraska Ethanol Board. I have commented with several different people lately just how far the industry has progressed since the inception of the Ethanol Board and the work to stand up an industry that has become a key thread in the ag and economic fiber of our state. That progress is exactly why you're hearing this bill today. Advancements in production practices, utilization, utilization of products such as renewable naphtha as denaturant, and future opportunities such as sustainable aviation fuel production all lend to modernizing the state statute. We're here in the neutral position today because we believe that while the funding aspect of the Ethanol Board is being addressed, so should be the governance. As of now, the Ethanol Board members represent various grain commodities, general

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farming, industry, though not an ethanol company staff member, and fuel retail. That was a well thought out membership for a group working to stand up an industry. Ethanol production in Nebraska really took off in the '90s and has con-- continued to grow to where it is today. Each of the ethanol companies remitting the excise tax, or checkoff, as it is typically known, has no direct representation on the Ethanol Board. That is the epitome of taxation without representation. In summary, RFN membership expects further action to achieve majority representation on the Nebraska Ethanol Board to have a meaningful influence in how their dollars are invested. That concludes my testimony and I would try to answer questions.

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

KAUTH: Thank you, Chair Linehan. I read the opponent letter that came from Energy Adams. And he said the same thing, that you guys are not-- there's no ethanol producers that are represented on the Ethanol Board?

DAWN CALDWELL: Right. There is one person who holds a production seat on the board, and he is on a board of an ethanol plant, but he is a farmer that sells grain to that ethanol plant. He's not in the day-to-day production business of the ethanol industry.

KAUTH: At what point do you think that that will change? That-- is there a way the composition of the board--

DAWN CALDWELL: We have to change a different state statute besides this one, actually. And so, their, their ask would be that that statue also be opened up and that changed, in the very sooner-than-later future.

KAUTH: OK. Thank you.

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

ALBRECHT: Thank you, Chair. Have you sat down with Senator Brandt, and is he willing to amend, would you say, to include [INAUDIBLE]?

DAWN CALDWELL: I believe. And I would suggest there's another neutral testifier coming after me that knows the exact code number. I believe it would need to be separately introduced legislation because of where the code lies in state statute.

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ALBRECHT: So it couldn't be introduced till next year.

DAWN CALDWELL: Possibly.

LINEHAN: Thank you, Senator Albrecht. Other questions from the committee? Senator Murman.

MURMAN: Since Dawn is my neighbor, I'll have to ask her a question.

DAWN CALDWELL: That's fair.

MURMAN: I know ethanol right now is very competitive with gasoline. So blending is a good thing right now, to keep the price of gas down. Is it as competitive with sustainable aviation fuel or how does it compare there?

DAWN CALDWELL: Right. Sustainable aviation fuel is going to be a very lucrative opportunity for Nebraskans. And full disclosure, that is because of the IRA or the, the federal tax codes that offer the opportunity to build that industry. So as a next step, yes. And, and even further, as liquid fuel for vehicles levels off or theoretically, in the future, declines, that creates more opportunity for the corn ethanol that we have here in Nebraska, as well as soy oil, too--

MURMAN: Sure.

DAWN CALDWELL: --for sustainable aviation fuel.

MURMAN: Thanks.

LINEHAN: Thank you, Senator Murman. Other questions from the committee? OK. I'm-- I just want to make sure I understand. You have no problem with Senator Brandt's bill?

DAWN CALDWELL: Correct.

LINEHAN: So you're supporting what he's doing?

DAWN CALDWELL: They just wish-- my membership wishes there was an aspect consecutively with this to change the governance of that board, as well.

LINEHAN: OK, but, but nobody in your membership-- it-- had somebody introduce that bill this year.

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DAWN CALDWELL: No, bec-- no. No? I-- yes. I'm, I'm winking at you. Yes.

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

DAWN CALDWELL: Thank you.

LINEHAN: Other neutral?

REID WAGNER: OK. Everybody's got dinner reservations. I'll try to move this right through. Revenue Committee, Chairwoman Linehan, my name is Reid Wagner, spelled R-e-i-d W-a-g-n-e-r, and I am the executive director of the Nebraska Ethanol Board. I'm really just here in neutral testimony essentially to answer any, you know, last questions that you guys have related to this measure, to actually make sure that our funding is equitable. I know Dawn had kind of pitched something to me from the previous testimony here, which is that we have been engaging with the ethanol industry, actually for the last probably year of, of my appointment with this board, basically, at various times to talk through what our next steps do look like. And in some of our recent appointment testimony to the Natural Resources Committee, we actually kind of tackled this question. You know, we started out as an economic development board. As the industry came to capacity that we know today, we moved more into a promotional, educational, and research kind of focus. And with new things like SAF, we're headed into an economic development space. And so right now, we do lean on those production members. Most of our growers and the, the general farming rep on our board actually do either sit on board-- boards of various ethanol plants or have investments in them and know the process very well. In particular, you know, kind of moving forward, we do want to make sure that we're representative of what's happening in Nebraska so that we can capture the full value for the state. And that's been a conversation that's ongoing. And publicly, at our last meeting, we actually did include a statement that does say that we're committed to working on this this year. So that is, that is an ongoing separate issue than the one that we're talking about here, which is making sure that if there is a fee, that it's applied equitably across the board and that it's, you know, fairly assessed across everybody, not just-- you know, just to make sure that we're matching all of the industry practices today. So with that, I will just allow you guys any parting questions. You know, we would be happy to answer anything you guys really need to know.

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

REID WAGNER: Thank you.

LINEHAN: Are there any others wanting to testify in the neutral position? Seeing none, Senator Brandt, would you like to close? And do we have-- we do have 2 proponents, no opponents, and 1-- and no neutral. Excuse me.

BRANDT: All right. Real quick. Part of this bill is to update a statute that hasn't been updated in many years, so there's some, some changes in there. And to, to clearly state what we're doing here, when an ethanol plant makes ethanol, it's pure grain alcohol. You have to add denaturant so that people don't drink this stuff, and that's what denaturant is. And when they, when they first did this statute, they listed all the chemicals. And then, when they add those chemicals, those are taxed at, at 2 cents or something like that. And that pays for the Ethanol Board. And subsequently what's happened is there's other chemicals that were not in that list. And so, that's very simply what this bill is. So, if there are no questions--

LINEHAN: Are there-- well, we'll see. Are there any questions from the committee? So their other issue, that doesn't even belong in this committee, does it?

BRANDT: No. I think it's just-- it's in a different statute. He forgot-- got to bring that up. But, I would be happy to bring it up next year.

LINEHAN: There you go.

BRANDT: --technical fix. All right. Thank you.

LINEHAN: All right. All right. Thank you very much. With that, we'll close the hearing on LB1047, and open the hearing on-- Senator von Gillern, you ready?

von GILLERN: Yep.

LINEHAN: Senator von Gillern's, Gillern's LB1047.

von GILLERN: LB1295.

LINEHAN: Oh. Oh, yes. I'm sorry. LB1295. Welcome, Senator von Gillern.

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von GILLERN: Thank you, Chairwoman Linehan and members of the Revenue Committee. I'm Senator Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. I represent Legislative District 4, which is west Omaha and portions of Elkhorn. Today, I'm here for LB1295. LB1295 establishes a data match system between the Department of Revenue and financial institutions, facilitating the identification of tax debtors. It outlines the procedures for data matching, confidentiality measures, and the potential involvement of vendors. This isn't a new concept. This is already used by the state and by the federal government. It stems from the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, passed in 1996. This act made possible the financial institution data match, FIDM. One of the purposes of this was so government agencies can locate the assets of those who owe child support obligations. For the purposes of LB1295, in our state, the Department of Revenue seeks to contract the services of an FIDM vendor that would receive and upload state data and compare that to the financial institution data in its possession. These results are then sent back to the Department of Revenue. This file then indicates any positive matches for tax debtor bank accounts. This saves times for both the Department of Revenue and banking staffs, as it, it eliminates the number of levy requests issued that do not result in a match. The Department of Revenue estimates a 20% increase in levy collections with the passage of this bill. Other savings will occur in reduced costs in postage, printing, and personnel time. The DOR estimates the additional recovery could be as much as \$2 million a year, and the cost of services, approximately \$85,000 in the first year and around \$65,000 in subsequent years. Additionally, I'm presenting an amendment to the committee for the bill. The re-- this request was from the Nebraska Bankers Association. AM2148 simply strikes the effective date of the act as written and inserts January 1, 2025 as the operative start date. Representing the Department-- a representative of the Department of Revenue will be following me and will be able to answer questions regarding the process. The contractor-- these estimates alleviate some privacy concerns in the current situation regarding the state use of FIDM. I'd be happy to answer any questions.

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

von GILLERN: Thank you.

LINEHAN: I'm sorry. Proponents. I'm worried about our next senator being late, already.

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JIM KAMM: [INAUDIBLE] Senator, so.

LINEHAN: You were, you were right. I was tardy. Welcome.

JIM KAMM: So thank you, Chairwoman Linehan and distinguished members of the Revenue Committee. For the record, my name is Jim Kamm, J-i-m K-a-m-m, and I serve as the Tax Commissioner for the state of Nebraska. And I'm here today to testify in support of LB1295. I want to start out my testimony by-- today, by thanking Senator von Gillern for introducing this bill. I also was going to say my testimony may be a little bit of a review of what Senator von Gillern just laid out, but I'll try to move through this fairly quickly. I, I apologize in advance for any redundancies here. This legislation enables the Department of Revenue to utilize a bank match system, as Senator von Gillern point-- pointed out, in its efforts to collect delinquent taxes. It's similar to the system currently used by DHHS to collect child support payments. The department makes numerous attempts to work with taxpayers to voluntarily collect delinquent payments. Despite these efforts, and as you might imagine, we still have a number of taxpayers that don't comply with these voluntary efforts. Bank match is frequently referred to as financial institution data match, again, as Senator von Gillern pointed out, or FIDM. The department would like to contract the services of a FIDM vendor to modernize its ability to collect delinquent tax debts. From department research, there are currently 24 states that have enacted legislation to use an account matching process to collect delinquent tax debts. As the use of online banking has become more prevalent, locating delinquent taxpayer bank assets has become more challenging. Under the present framework, when collection efforts have advanced to the point where the department is forced to garnish funds in an account at a financial institution, public servants within the Department of Revenue can spend hours researching where a taxpayer might have an account, and must frequently send requests and inquiries to several financial institutions to locate a viable account. Without LB1295, the FIDM vendor would-- which acts as the intermediary between the department and the banks, would upload a-- would upload a [INAUDIBLE] to the delinquent taxpayers, which is then compared to the records of the financial institution accounts, that it has in its possessions. The results of that comparison would then be sent to the-- back to the department. The file provided to the department would indicate any positive matches for delinquent taxpayer accounts, based on the experience of other revenue departments that have implemented the use. Again, as Senator von Gillern pointed out, we could expect a 20% increase in levy collections. LB1295 will create efficiency and

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effectiveness in the collection of state tax debt. LB1295 will save funds spent on postage, handling, and printing. Since the department could submit a single-- I see my time's up--

LINEHAN: That's OK. [INAUDIBLE].

JIM KAMM: Request additional time to finish? Thank you, Chairwoman Linehan-- submit a single levy request for a verified account instead of multiple levy requests to different financial institutions in an attempt to find a levy source. With LB1295, the cost of debt recovery services will be offset by the additional recovery, made possible through the FIDM process. We've estimated additional collections to the state of Nebraska of about \$2 million a year, with costs the first year of \$85,000, \$65,000 in subsequent years, thereafter. You know, really, it's consistent with my, with my confirmation, where we're trying to provide is revenue stat-- or Revised Statute L-- 77-361. requires the department, among other duties, to provide for efficient updated system of revenue accounting, reporting, enforcement, and related activities. LB1295 is consistent with that statute. It's also going to save the financial institutions in our state time and effort in, in researching these, because they're going to get levy-- they're going to get less levy requests, because we got to hone in on the right people to send the levies to. So, with that, be happy to answer any questions any of the committee members may have today.

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

KAUTH: Thank you, Chair Linehan. In the bill, it says that nothing in this section shall require a financial institution to expose the account number assigned. And that's not a lien, correct? How do you collect the money, just knowing where it is?

JIM KAMM: Well, we serve it-- well, we'd serve the levy or the garnishment on the financial institution.

KAUTH: OK.

JIM KAMM: And they're required within a certain period of time to respond to that. And then they're required by law to remit those funds to the bank, if there's any funds in that account.

KAUTH: Yeah. Thank you.

JIM KAMM: Yeah.

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

JIM KAMM: Yes. Thank you very much.

LINEHAN: You're welcome. Are there other proponents? Good afternoon.

RYAN McINTOSH: Good afternoon, Chair Linehan, members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, and I appear before you today as a registered lobbyist for the Nebraska Bankers Association to testify in support of LB1295. As has already been said, the provisions of LB1295 are almost verbatim copied from the child support data match system that was implemented through the cooperative efforts of the NBA over 25 years ago. The NBA worked very closely with the Nebraska Legislature to establish a workable framework that also protected customer data and privacy. We certainly appreciate the fact that Senator von Gillern reached out to the NBA in advance of introducing LB1295. We were able to work with Senator von Gillern and the Department of Revenue to ensure that the data match system proposed under LB1295 would be closely aligned with the existing child data match system to prevent an additional and undue burden on Nebraska's financial institutions. Banks take their obligation to safeguard their customers' financial information very seriously. It is vitally important for the confidentiality of bank depositors' account information be maintained with the exchange of information between banks and the Department of Revenue. LB1295 provides adequate confidentiality protections for account information shared with the Department of Revenue. LB1295 also provides banks with protections for providing information to the department in order to comply with the requirements of the act. The bill also authorize banks to recover cost-- their costs for compliance with the data reporting and requirements of the act. For these reasons, we respectfully request the committee advance LB1295, as well as the amendment, to delay the operative date to allow time to get this framework in place before it becomes law. With that, I'd be happy to answer any questions.

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

RYAN McINTOSH: Thank you.

LINEHAN: Next proponent. Do we have any proponents? Opponents. Do we have opponents? Someone wishing to testify in the neutral position?

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DEXTER SCHRODT: Chair Linehan, members of the committee, my name is Dexter Schrod, D-e-x-t-e-r S-c-h-r-o-d-t. I am president and CEO of the Nebraska Independent Community Bankers Association, here to testify in neutral on LB1295. There's pieces of LB1295 that we do like. There's pieces we don't like. But in general, I just can't, in good conscience, support a mandate on our community banks. So first, the things we do like. We appreciate the confidentiality and liability provisions of the bill, as well as the ability to charge the department for our expenses in conducting the matches. And we do appreciate that Section 5 requires reporting to both the State Treasurer and the Revenue and Appropriations Committee. Although I would point out that the report to the committee appears to only talk about revenues, whereas the report to the Treasurer includes both revenues and the expenses for the contracts and the expenses from the bank. So, just so you're aware. The items that we do not like: in particular, we, we really don't like page 3, lines 10-13. It talks about how we must remit the names and addresses of all other owners of accounts in a match listing. And it doesn't go into detail on what exactly this information is going to be used for, so we do have privacy concerns about other customers that might be caught up and on the same account as a tax debtor. And, you know, that's been a hot topic in our industry recently, recently, with the emergence of central bank digital currency and the privacy concerns there. So it is a little concerning to see that, that they would just be on the list somewhere in the Department of Revenue. That doesn't make me feel exactly warm and fuzzy. There's also a little bit of confusion-- I think the language is confusing. It appears to have-- the department has 30 days after the end of a quarter to send the list to the financial institutions. The bank has 30 days to compare the matches, but then it talks about how once the matches are found, it has 5 days to remit the matches. We think it would be a lot more clear if it just said that the bank has 30 days to compare and remit matches. That way, there's no issues of compliance and questions on whether it's being done properly. And for those reasons, we are neutral. Thank you.

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

DUNGAN: Thank you, Chair Linehan. And thank you for being here. I also sit on the Banking Committee, so I probably should know this already. Is there any kind-- and I genuinely don't know-- is there any kind of duty of confidentiality that banks share with their patrons, or is it more of a best practices, want to make sure that these things are protected because you owe that to your customers? I, I just don't know

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if there's an actual, like, ethical obligation due to some outside force, or if that's more of just what you're trying to protect because it is an issue between you and customers.

DEXTER SCHRODT: There are federal laws regarding privacy of banks and their account holders, if you will. However, any other law or regulation can supersede that, if you will. So as long as we're in compliance with all laws and regulations regarding privacy, then, then I don't think there's much concern.

DUNGAN: So you don't think this runs afoul of the law, is it just causes you concern that people who aren't involved in this might get caught up, with regards to the information being shared with the department?

DEXTER SCHRODT: Correct. Yeah. I do believe that the state would have the authority to gather the account information, that I pointed out, of non-tax debtors that are on the accounts of tax debtors. It just makes me uneasy.

DUNGAN: Understood. Thank you.

LINEHAN: Thank you, Senator Dungan. Are there other questions from the committee? So are you talking like, when you say non-debtors, you're talking about a joint account?

DEXTER SCHRODT: Yeah. Exactly, Senator. So, for example, a 3-member LLC that has both an EIN and the individual members of the LLC are on the accounts wouldn't be tied to their socials. So if one of those members of the LLC was personally owing tax to the state, then it's potential that the other 2 LLC members would be sent in this list, as well. And we just don't feel that appropriate.

LINEHAN: OK. Did you have-- did you talk to Senator von Gillern about this before [INAUDIBLE]?

DEXTER SCHRODT: I did chat with Senator von Gillern, last week, about the bill. Unfortunately, we were not approached by the department before the bill was introduced, so I haven't been able to speak to them.

LINEHAN: OK. All right. Thank you. Other questions? Thank you for being here.

DEXTER SCHRODT: Thank you.

