

## Tax cut package advances after cloture



Sen. Lou Ann Linehan (left), chairperson of the Revenue Committee, discusses the tax package with fellow senators during debate on LB873.

Lawmakers gave first-round approval March 30 to a proposal that would cut individual and corporate income tax rates, speed up the phaseout of state taxation of Social Security income and provide credits intended to offset the amount of property taxes paid to community colleges.

Supporters of the package made two unsuccessful attempts last week to advance the proposal.

LB873, as introduced by Henderson Sen. Curt Friesen,

would have eliminated community colleges' general fund levy authority. A Revenue Committee amendment, adopted 44-0, replaced the bill with several other tax-related measures heard by the committee this session.

The provisions of LB939, introduced by Sen. Lou Ann Line-



Sen. Curt Friesen

han of Elkhorn, would cut Nebraska's top individual income tax rate in several steps from the current 6.84 percent to 5.84 percent by tax year 2027.

Linehan's proposal also would continue the phased-in reduction of the state's top corporate income tax rate, which applies to income in excess of \$100,000, approved by the Legislature last year.



Sen. Lou Ann Linehan

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## North Omaha recovery bill expanded, advanced

A bill originally intended to focus on COVID-19 recovery efforts in North Omaha was broadened and advanced from select file March 31.

LB1024, as introduced by Omaha Sen. Justin Wayne, would have appropriated \$450 million of the federal American Rescue Plan Act funds allocated to Nebraska to the



Sen. Justin Wayne

North Omaha Recovery Act Fund. The funds would be used to provide grants to projects in qualified census tracts located within the boundaries of a metropolitan class city. Omaha is the state's only metropolitan class city.

A federally qualified census tract is one in which 50 percent or more of households have an income less than 60 percent of the area median gross income or a poverty rate of at least 25 percent.

An amendment adopted during general file debate reduced the ARPA appropriation to \$250 million and

added a \$225 million transfer from the state's Cash Reserve Fund.

Wayne offered an amendment on select file, adopted 43-0, that replaced the bill and outlined a compromise to expand the proposal's reach outside of the Omaha metro area. The amendment would lower the cash reserve transfer to \$55 million and place it, along with \$80 million of the ARPA funds, into the Economic Recovery Contingency Fund.

Wayne said those funds would be held in reserve for projects in Omaha

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# North Omaha recovery bill expanded, advanced

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that will be brought to the Legislature for consideration over the next two years, which he said would add an extra layer of accountability to the proposal.

A newly created Economic Recovery Special Committee of the Legislature would review proposals for distribution of those funds. The committee would include the chairpersons of the Appropriations and Urban Affairs committees, the speaker of the Legislature and four other senators who represent legislative districts containing one or more qualified census tracts located within a metropolitan class city.

The remaining \$135 million would be distributed in fiscal year 2022-23. Up to \$55 million would be available to provide grants through the newly created Qualified Census Tract Recovery Grant Program to provide funding to public and private entities located within qualified census tracts.

Up to \$10 million of those funds would be available to projects in primary class cities — Lincoln is Nebraska's only primary class city — and \$10 million to areas outside of Lincoln and Omaha. No less than \$35 million would go to qualified census tracts in North and South Omaha.

The grant program would be augmented by \$30 million in state general

funds over the next three fiscal years.

The amendment also would direct at least \$60 million for development of an airport business park in Omaha, \$30 million to innovation hubs located within two miles of the same airport and \$20 million to prepare land parcels for affordable housing.

A total of \$30 million would be available for affordable housing projects in Lincoln, as well as \$5 million for a lost revenue program for the Lancaster County Event Center, \$3 million in tourism development grants across the state and a few smaller projects.

The amendment also would remove a requirement that the \$126 million from the federal Coronavirus Capital Projects Fund allocated in the bill be used for projects in qualified census tracts. It instead would divide the funds roughly equally among Nebraska's three congressional districts for multi-purpose community facilities or broadband infrastructure project grants.

"We have broadened this to make sure that this bill reflects the entire state's needs when it comes to some ARPA requirements but also with the emphasis still on North Omaha," Wayne said.

Lincoln Sen. Anna Wishart supported the proposal. She said LB1024

would help North Omaha and other under-resourced areas of Nebraska.

"This bill is also criminal justice reform. This bill is economic development for an historically under-developed community in terms of resources from the state," Wishart said.

Sen. Mike Hilgers of Lincoln also supported LB1024, calling it a thoughtful and strategic long-term plan. He noted Wayne's willingness to scale back the bill's use of cash reserve funds and work with senators outside of Omaha to find compromise.

"[Sen. Wayne] has gotten incredibly creative to find a number and a path that will make a difference for his community," he said.

A second Wayne amendment, adopted 38-0, would allow public or private entities to accept grants from the Economic Recovery and Incentives Division for capital projects.

An amendment adopted on general file added provisions of Wayne's LB915, which would stipulate that any nonprofit that has received middle-income workforce housing grant funds would not be eligible for additional grants unless they have spent at least 50 percent of previous grant funds.

Senators advanced LB1024 to final reading on a voice vote. ■

## UNICAMERAL UPDATE

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# Tax cut package advances after cloture

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The committee amendment would cut the rate from the current 7.5 percent to 5.84 percent by 2027.

Also included are the provisions of LB723, introduced by Albion Sen. Tom Briese.



Sen. Tom Briese

The proposal is intended to ensure that a refundable state income tax credit does not fall below its current amount of \$548 million. The credit, created in 2020 under the Nebraska Property Tax Incentive Act, is based on property taxes paid to schools.

Under the amendment, the credit amount would increase to \$560.7 million for tax year 2023 and then increase by an allowable growth percentage of up to 5 percent beginning in tax year 2024.

The amendment also would create a refundable tax credit under the Nebraska Property Tax Incentive Act based on the amount of property taxes paid to a community college.

The total amount of credits this year would be \$50 million. It then would increase annually, reaching \$195 million during taxable years that begin during calendar year 2026. After that, the total would increase by the allowable growth percentage.

Finally, the amendment included the provisions of LB825, introduced by Sen. Brett Lindstrom of Omaha. His proposal would exempt Social Security income from state income taxation by tax year 2025.



