

Nebraska State Legislature

SENATOR DANIELLE CONRAD

District 46
State Capitol
PO Box 94604
Lincoln, Nebraska 68509-4604
(402) 471-2720
dconrad@leg.ne.gov

COMMITTEES

Education
Government, Military and Veterans Affairs
Nebraska Retirement Systems



July 30, 2024

Mr. David Hunter, Executive Director
Nebraska Accountability and Disclosure Commission
Lincoln, NE 68508
Sent via USPS and via email

Dear Director Hunter,

I am writing in regards to a host of recent communications by Governor Pillen and his staff or other members of the Executive branch that are deeply concerning and that raise serious questions in regards to Nebraska law and implicate a potential impermissible misuse of or comingling of personal, campaign, and public resources that have raised significant concern among my constituents and colleagues.

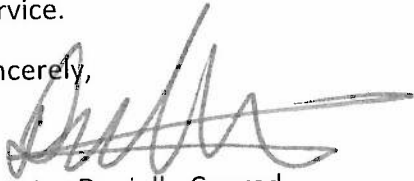
I draw your attention to just a few recent examples for potential investigation:

1. On or around July 6, 2024 Governor Pillen unveiled a multi-million-dollar taxpayer funded consultant's report that included approximately 10% of the report directly cutting and pasting and linking to Governor Pillens' campaign website and branded with Pillen for Governor materials and images that were distributed with state resources.
2. On or around July 18, 2024 Governor Pillen held a press conference and unveiled a brochure and text campaign and tax calculators and other materials in support of his tax policy and the summer special session. At the press conference Governor Pillen indicated he had paid for the campaign materials with his campaign funds. Aides to the Governor later clarified certain aspects were paid for by campaign resources, some of the Governors personal funds, and some public resources. There has been no additional clarity on any of those matters provided to lawmakers, or the press, or the public.
3. On or around July 30, 2024 Governor Pillen's campaign materials were emailed by the state CIO to public employees with public resources encouraging public employees to support his tax plan which will be heard in front of the Legislatures Revenue committee today.

As an unequivocal supporter of free expression, I understand each person including a Governor has First Amendment rights. However, no public official has a right to use, abuse, or misuse public resources for campaign purposes. It is unclear who developed these materials and whether or not public resources including staff time were utilized, it is unclear who produced these materials and whether or not public resources and staff time were utilized, it is unclear who distributed these materials and whether or not public resources and staff time were utilized, it remains unclear what kind of coordination or co-mingling of personal, campaign, and public resources were utilized in these and related endeavors. I believe these matters raise serious questions and concerns as to the enforcement of state law under your jurisdiction and perhaps even more broadly under state law.

Thank you for your time and consideration. Thank you for your ongoing commitment to public service.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Danielle Conrad', with a long horizontal flourish extending to the right.