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LINEHAN: Appreciate it. Any others wanting to testify in the neutral position? Senator von Gillern, would you like to close?

von GILLERN: Thank you, committee members and those who testified. Just a couple of quick clarifications. The, the language in this bill is, to the best of my knowledge and intent, exactly what was passed to collect on child support through the foster-- through the child support system. And that system has been in place for some time. And I have heard of no issues regarding concerns around privacy or inappropriate use of the information that's been collected. It's been a successful system and it's worked well to collect-- I'll just use the term deadbeat-- deadbeat money. And that's what we're looking for here, is to pursue taxpayers that, that owe taxes and are trying to hide where their resources are. I appreciate Mr. Schrodt's testimony. And, and if there's some concerns that we need to work through, that's fine. The one clarification, the, the, the taxes-- if there's a-- if there's an LLC listed, that would be listed typically under an EIN number, an employee identification number, probably not personal Social Security numbers, unless it's a sole-member LLC. Which-- in which case, it gets taxed as that sole member, and then it would be collectible. But I'm probably getting a little bit in the weeds there, and maybe a little bit over my head, too. But anyway, the intent is very simple. It's a system that exists. The banks are using it already. The, the childcare collections-- or the childcare collection systems that are in place are, are working very well. One of the things you've, you've probably heard me, over the years, ad nauseum, use the term "return on investment." And based on the numbers we're seeing, it's a 23.5 ROI, and I'd sign up for that all day long. So, if there's some small issues we need to work through regarding privacy or something, I'd be more than happy to do that. I can take any questions.

LINEHAN: Thank you, Senator von Gillern. Are there any questions from the committee? Seeing none, did we have letters? We have one in a neutral position. Could be the same issue. Thank you. And with that, we'll close the hearing on LB1295. And we will open the hearing on LB1228. Welcome, Senator Wayne. Happy Valentine's Day.

WAYNE: Happy Valentine's Day. Thank you, Chairwoman Linehan and the Revenue Committee. My name is Justin Wayne. Today, affectionately known as Cupid. That's k, not c, u-i-- u-p-i-d. Justin Wayne, W-a-y-n-e. This bill is really simple. So last year, the Good Life Transformation-- Transformational Project Act was passed. I had some hesitancy, and I said that I was going to bring a bill this year. The

only bigger issues-- or the only big issue I have is that I did the inland ports, also worked on the iHubs, and when I look at the state revenue that could be lost, I think there needs to be a cap on this. What drove my concern was since this bill was passed, I've heard rumors of a lot of different Good Life projects happening in Omaha. And many of the developers and DED, for that matter, don't understand necessarily the complexity, especially downtown. And what I mean by that is, if you do a Good Life District in downtown Omaha, you will have to be working, figuring out how that affects the turnback tax with MECA, how it affects all those things. And that's in the Department of Revenue. DED is something different. They don't always talk. And so if they were to approve one in downtown Omaha, that could have significant effects on many of the programs, not just in Omaha but statewide, who deal with the turnback tax. And then I started hearing more about other ones developing in Omaha and some key areas, and I'm concerned from a state's perspective. Now, if I was on the city council or the mayor, I'd probably feel different about this. But I'm concerned that if we take some of our highest sales tax generation areas, particularly in Omaha, the state can lose significant dollars. When this bill was passed, at least what I heard on the floor, what this was about new development, not necessarily redevelopment. Those are two different things. But this is being talked about significantly in Douglas County, about redevelopment. And I don't think that was the intention of, of the bill. And so, looking at inland port and how we're trying to figure out how to do these-- well, now I guess some of them are calling mega projects, it's-- I think we just got to figure out a cap. And so this bill limits Douglas County to 1, and then puts a cap on it as 5. I don't know if 5 is the right number. That's the number for the inland port. The iHubs, the bill introduced this year, the iHubs are capped at 4 in Douglas-- well, or CD 2, 6 in CD 1, and 6 in CD 3. And the thought about iHubs, which are innovation districts, innovation areas, is a place like Valentine, versus Ogallala, versus Norfolk, versus Nebraska City, they're not connected like in Omaha. So to have like 15 iHubs in Omaha makes no sense. So that's why we-- the numbers are different, mainly because of geographic location. So I know the, the League of Municipalities and some others might come and testify against the number. I'm telling you, I'm not stuck on the number. It's whatever this committee thinks that number should be. But for Douglas County, we can't afford to have 5 or 6 of these, as a state. We produce significant sales, sales tax revenue. And I don't think it should be used for redevelopment when the purpose of this bill was for development. I also added a couple things around shovel-ready, that if you received shovel-ready funds or economic

recovery funds, except for if you are in an inland port, in O-- inside of Omaha, that that area can't be considered a part of the Good Life District. And the thought of that is, is we already put money in it once, sometimes twice in some of these areas. I don't think we should do additional money to an area when they came to the Legislature and said, this is all we need to get this project going. And now that they may have some soccer fields, baseball fields, or want to redevelop a, a retail area, they come and ask for additional sales tax dollars or get additional sales tax dollars. So in many of these projects, they could be doubling or tripling, in state funding. And I just don't feel like if we already gave them grant money and it was to make this project successful, then they should have already done their due diligence. I mean, the state should have, to make sure those projects are already successful with the money we gave them. So I don't think they should double-dip. So that's kind of the 3 parts of the bill. I am strong on the double-dipping. I am strong on, on Omaha having 1 or 2, if you include the inland port, and then the rest of the state having 5. But I'm not strong on that number of 5. I just think we have to cap it from a, a state's perspective or, or, or require DED and the Department of Revenue to somehow talk to make sure there isn't unintended consequences, like it would be downtown with the turnback tax.

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

KAUTH: Thank you, Chair Linehan. So, OK. Senator Wayne, so if it's-- if there's an inland port, there can be a Good Life District within the inland port and then also without? So there could be 2 inland ports?

WAYNE: In the-- so in, so in Douglas County, there theoretically could be 2. And that's, to me, again, I'm going with new development. So the inland port is about new development, where it would be located. In looking at it, let's just say hypothetically, the airport's included. I think they have like 1 retail shop there, so I'm not sure it's going to generate a whole lot. But the idea if there is more things that happen around the multi-purpose facility, that that can be used for infra-- infrastructure. And part of it is, is I don't want to compete with Senator Lindstrom's bill on turnback tax. We're trying to keep the whole MECA and everybody fighting about the turnback tax. So if it could be possible, the inland port, sure. But the bigger concern is downtown, midtown and other areas that are, are thinking about using this for redevelopment.

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KAUTH: Thank you.

LINEHAN: Midtown? Excuse me. Thank you, Senator Kauth. Are there other questions from the committee? Seeing none, thank you very much. Are you going to stay to close?

WAYNE: Yes.

LINEHAN: OK. Are there proponents? Are there any proponents? Are there opponents? Good afternoon.

LYNN REX: Good afternoon, Senator Linehan, members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities, and today, also, the United Cities of Sarpy County. The page is handing out a letter from the United Cities of Sarpy County, which, of course, is Bellevue, La Vista, Papillion, in addition, Springfield and Gretna. And so, these folks are also in opposition to it. And to the extent that Senator Wayne is saying that his main concern is Douglas County. We understand he may have some, some concerns there. Our concern is page 3, line 20, that says no more than 5 Good Life Districts may be created statewide. The concern is that there are cities all across the state of Nebraska and communities that are looking at this, and we think it would be important to have-- let them have the opportunity, as well. And as you may remember and we'll be talking about it more with the next bill, it is not self-executing. They've got to file all the requirements with DED, and those are significant requirements. And make sure that they can meet all the bells and whistles of what this Legislature content-- put in place last year, which was very significant. And we strongly support the tool that you provided last year, when-- with passage of LB727. We think it's going to be just amazing all across the state, with some great things that can be done. So with that, we would just respectfully suggest that-- we don't have a concern necessarily, about what Senator Wayne wants to do in terms of Douglas County. We've not heard from Douglas County or Omaha related to this, but we'll double check that. We are concerned, though, about only having 5 in the rest of the state. And as noted in this letter from the United Cities of Sarpy County, the concern is picking winners and losers or having that limitation of who gets there first. So with that, I'm happy to respond to any questions that you might have.

LINEHAN: Thank you, Ms. Rex. Are there questions? Senator Dungan.

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DUNGAN: Thank you, Chair Linehan. Thank you, Ms. Rex, for being here. So is this a philosophical objection, or are there actually other projects that are currently in the works that would exceed this 5 for the rest of the state?

LYNN REX: Both. So basically, we just don't think that there should be a cap like this, in terms of statewide, only having 5. We're aware of other communities in other parts of the state, including western Nebraska, that are looking at this, that have not come forward yet. I was surprised to read in the paper yesterday that there was a second one approved in the Omaha area. And Bellevue is also applying. And so, so thus far, there have been 2 approved. The Gretna project, which I think is going to be phenomenal. And I don't know anything about the other project in, in Omaha, so I can't really talk about that. But today, you're going to hear from the city of Grand Island, that's looking at some great projects, some great things that will be happening there. And again, other cities that have come forward, but they don't want to be named at this time. So folks see the prop-- the proposal that you put forth last year is incredibly important, in terms of being able to put communities on the map and make some huge impacts for the state of Nebraska, not only generating more sales tax for the state of Nebraska, frankly. Even though you're lowering your state sales tax rate, it ultimately will generate more sales tax for the state of Nebraska and do great things for the communities.

DUNGAN: Thank you.

LYNN REX: So it's philosophical, and it's also because there are other cities that are very interested.

DUNGAN: Thank you.

LYNN REX: You're welcome.

LINEHAN: Thank you, Senator Dungan. Are there other questions from the committee? You do unders-- or what is your-- do you share the concern that Senator Wayne mentioned, about having turnback tax. And then you've got-- if it-- so, turn back tax. We're doing that in a lot of downtown Omaha. So I-- do you understand his concern about having the turnback tax and then a Good Life District [INAUDIBLE]?

LYNN REX: I think though-- I think there's issues that I would think the Department of Economic Development would look at very carefully, because of what would be involved in that. And I understand his

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concern about-- he-- I think the terminology he used was double-dipping, perhaps. I understand that concern.

LINEHAN: OK. Thank you. Thank you for being here.

LYNN REX: Thank you very much. Appreciate it.

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

LAURA McALOON: Good afternoon, Senator Linehan, members of the committee. I'm Laura McAloon. I am the city administrator for the city of Grand Island. So I am really appreciative of questions I've already heard today. I do not have any prepared marks to hand out-- remarks to hand to you, because I didn't intend to testify in this bill. I intended to rely on the testimony of the League. But Grand Island does have plans and would like to take advantage of the Good Life District bill. I have made--

LINEHAN: I'm sorry. Can you spell your name?

LAURA McALOON: I'm sorry. Laura, L-a-u-r-a McAloon, M-c-A-l-o-o-n.

LINEHAN: Thank you.

LAURA McALOON: I'm-- I made the drive today from Grand Island to come testify on another bill. And that drive for me, like for many of you, is etched in my brain from a child. I know that the mile marker between 384 and 385, we're going to crest the hill and we get to see this building. My siblings and I battled for that first rite of siting for many, many years. What I noticed, particularly today, with the Good Life District bills, is that not much has changed west of 384. A lot, a lot has changed east of there. We, we are in opposition to any-- the numerical limit of 5 on the Good Life Districts, because we don't think it's fair that everything happens in the eastern part of the state, to be frank. We have the opportunity, but we don't have the capacity that developers and cities have in Lincoln and Omaha, and the, the larger population counties to get those applications together quickly. Right. So we know that 2 have already been approved. That's 2 of the 5, statewide. We don't want to be cut out of an opportunity that, that you had the vision to put in front of us last year, and that we are working hard on developing an application. We don't want to be cut out of that simply for a numerical limit. If, if this committee does find it necessary to recommend a limit, then my suggestion would be limit it to the populat-- the counties with

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populations greater than 100,000. Give us and central and east-- and, and western Nebraska the opportunity to take advantage of this. We already have a deadline of December 31. And we have very significant parameters in the Good Life District application requirements already, that we, that we have to meet.

LINEHAN: OK. Thank you very much for being here. Are there questions from the committee? Seeing none, thank you very much for being here. Are there other opponents? Any other opponents? Anyone wanting to testify in the neutral position? Thank you, Senator Wayne.

WAYNE: I'm just here to answer any question, and find out the-- I love the [INAUDIBLE]. I haven't dealt with Lynn Rex in a while, not being in Urban Affairs, but I just love it. Because if we were to put a cap on, let's say, 3% hard cap on property tax, they're, they're against that, but they're definitely against us putting a cap on the state doing something. It's weird. Anyway, I'm just saying, it's caps and caps and caps. But I think a cap is definitely need-- necessary. I understand it. We pass it and there's things that are going on and people have projects. And maybe we can tweak it and, and give a deadline for all the projects to be in. But I do think from a state's perspective and a state revenue, especially as we talk about property tax relief and moving more to a sales tax. Whether I agree with that or not, we can't cut ourselves underneath-- or cut our feet from underneath us already by giving all this money away, by, by cutting our sales tax in these, in these Good Life Districts. So we have to figure out a workable solution. And just so you all know, I do have a bill to be transparent with everybody here, I do have a bill, LB235 on Select File, that-- I'm going to ask this committee to Exec on this sooner than later, so I can attach it to that bill and get something done with the Good Life this year.

LINEHAN: Thank you, Senator Wayne. Senator Kauth.

KAUTH: Thank you, Chair Sla-- Chair Linehan. I have a question about the students from another state who attend a Nebraska public or private university shall not be counted. What does that mean?

WAYNE: So, let's just say in a world where-- let's use Crete, so I don't pick on Omaha. If they do a Food Life District, to meet their threshold requirement, they could literally just count the students from a different state.

KAUTH: Got it. So they should-- OK.

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WAYNE: That-- that's kind of an unfair advantage.

KAUTH: But--

WAYNE: And if you think, think about Omaha, that's kind of an unfair advantage to hit that visitor's requirement.

KAUTH: 100%. But the way it's worded, shall not be counted as out-of-state residents--

WAYNE: Because the way the bill is written, out-of-state residents, you have to meet a certain threshold of number of people.

KAUTH: OK.

WAYNE: And I'm saying, if you're going to school here, you shouldn't be counted. And, and-- nor should-- particularly in Omaha, we should, we should use that, because it's-- that does put us at an unfair advantage.

KAUTH: So [INAUDIBLE] not be counted as residents. The out-of-state is just--

WAYNE: For the purposes of the Good Life calculation.

KAUTH: Ah. Got it. Thank you.

WAYNE: For the purposes of Good Life calculation.

LINEHAN: Thank you, Senator Kauth. Are there other questions from the committee? Your main focus is making sure-- well, let-- let's take downtown Omaha, between the civic-- CHI, the new music venue, part-- the-- whole bunch of it's turnback already.

WAYNE: Correct.

LINEHAN: Not as much as you wanted.

WAYNE: Not-- well, no. You, you cut, cut it back some last year. Let's not bring up harsh memories on Valentine's Day.

WAYNE: But, but--

LINEHAN: You had all of downtown.

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WAYNE: I've had all-- I tried to get all of downtown, but yeah. So if you try to meet this visitor requirement, there's certain places you're looking at. One is downtown. And if you do downtown, then you will definitely affect the turnback tax. And that's our grant-funding programs. That's how people maintain things and how, you know, Qwest Center or now, MECA, kind of functions. So we need to be mindful of that.

LINEHAN: OK. Got it.

WAYNE: And my other concern is midtown, Crossroads to Aksarben, in that area, with UNO right there. You could theoretically just bring in UNO to your Good Life District and you'll meet the requirements. And I don't think that's the intent, nor do I think that's fair to western Nebraska.

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

WAYNE: Thank you. And I will stay for yours, just because I think it's very interesting and I don't want to go back to Judiciary.

LINEHAN: Are there-- OK. With that, we've got letters. Yes. I'm sorry. One opp-- one opponent. That's it? OK. With that, we close the hearing on LB1228, and turn it over to Senator von Gillern.

von GILLERN: And we will open on Senator Linehan's LB1403.

LINEHAN: Oh. Should we go back to Bostar? Do you want to go back first?

BOSTAR: Sure.

LINEHAN: OK. I'm sorry. Let's go back-- yeah. We'll go back to Senator Bostar, even though he was late. LB1158.

BOSTAR: I'm sorry.

LINEHAN: That's OK.

BOSTAR: Good afternoon, Chair Linehan and fellow members of Revenue Committee. Apologies for the delay. The Exec Board, over the noon hour's hearing went, instead of an hour and a half, went 2 and a half hours.

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LINEHAN: That's not going to be this one, is it?

BOSTAR: It wasn't my bill in Exec--

LINEHAN: OK.

BOSTAR: --so-- for the record.

LINEHAN: All right.

BOSTAR: My name is Eliot Bostar. That's E-l-i-o-t B-o-s-t-a-r, and I represent Legislative District 29. Today I am presenting LB1158. According to a recent national survey commissioned by the American Cancer Society, Cancer Action Network and the Leukemia and Lymphoma Society, nearly 7 in 10 U.S. adults say they receive medical bills they cannot afford. Many are forced to delay paying the bill, put the debt on a credit card, or challenge the bill. 74% of those with past or present medical debt have experienced negative impacts as a result. More than 4 in 10 delayed-- more in 4-- more than 4 in 10 delayed medical care to avoid going into debt, and 34% of Americans became more depressed and anxious due to their medical debt. LB1158, the Medical Debt Relief Act establishes a reliable and sustainable avenue for Nebraska to assist individuals-- medical debt due to injury or illness beyond their means to repay, offering a vital financial service for the people of Nebraska. When individuals face unexpected or chronic illnesses, they may incur insurmountable medical debt. Even those with insurance and savings can find themselves financially devastated by such circumstances. Despite insurance coverage, personal savings, and charitable aid from hospitals, many still struggle with significant medical debt. This often leads to delayed or denied access to essential care, exacerbating health issues and increasing reliance on public programs like Medicaid for costly treatments. The Medical Debt Relief Act intervenes in this cycle. It authorizes the State Treasurer to engage a medical debt relief coordinator tasked with negotiating the purchase of outstanding debts from healthcare providers, typic-- typically at a fraction of their original value. This benefits hospitals by providing revenue they would otherwise forgo and alleviates their financial burdens. For individuals, it means the coordinator will settle the debts on their behalf, offering life-changing relief to those grappling with serious illnesses and chronic conditions. Under the act, the Medical Debt Relief Fund is created that can accept legislative appropriations, as well as philanthropic contributions from individuals and private entities. Contributions into the fund would be tax deductible and debt relief

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would be considered tax exempt, preventing the relief from saddling the beneficiary with a significant unexpected tax burden. Thank you for your time this afternoon. Urge the committee to advance LB1158, and be happy to answer any questions.