Sen. Brett Lindstrom

Lindstrom said the proposal would benefit Nebraska retirees who live on a fixed income and are hard hit by inflation.

Linehan, the committee's chairperson, supported the amendment. She said Nebraska is one of relatively few states that taxes Social Security income and has high income and property taxes relative to its neighbors, making it less competitive when trying to attract and retain businesses, workers and retirees.

"We are doing a lot on the budget," Linehan said. "We're trying to do transformational things that move our state ahead, to get people to live here ... We need to also have a tax climate that doesn't scare people off."

Norfolk Sen. Michael Flood also supported the proposal, saying corporations consider a state's top corporate tax rate when deciding whether to expand or locate there. He said Nebraska's rate is not competitive.

Sen. John Cavanaugh of Omaha opposed the corporate rate cut, saying the gradual reduction passed last year is not complete and that 83 percent of the proposed cut would go to out-of-state corporations.

Omaha Sen. Machaela Cavanaugh said the income tax cuts are "reckless" and would threaten the state's finances once fully implemented. She noted the previous failed attempts to advance the proposal.

"No one else would ever get this many bites of the apple in one session," Cavanaugh said.

Sen. Wendy DeBoer of Bennington supported the elimination of taxation on Social Security income. She questioned, however, why the committee amendment, which would

reduce state revenue by approximately \$900 million per year once fully implemented, would cut only the top individual income tax rate.

"We're leaving the middle class out of this," DeBoer said, "and I don't understand why we're doing that."

After eight hours of first-round debate, Friesen filed a motion to invoke cloture, which ends debate and forces a vote on the bill and any pending amendments. The motion succeeded on a vote of 43-0. Thirty-three votes were needed.

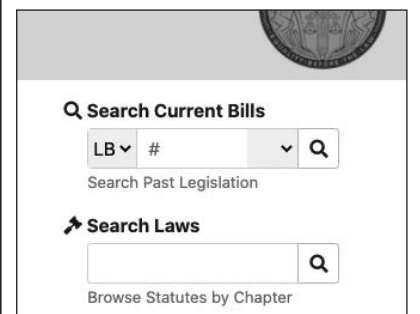
Senators then voted 44-0 to advance LB873 to select file. ■

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# APPROPRIATIONS

## Funding for rural health care workforce project advanced

Senators gave first-round approval March 31 to a bill that would fund a new facility to train rural health care providers.

LB792, introduced by Kearney Sen. John Lowe, originally would have appropriated \$15 million in general funds for renovation of the Youth Rehabilitation and Treatment Center in Kearney.



Sen. John Lowe

An Appropriations Committee amendment, adopted 32-0, gutted the bill and replaced it with amended provisions of Omaha Sen. Robert Hilkemann's LB721. The amendment would appropriate a total of \$27 million in general funds over the next three fiscal years for operating expenses at the University of Nebraska Medical Center Rural Health Complex in Kearney.



Sen. Robert Hilkemann

Startup and construction costs for the facility were included in LB1014, introduced by Lincoln Sen. Mike Hilgers to allocate the state's federal pandemic relief funds, which is on the final round of debate. The complex is being built on the University of Nebraska Kearney campus to create new programming in allied health professions, medicine, nursing, pharmacy and public health.

Omaha Sen. Tony Vargas supported the bill and the amendment. The state

needs to continue to invest in the next generation of health care professionals and create pathways to increase the number of rural providers, he said.

Hilkemann also spoke in support, calling LB792 an important bill for the state and the culmination of his years-long goal of establishing a medical school in Kearney.

"This rural health complex is transformative for medicine in Nebraska," he said.

Senators advanced the bill to select file on a 33-0 vote.

## Electrical system grant program advanced

A proposal aimed at helping a Nebraska community address its electrical system challenges advanced from general file March 31.

LB977, as introduced by Sterling Sen. Julie Slama, would have used federal pandemic relief funds to create a grant program, administered by the state Department of Administrative Services, to fund electrical system expansion projects.



Sen. Julie Slama

That initial proposal, however, was deemed likely not an eligible use of such funds, Slama said.

An Appropriations Committee amendment, adopted 34-0, instead would transfer \$15 million from the Cash Reserve Fund to the existing Site and Building Development Fund and expand eligibility to include grants to second class cities – those with a population between 801 and 5,000 residents – that partner with public power utilities to expand electrical system capacities and enhance redundancy and resilience.

Eligible grantees would be required

to secure a minimum commitment of half of a project's total cost before state dollars would be released.

Slama said the bill was brought to assist southeast Nebraska's second-largest town, Falls City, in addressing its substandard electrical capacity. The continuity of electric service there is "challenged," she said, and the town has experienced numerous power outages, including during a recent high school district basketball game.

One result, Slama said, is that the town cannot engage in economic development that would bring new businesses to the community, because doing so would push the existing electrical system beyond its capacity.

"Without upgrades to our southeast Nebraska electrical infrastructure, there can be no growth," she said.

Seward Sen. Mark Kolterman supported the bill and the amendment. Falls City has its own power plant, he said, which would be too costly for the community to upgrade without a "partnership" with the state.

"I think this is an opportunity for us to help a rural community grow and prosper," Kolterman said.

Lawmakers advanced LB977 to select file on a 34-0 vote.

## Budget adjustment package passed

Lawmakers gave final approval March 29 to the Appropriations Committee's mid-biennium budget adjustment package.

LB1013, introduced by Speaker Mike Hilgers of Lincoln at the request of Gov. Pete Ricketts, changes provisions relating to the state's Cash Reserve Fund, also known as the



Sen. Mike Hilgers

rainy-day fund. The bill uses \$513 million from the cash reserve for a variety of transfers outlined in other bills introduced this session.

The bill also sets aside \$175 million to be released to the Nebraska Capital Construction Fund for a potential new state penitentiary but does not appropriate those funds until certain conditions are met.

Following the 34-3 adoption of a cloture motion to cease debate, offered by Gering Sen. John Stinner, lawmakers passed LB1013 on a 33-5 vote. The bill took effect immediately.

LB1011, also introduced by Hilgers at the request of the governor, is the mainline budget bill. The bill adjusts appropriations for state operations, aid and construction programs in the current and next fiscal year.

The bill passed on a vote of 36-4 following the 36-3 adoption of a Stinner cloture motion and took effect immediately.