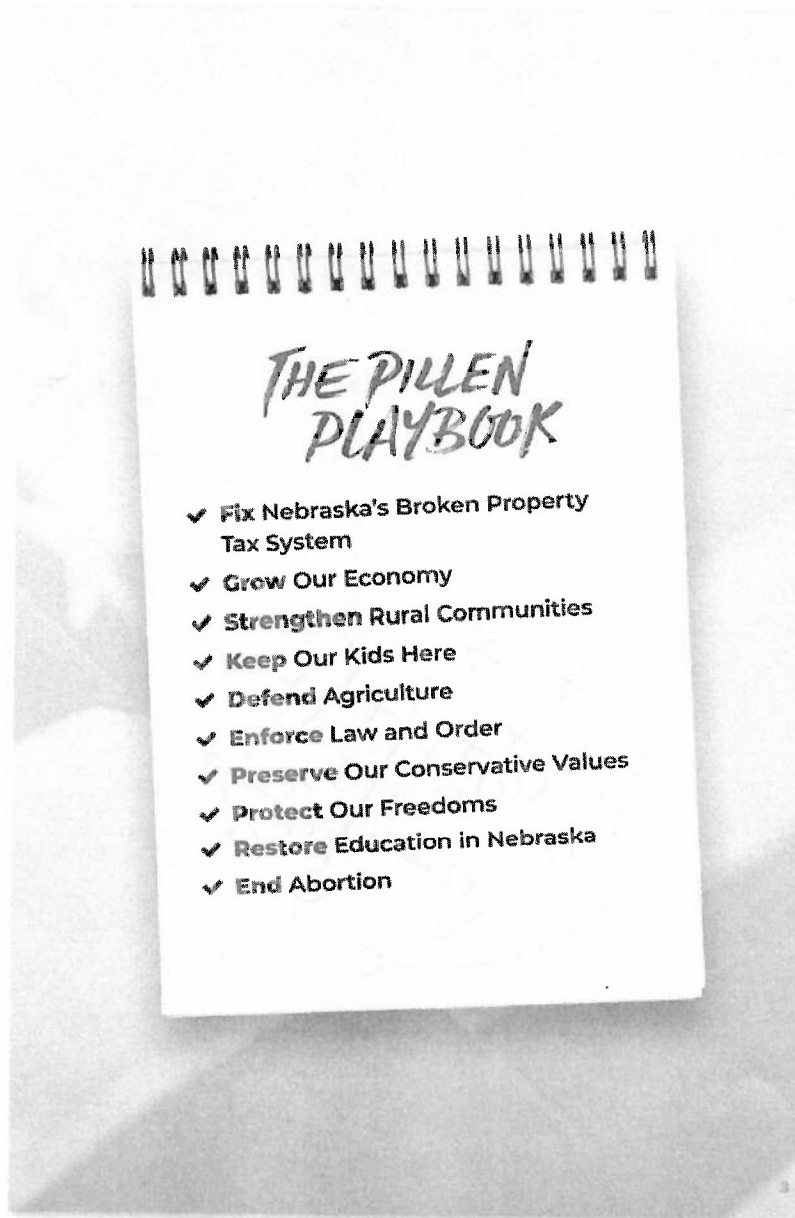
Senator Danielle Conrad

Governor Pillen's Playbook

To view the entire Playbook, please use this link:

<https://www.democracyinaction.us/lit/22gov/The-Pillen-Playbook.pc>

The Pillen Playbook Overview



Fix Nebraska's Property Tax Problem



FIX NEBRASKA'S PROPERTY TAX PROBLEM

Our property tax system is broken, and it must be fixed in order for Nebraska to grow and compete. Governor Ricketts has made good on his promise to address property taxes every year he has been in office, putting hundreds of millions of dollars

into the Property Tax Credit Relief Fund and providing record direct property tax relief. Still, property taxes remain too high, hurting families, job-creators, and ag producers in every corner of Nebraska. We need to limit the growth of spending by local taxing entities and overhaul our tax structure to fix the property tax problem once and for all.

THE PLAYS:

- ✓ **Control Spending.** Spending control is the best way to cut property taxes and keep them low. Our property tax problem will only be solved when government at every level treats nickels like manhole covers. We need to continue to limit the growth of spending in state government and impose a three-percent cap on growth in local spending.
- ✓ **Provide New Property Tax Relief.** The "three-legged stool" of Nebraska's tax code is out of balance because the property tax leg has grown far too long. It's time to saw the property tax leg down to size. By providing hundreds of millions of dollars in additional property-tax relief, we can end our state's unfair, unsustainable overreliance on property taxes.
- ✓ **Value Ag Land Fairly.** A market-based system of ag land valuation makes no sense for an agricultural state like Nebraska, and it's unfair to our farmers and ranchers. With an income-potential assessment system, we can ensure our ag producers are treated fairly and slow the growth of ag land valuation increases. Income-potential assessment of ag land is used by North Dakota, South Dakota, Kansas, Iowa, Wisconsin, Illinois, Indiana, and Ohio because it's fair and it works.
- ✓ **Reform State Aid To Education.** In the 2021-22 school year, 157 of Nebraska's 244 school districts will receive no state equalization aid, while the largest four districts will receive nearly 50 percent of state aid. That's completely unfair. The TEEOSA state aid formula is long overdue for a major overhaul. Nebraska education spending should support the schooling of every Nebraska student, no matter what district they attend.