LINEHAN: Thank you, Senator Bostar. Are there any questions from the committee? How does this not have a fiscal note? I mean, I can't [INAUDIBLE] below.

BOSTAR: So we're not-- because we're not putting any money in. So the way this is written right now is it would create the program, authorize the State Treasurer to do this work, and create the fund. And the fund could receive appropriations in, in the future. I, I didn't bring a bill to appropriate. And it could receive private philanthropic dollars. So it doesn't have a fiscal note because we're not, we're not actually putting any money in from the state at this point. What I would like to do is I would like to create this, and I would like to go out and try to solicit some private, philanthropic money to put into the fund, because this is a very efficient way of doing what a lot of philanthropies are already trying to do, which is to, you know, relieve medical debt from Nebraskans, people in their community and whatnot. If we do it through this system, we can do a lot more with a lot less. And so at this point, all I'm trying to do is create the system and structure.

LINEHAN: So instead of the hospitals turning it over to a credit company-- what do we call those--

BOSTAR: Yes.

LINEHAN: --debt collectors.

BOSTAR: Instead of that, the, the state, through the State Treasurer's Office, could buy up the debt. And what we're see-- what we see a lot of is basically buying at around \$0.10 on the dollar. So it's a good deal. And at this point, I want to see if we can make some progress privately, but we just need the structure in order to, to make that happen and build those efficiencies. And in the future, if the state wants to put in money, the fund will be there and they can accept appropriations. Also, the reason we need the bill for this is because the contributions into the fund should be treated tax deductibly, because that's how we treat it right now if they're doing this kind of thing. And then anyone receiving the debt relief, not counting that as income, which could then create more debt problems.

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LINEHAN: Can we do that at both the state and federal level, though? Wouldn't the federal government consider it as income?

BOSTAR: That's a good question. Let me, let me look into that.

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

von GILLERN: Thank you, Senator Linehan. Senator Bostar, looking at the fiscal note, second sentence-- State Treasurer would enter into a contract with a medical debt relief coordinator. Forgive me if I missed it in your testimony. There are firms out there that do this?

BOSTAR: Yes.

von GILLERN: Existing, that they can contract with? Are these the same firms that you said would buy for \$0.10 on the dollar?

BOSTAR: Yeah. Functionally, yes.

von GILLERN: OK.

BOSTAR: That's what they would-- other states have done this or, or programs like this, actually very, very successfully. And they've, on behalf of the state, put in a lot of money. That's not what I'm asking Nebraska to do at this point in time. But yes, there are, there are firms that are experienced in purchasing debt from medical, you know, providers, service providers, cheaply. And it's a good deal for the hospitals and clinics and physicians because [INAUDIBLE] we're talking about is debt that they would get right now \$0.00 on the dollar for. So that's why, that's why we're-- everyone's willing to extinguish the debt for under face value, because it's, it's really just a win-win. It's more than the hospital would get, and it's-- and the individual is-- wouldn't-- is not generally in a position to pay, anyway.

von GILLERN: So, so those firms would provide the structure to make this happen. But the other comments you were making would provide the funding, potentially philanthropic funding to, to provide the--

BOSTAR: Right. Yes.

von GILLERN: --the dollars to make it happen.

BOSTAR: Um-hum. Correct.

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VON GILLERN: OK. Thank you.

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

KAUTH: Thank you, Chair Linehan. So does this make the state essentially a debt collector? I mean, are we-- we're buying up that debt and then we own that debt?

BOSTAR: We're-- no, we're not buying the debt. We're extinguishing the debt.

KAUTH: OK.

BOSTAR: So we're paying off the debt.

KAUTH: With, with money that is donated from philanthropy.

BOSTAR: It-- right now, the fund would be able to accept appropriations from the state, or private contributions.

KAUTH: OK.

BOSTAR: Since I'm not asking the state to make an appropriation at this point in time, the idea being that-- what I want to go do, is I want to go talk to funds and foundations and nonprofits that do a lot of this and put a lot of resources into this already, and see if they would be interested in putting the money in. I, I know prelim-- from preliminary conversations, there is some interest here already, so.

KAUTH: So if they're already doing this, why would we intercede and, and put the state in the middle of this process?

BOSTAR: Yeah, that's a great question. The answer is because right now, in order to-- because we can go further with a dollar that they can. That-- that's fundamentally the purpose of it. So if we can create this structure and we can bring on, through the Treasurer's Office, the-- these organizations that can do this and extinguish this debt, we can have the ability to negotiate at that kind of scale and scope. And we can extinguish more dollars of debt for fewer dollars of contributions than some philanthropist or nonprofit can, just by trying to hand out money to relieve debt.

KAUTH: And so-- and then-- so contributions to the fund will be tax deductible. So basically, is this a tax credit?

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BOSTAR: It's not a tax credit.

KAUTH: OK.

BOSTAR: No. So right now, if, if--

KAUTH: Just thought I'd ask.

BOSTAR: --right now, if you were to give money to a foundation to relieve medical debt, that would be tax deductible.

KAUTH: OK.

BOSTAR: All we're doing is treating this the same way.

KAUTH: OK. Got it. Thank you.

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

BOSTAR: Thank you.

LINEHAN: Are there proponents? Good afternoon.

JULIA KEOWN: Good afternoon. Chairperson Linehan and members of the Revenue committee, my name is Julia Keown, J-u-l-i-a K-e-o-w-n. I am a registered nurse of almost 7 years and have over 18 years of direct care experience with underserved Nebraskans. I am here on behalf of the Nebraska Nurses Association, the NNA, speaking in support of LB1158, a bill to adopt the Medical Debt Relief Act. The Nebraska Nurses Association would like to thank Senator Bostar for introducing this bill, as well as others this session, focusing on housing, childcare, nutrition programs, and healthcare, of course. Polling in 2022 from the Kaiser Family Foundation showed that people with medical debt reported cutting spending on food, clothing, and other household items, spending down their savings to pay for medical bills, borrowing money from friends or family members, or taking on additional debts. The bills were often incurred during some unexpected, unbudgeted-for event, like emergency room trips or an overnight hospital stay. Residents with these unpaid bills were more likely to go hungry, struggle to keep their housing, skip their medications for chronic illnesses, according to the report. Nearly half of those surveyed said the bills stopped them from buying basic necessities. The Medical Debt Relief Act could remove this burden from qualifying Nebraskans. Two clarifying questions that the NNA has for implementation of this

particular act include: will funds be available equitably for both urban and rural facilities and residents in both of those places, and what will be the prioritization for distribution of funds? The Nebraska Nurses Association is the overarching organization for the more than 30,000 registered nurses in Nebraska. As Nebraska nurses, we believe that preventative measures can result in a longer and better quality of life and ultimately reduce lifetime healthcare costs. For these reasons, the NNA supports LB1158 and asks the committee to advance the bill to General File.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none. Thank you for being here. Appreciate it. Other proponents? Good afternoon.

DANIEL B. LANCASTER: Good afternoon, committee. Thank you for your time today. My name is Daniel B Lancaster, L-a-n-c-a-s-t-e-r. Same as the county in which we are currently located. No relationship. I'm here today as a proponent of LB1158 because, as you've already heard from several other testifiers, there are a lot of people here in the state of Nebraska that are negatively impacted by medical debt. I am one of them. I am currently being sued by a debt collector located here in Lincoln, Nebraska, known as AR Solutions, for the grand total of \$217. Now that's a very small, petty amount of money. I could easily pay it if I wanted to, but there's a unique twist in my case. I don't actually owe the debt. I never did. This debt collector is suing me for money that I shouldn't have to pay, because a doctor filed the wrong paperwork with an insurance company, gave them false information that the doctor knew was false. And as a result of that, this medical debt came into existence, was sold to this medical debt collector without my knowledge or consent, and now I'm being sued in court and have been fighting for over a year to prove that I don't owe this debt. I have extensive paperwork to prove I don't owe it. I've gone through many steps to try to contact this debt collector and explain to them, including making complaints with federal government agencies such as the Consumer Financial Protection Bureau, a federal government agency. They contacted the debt collector on my behalf, showed them the paperwork, I didn't owe the debt. Debt collector's response is, we are going to continue suing Mr. Lancaster anyway. He will pay this debt one way or another. I am still going to be going to trial to fight this debt next week. I believe I will succeed at trial and prove that I did not owe this debt. But I'm testifying in favor of this legislation because I believe this would help people like me, people who get sued by these attack dog debt collectors for debts that some of us don't even really owe. And instead of having this option where

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we are being harassed essentially by the same doctors who once saw us as patients, we should have an alternate way to get this resolved, a non-confrontational way. If the state of Nebraska could step in and help us with getting these debts resolved another non-confrontational way, I think that's a win-win solution for everybody, except for probably the debt collectors. I'm OK with that part. So therefore, I support this legislation. I strongly encourage this committee to forward this legislation and to do everything you can to help citizens like me who are affected by this problem. Thank you for your time today, and I'm happy to answer any questions.

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

ERIC GERRARD: Good afternoon, Chair Linehan, members of the Revenue Committee. My name is Eric Gerrard. That's E-r-i-c G-e-r-r-a-r-d, and I am here today as a registered lobbyist on behalf of AARP Nebraska. I'm having a letter passed out from our state director, Todd Stubbendieck, that outlines many of the-- many of the issues that, that relate to our aging population in the state. I did want to thank this committee for the numerous bills or steps you've taken for the aging population in the state. Over the course of the last 3 or 4 years, you've been really helpful to the aging population. We want to thank you for that. Senator Bostar laid out why this would be a good bill, why it's good for consumers to have options. I did just want to read through a few of these stats that, that are somewhat staggering. Going down to the third paragraph, or maybe it's second-- a July 2022 Kaiser Health Tracking Poll shows that unexpected medical bills are near the top of the list of people's financial worries, with about two-thirds of us-- of the public saying they're at least somewhat worried about affording unexpected medical bills from themselves and their family. About 4 in 10 adults, that's 41%, report having debt due to medical bills, including debts owed to credit cards, collect-- collection agencies, families and friends, banks, and other lenders, to pay for their healthcare costs. Additionally, about half of adults say they would be unable to pay an unexpected medical bill of \$500 in full without going into debt. Growth in debt carried by older families headed by someone age 75 and older is particularly troubling. The percentage of families in this age category carrying debt more than doubled between 1989 and 2019. So it was at 25% and went up to 51%. I won't read the rest of it because there's some-- but there are some good stats in there. Just wanted to show there, there truly is a, a need, and especially for the aging population. So we thank Senator

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Bostar for bringing this bill forward and urge this committee to advance it to the floor. Thank you.

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

ERIC GERRARD: Thanks.

LINEHAN: Are there other proponents? Are there any opponents? Anyone want to testify in the neutral position? Senator Bostar, would you like to close? Oh, and we'll look at letters. Letters, we had 3 proponents, no opponents, and 1 neutral.

BOSTAR: Thank you, Chair Linehan and members of the Revenue Committee. My objective here is to try to get this thing created, raise a little bit of money to put into it and see how it works, see what sort of efficiency we can get out of trying to help people. It-- the, the legislation already prioritizes lower-income folks, folks with particularly burdensome debt. So as defined as making up 5% or more of their annual income, as well as, you know, related to under 400% of the poverty level. So we have some of those prioritizations in there. I would be absolutely fine with putting in provisions to say that the distributions should be, you know, done evenly by congressional district or something. That way, we're making sure that we're getting folks all across the state, beneficially impacted by this. So that's my, that's my ask of the committee, is just help me get this created. We'll try to get some money put into it privately, see how it works, and then go from there. Thank you.

MEYER: Just, just quickly.

LINEHAN: Senator Meyer.

MEYER: You, you talked about the 3 congressional districts. How would, how would you envision publicizing that so people knew about it out in my district?

BOSTAR: The availability of--

MEYER: Yeah, of the, of the mediator.

BOSTAR: So really, it wouldn't-- this is also why this is useful is by having a statewide system in place. It'll mostly be done through the hospitals and healthcare providers, and rely on less of having

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individuals that are in a tough situation getting connected with the right kind of donor.

MEYER: Thank you.

BOSTAR: Yeah. You're welcome.

LINEHAN: Thank you, Senator Meyer. Are there other questions from the committee? Seeing none--

BOSTAR: Thank you.

LINEHAN: --that closes the hearing. And now we'll go to-- turn it over to Senator von Gillern.

von GILLERN: All right. We'll open LB1403 and welcome Senator Linehan. What did I say? Oh. We'll open on LB1374. How's that?

LINEHAN: Good afternoon, Vice Chair von Gillern and members of the Revenue Committee. I'm Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n, and I'm Legislative District 39, which is Elkhorn and Waterloo. This afternoon, I am introducing LB1374, which builds on work our committee did with LB692 last year, as amended into LB727. As a reminder, last year, we recognized that to grow our tax base, we needed to bring new sales tax revenue to our state through increased destination tourism, attracting out-of-state visitors and new-to-market retail, and providing new options for shopping, dining and entertainment. To accomplish this, we authorized something new: Good Life Districts. Under LB692 and LB727, if you can prove to the Department of Economic Develop-- Development that you are able to bring transformational project to the state, one that meets significant investment thresholds and attracts a significant percentage of visitors and sales from out of the state, then the state will assist the project by reducing the state sales tax rate in half, to 2.75%. Our novel idea from last year has met with, met with great enthusiasm across the state. Before us today is LB7-- excuse me-- LB1374, which builds on the foundation laid by LB692 and ensures that the game-changing projects being proposed for the Good Life Districts can come to fruition and benefit Nebraska for decades to come. In a nutshell, the vast majority of LB1374 is setting up the framework for cities to use economic development programs to fill the gap left by the reduced sales tax rate and partner with Good Life District applicants to finance the project, with tax revenues collected within the district. In fact, the language and concepts are very similar to the Local Option Municipal Economic

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Development Act, commonly known as LB840. That program and LB1374 are constitutionally permissible under Article III, Section 2 of our State Constitution. Another section of LB1374 makes-- make tweaks to the parameters of the Good Life Districts, including extending the length and size of the districts and allowing for boundaries of the district to change over time. I have also prepared an amendment, which we've distributed, to the bill, that makes additional changes to address some of the preliminary feedback we have heard on the bill. Importantly, the amendment makes sure that we aren't giving away our sales tax base to property owners unaffiliated with the Good Life Districts. This amendment also makes sure the good life designation doesn't prevent another property owner from developing their own property within the district. Further, because some of these projects will generate substantial new tax revenue for the cities, the amendment also restricts the local option sales tax authority within the Good Life Districts to make sure the cities are being good partners with the Good Life Districts. If we, as I say, gave up some of the state tax base to generate these projects, it's only fair for the city to do the same. The idea in both cases is that we are better off with a project with a lower sales tax rate than we are with the regular sales tax rate and no project. Finally, the amendment also sets up the potential, with the Department of Economic Development, approval of the state sales tax going back up a small amount in the district, but only to finance some very exciting U.S. Olympic and professional sports opportunities you will hear about from the testifiers behind me. I'll conclude by saying that the scale, the ambition, incredible impact of these projects is exactly what we wanted from last year's bill, and is why I introduced LB1374. I believe that you may hear from some opponents to the introduced version of this today, which is normal. What I can promise you is that we will hear them out, and we'll make sure that we get the parties together after this hearing, to figure out a bill that will actually deliver game-changing projects, but also a bill that is fiscally responsible, fair, and meets the constitutionality-- constitutional scrutiny. Good Life Districts and this bill are too important to the future of the state not to figure that out. We can get this done and we will get this done. Thank you for consideration. And I appreciate your support for LB1374, and I'm happy to answer any questions from the committee.

von GILLERN: Thank you, Senator Linehan. Any questions from the committee members? Seeing none--

LINEHAN: Thank you.

von GILLERN: --thank you. We will welcome up the first proponent testifier. Good afternoon.