Also approved was LB1012, introduced by Hilgers at the request of the governor, which authorizes and provides for certain fund transfers, creates funds and changes and eliminates provisions regarding a fund. The bill passed 34-6 and took effect immediately.

The governor has five calendar days, excluding Sunday, to sign, veto or line-item veto appropriations within the budget bills.

If budget bills are returned to the Legislature with line-item vetoes, the Appropriations Committee must report on the fiscal impact of the vetoes within one day and may offer a motion to override any or all of them. Thirty votes are required to override a veto.

**Pandemic funding bill clears second round**

Lawmakers amended and advanced a bill March 28 that would appropriate

the \$1.04 billion allocated to Nebraska from federal pandemic relief funds after approving several amendments that made minor modifications to individual allocations within the proposal.

LB1014, introduced by Speaker Mike Hilgers of Lincoln at the request of Gov. Pete Ricketts, contains recommended appropriations for fiscal year 2021-22 and FY2022-23 for the American Rescue Plan Act funds that Nebraska has been allocated to mitigate the impact of the coronavirus pandemic.

The state has received \$520 million and an additional \$520 million is anticipated by May 2022. Federal law specifies that expenditures must either support COVID-19 mitigation efforts, respond to negative economic impacts, replace lost revenue, provide premium pay for essential workers or fund water, sewer and broadband infrastructure projects.

The federal funds must be allocated within three years and spent within five years.

Gering Sen. John Stinner offered an amendment during select file debate, adopted 26-7, which would allocate \$4 million to the state Department of Health and Human Services to contract with a statewide nonprofit to increase child care capacity in areas of need by providing grants to start or expand programs for children from birth through age five. The provisions originally were introduced in Albion Sen. Tom Briese's LB1203.



Sen. Tom Briese

Stinner said many child care providers closed down during the pandemic, exacerbating an existing shortage. Funds would be offset by lowering the allocation in LB1014 for rural

workforce housing by \$4 million.

"Parents who need and are willing to work should not have to choose between their jobs and caring for children," Stinner said. "In approximately 64 of Nebraska's 93 counties, more than 25 percent of residents don't have reasonable access to child care within driving distance."

North Platte Sen. Mike Jacobson spoke in support of the amendment, noting the importance of both affordable housing and child care in pandemic recovery.

"Everything is interrelated," he said. "And when you start looking at economic development in a community it's not one thing, it's a combination of things, and it's that proverbial weak link in the chain that breaks the chain."

Elkhorn Sen. Lou Ann Linehan offered two amendments during select file debate to place limitations on entities receiving funds under LB1014. The first, adopted 32-0, would cap administrative expenditures at 15 percent for any agency, board or commission that receives ARPA dollars from the state through the bill.

The second, adopted 31-0, would prohibit funds appropriated in the bill from being used by or for a joint public agency. Linehan said that in the past political subdivisions that have held failed bond elections have formed JPAs to allow them to use another entity's levy authority without a vote of the people.

She said the amendment would prevent a "JPA spring, where they're popping up everywhere."

Also offering an amendment on select file was Lincoln Sen. Adam Morfeld. The amendment, adopted 27-5, added provisions of his LB867, which



Sen. Adam Morfeld

would provide \$500,000 for HIV Surveillance and Prevention Program.

Morffled said the program, which is administered by DHHS, provides access to education and pre-exposure medication for individuals at high risk of getting HIV. Many Nebraskans who could benefit from services are unaware that the program exists, he said.

The funds would be offset by taking \$500,000 from the \$47 million allocated to the state Department of Economic Development for community and rural development.

After four hours of debate, Stinner offered a motion to invoke cloture, which ceases debate and forces a vote on the bill and any pending amendments. The motion was adopted on a 34-4 vote. Thirty-three votes were needed.

Following the adoption of two additional technical amendments, lawmakers advanced LB1014 to final reading on a 33-7 vote.

## BUSINESS & LABOR

### Proposal to extend, increase funding for rural housing program advanced

A bill that would update an existing grant program in an effort to increase workforce housing in rural communities was advanced from general file March 28.

The Rural Workforce Housing Investment Act, passed by the Legislature in 2017, provides grants for the construction of workforce housing in counties with fewer than 100,000 people. Grants are available to non-profit development organizations in eligible communities.

LB1069, introduced by Gothenburg Sen. Matt Williams, would extend the

grant program — which had been set to expire at the end of this fiscal year — through FY2026-27. The bill also would increase the maximum allowable cost to construct an owner-occupied housing unit from \$275,000 to \$325,000 and for rental housing units from \$200,000 to \$250,000.

The current \$2 million cap that a nonprofit development organization can receive would be removed and replaced by an amount set by the director of the state Department of Economic Development. Additionally, the bill would reduce the required local matching grant from a one-to-one match to 50 percent. Projects that receive funds from the National Housing Trust Fund would be ineligible for the program.

Williams said the workforce housing program has been widely successful — offering a 15-to-1 return on investment for the state. The program has resulted in construction of hundreds of houses across Nebraska, he said.

“Over the past several years, Nebraska has been battling the issue of workforce shortages,” Williams said. “It is estimated that there are over 50,000 unfilled jobs and only approximately 20,000 [individuals] seeking employment. In addition to a worker shortage, we also have a significant shortage of available workforce housing.”

North Platte Sen. Mike Jacobson spoke in support of the bill, saying the housing program is especially important for rural Nebraska. The cost to build homes can be up to 15 percent higher in rural parts of the state than in urban areas, he said.

“Rural communities are running out of housing and a lot of the [existing] housing is aging,” Jacobson said.

Sterling Sen. Julie Slama also spoke



Sen. Matt Williams

in support of the bill, saying rural areas of Nebraska are disproportionately impacted by a lack of affordable housing.

“Normally, I’m a very small-government person, but this is a very narrowly tailored program intended to target a very high need in our rural areas,” Slama said.

Sen. Steve Erdman of Bayard spoke in opposition to LB1069. He said high property taxes contribute to the state’s worker shortage and that government shouldn’t be in the business of building houses.

“We continue to do things that local investors that need to make money won’t do because there’s too much risk or not enough profit, but the government can do [them],” Erdman said. “At some point in time, we’re going to over-build and then have a housing crash.”