Grow Our Economy

GROW OUR ECONOMY

Growing Nebraska will be a key priority for me as governor. I believe a rising tide lifts all boats. By attracting new investments and job opportunities to communities across the state, we can keep more of our kids here, increase earnings, and allow even more Nebraskans to enjoy the Good Life. That means cutting taxes, eliminating red tape and unnecessary regulations, continuing to run state government more like a business, and allowing the free market to thrive.

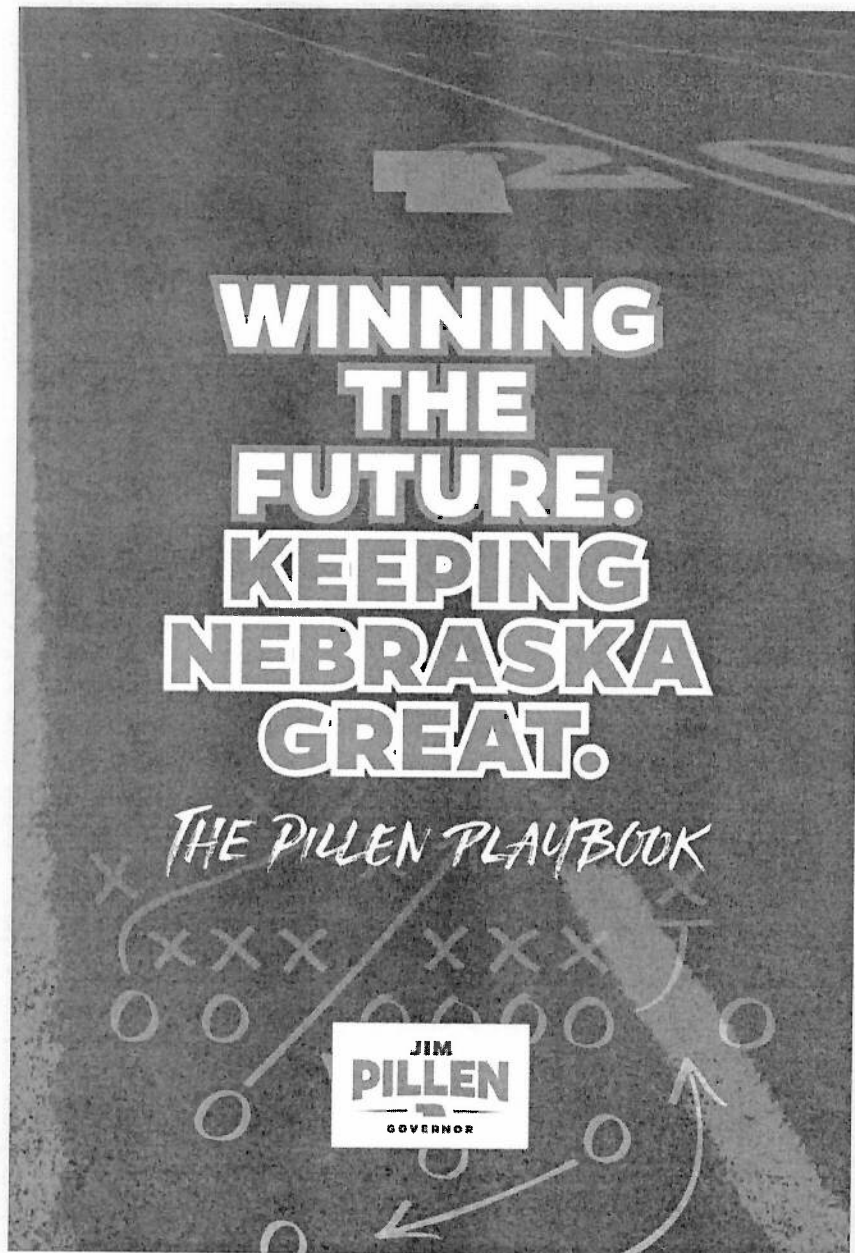


THE PLAYS:

- ✓ **Oppose Big-Government Socialism.** There's no place for big-government socialism in our state. It grows government, limits freedom, drives inflation, and fosters a culture of dependency. I'll oppose socialist programs at the federal level and do all I can to stop them from hurting Nebraskans.
- ✓ **Fight Federal Overreach.** I'll fight the Biden administration's overreaching rules and job-killing regulations that hurt families, farmers and ranchers, and job-creators.
- ✓ **Cut Red Tape And Regulations.** Bureaucratic red tape harms our communities and makes it more expensive to raise a family and do business. By cutting red tape, eliminating unnecessary regulations, and making government more customer-service focused, we can make Nebraska the best state for business.
- ✓ **Retain Nebraska Talent.** We need to keep our best and brightest in Nebraska to help grow our economy. I oppose giving tax breaks to out-of-state businesses. We should focus on growing already existing Nebraska businesses, farms, and ranches.
- ✓ **Promote Nebraska Around The World.** I know there's no better place in the world to build, invest, and hire than Nebraska, because I've spent 30+ years doing it. As governor, I'll work hard to share that message with the world and keep it a reality.

12:54

LTE



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RESTORE EDUCATION IN NEBRASKA

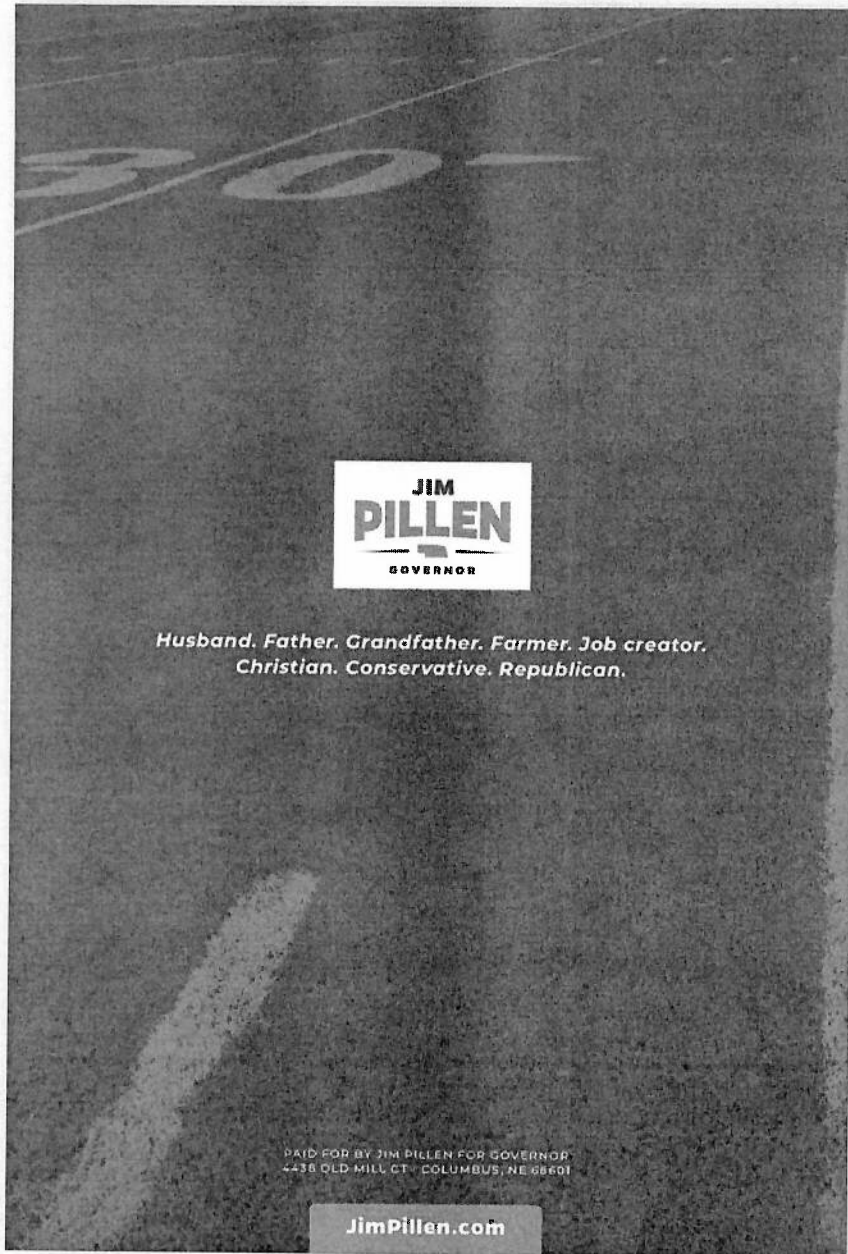
Nebraska schools should continue to reflect commonsense Nebraska values. Suzanne and I have gone to great lengths over the years to protect our kids and raise them with the values Nebraskans cherish. Our mission in education is to prepare our children for