RODNEY YATES: Good afternoon, Senator von Gillern and Revenue Committee. I appreciate the opportunity to offer my support for LB1374. My name is Rodney Yates. I'm the owner/operator of Nebraska Crossing. My name is spelled R-o-d-n-e-y Yates, Y-a-t-e-s. My objective today is to give you an update on where we are on the progress we've made on the bill since it was passed 6 months ago. It's been a busy 6 months for us. And I think we've made tremendous progress in delivering the goals of the bill, which is a lot of tourism, a lot of new-to-market industry, and I think you're going to be very pleased with I-- what we share today. So once the bill passed back in June, was signed into law by Governor Pillen, my first call was to John Cook. And Coach Cook has unbelievable worldwide, global connections. And I talked to Coach Cook about, hey, John, how do we relocate USA Olympic volleyball to Gretna? And John had some great relationships. He put us in, in contact with the CEO, Jamie Davis, of USA Olympic Volleyball. And we are in the final stages of putting together an agreement to relocate them from Anaheim, California. It's going to be about a \$150-\$200 million facility. And they're going to relocate 100 Olympic athletes. You're going to see all their corporate staff, their training staff, relocate to Gretna and be a big part of our community. So the second call I made, after I talked to John, was I called Ernie Goss, who is the chair of the economic department at Creighton University, a phenomenal asset for the state of Nebraska, to have him teaching and helping on projects like ours here in the Good Life District. But I asked Ernie, I gave him our vision, and I asked him, put some numbers, some math behind what this all looks like. So we shared our vision. Johanna Boston and I did. And Ernie came back and said, you're going to draw 16 to 18 million tourists a year. You're going to drive 2.2 billion in annual retail sales. You're going to create 40,000 full time jobs, 18,000 full time residents in this district. And I was kind of wowed by those numbers. And I said, well, well Ernie, we're going to create the modern-day version of Mall of America. That's what the potential is with our district here. So then the second thing I asked Ernie, I said, Ernie, we've got the Huskers. They're kind of our equivalent of NFL football. We've got the Blue Jays. They are our equivalent of NBA basketball. How do we look at pro sports? So Ernie put together a phenomenal-- he and I worked on it, but a phenomenal economic impact study for the NHL. So there's been a lot of noise about the commissioner, Gary Bettman, over the last couple of weeks. And Ernie ranked all the existing franchises and all

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the proposed expansion franchises. We came out number 1 and number 2 in every, every category. So we shared that with Mr. Bettman. And Mr. Bettman invited us this Friday to come to New York with our team and present the opportunity to be in the Good Life District. So phenomenal opportunities in a very, very short period of time. Johanna Boston will talk about some of the new-to-market retail we're bringing, some of the new industries we're bringing. And I'm happy to answer any questions.

VON GILLERN: Thank you for your testimony. Any questions from the committee members? Yes, Senator Dungan.

DUNGAN: Thank you, Vice Chair von Gillern. Thank you for being here, Mr. Yates.

RODNEY YATES: Thank you.

DUNGAN: You might remember when you were here last year. I was particularly excited about IKEA.

RODNEY YATES: Yes.

DUNGAN: Are we any closer to getting an IKEA in Nebraska?

RODNEY YATES: Yes. We've, we've, negotiated a term sheet with IKEA.

DUNGAN: Outstanding. Thank you.

RODNEY YATES: You're welcome.

VON GILLERN: Other questions from the committee members? I'm sorry. You flinched. Mr. Yates--

RODNEY YATES: Yes.

VON GILLERN: --can you tell me where you are with, with land acquisition or control over land--

RODNEY YATES: Yeah.

VON GILLERN: --in order to do all the things that you're talking about?

RODNEY YATES: Yeah. The, the key for us now is to close our construction line. So we're, we're working on a \$3 billion construction loan. And once this amendment passes, we'll be able to

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proceed on closing on all the land around the mall. So I felt like it was premature to start closing on-- we've done some closings already. We've had a number of the landowners reach out to us about participating in the Good Life District and having us buy their land. So I feel very bullish on that. But once we pass this bill, close our construction loan, we can start closing this summer.

von GILLERN: So the-- as I recall, the Good Life District requirement is 2,000 acres?

RODNEY YATES: Yes.

von GILLERN: Is that, is that correct? So if you take out the, the existing land that the mall is sitting on right now, how much, how much land do you have control over beyond, beyond the--

RODNEY YATES: I'd say roughly 10%.

von GILLERN: --10% of?

RODNEY YATES: The land that-- of the overall district. So we're 2,000 acres. Roughly, 200 acres.

von GILLERN: OK. All right. But you're, you're, you're obviously-- with all the plans you're talking about, you're obviously in progress of conversations or discussions--

RODNEY YATES: Yes. Yeah. One thing we--

von GILLERN: -- to balance that land?

RODNEY YATES: Yes. Yes, Senator. I think-- one of the things we tried to do is be really strategic about the process. So we hired a third-party appraiser to reach out to all the homeowners, offer to spend time with them, interact with them, get their sense for values and all that. So that'll be completed next week. And we wanted to just have a professional process and make sure we treated every landowner professionally and as accurately as we can to land values.

von GILLERN: OK. All right. Thank you.

RODNEY YATES: You bet. Thank you.

von GILLERN: Any other questions? Seeing none, thank you for your testimony.

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RODNEY YATES: Thank you.

von GILLERN: Next proponent testifier, please.

JOHN COOK: I'm John Cook. I'm the head volleyball coach at Nebraska. Honored and privileged to be here. I'll spell my name, J-o-h-n C-o-o-k. And I'd just like to talk a little bit about how all this has evolved. As Rod said, USA Volleyball, we made the call, we got them out here. They came to the stadium match with several players and coaches, and just fell in love with Nebraska. And of course, Jordan Larson, who is really the leader of USA women right now, she's pretty fired up about this opportunity to move USA here. And I've, I've been involved off and on. I actually coached with the USA men way back in the '90s. Their facilities in California are abysmal. They, they don't have places to live. This would be a one-stop place for the-- they could buy houses. They could live there. Anyway, this is a-- to me, it's just a beautiful opportunity for a USA program. And volleyball, as you know, is pretty big now, and it's getting bigger. And so, that's one thing that, you know, is really, really exciting about this. The second thing is I want you to envision-- because I want to share a little bit about my world. So this weekend, I'm going to go to Kansas City. I want you to picture the convention center. I want you to picture 100 volleyball courts. They're going to be playing from 8 in the morning till 10 at night. Just every 45 minutes, a new team comes on these courts. The same thing is going to be going on at CHI Center. This is where I go to recruit. There's going to be 60 courts there. And then there will be another facility in-- just west Omaha. They will have about another 15 courts in there. That's how many kids are going to be playing. And one of the things that Rod is, is talking about, it, it excited me the most because my kids went through this, as well. We could be hosting those tournaments at the Good, the Good Life facility. Because there's going to be youth sports there, gyms, and so on. And the beautiful thing is everybody can come in, the parents have things to do. They can go to Topgolf. They have fun things to, to play with. They can go to restaurants. They have places to stay. So it's kind of a one-stop for a club tournament, and that's how big these things are getting right now. And just think of all the missed rev-- revenue we're missing out on, not having those people come here. And so all the Nebraska teams, a lot of them will be in Kansas City, and there'll be other teams from other states coming to Omaha. So this goes on about every other weekend all over the country. This is how big they are. And this would be a great opportunity to be able to host those events in Nebraska. And just the other thing that I want to say is when I first looked at this, I'm like, wow, this is

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crazy, for Nebraska? But after what's happened this past year, and we've seen filling up a stadium, we've-- we're seeing what's happening-- you know, we just had a head coaches meeting today. And Trev talked about our brand for Nebraska. We just had the most watched volleyball match ever in the history of TV. Women's basketball just had the most watched for a regular season Big Ten game. I mean, Nebraska is on fire right now, and, and we are in the national spotlight. You know, our men's basketball is doing great things. Gotta get football going, but that's going to happen. You watch.

von GILLERN: That's probably a good point to wrap up your comments.

JOHN COOK: But look, look what happened. I mean-- but you got Dylan Raiola coming back here and, and punting Georgia. I mean, right there, that-- that's huge national news. So I just think things are building here, and it's, it's really cool. Of course, Creighton's doing great things. And, you know, for the first time ever, we had 3 Division I teams in the NCAA women's volleyball tournament. That's never happened before. So I would-- I just hope this can happen because the location's great. They have a Tecova there, too, besides IKEA, and, and REI. So anyway, I'll take any questions. And I'm, I'm just-- it's an honor and privilege to be here, to be able to share and be a part of all this, because it's really exciting. And, you know, people-- again, I, I recruit, and these kids come in thinking Nebraska is just a cornfield. And they come here to see what we have now. Same with USA. None of those kids wanted to come here. Like, Nebraska? We're not going there. They came here and saw all this and got the tour up there, and they're sold. They're ready to move here, move their families here and be a part of, you know, Nebraska. So.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Senator Albrecht.

ALBRECHT: Thank you, Vice Chair. Thank you for being here. Thank you for being an inspiration to the young ladies that are out there wanting to play. I'll be spending my weekend at CHI, and then going over to Elkhorn to watch one age group and then the other, all day--

JOHN COOK: There, there you go.

ALBRECHT: --all weekend.

JOHN COOK: Yeah.

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ALBRECHT: But I really think you should be considering, also, an Appropriations bill next year, to put an indoor facility for your volleyball, so that more of us can come watch.

JOHN COOK: OK.

ALBRECHT: But thanks for being a part of this--

JOHN COOK: Yeah, yeah.

ALBRECHT: --because it really does make a difference in Nebraska when somebody like yourself, you know, comes to promote it. Because this is really something that is happening. I've been, I've been going out of town, out of state a long time, but we need to bring the money back here to Nebraska.

JOHN COOK: You're right.

ALBRECHT: So, thank you.

JOHN COOK: So you, you know what I'm talking about.

ALBRECHT: Oh, yeah.

JOHN COOK: And again, I-- to me, this is a-- this is going to change Nebraska, and.

ALBRECHT: And I hope you don't mind, but I took a picture of you to send it to my granddaughters.

JOHN COOK: That's OK.

ALBRECHT: This doesn't happen in Educ-- or Education-- in Revenue very often, so--

von GILLERN: Thank you.

ALBRECHT: --thank you for being here.

JOHN COOK: Thanks.

von GILLERN: Any other questions from star-struck committee members? Thank you so much for being here today.

JOHN COOK: OK. All right.

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von GILLERN: Thanks for all that you've done for our state.

JOHN COOK: Good luck with all this. Thanks.

von GILLERN: Thank you. Next proponent testifier.

CARTER THIELE: Thank you very much, Vice Chair von Gillern, members of the Revenue Committee. My name is Carter Thiele. I am the policy and research coordinator for the Lincoln Independent Business Association. That's C-a-r-t-e-r T-h-i-e-l-e. I'm here to express LIBA's unequivocal support for LB1374, the Good Life District Economic Development Act. This act would allow Lincoln and cities across the state to begin taking advantage of the business-friendly, beneficial components of the Good Life. Simply, it is a game changer for the city of Lincoln and the state of Nebraska. I'm going to skip ahead here, because the main point is the city of Lincoln has a strong track record of using taxable increment financing to stimulate new economic development projects. LB1374 takes this successful approach and amplifies it, effectively putting TIF on steroids. This would allow us to undertake larger, more impactful projects that will transform the city's economic landscape. Specifically, this bill could provide the financing for all of the commercial development, from east Lincoln to the soon-to-be constructed East Beltway. Another commendable feature of LB1374 is the requirement for a majority voter approval for the establishment and conditions of the Good Life Districts. This requirement ensures that the voices of Lincoln residents and Nebraskans are heard, and that these districts truly serve the interests of the communities they are a part of. This democratic approach to economic development is a testament to the inclusive spirit of this act. We are excited about the potential of LB1374 to drive the growth of the city of Lincoln and the state of Nebraska. With responsible oversight, this act, with its innovative approach to economic development, will be a powerful tool for transforming our city and state into a hub of rapidly expanding economic activity. We look forward to working with you, as well, to implement this act for the benefit of Lincoln and all Nebraskans. Thank you, and I would be happy to answer any questions.

von GILLERN: Thank you. Any questions from committee members? Seeing none, thank you, Mr. Thiele.

CARTER THIELE: Thank you.

von GILLERN: Next proponent. Good afternoon.

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JOHANNA BOSTON: Good afternoon. Vice Chairman von Gillern, esteemed members of the committee, thank you for affording me the opportunity to speak and address you this afternoon. I sit here before you in support of LB1374. My name is Johanna Boston, spelled J-o-h-a-n-n-a B-o-s-t-o-n, like the city. I serve as chief strategy officer of Nebraska Crossing. And I'm the co-founder of JUSTDATA, our tech arm. My focus lies on the development and implementation of our fintech and marketing strategies. Today, I wish to highlight the groundbreaking fintech platform at the Good Life District, in Nebraska Crossing, in Gretna. We have pioneered the first patented ecosystem cashback mobile application that has changed the landscape of customer acquisition and retention, bringing people in from out of state, understanding who they are, their con-- consumer behaviors, seeing their transactions and utilizing it as a leasing tool, to bring in new-to-market industries into the state. Since the passage of LB727, we have been granted our 6 patents. We have onboarded over 2 million customers into our ecosystem, leveraging their preferences to attract new-to-market retail, like some of the retail mentioned today, and some that we can't. And we meticulously track consumer behavior, both inside and outside of the district, so we understand who is coming in from out of state, how often they're coming, etcetera. And it just enables us to understand those consumer trends. We're just not conduits of retail. We're architects of new industry. And I just want to highlight that we are constructing a 2-million-square-foot-- a fintech campus. We are actively negotiating out-of-state fintech relocations for corporations, one potential in Pasadena, California, that's underway. And negotiations are ready. Our initiatives are projected to create over 40,000 new jobs, including high-paying positions, in fintech, effectively counteracting some of the brain drain that everybody has been reading about, lately, especially. Consumers within our mall and soon-to-be district earn and redeem cash back rewards exclusively within the ecosystem, fostering that loyalty to keep them coming back, creating sticky customers. In essence, customers that shop in our mall and the district will earn cash back rewards that will keep them coming back to Nebraska, again and again. I'm prepared to answer, hopefully, any questions that you may have.

von GILLERN: Thank you. Any questions from the committee members? Seeing none, thank you for your--.

JOHANNA BOSTON: Thank you.

von GILLERN: --testimony today. Next proponent testimony, please.

JAKE FARRANT: Good afternoon. My name is Jake Farrant, spelled F-a-r-r-a-n-t. I own a business in Kansas called Mammoth Sports Construction. For the last 3 years running, we've been one of the largest installers of synthetic turf, but also, we build indoor facilities, as well. I'm coming here today to more speak to what sports tourism is doing across our country, and especially here in the Midwest, as I have hands-on experience from day-to-day with sports tourism and the facilities that have been being built around the country. Specifically, the ones that we've built, and then the, the interaction with the community for the years after they are being built. So as a proponent of, of this bill, and I've had some involvement in, in what the district is-- in the, the plans-- in the architect's plans. This would, without a hesitation, would become the new front porch, the new front door for the state of Nebraska, as youth sports drives more tourism and more people through your door then-- well, if I'm-- I was in Oklahoma City yesterday. I said Nebraska Furniture Mart. And I can't say that here, but, it, it will drive millions of people through, through your community. And the amount of spending that goes on, depending on who you subscribe to, is in the billions. So the, the construction of the project is, is, is exciting. I can answer, too, what I believe Omaha and Lincoln is compared to the rest of the Midwest, or I can continue to, to just talk about tourism in general. But-- and I'm also OK if you take my picture, as well.

LINEHAN: Get 'em. Get'em, Joni.

It's-- but, you know, we, we have contracts with 5 NFL teams, and, and we've been-- in the last 3 years, I've worked in over 40 states. And we're, we're very honored to be asked to, to testify here, about the positive impacts of, of what this could be for the, the state of Nebraska. Thank you.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Seeing none, thank you for being here. Next proponent. Are there any other proponents? Seeing none, any opponent testimony? Good afternoon.

MIKE ROGERS: Good afternoon, Vice Chairperson von Gillern, members of the Revenue Committee. My name is Mike Rogers, M-i-k-e R-o-g-e-r-s, and I'm a bond attorney at Gilmore and Bell in Omaha. Our firm represents many cities around the state of Nebraska, including several with proposed Good Life Districts. We were engaged by our client, the city of Gretna, to draft this legislation, but I'm unfortunately here

to testify in opposition to LB1374. Last year's Good Life District legislation and this bill are powerful tax incentive efforts aimed at spurring economic development in, in Nebraska. The central feature of this bill utilizes the economic development provisions in Article XIII, Section 2 of the Nebraska Constitution, to allow sales taxes to be used to pay for privately-owned property. Two critically damaging provisions were added to LB1374 before it was introduced that renders it constitutionally problematic and nonfunctional as a financing tool. The most significant constitutional problem involves one or more provisions that would give the developer applicant authority to independently change boundaries of a Good Life District, or change which properties are subject to different sales tax rates within a Good Life District. Any provision that directly or indirectly gives authority to a private taxing powers would constitute an improper delegation of taxing authority and raise due process concerns. Since there is no mechanism for a disinterested decision maker to evaluate objective criteria after hearing from affected property owners in violation of both state and federal constitutions. The United States Supreme Court has described delegating central governmental functions to private parties to be imposed on the unwilling minority as legislative delegation in its most obnoxious form, because it is not delegation to an official or official body who are disinterested and making determinations on objective criteria, but it is delegated to private persons whose interests may be, and are often, adverse to the interests of others in the same business. Most of the proposed amendments which have been suggested since this bill's introduction were variations of the same idea, effectively giving a private developer decision making authority over taxing rates on the unwilling minority without any real ability for those affected to participate in the process. These provisions, designed to either control property rights or taxing rates, are aimed at giving a private developer the tools of state government to control real estate and real estate development, rather than relying on our system of free market capitalism. These efforts will almost always result in constitutional due process issues, as they go against the very foundational principles that give private landowners freedom to enjoy their property rights with predictable taxing rates and access to disinterested decision makers evaluating objective criteria. When those rights are affected. And I see I'm out of time.

von GILLERN: Yeah, thank you for honoring that. Any questions from the committee members? Senator Albrecht.

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ALBRECHT: Thank you, Vice Chair von Gillern. Thank you for being here. You just kind of burst our balloon here.

MIKE ROGERS: Well, I got-- I, I had some positive things to say next.

ALBRECHT: You know I'd like to--for you to continue.