Omaha Sen. Tony Vargas offered an amendment, adopted 25-3, that would allow the DED director to determine the maximum cumulative amount of grant funding that could be distributed to any single entity. He said the amendment would harmonize the state’s rural and urban workforce housing programs.

Following the 27-4 adoption of a technical Williams amendment, senators voted 30-3 to advance LB1069 to select file.

## EDUCATION

### Behavioral health points of contact for schools amended, advanced

Lawmakers gave first-round approval March 28 to a bill intended to improve access to mental and behavioral health services for public school students after amending it to include

a proposed mental health first aid training program.

LB852, introduced by Omaha Sen. Jen Day, would require each school district to designate at least one employee in each school building who has knowledge of community behavioral health service providers and other resources for students and families.



Sen. Jen Day

The behavioral health point of contact would coordinate access to behavioral health services for students and families and facilitate access to services at a student's school during the school day whenever possible and as approved by a student's parent or guardian.

An Education Committee amendment, adopted 33-2, clarifies that points of contact would be required to coordinate access to services at all times, not "whenever possible."

Under LB852 as introduced, a point of contact could be an administrator, a school nurse, a school psychologist or another designated employee.

Day introduced an amendment, adopted 34-0, that also would allow schools to designate a person affiliated with a particular school building or other division as a point of contact.

She said this would give schools more flexibility by allowing them to assign that responsibility to a contracted educational service unit staff member who works in a school building.

Day said LB852 would not require schools to hire a staff member to serve as a point of contact or provide training to that person.

The bill would require the state Department of Education to provide each district with a registry of state and local behavioral health resources for

students and families by geographic area. It also would require the registry to be updated at least annually and include both school-based services and those accessible outside of school.

Each district would report its designated behavioral health points of contact to the department before the beginning of each school year.

Fremont Sen. Lynne Walz supported the bill, saying it has broad support among Nebraska schools. She said a similar process implemented at Ralston Public Schools several years ago has helped many students, families and school staff members work through mental and behavioral health crises.

"Let's replicate those remarkable outcomes across the state," Walz said.

Sen. Adam Morfeld of Lincoln introduced an amendment, adopted 28-0, that includes provisions of his LB912.



Sen. Adam Morfeld

The proposal would require the department to create a mental health first aid training program for teachers and other school personnel employed by a school district or ESU participating in a State Board of Education grant program.

Morfeld said grants would be funded by state lottery proceeds.

The training would be provided by trainers who are certified by a national organization for behavioral health and would include the skills, resources and knowledge necessary to help connect students with appropriate local mental health care services.

Teachers and other school personnel also would learn how to safely de-escalate crisis situations, recognize the signs and symptoms of mental illness and refer a student to mental health services in the early stages of the development of a mental disorder.

Following adoption of the amendments, LB852 advanced to select file on a vote of 27-0.

## GENERAL AFFAIRS

### Racetrack casino regulation updates clear first round

A bill that would update Nebraska's gaming regulations for horse racetrack casinos and the commission that governs them was amended and advanced from general file March 29.

LB876, introduced by Albion Sen. Tom Briese, would change several provisions of the Nebraska Racetrack Gaming Act, including requiring racetracks to hold a minimum of five live racing days a year by Jan. 1, 2026. Prior to that, the bill would require at least one live racing day during a licensee's first three years of operation.



Sen. Tom Briese

As introduced, the bill would have prohibited a racetrack from being located within 50 miles of another racetrack. Tracks that existed on Nov. 1, 2020, in Adams, Dakota, Douglas, Hall, Lancaster and Platte counties, would have been allowed within 50 miles of another racetrack operating games of chance.

A General Affairs Committee amendment, adopted 30-0, replaced the bill and instead would allow an existing racetrack to apply to the commission to move to another county in Nebraska that does not have a racetrack following issuance of a market analysis and socioeconomic impact studies.

It also would prohibit issuance of new licenses until the commission

conducts a statewide horse racing market analysis, a study of the potential casino gaming market and a socioeconomic impact study of horse racing and casino gaming statewide and in each county that has a licensed racetrack. The three studies must be completed by Jan. 1, 2025.

Among other provisions, the amendment would increase the duration of a horse racing license from one to five years and require tracks to hold at least five racing days and 50 live races annually by Jan. 1, 2026, and 15 racing days and 120 races annually by Jan. 1, 2031. It also would establish a schedule for tracks built after the bill's operative date.

Non-compliant tracks would be forced to close until the commission determines that the situation has been corrected.

Finally, the amendment incorporated provisions of Briesse's LB877, which require the State Racing and Gaming Commission to meet at least eight days each year and would require racetracks to pay the commission an increasing percentage of proceeds. Through June 30, 2023, racetracks would pay 0.5 percent of the gross sum of parimutuel wagers placed at the track during the previous calendar year, 1 percent annually from July 1, 2023 to June 30, 2024, and 2 percent annually going forward.

Briesse said the amended bill would strengthen the state's horse racing industry and limit the number of casinos.

"This will really force our racing industry to ramp up," Briesse said. "We think it will be good for industry, good for agriculture ... and good for Nebraska."

La Vista Sen. John Arch supported the bill. He acknowledged that there was disagreement among lawmakers and industry representatives about the bill's provisions, but said LB876 as amended was a fair compromise.

"I think we landed at a good place," Arch said.

Lawmakers advanced LB876 to select file on a 34-0 vote.



### Proposal to end unfunded mandates advances

The Nebraska Legislature would be required to provide full reimbursement to political subdivisions for any new program or expansion of an existing program under a proposed constitutional amendment advanced from general file March 28.

LR263CA, introduced by Sen. Carol Blood of Bellevue, would require, beginning in 2023, that the state pay the full costs of new programs or increased levels of service required under an existing program, either through general fund appropriations or an increase in state distribution of revenue to the impacted political subdivision.



Sen. Carol Blood

If approved by lawmakers, the proposal would be placed on the ballot for voter approval in the 2022 general election.

Blood said unfunded mandates on political subdivisions have increased in recent years and her proposal would help reduce property taxes in Nebraska.

"When we place an unfunded or under-funded mandate on our political subdivisions, they really have few options when it comes to paying for

those mandates outside of property taxes," she said.