the future, not introduce political ideology. As the father of a high school junior, I join thousands of Nebraska parents in opposing the State Board of Education's proposed "health standards," which sexualize students and supplant parental values with a radical view. I will continue to stand with Nebraska parents and families against attempts to inject anti-American ideology, like "Critical Race Theory," into Nebraska classrooms.

THE PLAYS:

- ✓ **Improve School Choice.** Nebraska is the worst state in the nation for school choice. My administration will work to change that and allow children to be in schools that fit their needs.
- ✓ **Power To The Parents.** I believe that parents, not government, make the best decisions regarding their children's education. Government should empower parents and allow them to spend their tax dollars on the school of their choice whether it be public, private, charter, or homeschooling.
- ✓ **Improve Educational Outcomes.** My administration will be focused on improving educational outcomes. Nebraska schools should be the best in America. Education spending should be student-focused. Education bureaucrats need to treat taxpayer dollars the same way they treat their own money.
- ✓ **Ensure Curriculum Transparency.** Parents have the right to know what schools are teaching their children. We should require schools to post their learning materials online.
- ✓ **Eliminate Funding For Schools Teaching CRT.** Schools that teach CRT should be defunded. Our education system exists to educate, not indoctrinate, and Nebraska's schools should reflect Nebraska's values and the rights of parents.

Continued on next page.



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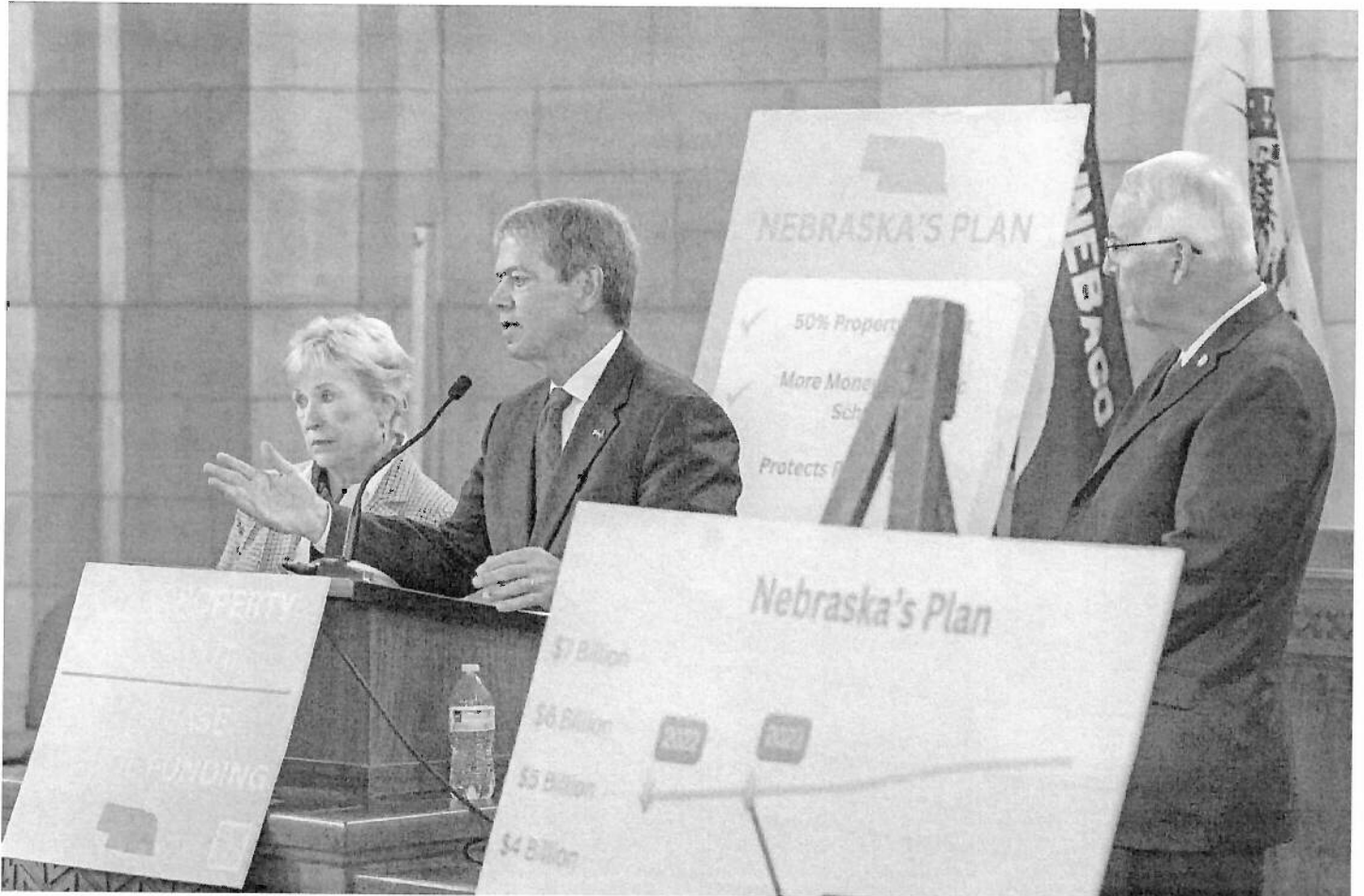