MIKE ROGERS: OK. Thank you. Thank you, Senator. Removing these relatively short offending provisions from the bill and advancing LB1374 without them will greatly benefit each community where a good life district is established, and will provide a critical funding mechanism to help the state see a return on its investment in each good life district. Without at the pace-- without LB1374, in a-- stripped of those problematic provisions, the pace of development will be slow and the state will see significantly fewer benefits from the sales tax it has already agreed to give up.

ALBRECHT: OK, so let me ask you a question. Are you aware of these other sports complex that have gone up around the city of Omaha or are planning to? Are you-- are you reading the papers, and--

MIKE ROGERS: Generally, yes.

ALBRECHT: A lot of them ask for the sales tax dollars so that they can get up and running, and [INAUDIBLE] 600.

MIKE ROGERS: Yes, I'm aware of it.

ALBRECHT: So is that illegal in your mind as well?

MIKE ROGERS: It depends on how those are structured. And this-- the, the, the Sports Arena Facilities Financing Construction Act is a different arrangement which would provide turnback tax, the 70% of the state's tax-- sales tax collected within 600 yards of those facilities for sports complexes and also arenas. Ralston Arena was the first one to use that. Those, those mechanisms are legal when they go to pay for publicly owned complexes or buildings like Ralston Arena was. Also the, the city of Kearney voted bonds to build a sports complex using that same provision. This bill is different. And it was structured to allow tax dollars to go pay-- to pay for privately owned property, which is critical for the types of projects that are envisioned in Gretna and elsewhere. And this bill uses the constitutional exception, which allows for tax dollars to go to pay for privately owned property. And there are two relatively minor requirements for that. One, it needs to be a city economic development program, and two, it

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needs voter approval. As the gentleman from LIBA pointed out, that is a good-- that's a good thing to have voters weigh in on it. And this program, and that's the reason why it would call for voter approval, is because the constitution requires it before public tax dollars can go to pay for privately owned property like this.

ALBRECHT: So they would have to engage with the Gretna city in some way rather than the state of Nebraska?

MIKE ROGERS: Correct. Yeah.

ALBRECHT: Going into an agreement, it would not supersede what a city would do.

MIKE ROGERS: I'm sorry, I--

ALBRECHT: But you're saying that the state cannot do this, we cannot give up--

MIKE ROGERS: Correct.

ALBRECHT: --these sales tax dollars.

MIKE ROGERS: You-- The, the state can, the way this program was, was drafted and established, it works perfectly well by replacing the state sales tax with a new 2.75% sales tax imposed within this good life district in-- inside the city limits. And then that's utilized to pay for private development, public development. It can be used to pay for debt service on bonds issued. And in addition to that type of funding mechanism, tax dollars from the state can also be used in these economic development programs. The Constitution permits local sources of revenue, as well as state tax dollars, to be deposited to an economic development program like this. So yeah, that, that would be permissible.

ALBRECHT: And so this, amendment came from--

MIKE ROGERS: Oh, that's right. I handed an, an amendment out. This very short amendment would fix the constitutional issues. There are only two offending provisions. It's not a very long amendment because, this, this would effectively revert the bill back to the original draft when-- that, that I had prepared, to remove one, one provision which would require an exclusive contract with the developer. That makes it less of a city economic development program and more of the developer's economic development program. And it would also raise

regulatory taking issues, because the, the way the bill was introduced, that type of provision could be used as a veto power over development of property not owned by the applicant in this geographic area. So that would-- that's one correction. The other one would remove the ability of, of the applicant to effectively control which properties are in or out of the good life district after it's been approved. And that's the-- that's the, the main problem with, with the provision as introduced, and I, I don't know what's in the amendment, but my, my guess is there are provisions in the amendment that would effectively-- perhaps a state agency is involved, but the decision of whether or not a property is in or out of the good life district, or whether or not a piece of property has the same taxing rates or is subject to the same sales tax, state or local combination, the, the proposals that have come up so far before the hearing were cent-- centered all of those decisions in the applicants hands. And that's a, a due process problem, because there's no ability for the negatively affected landowners to weigh in. So the, the amendment would, would clear that away and allow for a district to be-- the size to be increased. Another provision in here is allowing a 3,000 acre good life district instead of a 2,000 acre good life district. And so it would call for the original applicant to submit the same types of materials they submitted when the original good life district was established, and increase the size, if, if it-- if it makes sense under the criteria that DED evaluates. The, the, the thing that's being removed is any ability for a private-- a private person, resident, not a governmental entity to, to determine which landowners, are subject to which sales tax rates, whether they're inside the Good life district or out, or if they're all in the good life district, and some get the lower sales-- state sales tax rate, and some don't. Those types of determinations are reserved for our governmental entities in this country, because we-- if our own property rights are affected, we want some ability to go to who-- whatever the tribunal is, a city council, the Legislature, to, to say, hey, this isn't fair. We, we want it to be different because we, we don't want our property rights affected this way. Those decisions are under the due process concept, are made after objective criteria are evaluated by an independent tribunal and a decision is rendered, and those-- that kind of structure could work as well. But that's, that's not what's in the original bill, and not something that's been-- that's been offered by the, by the proponent so far.

ALBRECHT: Very good. Thank you.

von GILLERN: Thank you. Other questions? Senator Kauth.

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KAUTH: Thank you, Vice Chairman von Gillern. So, Mr. Rogers, if, if this isn't fixed, do you see this as something that is going to stimulate some lawsuits and a whole bunch of stuff that will slow down the process in general?

MIKE ROGERS: Well, I'm not a litigator, so I'm, I try to avoid litigation as much as possible. But I would not be surprised if, if it would cause some lawsuits. I'm a bond lawyer, so my job is to help figure out how financings work and financings that are reliable. Some of the problems in here would stop financings from happening. Cities would say, well, geez, we don't want to pursue something like this and end up in a situation where we invite lawsuits from disaffected landowners who are not given the ability to weigh in like they-- like they should.

KAUTH: Thank you.

von GILLERN: Any other questions? Mr. Rogers, just a couple of questions. So with the two changes that you proposed in the amendment, would that-- would that change your clients from being an Opponent to a proponent?

MIKE ROGERS: It would, yes. My, my, my clients would be fully supportive, and are fully supportive of all but maybe three quarters of a page of this bill and would fully support this legislation. And I expect the rest of the opponents will be in the same position.

von GILLERN: You can answer this question, or those behind you can answer it. Have there been conversations between your client and the proponents about these changes?

MIKE ROGERS: Yes, there have been.

von GILLERN: And nonproductive conversations, or-- you don't have to answer that, but--

MIKE ROGERS: Well, we have, we don't-- I haven't --we don't have an amendment that has been agreed to.

von GILLERN: OK. OK. All right. Thank you. Seeing no other questions, thank you for your testimony.

MIKE ROGERS: Thank you.

von GILLERN: Next opponent?

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LYNN REX: Senator von Gillern, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here in opposition to this bill simply because of the constitutional issues. Otherwise, once those are adopted, hopefully by this committee, we will be strongly supporting this proposal. LB692, as I said before, as incorporated into LB727 last year and passed by the Legislature, is a phenomenal opportunity for Nebraska and for communities all across the state. Mike Rogers has gone through and outlined the constitutional issues. His JD is a ho-- a whole lot more valuable than mine, so I will not do that other than to say that I just think, first of all, Rod Yates, wow. Very visionary. Some great things that are going to happen in Gretna. I'm handing out also a letter of opposition from the five cities of Sarpy County, again, only because of the constitutional issues. But the great news is, we provided for you amendments, which we strongly support, which will clarify and correct, the constitutional issues. And in fact, the league has got quite a bit of skin of the game when it comes to the whole premise of this bill, in the sense that some of you are from communities that have LB840 programs. That was based on the constitutional amendment that the league put forward, the Legislature placed before the voters in 1990. It passed overwhelmingly, that is, to Article XIII, Section 3-- Section 2, which says that municipa-- the Legislature may authorize cities and villages to use local sources of revenue for economic or industrial projects or programs, subject to a vote of people. It was amended subsequently to have other elements of state funds and donations and other things kind of which came into play. That's all because of a constitutional prohibition in Article XIII, Section 3, against-- the prohibition against lending the credit of the state. And so we've got a number of municipalities across the state that have had elections, with the vote of the people they put in LB40 programs. It's just been great. But this just takes it to a whole new level. And the premise of this makes it constitutional, makes it doable. The bill that you passed last year, we cannot thank you enough for that, because that is a strong foundation on what's happening now in Gretna, what will be happening in other cities. But we just implore you to make it constitutional so that there would be no issues in terms of how the bill could be implemented. With that, I'm happy to respond to any questions that you might have.

von GILLERN: Thank you. Any questions from the committee? Senator Albrecht.

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ALBRECHT: Thank you. Is the land that they're talking about here, is it annexed into the city, or is it still county ground? Do you know?

LYNN REX: I'll defer to maybe Senator Linehan in closing. My understanding is it is not-- no, I don't believe Gretna has annexed the land in yet. So the answer, I think, is no. But I would obviously defer to Senator Linehan in her closing with her client.

ALBRECHT: Thank you. I appreciate it.

LYNN REX: But again, I want to emphasize too, these five cities in Sarpy County will strongly support this with this-- with these amendments. And the league does on behalf of municipalities all across the state of Nebraska.

von GILLERN: Thank you. Any other questions? Seeing none. Thank you for your testimony.

LYNN REX: Thank you for your consideration.

von GILLERN: Yeah. Next opponent? Good afternoon.

LAURA McALOON: Good afternoon again. Laura McAloon, L-a-u-r-a M-c-A-l-o-o-n. I'm testifying on behalf of the city of Grand Island, where I serve as the city administrator. Based on the text of LB1374 as introduced, the city is testifying in opposition to the bill. We do this despite the fact that we worked closely with our bond counsel, Mike Rogers, and with the City of Gretna on the original drafting of the bill in order to facilitate our need for local control, a, a uniform local source of sales tax to take advantage of the capacity that the Legislature and Senator Linehan had the great foresight to create with the idea of a good life district. The good life district is a wonderful idea that we want to take advantage of. It creates capacity for an additional local tax. But our city council and our citizens, we've been an LB840 city for-- we're in our third ten year renewal. That renewal passed last year with, I think 78% of voters support 77, 78%. So we know our voters support local option sales taxes when they see the, the benefit of the project. What we are envisioning for the city of Grand Island is a complete and total reinvigoration and transformation of the South Locust corridor from Interstate 80 into downtown, past the Nebraska State Fair-- Fairgrounds and our own Heartland Event Center, and into our Railside District and our very newly formed 4th Street Business Improvement District, which, if you have not tried the Cuban food, the Vietnamese

food, the African food that lives on 4th Street in Grand Island, you need to stop by and visit and do that. The city council last fall, on Halloween, closed on the purchase of Camp Augustine. If you were a Boy Scout in the state of Nebraska, you may have gone there and camped, but we spent just under \$2 million to acquire approximately 156 acres right at the intersection with Interstate 80 on South Locust, adjacent to the state recreation area of Mormon Island. And we have big plans and visions for a significant central Nebraska tourism facility that will attract visitors from all over the country and will actually pull people off of the interstate into the core of Grand Island, visiting our wonderful stores and retail facilities, and taking advantage of our tourism activities that are located on Fonner Park. Without the unconstitutional language that our bond counsel pointed out, we would be 100% behind this bill. We, we want this bill to happen. We want a local option sales tax authority. So we'd ask you to support the amendment that he presented, and give us the opportunity to use the tool.

von GILLERN: Thank you. Any questions from the committee members? Seeing none, thank you for your testimony today. Thanks. Opponent testimony? Afternoon.

DREW SNYDER: Hello. Drew Snyder. Woodsonia Real Estate is the name of our company. We're based in Omaha. I spell my name, D-r-e-w S-n-y-d-e-r. I'm here in opposition, to LB1374 as drafted, but again, similar to the other opponents, I'm supportive of the concept with the amended language that's been suggested. Really, my role is unique. I'll let these handouts get handed out to everyone. But I'm here really in two capacities or two roles. I'm actually a good life applicant in the city of Grand Island. We have a proposed, our firm as a proposed project that has a pending application with the state of Nebraska. And so I'll let these get handed out. But this would be this handout right here. This is a project called Veterans Village. It's a little under 400 acres. The district itself is about 875 acres. And so I'm here in the capacity of being an applicant with a pending good life application with the state of Nebraska. I'm also here in a secondary role, and the second handout is a map of the approved, this is actually the approved district boundaries for Gretna. And I believe-- I believe I may be largest landowner in this district. I own parcel 9, and then I own the southern portion of parcel 8. So I'm certainly a stakeholder and have a very much vested interest in the Gretna good life district. And, and as previously mentioned, extremely supportive of what's happening out here, and would love to see the kind of activity that's being discussed move forward and happen. So

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really, I can answer questions as it relates to this, but I want to just talk a little bit about why, from my perspective as an applicant and then both as a landowner, we're opposing the, the proposed draft of the bill. The-- giving the applicant exclusive developer rights, obviously, in Grand Island that would be very beneficial for us. In Gretna, for a project of this size and scale, a 2,000 acres typical of large master planned developments like this, there would be multiple developers within a district or a project of this size, especially if it's going to be developed with any kind of speed or urgency. And so that, that would be one of the reasons that I think not giving the applicant the exclusive developer rights, but allowing multiple developers to operate within a district, I think makes it more successful. Also not supportive of allowing an applicant to unilaterally modify the district boundary. I'll explain that. Really, I think it's more for financing pur--

von GILLERN: If I could get you to wrap up your testimony, and then we'll see if there's any-- you're out of time.

DREW SNYDER: OK. Sure.

von GILLERN: Let's see if there are any questions.

DREW SNYDER: So again, just, just here, I can answer any questions as a landowner in the Gretna district that's been approved, and then as an applicant in Grand Island. So just here kind of in a dual role. And I want to just mention that opposing, but supportive with the amended language that's been handed out.

von GILLERN: Thank you. Questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Vice Chair von Gillern. And-- are-- Thanks for being here. Are both of these, in Grand Island, proposals of what you want this to look like?

DREW SNYDER: Yes. This would be the district boundary that's been proposed in our application.

ALBRECHT: And have you gone through the application process with, like, the city and are-- it's-- is this zoned in the city, both of these and not in the counties?

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DREW SNYDER: I believe Laura could probably answer that better than I can. The veterans land, I believe, is in the city. And then obviously all of the retail on 281 is in the city.

ALBRECHT: Is in the city.

DREW SNYDER: Yes.

ALBRECHT: OK. And what is the time frame on your project in Grand Island? Is-- This is Columbus or Grand Island?

DREW SNYDER: That's Grand Island. We, we actually met with DED, who's administering the program, last week. If approved, we could move forward this summer.

ALBRECHT: OK.

DREW SNYDER: So quickly.

ALBRECHT: And when it comes to the tax base, are you asking for any of that to help with this facility? These facilities?

DREW SNYDER: Tax base as in which--

ALBRECHT: Like asking for a kick back on to-- or just to keep the taxes, a portion of the taxes, to build this out?

DREW SNYDER: We would-- the problem with the good life, as mentioned now, is last year's legislative session reduced the state sales tax in half. We need a mechanism to basically fill the gap, to create a funding mechanism, to go monetize, to create money, to build out the project. And so we, we would either use an occupation tax or we would use this LB1374. So it's providing another funding mechanism which is much needed to provide financing for these type of projects.

ALBRECHT: OK.

DREW SNYDER: Right now, all that's really happened, and really essentially in Gretna, all that's happened at this point is the state sales tax has been cut in half. But how, how the applicant, developer, what have you, replaces that is what I think is essential on LB1374. It provides a replacement tool to create a funding source to go out and monetize and create financing. I don't know if that makes sense, but.

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ALBRECHT: Is there anything else you wanted to add before you were cut off is my other question?

DREW SNYDER: No, I don't think so. I just very much have a vested interest in Gretna and, again, similar in opposition as drafted, but would be very supportive with the changes that Mike Rogers handed out.

ALBRECHT: Very good. Thanks.

von GILLERN: Other questions from the committee? Yes, Senator Murman.

MURMAN: The proposal there in Grand Island, is that a multi-purpose basketball arena planned there, or is there a particular--

DREW SNYDER: It, it's a-- yeah, it's a sports related, sports themed project that's tournament focused. I think the initial intent, or the intent of the good life bill, as drafted last year, is to bring tourism visitation from out of state. So we've worked with the largest sports facility group in the country called Sports Facilities Companies out of Florida. They've helped us design a facility that is tournament focused to bring teams in from South Dakota, North Dakota, Colorado, adjacent states. That'll help drive in the tourism. That really, I think, is the impetus of why that bill was approved. And so it'll have an indoor outdoor component, turf fields, volleyball, basketball. So it'll be multi-purpose facility.

MURMAN: OK. Thank you.

DREW SNYDER: Sure.

von GILLERN: Seeing-- I, I actually have a couple of questions. The-- so going to this map on Gretna. So you own segment 9 and part of 8 on this map. Is, is section 1, is that where the mall is existing now or is that 1 and 2?

DREW SNYDER: Yes. The mall is on number 1 on the aerial.

von GILLERN: OK. And I just, because I drove by there every day, coming and going from Lincoln twice. I know that on section 10, there's some industrial buildings that are going up. Who owns that land?

DREW SNYDER: I believe that's a combination of a company in Omaha called NewStreet Properties.

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von GILLERN: OK.

DREW SNYDER: And, and then I think the Heimes Corporation owns some land there as well.

von GILLERN: OK. All right. Because that would not-- my understanding of good life is, I don't know that industrial-- certainly wasn't intended to bring industrial property. What are you planning on doing on your segments?

DREW SNYDER: We'd like to do a retail-entertainment based concept, create synergy with what's happening with the outlet mall and then take advantage of all the interstate frontage. We've got-- we've got nearly a, a mile worth of Highway 31 and I-80 frontage. So it's one of the unique pieces within this overall district.

von GILLERN: OK.