Adams Sen. Myron Dorn supported LR263CA. Dorn, a former member of the Gage County Board of Supervisors, said state laws often are a burden on counties.

"We always kind of joked that it was a great day when the Legislature adjourned and they couldn't make more laws," he said.

Sen. Curt Friesen of Henderson opposed the resolution, saying it was too broad and raised many questions.

"If we change building codes for a city and suddenly there's some cost there, does the state have to pick that up?" he said. "We have put things on the counties that I don't feel counties should pay for ... but I think [this] legislation goes too far."

Several lawmakers, including Sen. John Arch of La Vista, said they supported the proposal's intent but were concerned about its implementation.

"How do we adjudicate the cost of this? How do we even define what an unfunded mandate is?" he said.

Sen. Steve Erdman of Bayard supported LR263CA, saying lawmakers are capable of addressing those concerns if the constitutional amendment is approved.

Senators advanced LR263CA to select file on a 34-5 vote.



### Behavioral health residency proposal advanced

Lawmakers gave first-round approval March 31 to a bill intended to boost behavioral health provider



capacity in underserved areas of Nebraska after amending it to include a study requirement of the impacts of the AltEn ethanol plant in Mead.

LB1068, sponsored by Gering Sen. John Stinner, would update a law passed by the Legislature in 2009 that funds efforts by the Behavioral Health Education Center of Nebraska to fill statewide behavioral health service needs, workforce education and professional training through established programs and practices.



Sen. John Stinner

BHECN is administered by the University of Nebraska Medical Center to provide residency training positions for physicians, physician assistants and psychiatric nurse practitioners. The intention of the bill is to increase the number of residencies from two to 10 and provide up to 12 one-year, doctoral-level psychology internships, an increase from the current five.

The bill also would provide funds for up to ten one-year mental health therapist internships or practicums in rural and underserved communities in Nebraska.

Stinner said the proposal would help ensure that Nebraskans are able to access behavioral health services in a timely way regardless of where in the state they live.

“With over 95 percent of Nebraska counties classified as behavioral health professional shortage areas ... there are access issues everywhere in the state,” Stinner said. “The COVID-19 pandemic only made matters worse.”

He said he originally intended to provide \$10 million in general funds to support the bill but after consultations with stakeholders, decided instead to increase BHECN’s baseline state ap-

propriation to \$5 million annually. The bill would appropriate \$2.6 million in general funds to the program in fiscal year 2022-23 and FY23-24.

Blair Sen. Ben Hansen supported the bill, saying many health care providers stay in Nebraska because of internships.

Sen. Carol Blood of Bellevue offered an amendment to add provisions of her LB1048, which would require the University of Nebraska to continue a study of the environmental and human health effects of the toxic chemicals contained in the dry residue – known as wet cake – and wastewater produced and stored at the AltEn plant in Mead.

The now-closed ethanol production plant used treated seed as raw material, leaving behind toxic byproducts that may have contaminated the water, soil and air surrounding the facility.

Blood said she originally hoped to use \$10 million of the state’s federal pandemic recovery funds for a long-term study but decided to pare down the request to \$1 million to ensure that current research can continue when funding runs out in a few months.

“Moving forward for a year is better than not moving forward at all,” Blood said. “It’s imperative that the university’s research continues.”

Omaha Sen. John Cavanaugh supported the Blood amendment, saying researchers have an opportunity to track any negative health implications from the situation at the plant, including future potential cancer clusters.

“This is about looking at the long-term effects of this and making sure we have the researchers to actually do the studies and track the medical issues,” Cavanaugh said.

Bayard Sen. Steve Erdman challenged the germaneness of the Blood amendment. According to legislative rules, only amendments found to

be germane – related to the specific subject of the underlying bill – may be considered during debate.

Erdman said a bill to fund behavioral health provider training programs and an amendment to fund a university environmental study were not sufficiently similar.

“That’s a real big stretch,” he said. “I cannot connect those two.”

The presiding officer ruled that Blood’s amendment was not germane to LB1068.

Blood made a motion to challenge that ruling, saying the amendment and the bill both direct action by the University of Nebraska. The motion prevailed on a 24-19 vote. A vote of the majority of members present was needed.

Lawmakers then voted 31-6 to adopt the Blood amendment and advanced LB1068 to select file 344.



**South Platte River canal project clears second round**

A proposal to build a canal that would divert South Platte River water from Colorado to Nebraska under a 1923 interstate compact advanced to the final round of debate March 29 after senators amended it to include conflict-of-interest provisions.

The compact entitles Nebraska to 120 cubic feet of water per second during the summer. Nebraska also has a right to 500 cubic feet of water per second during the non-irrigation season if it builds a canal to divert water from the river in Colorado to a reservoir system in Nebraska.

LB1015, introduced by Sen. Mike Hilgers of Lincoln, would authorize the state Department of Natural Re-

sources to develop, construct, manage and operate the canal and its associated storage facilities, called the Perkins County Canal Project, under the terms of the compact.



Sen. Mike Hilgers

Sen. Machaela Cavanaugh of Omaha introduced an amendment on select file that would prohibit the department's director, employees and their immediate family members from having a direct or indirect financial interest in any entity that is party to a contract or from having a financial interest in the ownership or lease of any property relating to the development, construction, management or operation of the project.

Senators voted 44-0 to adopt the amendment.

A second Cavanaugh amendment, adopted 44-0, would extend the conflict-of-interest provision to members of the Legislature and elected officials in the executive branch of state government.

The provision relating to executive branch officials would apply while those officials are in office and for two years after they leave office.

After adopting the amendments, lawmakers advanced LB1015 to final reading by voice vote.

### Lake development proposal amended, advanced

Lawmakers gave second-round approval March 29 to a proposal to build several water recreation projects across the state after amending it to prohibit conflicts of interest and ensure public access to a proposed lake between Omaha and Lincoln.

LB1023, introduced by Lincoln Sen. Mike Hilgers, would authorize

the state Game and Parks Commission to oversee the construction of marinas at Lake McConaughy and Lewis and Clark Lake and an event center and lodge at Niobrara State Park.

The bill also would authorize the state Department of Natural Resources to build and manage a lake in eastern Nebraska within the Platte River's floodplain.