ALERT TOP STORY

Nebraska Gov. Jim Pillen's plan to cut property taxes still lacks specifics

Andrew Wegley

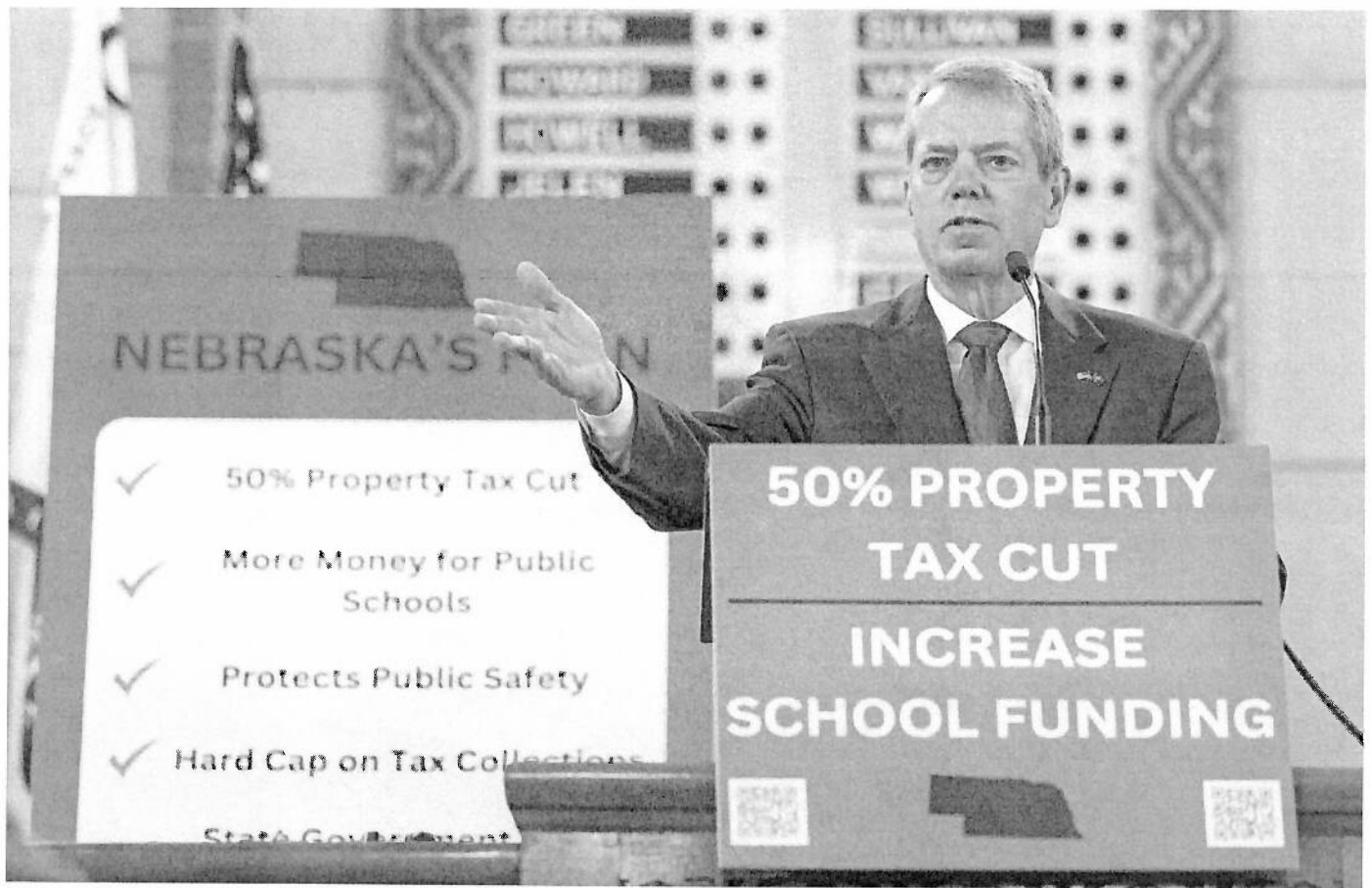
Jul 18, 2024



Sen. Lou Ann Linehan of Elkhorn (left), Gov. Jim Pillen and Sen. Rob Clements of Elmwood give a presentation on a property tax plan on Thursday at the Capitol.

KATY COWELL, Journal Star

Andrew Wegley



Gov. Jim Pillen is using his power as governor to call a special legislative session this week to urge lawmakers to deliver "transformational" property tax relief.

KATY COWELL, Journal Star file photo

Nebraska Gov. Jim Pillen offered the most detailed outline yet Thursday of his plan to cut the state's collective property tax bill in half — but left crucial questions over how the state might fund his plan for lawmakers to answer.

Addressing reporters Thursday morning at the Capitol, Pillen repeatedly called for a "hard cap" on local governments' yearly spending increases and for the state to take over the majority of funding for Nebraska's public schools.

A state takeover of school operating expenses would cut property taxes by about 49% but put the state on the hook for \$2.61 billion in funding annually.

Pillen on Thursday pointed to \$1.6 billion in savings the state could achieve by phasing out local school districts' general levy property taxes, "retooling" existing property tax cut relief programs and hiking "sin taxes."

People are also reading...

- 1 **Lincoln's struggles to find another air carrier worsened by subsidies to other Nebraska airports**

- 2 **4-year-old boy escaped from cage in Iowa home; deputies found him covered in feces on street**
- 3 **Notes: Ron Brown gets new title; Matt Rhule on Nebraska's place in national NIL scene**
- 4 **Valley lake house is a showstopper: 'It's honestly incredible,' interior designer says**

But the governor has been slow to outline a viable plan to replace the remaining \$1 billion the state would have to come up with to deliver on his promise to cut Nebraskans' property tax bill in half.

Pillen declined to do so again at Thursday's news conference, where he promised to cut state spending by \$350 million but indicated he would leave it up to lawmakers to identify replacement revenue through the elimination of sales tax exemptions — **an unpopular policy proposal that lawmakers have already rejected** once this year.

"When the unicameral comes together, that's their job: to put together what the plan will be to come up with the extra funding," Pillen said.

During the press conference, the governor said his office did not have a list of those exemptions, which represent the most controversial portion of Pillen's plan and the likeliest to sink it in the Legislature. But later in the day his office sent a list to the media.