DREW SNYDER: And we'd like to do something that is retail focused.

von GILLERN: And the question I asked Mr. Rogers-- Mr. Rogers, I never said it that way before. Mike Rogers. Equally kind and gracious, but-- about the-- about the amendment, with the amendment with these couple of relatively appear to be small changes, you would be supportive of LB1374?

DREW SNYDER: Yes.

von GILLERN: OK. And then the other question I asked was, have there have been conversations between you and the proponents about how to-- how to resolve this?

DREW SNYDER: There have not. No.

von GILLERN: OK. OK. All right. Thank you. Seeing no other questions, thank you for your testimony. Next opponent?

ROBB HEINEMAN: Hello, Mr. Vice Chairman, members of the committee. My name is Robb Heineman, R-o-b-b H-e-i-n-e-m-a-n. I'm with 635 Holdings. I'm here in opposition today, but I, I think as we've all discussed, I mean I think what Mr. Rogers said is perfect. If those changes were made, I think it's, it's perfect legislation. I'm here for the second time in front of you, was very supportive of the original legislation. I have known Rod for a long time, think he's a visionary. He and I were both involved in the Legends project in Kansas City, which Rod is

kind of, you know, leveraging that into this vision as well. And I, I think just to give you an analogy, the, the Legends, which is-- I think it's slightly 1,500 acres, I think has at least seven developers that I can count sitting here today. So that's been a very diverse set of, of kind of developers over time. This is a huge project. There's a lot of work to get done. I've been involved for about a year in looking at sports and entertainment aspects of this, have probably \$500 million worth of users kind of teed up ready to go. I do not have Great Wolf Lodge yet. But, but obviously looking at different things like that and-- You know, Gretna is a great spot. It's a perfect location. The users that we're talking to will probably generate between 4 and 5 million users on an annual basis. But we got to get going. And financing is not simple in the world right now, as we all know, with rates. And I just think it takes multiple oars pushing to make this thing happen. And so that's why we're supportive in the modifications being made to kind of legislation. You know, we did have the opportunity to spend some time with Senator Linehan to go see one of the users that we'd bring to Gretna. That's a company called the Saint James. It's a 400,000 square foot indoor facility in Washington, DC, generates about 5 million annual visitors. We have a letter of intent with them to build a facility in Gretna. So again, we just-- we want to get going. And it's, it's going to take a lot of hard work. So with that, I'm happy to answer any questions that you may have.

VON GILLERN: Any questions from the committee members? Senator Murman.

MURMAN: If I remember correctly, from last year, several of us on the committee had kids that went to Legends at one time--

ROBB HEINEMAN: Yeah.

MURMAN: --in Kansas City? Do you look for this project to be, you know, very similar in size and attraction for visitors as Legends or-- You know, it-- Legends, I-- has a racetrack nearby.

DREW SNYDER: Yeah. It's-- you know, it's going to be different. And, you know, I, I hadn't heard of the, you know, kind of the introduction of sort of an NHL opportunity in Omaha. Professional sports take kind of developments like this to the next level. Kansas City does have NASCAR and it has Sporting Kansas City, you know, the soccer team that I'm involved in. So that creates a lot of visitation. But I do think with the componentry that we're talking about here, whether it's, you know, the Saint James that I just mentioned or, you know, working in, in collaboration with Jake Farrant and Mammoth, there's probably at

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least 20 outdoor fields that would be built here, that's another couple million, million visitors a year. So I just think it's a huge opportunity. I think there will be tons of visitors. And I think, if you look kind of Omaha north and northeast, Kansas City captures a lot of that traffic today. And I think if this facility existed it-- Kansas City would get cut off by a lot of that. So so I, I do think-- I, I can easily see 5 to 6 million annual visitors for sports in this district.

MURMAN: And what does Legends attract?

DREW SNYDER: You know, I, I don't know. Nebraska Furniture Mart alone is the largest tourist attraction in the state of Kansas. I think it's 15 million visitors to just the store alone. And I'm sure the rest of the visitation dwarfs that. Right? So it's, let's say it's 20 million total, but I, I, I don't know, just for certain.

MURMAN: Thank you.

von GILLERN: Senator Meyer.

MEYER: Yes. Thank you. So with, with multiple developers, there would still be one master plan that everybody would agree to as they develop and go forward with the different purposes of all these tracts?

DREW SNYDER: I, I suppose what you'd say is there probably would be collaboration around non conflicting uses. Right? Because if we're all trying to use the same, you know, sales tax stream, we need to optimize that. So it's, it's going to take a collaborative effort, working together to do that. It would make no sense to do two \$50 million fields complexes for example. Right? We're all-- we're all going after sort of the same pie. So, so I-- yeah, I think that, I mean, as it relates to just retail, you know, you're going to be chasing every kind of retail that, that you can imagine, obviously, so you can optimize the power in the district.

MEYER: Yeah. Thanks.

von GILLERN: Thank you. Any other questions from committee members? Seeing none, thank you for your testimony.

DREW SNYDER: Thank you very much.

von GILLERN: Any other opponent testimony? Good afternoon

ANGIE LAURITSEN: You brought in the big guns today. As a previous athlete that was recruited by the previous coach, I'm loving the concept, I'm loving the potential of the development. My name is Angie Lauritsen, A-n-g-i-e L-a-u-r-i-t-s-e-n. I'm providing some comments to you, because I know that there's no way that I'll be able to cover everything that I would like to cover within the amount of time that we're given here today. But as a previous city council member within the city of Gretna, I am representing someone that will be voting on this, whether this can happen or not. I've run communications for the last three school bond initiatives, and also the half cent sales tax initiative that was very successful back in spring of 2020. What a lot of people don't know is that the outlet mall currently, or in the past, most recently, already had two TIF projects tied to it, so we had a sales tax component that actually sunsetted in December of 2022. But we still have the property tax piece of the TIF that is currently tied to the existing outlet mall. So up until December of 2022, the city of Gretna has not seen any benefit with the, the outlet mall. So I want to disperse any kind of notion that Gretna is making all kinds of money off of the outlet mall. We-- it is within our city limits, so we are responsible for providing first responder response. We are responsible for water and sewer. We are responsible for many of the different things when it comes to infrastructure, when it comes to supporting the outlet mall. So when we are talking about a large development like this, there's just a lot of concerns from residents and obviously landowners too. The uncomfortable thing is, the first thing that I thought of when I thought of this development is sewer. How many toilets are going to be involved within this development? Where does that sewer go? This city currently has-- we own and operate our own water department. And so we have an agreement with MUD in, in Omaha that we are pumping all of our sewer north to them. But can they handle an additional 2,000 acres of development? The south Sarpy sewer program is concentrating on east of 84th Street currently. And so if we were going to go south with our sewer, it would be hundreds of millions of dollars to build out the sewer line. Water. We currently pull water from the aquifer. We have thirteen wells. I believe twelve are functioning. This would make us be-- have to create another stored water source on-- within the city of Gretna in order to handle this. So I see that I'm out of time.

von GILLERN: Well, let's see if you have any questions.

ANGIE LAURITSEN: Yes.

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von GILLERN: Are there any questions for the committee members? Yes, Senator Dungan.

DUNGAN: Thank you, Ch-- Vice Chairman von Gillern, and thank you for being here today. You've obviously sat through the testimony, and so I'm curious. Your opposition, would that be alleviated by some of the modifications that have been proposed with regard to the constitutionality of the language, or is your opposition more rooted in some of the growth concerns that you have around the Gretna community?

ANGIE LAURITSEN: It's more about the growth. There's-- we're talking about voters that need to approve this, and there's half of the population that is very much against growth. I was in the camp of you're either growing or your dying. So I was always in favor of development and growth within our-- but because of the cost of land, I know that developers need additional funding avenues in order to be able to develop within our area only because acreage cost currently, if you have access to the sewer, water is running up to about \$110,000 per acre to sell, plus all of the other issues that come in. But I appreciate all the comments by the developers and how excited everyone is for this. I live three miles from the front door of the outlet mall. This very much affects me, affects my family, and the residents within Gretna. We-- I have information here about infrastructure when it comes to roads. Highway 631 is currently slated to go to six lanes both ways. The intersection, the interstate intersection is slated to go to a diamond one at some point because of the high traffic. There's just a lot of infrastructure needs that I think if we can just pump the brakes on this because this is a funding thing that may never go away is the fear that we have when the city of Gretna has not seen any benefit from that outlet mall as far as fees and help to, to do all this. We still have a volunteer fire department. How do we take care of 2,000 additional acres when we're bringing in a lot of people. If we bring in 3,000 housing units, we're looking at building an additional, at minimum, two elementary schools and a middle school. There's just a lot of financial impact to our community outside of just this development.

DUNGAN: Thank you.

von GILLERN: Other questions from the committee? I had a quick question. I-- there was a question raised earlier about whether the mall was in the city-- within the city limits, and I believe you answered that, it is within the city limits.

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ANGIE LAURITSEN: The city-- currently, the outlet mall is within the city limits. All of the other outside land is not, it would have to be annexed, in order to be within city limits for this project.

von GILLERN: So the land--the map that was handed out earlier, which showed properties both north-- or east and west of Highway 31 and Highway 631, that is not part of the city limits? Is there--

ANGIE LAURITSEN: It is not.

von GILLERN: So there's a sliver that reaches out and grabs the mall?

ANGIE LAURITSEN: Along the-- along the highway, the right of way, is a part of the city limits.

von GILLERN: OK. All right.

ANGIE LAURITSEN: And then a little bit on the south side. My other concern with annexations is, as many of you know, is that they need to be revenue neutral. So what are we offsetting if we-- when we annex this 2,000 acres, we have to offset it with something else.

von GILLERN: OK. Thank you for your testimony. Senator, Albrecht.

ALBRECHT: Thank you. Just have a couple quick questions. Are you still on the city council?

ANGIE LAURITSEN: I am not.

ALBRECHT: Why not?

ANGIE LAURITSEN: I'm just a regular citizen.

ALBRECHT: So, so so I guess some questions I would have is, if it's not in the city, this project, you know, obviously the mall's part of the project, but they would certainly have to engage with the county board, the Sar-- the, the Sarpy County Board, correct? To try to work through a lot of the sewer and water. And I'm thinking, I'm hearing that you're going to get a paid fire department soon.

ANGIE LAURITSEN: We currently went from a rural to a suburban, so now we are actually just hiring paramedics and EMTs.

ALBRECHT: Right.

ANGIE LAURITSEN: There has not a plan to go to a full paid fire.

ALBRECHT: Because I can't imagine a project like this would come in without having a fully paid fire situation, fire department. Otherwise, the insurance would be astronomical. But-- so that, that is a big question, whether it's-- because the cities and the counties would have to work together, it would be a long time before Gretna would be annexing that in before it would have to make money for you to go out and be able to take it anyway. So yeah, there's a lot going on here, but a lot of the parties need to be at the table together, and I, I can't imagine they've gone this far without talking to a few other people that need to [INAUDIBLE].

ANGIE LAURITSEN: And I've had the current city council members reach out to me too. So.

ALBRECHT: OK. And I can appreciate what you're saying when it comes-- I sat on a city council for eight-- for eight years up in Sarpy County when-- in Papillion, when it was the fastest growing city, I know those growing pains, and I know that they would have to go through hearings. You know, everybody will probably have a chance to talk about it because you can't just do it without a public hearing. So thank you for your information--

ANGIE LAURITSEN: Yep.

ALBRECHT: --here today. Appreciate it.

ANGIE LAURITSEN: Thank you.

von GILLERN: Generated one more thought, one more question from me. The-- considering the development that's going to happen here and the millions and millions of dollars that will be invested in generating property taxes, wouldn't the city be just non to annex that land, annex this property? With the development that's going to happen-- I mean the, the, the-- certainly the growing pains and the accel-- and the speed of the growth would be a challenge. I, I, I understand that. But from a financial standpoint, I mean, you could build a lot of schools with the property taxes it'll-- that's going to be generated--

ANGIE LAURITSEN: Yeah.

von GILLERN: --off of the construction that--

ANGIE LAURITSEN: We-- unfortunately we're not getting-- the school has not seen any benefit from the outlet mall currently at this point just due to the property tax is still going to help fund the--

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von GILLERN: Because it was TIFed?

ANGIE LAURITSEN: Correct.

von GILLERN: OK.

ANGIE LAURITSEN: It's still a TIF project.

von GILLERN: But it will at what point?

ANGIE LAURITSEN: I'm not exactly for sure when that comes up. I'm sure somebody smart in here knows the exact timeline of when that comes off.

von GILLERN: TIF ends at some--

ANGIE LAURITSEN: It was a 15 year TIF--

von GILLERN: OK.

ANGIE LAURITSEN: --and originally, and I believe it started in 2011.

von GILLERN: All right. Thank you very much for your testimony. Appreciate that. Any other opponent testimony? Good afternoon.

JAREL VINDUSKA: Good afternoon, senators. My name is Jarel Vinduska. It's spelled J-a-- [COUGHS] excuse me, J-a-r-e-l V-i-n-d-u-s-k-a. I'm, I'm here in opposition. And contrary to previous testifiers, I don't really see any asset to the good life district, but. And the reason that-- the reason I'm saying that is, is I'm a believer in free market capitalism. I have always felt that if a project can pay for itself, somebody will build-- somebody in the market economy will build it. Because in my experience, all throughout life, it seems like whenever I see one of these subsidies using tax dollars to, to fund these projects, it always seems good on the surface. But then down the line, the taxpayers always seem to eventually have to pay for it. And I can give you an example, like I was-- I was raised in Ralston, and now I live on a farm just south of Gretna. But Ralston was always very fiscally responsible. Everything was done efficiently, the snow was removed, the roads were kept up and all that. And then they were sold a bill-- people were sold a bill of goods about the Ralston Arena. First thing you know, there was debt up to their eyeballs and, and, come to you guys and trying to get another \$100 million to bail them out and everything. And that's the way it usually happens. And, and as far as the previous testifier said, well, a city has to-- has to grow

or it dies. Well, I don't-- I don't believe in that. There's a word called sustainability. Human-- humans can't grow cities forever. You can be sustainable. And there's been an effort in the Legislature this session to shift some of the burden of property tax into sales tax. Well, what sense is with there? And you, you, you got a lot of opposition on that unfortunately, because they said it was a regressive type of tax that would hurt the poor more. Well, I don't think that's logical either because, you know, the richer people buy more things, they pay more sales tax and there's always options. But with sales tax on how much you have to pay, for instance, if you needed a vehicle, if you can't afford a \$60,000 vehicle, you can buy a used one. Or if you, if you're can't afford clothes, you can go to Goodwill, and-- or you-- many ways, there's ways to get around that. And, and property tax is the most regressive tax even for poor people because they have to pay it. If they own a house, they have to pay it. If they rent, they're paying it because the landlord is in business to make money, the, the tenant pays for the property tax. Well, I see I'm done. But just one more quick point. One, one thing I'm a little afraid of this too, is eminent domain. I hope-- I hope in getting in, in business with the city that the city-- there's going to be some holdouts on this property in this district. And the city then would have the power to, to condemn properties, because I have a friend that they've already tried that once, you know, to build a sports complex in Gretna. And it was really a terrible thing for this lady, the thought of losing part of her farm, through condemnation. But anyway, if you have any questions, I'd be happy to answer it.

von GILLERN: Thank you for your testimony. Any questions from committee members? Seeing none. Thank you for being here.

JAREL VINDUSKA: OK.

von GILLERN: Any other opponent testimony. Seeing none, anyone who would like to testify in the neutral position?

PAUL KRATZ: Hello, Senators. My name is Paul, P-a-u-l, Kratz, K-r-a-t-z. I just wanted to respond to some of the-- I guess the due process or constitutional issues that were mentioned. First of all, you have to realize that in this particular case, the applicant, Rod Yates, signed a contract with the Department of Economic Development that requires a number of things. It requires him to spend \$500 million, make sure there are so many visitors, make sure there's so much employment. And these are rather strict limits that he is obligated to do, to perform. Now, with that, it seems like he ought to

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be able to have some control over the area, so he'd have some consistency in what's built, and that he can meet these standards. Secondly, I think you also have to realize nothing's being taken away from the landowners at this point. They still have their ability to obtain all the other entitlements, a tax increment financing and some of the others. So, again, they're not losing anything. So I don't see where there's a due process argument as some things are being taken away from them. I guess that's pretty much straightforward from that standpoint. OK. And I guess those are my comments.

von GILLERN: Thank you. Any questions from committee members? Senator Albrecht.

ALBRECHT: Thank you for allowing me to ask a few questions. So you're an attorney for any in-- individual--

PAUL KRATZ: An attorney for--

ALBRECHT: --in this room or--

PAUL KRATZ: The actual entity is I-31-- Highway 31, Interstate 80.

ALBRECHT: 31.

PAUL KRATZ: And I am an attorney. I used to be attorney for the city of Omaha for 20 some years.

ALBRECHT: Your name sounded familiar. Thanks for being here.

PAUL KRATZ: We built a lot of stuff, and this legislation would have been very helpful at that point in time.

ALBRECHT: Right.

PAUL KRATZ: But we got things built.

ALBRECHT: OK, so, you probably haven't seen the amendment that they're asking for?

PAUL KRATZ: I have seen the amendment.

ALBRECHT: And how do you feel about that?

PAUL KRATZ: I think that's necessary to do what I just expressed, to make sure that Mr. Yates can perform as, as required by the DED, and again, to have some consistency in the design, the development. So,

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yeah. And, and also, that makes it clear that he's a program manager, in fact the DED used that term, that he's a program manager-- his entity, I should say, is the program manager. So there's that intent at least coming from the state.

ALBRECHT: Well, it's nice to have an attorney sitting across from me in a hearing that I don't have to pay. So thank you for [INAUDIBLE]

PAUL KRATZ: Most people don't say that.