The department could purchase, sell or lease land and enter into contracts for construction and management services. It also could enter into agreements with natural resources districts.

As amended on general file, the bill would require the department to give preference to contract proposals from a certain nonprofit corporation and those that provide for a public-private partnership.

Under an amendment introduced by Hilgers on select file, the nonprofit's board would include at least four directors who are appointed by the governor with the approval of a majority of the Legislature.

The board also would include a member of the Legislature and a representative of the state Game and Parks Commission, both of whom would be nonvoting members.

The Hilgers amendment would require the department to ensure that the public has complete access to the lake. The land selected for the lake would be owned by the state, and the amendment would prohibit any private entity from designating any portion of the lake for exclusively private use.

Sen. Machaela Cavanaugh of Omaha introduced an amendment, adopted 25-2, that would prohibit the director of the state Department of Natural Resources and the department's employees from having a financial interest, either personally or through an immediate family member,

in any purchase, sale or lease of real property relating to the construction or development of the lake or in any lake-related contract.

A similar prohibition would apply to members and employees of the state Game and Parks Commission.

Cavanaugh filed an additional amendment that would have removed the lake-related provisions of LB1023, saying she is concerned about the project's final cost and the possible use of eminent domain to acquire land where the lake will be built.

The amendment failed on a vote of 6-25.

After voting 32-2 to adopt the Hilgers amendment, lawmakers voted 29-4 to advance the bill to final reading.

## REVENUE

### Expanded homestead exemption amended, advanced

Veterans with a partial disability from a service-connected injury would qualify for a homestead exemption under a bill advanced from general file March 28.

Current law provides an exemption for qualifying veterans who are drawing compensation from the U.S. Department of Veterans Affairs because of a 100 percent service-connected disability.

Under LB853, as introduced by Omaha Sen. Jen Day, qualifying veterans who are at least 50 percent but less than totally disabled due to a non-service-connected accident or illness would qualify.



Sen. Jen Day

Day said she intended the exemption to apply to veterans who are at least 50 percent but less than 100 percent disabled due to a service-connected disability. A Revenue Committee amendment, adopted 38-0, corrects the error, she said.

Under the amendment, an unmarried surviving spouse of such a veteran or a spouse who remarries after turning 57 also would qualify for the exemption.

The exemption amount would be multiplied by the percentage that corresponds with the veteran's disability percentage as outlined in the amendment.

Day said the change would help compensate veterans with service-related injuries for their lost earning power and show Nebraskans' gratitude for their service.

Under current law, she said, a veteran with severe post-traumatic stress disorder or whose arm was amputated below the shoulder but above the elbow would have only a partial disability and would not qualify for a homestead exemption.

"Veterans with a 50 percent or higher service-connected injury only suffer from a partial disability in the clinical, cold and bureaucratic meaning of the term," Day said. "As anyone else can see, these are life-altering injuries."

Sen. Rita Sanders of Bellevue introduced an amendment, adopted 37-0, that includes the provisions of her LB1080. That proposal would allow veterans with a 100 percent service-connected temporary disability to qualify for a homestead exemption.

Additionally, it would allow veterans who have a 100 percent service-connected permanent disability to



Sen. Rita Sanders

apply for a homestead exemption and certify their disability status once every five years rather than annually.

Under the Sanders amendment, a person who files a claim for an exemption would be subject to a penalty for failing to notify the county assessor of a qualifying veteran's change in status, including a change in rating, a transfer of the property or the death of the veteran.

Lawmakers voted 39-0 to advance LB853 to select file.

**Career scholarship proposal clears first round**

A proposal to codify an existing state scholarship program for postsecondary students enrolled in programs that lead to jobs in high-demand fields advanced from general file March 28.

Under LB902, introduced by Sen. Raymond Aguilar of Grand Island, students who achieve a minimum score on a standard college admission test and enroll in an eligible program of study at the University of Nebraska, Nebraska state colleges, community colleges or private postsecondary institutions would receive a Nebraska Career Scholarship.

Aguilar said the bill would codify a program that has existed in the state budget since 2020. He said the scholarships are intended to help meet demand for skilled workers in some of the state's largest cities that do not have four-year colleges, including Columbus, Grand Island, Norfolk and North Platte.

The amount of each scholarship would vary from \$5,000 to \$25,000 per year depending on the institution. A scholarship would be renewed au-



Sen. Raymond Aguilar

tomatically each year if the recipient remains enrolled in good standing in the eligible program of study for which it was awarded.

Eligible programs would vary by institution and include health care, computer information systems, engineering or a program in a skilled trade or identified shortage area.

To qualify for a scholarship, a student would have to be a first-time freshman or a transfer student. Scholarships could be used for tuition, fees, required tools and equipment, room and board.

LB902 would require each scholarship recipient to register with the appropriate campus office to obtain a Nebraska-based internship, apprenticeship, clinical position or employment in a field related to their program of study before they graduate.

Finally, the bill would require each institution's governing body to submit an annual report on scholarship recipients and eligible programs of study to the Legislature and the governor.

Under an Education Committee amendment, adopted 35-0, the state Department of Economic Development, in collaboration with each institution's governing body, would designate eligible programs of study based on periodic reviews of Nebraska's workforce needs beginning in academic year 2024-25.

Fremont Sen. Lynne Walz, the committee's chairperson, said the amendment also would state legislative intent to appropriate \$50,000 in general funds for fiscal year 2022-23 to the Board of Trustees of the Nebraska State Colleges for cooperative programs with Wayne State College.

Aguilar said such a program would give Grand Island a "fighting chance" to attract talented college seniors who would work full time at local businesses while earning academic credit.

"My community recognizes the

looming impact of automation and the need to attract higher skilled workers to ensure that Grand Island can remain competitive for our largest employers and create new job opportunities,” he said.

Senators voted 36-0 to advance LB902 to select file.

### Turnback tax proposal amended, advanced

Parking facilities for convention centers and arenas would qualify for state turnback tax assistance under a bill advanced from general file March 31.

The Convention Center Facility Financing Assistance Act turns back 70 percent of the state sales tax collected by onsite retailers and nearby hotels to political subdivisions to help pay off bonds used to build convention and meeting center facilities.