ALBRECHT: I appreciate your comments, thanks.

von GILLERN: Thank you. Senator Kauth.

KAUTH: Thank you, Vice Chairman von Gillern. Hi, Mr. Kratz, how are you?

PAUL KRATZ: How are you doing?

KAUTH: So I'm confused by who you're working for. Highway 31 and Interstate 80, is there a group that--

PAUL KRATZ: Yeah, that's, that's a, that's an LLC. Mr. Yates is part of that. So that's why-- that's why referenced to him. But that's the entity that the DED approved.

KAUTH: OK, so Mr. Yates formed the LLC, i.e. Highway 31, and that's who applied for the--

PAUL KRATZ: Yes.

KAUTH: OK. Got it.

PAUL KRATZ: He has other partners too on that. [INAUDIBLE] I don't think is the only one. I don't know, I wasn't involved in that, so.

KAUTH: OK. Good to see you again.

PAUL KRATZ: Yeah, good to see you.

von GILLERN: Any other questions? OK, I'll ask the question that they're both hedging around. You're testifying as a neutral-- in the neutral position, but you're working for--

PAUL KRATZ: I'm a consultant.

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von GILLERN: --a client that testified in as a proponent.

PAUL KRATZ: I'm a consultant for him. But I wanted to come up here in a neutral position just to respond to some comments that were made by some of the proponents. I tried to clear, at least in my mind, what I believe the legal parameters are.

von GILLERN: OK. Was Mr. Rogers, in your opinion, incorrect in what he stated about the Constitution?

PAUL KRATZ: I disagree with him, yes.

von GILLERN: Disagree. OK. All right.

PAUL KRATZ: And he disagrees with me.

von GILLERN: That was a very lawyerly response, very well done there. All right. Thank you for your testimony today.

PAUL KRATZ: You bet. Thank you.

von GILLERN: Anyone else who would like to testify in a neutral position? Seeing none. Senator Linehan, would you like to close? And while you come up, we had one proponent letter, and four opponent letters, and zero neutral.

LINEHAN: Thank you much, for hanging out here today and so we get through this. I, I'm not a lawyer, so we're going to have to figure out the constitutionality of-- I, I get that. So I think I'm hearing they're not talking, they need to be talking. I'm most a little confused from-- and I very much appreciate the city councilwoman being here, but I'm a little confused because they are getting property taxes off that. When Mr. Yates took that over, it was a mess. It was not producing any income and I don't know what the valuation was, but I'm sure it's significantly increased and it's the perfect kind of property if you're a school district. Nobody lives there. Well, maybe Mr. Yates does, but nobody-- I say that because he works all the time. But I remember talking with the Elkhorn School District that one of the greatest things that ever happened to Elkhorn School District was Village Point, because it's all this new property that creates huge amounts of property taxes, and there's no children to go to school. So, and, and now we're talking about a whole 'nother property where, yes, there would be some residents that live there, but a bunch of people would be coming and going and paying sales taxes, paying occupational taxes on the hotel rooms, paying-- I don't know if

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they're going to have a restaurant tax, but they could. I mean-- and the other thing, it's going to get developed. I mean, Senator von Gillern, you and I drive down Highway 31, Highway six. When I moved there, whatever, ten years ago, there was almost nothing but cornfields. And now between Elkhorn and Gretna, there's hardly any cornfields. So it's going to get developed. So we can have ten more truck stops or strip malls, or we can have this great project. So I'm for the great project. And there will be growing pains. But as you know, Senator Albrech, we have tools, SIDs. Omaha grows all the time, and they don't do the infrastructure, develop does the infrastructure, and then they absorb the area. So I don't-- I think some of this is-- I'd be scared too if I was on the city council. This is a lot of responsibility. But I'm sure that they could provide the committee with the revenue they're generating for Gretna. And it's pretty significant.

von GILLERN: Thank you. Any questions from committee members? Just for clarity, the, the bill as it was passed last year in the new-- the version LB1374 that is proposed this year does nothing to discount property taxes.

LINEHAN: No.

von GILLERN: Correct?

LINEHAN: Right.

von GILLERN: So the full property tax, lod, burden, slash benefit to the community is still generated, unlike a TIF project that was mentioned before.

LINEHAN: No, it was TIF. So it-- but it will come off TIF. I think they said three years, it will come of TIF.

von GILLERN: Well, the mall will--

LINEHAN: Right.

von GILLERN: -but, but new development constructed under LB1374--

LINEHAN: It may or may-- that would be-- again, that's up to the city.

von GILLERN: That'd be up to the city, correct?

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LINEHAN: Right. It's up to the city. And it's up-- that's up to the city.

von GILLERN: All right. OK. Thank you. Seeing no other questions, that will wrap up our hearing on LB1374.

Unidentified: Yes. I'm gonna take a break.

von GILLERN: We're going to take about an eight minute recess. We'll start back at 4:35. [MICROPHONE MALFUNCTION] on LB1403. Welcome, Senator Linehan.

LINEHAN: Good afternoon, Vice Chair von Gillern and members of the Revenue Committee. I'm Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n. I represent Legislative District 39, Elkhorn and Waterloo. Today I'm introducing LB1403. LB1403 is a technical cleanup bill for the Opportunity Scholarship Act, which was passed in the Legislature in 2023. LB1403 will do the following. The bill will eliminate the word tuition and replace it with the cost to educate an eligible student. I added this language to clarify my original intent with the opportunity scholarship. Currently, tuition is confusing to several private school systems. Therefore, I change the terminology to be the cost to educate a qualified student so that schools could accept scholarships under the Opportunity Scholarship Act. The bill adds the sixth grade as another eligible grade for entry under the Opportunity Scholarship Act. Currently, only children in kindergarten or ninth grade would be able to receive a scholarship. Adding in the sixth grade helps provide coverage to more children. It's come to my attention that some systems, private systems, they only go K through five and then six through twelve. So we were leaving out-- I know we were leaving a significant Lutheran high school here in Lincoln. LB1403 would allow banks and insurance companies to claim the tax credit against their deposit premium fees. That was just should have been in the bill and was a drafting oversight. I, I have a AM2163 on file which would add an additional eligibility criteria. And this came to the attention of people who are doing a scholarship program now. You had military families who get transferred into Nebraska. Their child is transferring into a K through 12 school, and because they're coming from someplace else and they wouldn't be able, even though their military families, they wouldn't be able to opt in at the different grade levels. And it's going to be a problem because if you're working at Offutt you can live in Iowa or Nebraska, and in Iowa you have that option. So that's it. Hopefully help keep people in Nebraska. Lastly, I have an amendment for the committee to consider, AM 2499, that will

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sunset the Opportunity Scholarship Act for December 31st on 2024.
Thank you and happy to answer any questions.

VON GILLERN: Any questions from the committee members? Senator Kauth.

KAUTH: Thank you, Vice Chair. Can you explain the last part, your sunsetting.

LINEHAN: Yes. Sunset the current law on December 31st of 2024. I don't know if we'll need to do that or not, but that is one of the options.

KAUTH: OK. Thank you.

LINEHAN: If we pass-- if there another bill gets passed to replace this bill, this one needs to sunset.

KAUTH: Got it. There we go.

LINEHAN: Thank you.

KAUTH: Thank you.

VON GILLERN: Any other questions from the committee members? Seeing none. Thank you, Senator Linehan. We'll open for our first proponent testimony.

LINEHAN: I didn't ask anybody to testify.

VON GILLERN: OK. Seeing no proponents, we open for our first opponent testimony. Good afternoon.

DUNIXI GUERICA: Good afternoon, Vice Chair, members of the revenue committee. My name is Dunixi Guerica, D-u-n-i-x-i G-u-e-r-i-c-a. I am the executive director of Stand For Schools, a nonprofit dedicated to advancing public education in Nebraska. Stand forSchool is here in opposition of LB1403. As many of you know, Stand For schools opposed the Opportunity Scholarship Act when it was introduced last year. We will maintain our reservations about the program as a whole and as a matter of public policy, but I will not reiterate our broader concerns about the act here. Rather, wish to focus on the changes proposed in LB1403. There is a-- several technical changes, I'm just going to focus on one. It's changing the definition of education scholarship from all part of tuition and fees for attending a qualified school, to, quote, the cost to educate an eligible student. So, LB1403 does not define what cost necessary to educate means, leaving

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interpretation of that phrase to schools, scholarship granting organizations, the Department of Revenue, and courts. It is unclear what expertise a scholarship granting organization to the Department of Revenue will have in evaluating what is a particular expense above tuition costs are necessary as proposed in LB1403. This is especially troublesome when coupled with the fact that Department of Revenue, while exercising some oversight over the SGOs in the Act, is not well-positioned to examine claims of necessary educational expenses beyond tuition because the department is not required to receive reporting from the SGOs upon which they can make such a determination. While this change may see minor, experience from other states indicate that this change may open up the program to a variety of dubious claims surrounding scholarship education expenses. For example, in Arizona, the Empowerment Scholarship Program, which allows parents to spend moneys on, quote, reading, grammar, math, social studies and science instruction, but, quote, the rest can be spent on anything educational. This led to misusing the programs, with allowed expenses going toward \$4,000 pianos, trampoline parks, kayaks, and tra-- cowboy roping lessons and tickets to entertainment venues to SeaWorld. Moreover, the change from a tuition based scholarship model to a quote cost to educate model creates a legal framework which is not reflected in other tax credit scholarship program across the country. Most states with a tax credit program, an individual student may qualify for a tax credit scholarship that is either limited to a set amount, dollar amount, or full tuition. Moving to a cost to educate model would put Nebraska in the position of expanding a broad-- a brand new program without the expertise of other states to lean on and learn from. For those reasons, we ask the committee not to advance LB1403 and I'm happy to answer any questions.

von GILLERN: Thank you. Any questions from committee members? Senator Kauth.

KAUTH: Hi. Thank you, Vice Chair. OK, so you, you said you work-- you're the executive director for Stand For Schools.

DUNIXI GUERICA: Correct.

KAUTH: Aren't you also a registered lobbyist? And are you lobbying for a group in relation to this?

DUNIXI GUERICA: So, I'm the executive director of Stand For Schools, and we're an organization that does a lobby for the body. And as such,

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there are certain regulations and registrations that we have to, you know, process with the state. And we are fully compliant to all those.

KAUTH: So, yes, you're a registered lobbyist?

KAUTH: We follow all the-- all the laws as set forth by the state of Nebraska.

KAUTH: This is a yes or no question. Yes you are?

DUNIXI GUERICA: As-- Senator, I am, I am fully registered in compliance with all the regulations.

KAUTH: OK, that's, that's all I wanted to know. Thank you.

DUNIXI GUERICA: Thank you.

von GILLERN: Any other questions? I would ask, and I think it's been standard policy, if you are a registered lobbyist that you state that within your testimony, opening testimony. So for future reference, thank you for your your testimony. Any other opponent testimony? Oh. Yeah. No, we didn't have any other questions. Thank you.

JOHN HANSEN: Mr. Vice Chairman, members of the committee. For the record, my name is John Hansen, J-o-h-n H-a-n-s-e-n, and I am the president and also the registered lobbyist for Nebraska Farmers Union. At our recent state convention, it's always interesting to find out what stirs people's passions and the two different ballot issues, really sort of dominated our policy development this year. One was the EPIC tax proposal, and the other one was the, the underlying legislation, which this provides the technical update for. And in both cases, after a lot of discussion back and forth, the-- on about a 2 to 1 vote, I would say, there was continued clear opposition to using public dollars for private education. And there was strong opposition to the EPIC tax proposal. And so in both cases, they ended up with special orders of business, so, which represent priorities for our organization. So I appear before you today representing the, the clear policy direction of our organization and my board of directors. And there's no real point in me rehashing any of the old, longstanding arguments that, that we've had on, on this particular issue today. It is Valentine's Day. And so with that, I'll end my testimony and try to get out of here as quickly as possible.

von GILLERN: Bless you. And any questions from the committee members? Seeing none, thank you, Mr. Hansen.

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JOHN HANSEN: Thank you. Happy Valentine's Day.

von GILLERN: Thank you, sir. Other opponent testimony, please?

JOEY ADLER RUANE: Good afternoon, Vice Chairman von Gillern and members of the revenue committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r, space, R-u-a-n-e. And I am the policy director at OpenSky Policy Institute. We're here today to testify in opposition to LB1403 for several reasons, many of which you've already heard. So I'm going to try and go through this as quickly as possible. OpenSky opposed LB753 last year, including that it reduced the tax revenue available to the state, and estimates suggest that it could redirect some public funds away from public education. We've talked to this committee extensively about our concerns in the past on this. Specifically, OpenSky opposes expanding LB1753 in any form, especially not at this time. LB753 just took effect only weeks ago on January 1st. Across the country, in states where similar programs have been in place for several years, we have seen numerous examples where similar measures ended up costing more in state funding than expected. While LB753 includes a funding cap, we're concerned that there's a clear track record in other states where the costs of these programs have grown substantially over time. Finally, LB753 includes several reporting requirements, and we would like to see data from those reports before any changes to the program are considered. It's for these reasons that we oppose LB1403. Thank you for your time. I'd be happy to take any questions. Also, I missed you all so much that I made sure I had one chance to get up here this year.

von GILLERN: Any questions from the committee? Seeing none--

JOEY ADLER RUANE: Thank you.

von GILLERN: --thank you for being here today. Any other opponent testimony?

JOHN NEAL: That's hard to follow. I'm not--

von GILLERN: Yes it is.

JOHN NEAL: --very funny, so.

von GILLERN: Good luck.

JOHN NEAL: Good afternoon. Thank you very much for the opportunity to share with the Revenue Committee. My name is John Neal, J-o-h-n

N-e-a-l, and I represent Lincoln Public Schools. I want to apologize. Traditionally, we have a board member who's available to come during the day to share testimony. You're kind of stuck with me today. I'll do the best to share the issues of the board, and answer any questions you have. LPS opposes LB1483. It represents an expansion of the Opportunity Scholarship Act, and we have opposed that. It just passed this last year in LB753. And one of the reasons we opposed it I'll share with today is because it cannot achieve its stated goal of improving quality education across the state for all children. And let me just share a couple of examples, just briefly, because we've talked about this before. First, the Opportunity Scholarship Act does not include a method for measuring the achievement change, better or worse, of students using the opportunity scholarship, and it doesn't document how the money is used to identify, or potentially identify, effective practices. So it cannot demonstrate that it improves the quality of educational outcomes or practices. Second, the law is not intended to help all children. According to the Opportunity Scholarship Act, other than for race scholarship granting agencies and schools that receive those scholarships can establish requirements in their enrollment practices to bar certain children from attending their schools, making it nearly impossible for this program to be available to all students. And I gave an example in testimony at the Education Committee. There was a question about how do you know what that discrimination may or may not look like. So I took a piece from the, the Pius X handbook to show how that might look. It's not to imply anything about Pius X. Pius X is a wonderful high school. Both my parents graduated there, lots-- from there, lots of my friends, but it's just an example of how it might look. This is the nondiscrimination policy from Pius. Pius X admits students of any race, color, national or ethnic origin to all the rights, privileges, programs and activities generally accorded or made available to all students. Consequently, we do not discriminate on the basis of race, color, or national ethnic origin in the administrative-- administration of our education policies, admission policies, scholarships, loan programs, athletics or other administered programs. Problem is, by omission, Pius X retains the option of discriminating based on any student characteristic not included in their nondiscrimination policy. So, for example, those potential points could be religion, sex, disability, homelessness, English language proficiency, and others. Since the opportunity scholarship cannot meet its stated goal through the absence of academic and financial accountability measures and the presence of discriminatory practices-- whoops, I'll be quick-- potentially, barring some children from

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participating, we oppose the advancement of LB1403 or anything that seeks to extend opportunity scholarship.

VON GILLERN: Thank you for your testimony. Any questions from committee members? Senator Kauth?

KAUTH: Thank you, Vice Chair von Gillern. Mr. Neal, so basically, if it's not something that 100% of all students across the state qualify for or it can be successful for, so you're of the all or none persuasion with this.

JOHN NEAL: I think that would be--

KAUTH: I'm not done.

JOHN NEAL: Oh, go ahead.

KAUTH: And and I want to follow that up with, how successful are you and what metrics are you actually using to measure? Because I look at the metrics for school as being more about if kids learn how to read and write and they're succeeding on their test scores versus the stuff that you're playing. So I think it's a difference of the metrics that you're actually using. So you're saying that if schools don't do exactly what you think they should as far as admittance, then we should not have this sort of a program for any student whatsoever.

JOHN NEAL: So in the question I'm, I'm hearing are one, is it an all or nothing thing, and is that the only category. And then two, what are the metrics when you talk about the goal of improving the quality of education available to all children, what does that mean? Well, looking at that-- the second one, first, when you look at all children, I think it's the effort to try to reach all children. This bill, for example, is set up in a way that does not attempt to try and reach all. Not the-- not the guidance of actually reaching all, but it provides within the structure itself the ability not to reach all. And I'll give you one example that's been talked about a lot in the, in the Education Committee, which is an option enrollment. Option enrollment is a way for public school students to move from one district to another district. And one of the issues that's been raised several times, in fact a bill just passed last year to try to deal with this issue, is a student with a disability may not be accepted from one district to another. And the concern is if you deny any group or some groups of students that option, is it really an option? And I think it's kind of an apples and oranges question, because I'm-- but

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in this particular case, this is set up in a way that allows people to say, we're not going to take all, when the clear intent of the law is to try to do all and we see a discrepancy there.

KAUTH: OK. So, and, and I disagree with that, mostly because this is an attempt to do some good in the-- in the reality that public schools can't do everything and can't serve every student the way each student needs to, and because kids are individuals and they need different things. And so I look at you coming in and saying it's not perfect for absolutely everyone, so we're not going to do it for anyone.

JOHN NEAL: Oh, and I apologize. That was not my--

KAUTH: OK. Thank you.

JOHN NEAL: That was not my intent to say it's not perfect, so we shouldn't do it.

KAUTH: That's, that's how I--

JOHN NEAL: I apologize. Then I didn't explain myself very well. I think the intent is to say the state gets behind a program that's attempting to reach the state. It shouldn't include a built in structure to allow discrimination based on the decision of a private entity.

KAUTH: Thank you.

JOHN NEAL: OK.

von GILLERN: Any other questions from the committee members? Seeing none, thank you for your testimony.

JOHN NEAL: Thank you.

von GILLERN: Next opponent testifier please? Good afternoon.

RITA BENNETT: It is still afternoon I guess.

von GILLERN: Eleven more minutes.

RITA BENNETT: Thank you. and it's still Valentine's Day, but this was the best offer I got, so we won't go into what that says. Actually, I'm really, really happy to be here, thank you to the committee members, Senator, for your allowing this to happen today. My name is Rita Bennett, R-i-t-a B-e-n-n-e-t-t, and I'm here to voice my strong

opposition to LB1403, as well as to testify on behalf of the Nebraska State Education Association. This bill does make significant and troubling expansions to provisions in last year's LB753. The bill expands the amount of money that can be funneled to private schools through scholarship granting organizations by expanding the number of entities that can contribute to include insurance companies, financial institutions, and many others. And it also expands the list of tax liabilities that can be converted into LB753 credits. This bill further expands the list of qualified private school expenses you heard mentioned earlier, beyond just tuition and fees with the language changes that this would propose to LB753, for the change that was from LB753. So now we have the language of including the full cost to educate an eligible student attending a qualifying school. As we have seen happen in other states, that open ended language you heard referred to earlier allows those private school scholarships to be used for anything from ski passes to Disney tickets to expensive Lego sets. It's essential you consider negative consequences for public education. If there is an expansion of LB753 under this bill, even more credits will be used to divert even more public dollars away from funding things like public schools. That will lead to increased-- excuse me, decreased financial support for public education, potentially resulting in understaffed schools, outdated resources, and inadequate facilities. LB1403 further exacerbates inequalities, because you heard about, obviously about the potential of discriminating. But also because it likely benefits wealthy families who after receiving a few hundred dollars, are still able to afford to pay the full cost of private school tuition. Again, economically disadvantaged families having limited options. That continues to lead to a two-tiered educational system where students from wealthier families continue to have more opportunities. There's also that lack of accountability in private schools that accept LB753 funds, for private schools not subject to the same level of scrutiny, or reporting and regulations as public schools, which also contributes to lower standards, perhaps, a lack of transparency and inadequate protection of student rights. And I'm just about finished here. If private schools faced the same regulatory environment as public schools, including many of the unfunded mandate, mandates that we happen to have currently, what you find is that private school per pupil expenses would be much higher. And often we lose that point when we talk about comparing public versus private school costs. So it's for those reasons that LB753 is going to be on the ballot in November, allowing--

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von GILLERN: Can you try to wrap up, please?

RITA BENNETT: --we the people to decide. And so I encourage you to indefinitely postpone this bill.

von GILLERN: Questions from committee members? Senator Kauth.

KAUTH: Thank you, Vice Chairman von Gillern. First of all, happy Valentine's Day.

RITA BENNETT: Thank you.

KAUTH: I will say that first, because I'm getting really frustrated with people who come in and say that wealthy people will do better. Wealthy people are going to ha-- say, hey, my taxes can go to this place. They're not going to not pay taxes. And I have questions that I'm sure that you support the child care tax credit. Correct?

RITA BENNETT: Of course.

KAUTH: Of course. That's money that by your standards could be going to a public school. So it just the the dissociative disorder that I see happening with people when they talk about this is just crazy.

RITA BENNETT: Having been characterized as having a dissociative disorder is a little disturbing.

KAUTH: What's happening? What's happening is you're saying not this tax credit, but I'm good with other tax credits, but this one will harm public schools. But other tax credits won't.

RITA BENNETT: The child tax credit could potentially apply to any taxpayer. My ability to give a substantial amount of money to one of the SGOs and receive a 100% tax credit, which doesn't happen with any other charitable contribution, is what sets this apart from things like the child-- the credit that you were talking about.

KAUTH: You're directing your taxes to go-- it's, it's not-- you're not giving an amount of money that will make you pay less taxes. You're saying, OK, I have to pay \$1,000 in taxes. I'm going to let \$500 of it go to this tax credit. So again, it, it's really distressing how often that point has been made. And people seemingly, seemingly deliberately ignore that point.

RITA BENNETT: It, it-- I think that you definitely see it differently than I with respect to-- than what we see it. With respect to the 100% tax credit, and, and this, the SGO donation being the only 100% tax credit that would be offered by the state, certainly takes bigger chunks of money out of state revenues. All of the things that state revenues help to support, such as many educational issues, besides just, you know, property tax. The bottom line, though, is it will have a more detrimental effect, and it does not advantage as many people. And in states where this has been-- similar legislation has been enacted, the statistics are there to show that the wealthy tend to be the ones who continue to benefit the most, in particular from that tax credit.

KAUTH: I would disagree wholeheartedly with that. Thank you.

von GILLERN: Thank you, Senator Kauth. Other questions? Senator Murman?

MURMAN: Yes. Are you saying public schools don't go to Disney and, and as a school go to Disney, and go skiing?

RITA BENNETT: There's no funding associated at all with those kinds of activities. I, I can give you one specific example. My daughter was in marching band at Southeast High School. And the trips that the marching band took, when they were invited to participate in, say, bowl games or bowl game parades and that sort of thing, we fundraised, or I had to pay for that out of pocket. There is no school funds at all associated with that. I spent many years sponsoring Future Business Leaders of America as an educator, and my students also, same thing. Whenever there was-- and those were academic related competitions that we would go to, regional national conferences. Our students had to fundraise or pay their own way or families had to. So that's a clear answer that absolutely not, we're not able to use-- we certainly don't use taxpayer dollars in that way, nor would we have. Simply because, again, that's something that those particular students were able to do. So, yeah, that I guess that's the best answer I have for that question.

MURMAN: They didn't use school busses or any school--

RITA BENNETT: No, we, we had to charter our own buses and paid-- that, that expense of transportation was factored into what each student was expected to either fundraise or their family pay for.

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MURMAN: Well, that's not the way all public schools do it. I know some use school buses and those kind of things. And also the foundation, I think contributes, which is charitable.

RITA BENNETT: And, and during my years at least, we didn't-- our chapter, didn't receive any money from the foundation for that sort of thing.

MURMAN: OK. And also the Lego sets, I think those are an educational tool that I'm not sure if they use them in public schools, but--

RITA BENNETT: It might depend upon the circumstance in which they're used.

MURMAN: Thank you.

RITA BENNETT: You're welcome.

von GILLERN: Other questions from the committee? Senator Meyer.

MEYER: Thank you, Chairman von Gillern. Since you opened the, the avenue of accountability, I'm going to go down that road. Last, last year, the Legislature put in about, what, \$1.355 billion into additional state aid to schools. Last night, there was a bill introduced, I guess, across the hallway in the Education Committee for somewhere between \$10 million and \$15 million to help your members who have about a 44% reading score in Nebraska to help them learn how to teach reading. I guess I'm not seeing much accountability amongst your members in performing basic tasks of, of reading when we're asked to supplement all of the dollars that are going into the formula with another \$15 million to help our reading scores. So I guess-- I, I, I guess there's a lack of accountability there already that we have to-- that we have to do that because our kids are reading at very, very low scores. Now, they've change the cut-- the cut score. But that's not really what we're talking about here. But 44% is pretty much a state average.

RITA BENNETT: So thank you for, for bringing that up and allowing me to address it. Two things that, that I heard about. So first of all, the increased funding last year, or the dollars that were designated for-- toward public schools, which absolutely, we appreciate. However, it wasn't that true increase because some of those same dollars were reduced from property tax dollars. So, so all of that was not new spending. But then the other issue with accountability, the fact that you're able to quote that 44% means there is accountability. Public

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schools are required to report and to answer for-- to the taxpayers when there are concerns about reading scores or any other score. So the very fact that you have that statistic, you won't have that, you don't have that for private schools. And there's no requirement that it is filled

MEYER: Oh I think I-- I think I could probably get that in every private school.

RITA BENNETT: I would love to see that published, actually, I think that would be terrific. Because, again, all of us want all children to do well in school, no doubt, whether it's a private or a public school, on that we all agree. We want what's best for Nebraska's children. And so absolutely, I'm glad we're in agreement on that.

MEYER: OK. Thanks.

von GILLERN: Other questions from the committee? Senator Murman.

MURMAN: You mentioned public or private school. Did you mean to omit homeschool?

RITA BENNETT: Oh, not at all. Actually, I, I mean in my head, I can consider that another form of private school in the sense that if I homeschooled my children, mine happen to both attend Lincoln Public Schools, but if, if I did homeschool my children, I wouldn't open it up to the whole neighborhood. So. So no, that would be private in my-- in my eyes. No, absolutely.

MURMAN: Thank you for including homeschools.

RITA BENNETT: Because I-- absolutely, and I had students who have been homeschooled up to the high school age and then came to my classroom, and, and I was delighted to, to hear about their experiences at homeschool as well.

MURMAN: Thank you for including them.

RITA BENNETT: You bet. Absolutely. And I'll return the happy Valentine's Day.

von GILLERN: OK. Right. Hang on. I got a couple of questions.

RITA BENNETT: Oh yes, sir.

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von GILLERN: Based on your comments about accountability, are you truly, truly concerned about the performance of the education, of the teaching-- I gotta figure out how to form this sentence. About the level of teaching performance in private schools? Is that really a concern to you when you look at graduation rates and you look at college acceptance rates and SAT scores and ACT scores? Is that, is that truly a concern of yours that-- When you talk about accountability and lack of accountability in private schools, are you truly concerned that private schools are not educating kids to the same level or above the public schools?

RITA BENNETT: I, I'm trying to guess if there, if there's an underlying implication or not. First of all, first of all, I'm always concerned about student success, no matter what building they're in or whether they're at, at homeschool. That makes no difference to us, because we're all about success for all children. OK. So, so there's that. Now, if what you're asking is whether or not there's an implication that I don't think they would be well educated if there's not the accountability standards, for example, that are the same, that's not-- I, I'm not suggesting that at all. It's just that we can't know. And whenever public dollars, public tax dollars, are diverted, or our, our revenues from tax dollars are reduced to allow for all the things that the state revenue pie pays for, that's the difference is where there's public tax money associated with, that taxpayers should have some sort of measure or ability to know what are the results of those dollars. Are they, in fact, succeeding at helping to educate more students? So that would be the piece that I would differentiate, is simply the fact that there's tax revenues. If tax revenues were to go that way, then that's the concern, which is also why many people signed the petition to put LB753 on the ballot, it was again, that same kind of concern.

von GILLERN: That's a whole 'nother rabbit trail I don't want to go down as, as how those signatures were obtained. But, so again--

RITA BENNETT: I was a volunteer circulator, so--

von GILLERN: I didn't ask a question just for clarity. So again, I think the implication certainly is that you are concerned that public schools are not educating to that same level or to a good level.

RITA BENNETT: Private schools you mean? Mmhm.

von GILLERN: Your, your comment about the credits benefiting wealthy families is so upside down, I'm completely lost at how you would even claim that when, when the opportunity scholarship funds are specifically directed at the lowest income families first, and those that are that, that are struggling in their existing educational opportunities and military families. I think in fact, I think it's if that if, if that, program if those programs turn out to be successful, there's not a single dollar that will ever flow to a high income family. By design.

RITA BENNETT: It's the-- what, what I was referring to, the tax credits, so those with more wealth who are able to afford to donate more of their income to 100% tax granting purpose, like the SGOs, that in-- that is obviously going to benefit the wealthy more.

von GILLERN: So.

RITA BENNETT: So.

von GILLERN: Just for clarity, again, under the Opportunity Scholarship Act, if I owe, I'll just pick around number, if I owe \$10,000 in taxes to the state, I can elect to give a portion of that to the scholarship granting organization, and the balance to the state. There is no net gain. There is-- there is no gain to me--

RITA BENNETT: You would reduce your taxable income.

von GILLERN: --as a taxpayer.

KAUTH: No it doesn't.

von GILLERN: No. It reduces my tax liability by zero.

RITA BENNETT: So--

von GILLERN: That-- I still write \$10,000 worth of checks.

RITA BENNETT: Right. We-- Right. Well. But again, that isn't going into state coffers either.

von GILLERN: That's different than what you said, because you said it benefits wealthy individuals, when there is--

RITA BENNETT: In the way that I already described.

von GILLERN: There is \$0 benefit.

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RITA BENNETT: Of-- that I've reduced my tax liability, the more-- if I give the same that \$5,000 to an SGO versus a \$5,000 to the food bank, for example, I don't get the same tax benefit for the \$5,000 they give to the food bank.

von GILLERN: But I still write \$10,000 worth of checks. There is no-- there's no net benefit to my household. To my personal--

RITA BENNETT: Certainly your tax situation is improved if you-- if you have it going to a 100% tax credit.

von GILLERN: OK, I'm done arguing about that point. My last point you say-- you make, you say the private school per pupil costs would be much higher. I am currently paying for two of my grandchildren's private school, my, my, my kids went through K-8 private. The average-- I think what we're paying right now for my grandkids is roughly half of what the per pupil cost is in the district that we live in. And even when they-- if they choose to go to a-- to a private high school, it will be roughly equivalent to or maybe slightly higher than the per pupil cost. I'm not sure how you arrive at this conclusion.

RITA BENNETT: So it simply is, is-- and I just want to take a quick glance here, so what we're really referring to is the fact that if the accountability standards were the same, if the same requirements were placed on private schools as what you see placed on public schools, there would naturally be a higher cost to those private schools with respect to their delivery systems. So, whether that be through certain certifications and having to pay more for staff to, well, there are, there are just a lot of examples for which obviously we don't have time to get into tonight. But the bottom line is, again, if the exact same standards were applied to private schools as to public, there would naturally be a higher cost to the private schools.

von GILLERN: OK. Well, clearly we differ on the bottom line, because the bottom line to me is the academic outcomes. So thank you for adding clarity to that. Any other questions from the committee? Seeing none, thank you for your testimony.

RITA BENNETT: Thank you for allowing me to be here.

von GILLERN: Yeah. Any other opponent testimony? Seeing none, anyone who'd like to testify in a neutral position? Seeing none, Senator Linehan, would you like to close?

LINEHAN: Thank you all so very much. I feel really good. I'm leaving the Legislature in very good hands. I, I just want to-- there's no press here, so I'm going to be a little more blunt than I usually am. Stand For Schools and OpenSky are funded by the same people through tax-free foundations. So their donations, I've been through their 990s, all their funding is coming from tax free money. The irony is, two-tiered education system. It-- we, we-- OK, I'll go the next one. No discrimination. Education Committee. One, two, three, four of us on the Education Committee. How many parents have we heard from this year who tried to opt their child with a disability into a public school, and they were refused because they have an IEP? In one case, it was an IEP because they had a loss of hearing. They weren't deaf. But they needed to wear a hearing aid, and therefore they were turned down for option enrollment from a public school. The program is capped at \$25 million for the first three years, so this bill cannot make it cost more. It then can grow by 25% a year, up to a maximum of \$100 million, which will take ten years. This bill does nothing to increase that. We don't raise the cap. The expanding of going from tuition to what it cost. It can't cost more than 75% of the average student cost in the state of Nebraska, so the cost per student is capped. It does not decrease funding for public schools. We have-- thank you, Senator Meyer, others-- we increased funding for public schools. And yes, some of the \$328 million that we increased in funding for public schools did reduce some property taxes, but not all. They keep talking about how they're not-- they're accountable? And the private schools aren't accountable? I don't know, as we had a hearing last night about 11:00 in Education, 66% of the children in Nebraska are not reading at grade level. I don't-- how is that accountable? They test them, they show us the scores, and ask for more money. There's no accountability. The private schools that qualify for this program have to be approved or accredited. They have to take a standardized national normed test. In other words, they have to take the test that all the students across the country are taking, so when we look at them, we can see how we compare to Iowa and South Dakota and California and New Jersey and New York. We don't do that to the public schools. The public schools take a test that the Department of Ed creates. Then the Department of Ed decides what the cut scores are. Senator Meyers very well, this year we changed the cut score so we would have fewer needs improvement schools. I, I didn't have anybody come today. It's, it's-- it doesn't matter what we say. It doesn't matter what the truth is. They're going to keep saying the same things. That's why they got people to sign the petitions. They keep saying it's public tax dollars. I've shown the Supreme Court case, there's three of them, U.S. Supreme Court cases

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that say tax credits are not public dollars. To claim otherwise is to claim that every dollar you own belongs to the state unless we let you keep it. There's also, and I've not talked about this in a hearing before, so I'm doing this more for public record. There was a case I'm-- Thone v.-- I'm sorry, should about my notes. In the 80s was a case in '82 U.S.-- excuse me, Nebraska Supreme Court. We passed a bill, we still have it. We have scholarships to our state colleges and to our private colleges. The Legislature passed it. Governor Thone and all the constitutional officers and the Attorney General challenged it because they said we could not use it-- use state moneys, these are state moneys, could not use it for scholarships to private institutions. The Supreme Court said the Legislature can do that if they believe it's for a good public purpose. And they lost, and the Legislature won. The Legislature has the right to figure out what's a good public purpose, and then fund that public purpose. So thank you for being here. Happy Valentine's Day.

von GILLERN: Any questions from the committee members? Seeing none, thank you, Senator Linehan. That will close our hearing on LB1403. We do have letters. Thank you, Thomas. 1 proponent, 15 opponents and 0 neutral.