Under LB927, introduced by Omaha Sen. Rich Pahls, political subdivisions also could use state turnback tax assistance to acquire, construct, improve and equip nearby parking facilities.

This would include any parking lot, garage or other parking structure that is not directly connected to a convention and meeting center facility but is located within 600 yards of such a facility.

Up to \$150 million could be appropriated to a single approved project under LB927, an increase from \$75 million under existing law.

Sen. Michael Flood of Norfolk supported the bill, saying Omaha will reach the current limit by the time it pays off debt used to finance the CHI Health Center.

“Increasing this cap allows Omaha to maintain and renovate the CHI

[Health] Center, protecting Omaha’s valuable investment,” he said.

Under a Revenue Committee amendment, adopted 27-0, a municipality would be eligible for a grant under the Community and Civic Center Financing Act only if it partners with a certified creative district and is not otherwise prohibited from receiving a grant.

Grant applications would have to include a notification of approval from the Nebraska Arts Council. A grant could not be less than \$100,000 or more than \$250,000.

The provision would apply between July 1, 2023, and June 30, 2024.

The amendment also included the provisions of LB818, introduced by Elkhorn Sen. Lou Ann Linehan. That proposal would allow state assistance under the Sports Arena Facility Financing Assistance Act to be used for parking facilities within 700 yards of a sports arena facility.

Linehan said the Ralston Arena likely will lose a large number of parking spaces to a proposed casino and that the amendment would help the city pay for a new parking facility near the arena.

The amendment also would increase the total amount of state assistance for a sports arena facility from \$50 million to \$100 million and eliminate a current provision that prohibits state assistance from being paid out for more than 20 years after the issuance of the first bond for the facility.

Linehan said the changes would give Ralston “more breathing room.”

“Ralston is a landlocked city that cannot expand outward to increase economic development,” she said. “It must invest in the facilities it has, and

this bill will go a long ways towards making that happen.”

Currently, state sales tax collected by hotels within 600 yards of an eligible convention and meeting center facility is included in the turnback provision. Sen. Terrell McKinney of Omaha introduced an amendment, adopted 28-0, that would extend the radius to 1,200 yards.

The Convention Center Facility Financing Assistance Act requires a portion of turnback revenue appropriated to a city of the metropolitan class to be distributed equally to areas with a high concentration of poverty for certain purposes.

McKinney’s amendment would not change those purposes but would specify that 55 percent of the funds be used to showcase important historical aspects of those areas and assist with the reduction of street and gang violence. The remaining 45 percent would be used to assist small business and entrepreneurship growth.

McKinney’s proposal also would require the county commissioner and city council member who serve on a committee that identifies potential projects in areas with a high concentration of poverty to share joint responsibility for committee operations and meetings.

Additionally, the amendment would require each funding recipient to submit an itemized report to the committee on the use of funds.

Recipients would not be eligible to receive funding for more than three consecutive years unless they are able to justify continued funding based on certain criteria, including the number of people served by the project and the economic impact on the area.

Blair Sen. Ben Hansen introduced an amendment, adopted 29-0, that included provisions of his LB1250.

That proposal would update a law passed last year that requires certain



Sen. Rich Pahls



Sen. Lou Ann Linehan

political subdivisions to participate in a joint public hearing before increasing their property tax request by more than a certain amount.



Sen. Ben Hansen

Counties must notify affected taxpayers of the hearing by postcard.

Hansen said several clarifications in the amendment would make the law easier to administer.

Among other changes, it would require the county clerk or his or her designee to organize the hearing. It also would divide the cost of creating and mailing the postcards proportionately among participating political subdivisions based on the total number of parcels in each.

After adopting the amendments, senators voted 31-0 to advance LB927 to the second round of debate.

## TRANSPORTATION & TELECOMMUNICATIONS

### Public-private transportation partnership bill advanced

Senators advanced a bill from general file March 28 that would allow certain public-private partnerships for transportation projects in Nebraska.

LB1016, introduced by Fremont Sen. Lynne Walz, would allow the state Department of Transportation to enter into certain public-private partnerships for construction or financing of capital projects or pro-



Sen. Lynne Walz

urement of services under the Transportation Innovation Act. For capital projects exceeding \$100 million, NDOT would be required to receive legislative approval prior to the project start date under the bill as introduced.

Eligible projects could include the accelerated completion of improvements and expansion projects on the Nebraska segments of the National System of Interstate and Defense Highways, highway resurfacing and the accelerated completion of the state expressway system.

Walz said the Nebraska expressway system — authorized by the Legislature in 1988 and originally estimated to be completed in 2003 — now isn't scheduled to be completed until 2040. She said the department needs more tools to speed up the process, including a mechanism through which a private partner could finance a project and the state could make payments over a period of time.

"We are a pay-as-you-go state, which seems like the fiscally responsible thing to do, but as we continue to see inflation, wages and supply costs increase, we may not have the financial resources to continue down that path for every project," Walz said.

Authorizing the department to enter into public-private contracts would allow for the creation of safer bridges and highways, quicker project completion timelines and economic development, Walz said.

A Transportation and Telecommunications Committee amendment, adopted 31-0, replaced the bill. The amendment would allow a contractor to utilize the progressive design-build method — a public-private contracting method for purposes of project delivery — in addition to the design-build or construction manager general contractor method.

Additionally, the amendment

would remove the requirement that the Nebraska State Highway Commission oversee and approve public-private partnership proposals entered into by the NDOT. It also would remove the requirement that public-private partnership agreements be submitted to the Legislature for approval and that lawmakers give prior approval for projects over \$100 million.

Brainard Sen. Bruce Bostelman offered an amendment to the committee amendment that would require progressive design-build contracts to include consideration of the builder's history of costs and expenses when bidding and completing projects, regardless of the process used.

"What this does is allow our smaller firms that may have a smaller resume and less resource availability, but that may have a much better record on cost competitiveness ... to have a seat at the table," Bostelman said.

Senators voted 31-0 to adopt the Bostelman amendment and 31-0 to advance LB1016 to select file.

### Bill to change broadband grant program advanced

A bill intended to make several changes to the state's program to spur broadband growth advanced from general file March 28.

The Broadband Bridge Act, enacted in 2021, is a program that facilitates and funds the development of broadband networks in unserved and underserved areas. The Public Service Commission is responsible for administering grants to providers, cooperatives and political subdivisions to fund qualifying broadband development projects in the state.

LB1144, as introduced by Henderson Sen. Curt Friesen, would reduce the matching grants for projects from 50 percent of project costs to 25 per-

cent. The bill also would extend the deadline for applications to be filed with the PSC from July 1 to Oct. 1, with grants being awarded no later than Jan. 31 of the following year, beginning in 2022.



Sen. Curt Friesen

“[The bill] focuses on our ongoing effort to expand and improve broadband availability across the state,” Friesen said.

A Transportation and Telecommunications Committee amendment, adopted 37-0, replaced the bill. Under the amendment, a hearing for a carrier who is replacing copper with fiber would not be required unless deemed necessary by the PSC.

Among other provisions, the amendment also would require that a provider receiving support from the Nebraska Telecommunications Universal Service Fund, the Nebraska Broadband Bridge Fund or any federal funds administered by the commission be subject to service quality, customer service and billing rules and regulations adopted by the commission.

The amendment incorporates provisions of four additional bills:

- LB761, introduced by Adams Sen. Myron Dorn, which would provide up to \$2 million in annual grant funding to provide precision agriculture connectivity of at least 100 megabits per second download speed and 20 Mbps upload speed to accelerate rural economic development and provide high-speed internet connectivity to farm sites in unserved



Sen. Myron Dorn

areas of the state;

- LB914, introduced by Brainard Sen. Bruce Bostelman, which would allow the PSC to create and maintain a Nebraska location fabric broadband access map;



Sen. Bruce Bostelman

- LB1214, introduced by Lincoln Sen. Suzanne Geist, which would require the PSC’s weighted application scoring system to include the ability to offer rates in the project area comparable to rates offered by the applicant outside the project area; and



Sen. Suzanne Geist

- LB1234, introduced by Friesen, which would provide for an expedited wire-crossing permit process for telecommunications companies wishing to cross railroad rights of way.

Sen. Mike Hilgers of Lincoln offered an amendment that would allow the commission to give a provider up to 90 days to submit a challenge to an application.

The amendment also would remove a section of the committee amendment stipulating that any provider receiving funds administered by the PSC would be subject to all rules promulgated by the commission and prohibit the commission from adding to provider requirements related to broadband service support after grants have been awarded.

The amendment instead would require recipients to commit to maintaining a minimum 100 Mbps of

upload and download speeds for all locations for which they’ve received grant funding and to provide service in the project area for 15 years.

Hilgers said the amendment addressed concerns that companies would be deterred from applying for grants due to the broad requirements outlined in that portion of the committee amendment.

Following the 34-0 adoption of the Hilgers amendment, senators advanced LB1144 to select file 37-0.

## URBAN AFFAIRS

### Federal rental assistance bill vetoed, override motion filed

A bill that would have required Gov. Pete Ricketts to apply for a second round of federal emergency rental assistance was vetoed by the governor March 29.

LB1073, as introduced by Omaha Sen. Justin Wayne, originally would have created a state Department of Housing and Urban Development. The bill was gutted on general file by an amendment offered by the Urban Affairs Committee to make way for an emergency rental assistance proposal from Lincoln Sen. Matt Hansen.



Sen. Justin Wayne

Under the federal program, individuals are eligible for up to 12 months of back rent and three months of future rent – up to \$20,000 – which is paid directly to their landlords. The federal government has extended the program for three years and made an additional \$120 million available.

Hansen has said that the first round of funds were underutilized due to a lack of promotion and a cumbersome application system. The U.S. Treasury has extended the application deadline to March 30. Current assistance is scheduled to end Sept. 30.

An initial vote March 23 to pass LB1073 with an emergency clause — under which the bill would have taken effect immediately — failed on a vote of 26-16. Thirty-three votes were needed. Senators then passed the bill 26-15 without the emergency clause.

Ricketts said in his veto letter that the state still has nearly \$30 million in unused funds from the first round of assistance and that remaining dollars are more than sufficient to meet existing needs resulting from the pandemic.

“We must guard against big government socialism where people are incentivized not to work but are instead encouraged to rely on government handouts well after an emergency is over,” he said.

Hansen said the veto would hurt

Nebraskans by reducing the amount the state ultimately may be able to receive from the second round of rental assistance. In addition, he said, the power to determine state spending priorities should lie with the Legislature.

“To have a governor be able to just unilaterally deny the acceptance of federal funds ... is inappropriate,” Hansen said.

Wayne filed a motion to override the veto. Thirty votes will be required. The override motion is scheduled for consideration April 5. ■

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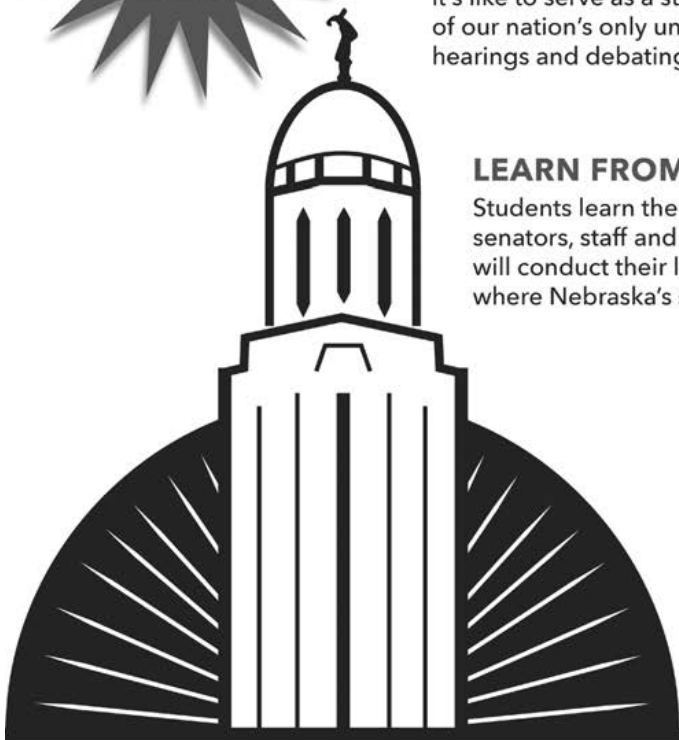
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