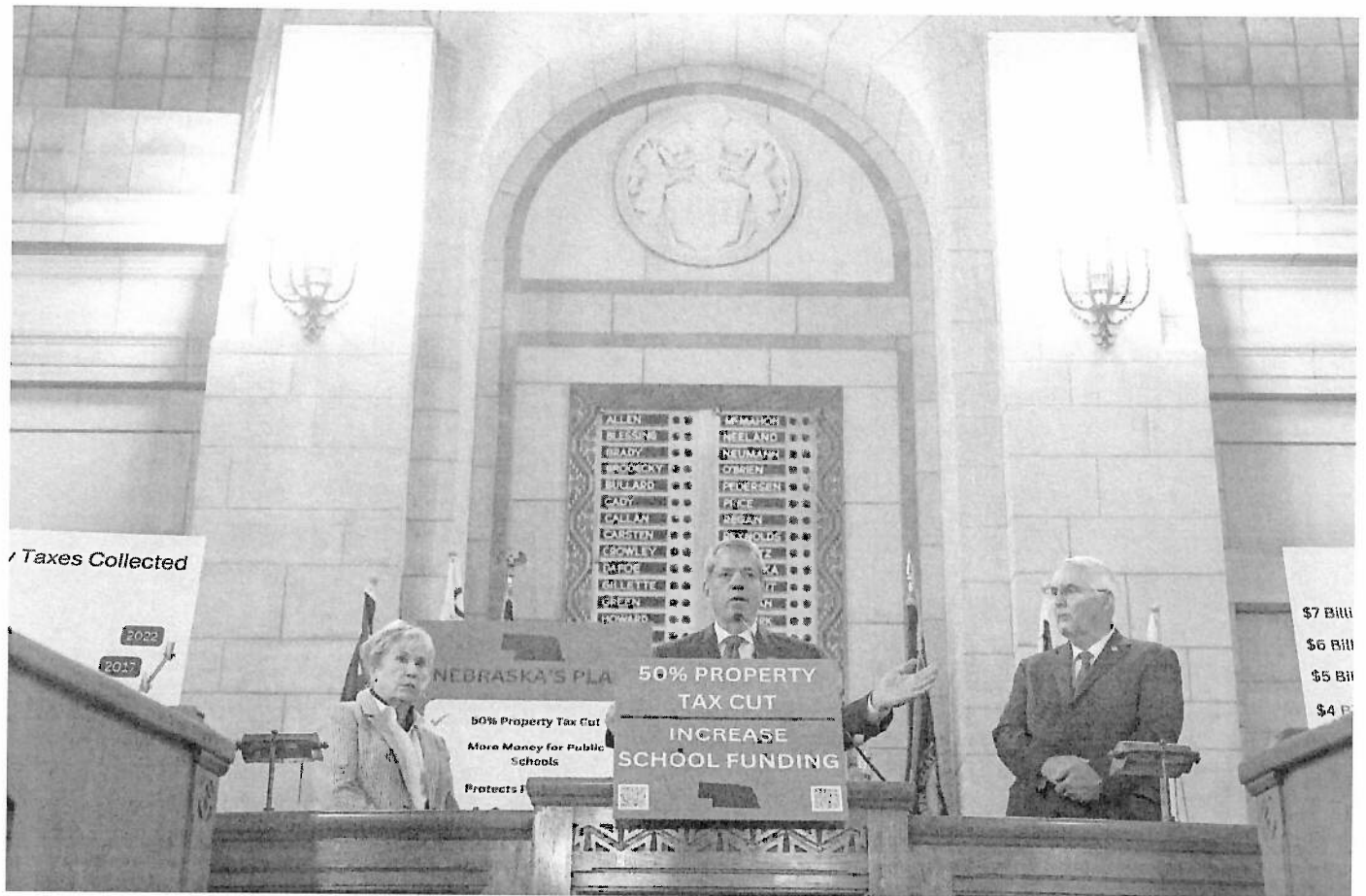
Year	Name of Exemption
2009	Pet-related Services
1979	Storage and Moving Services
1979	Personal Care Services - Tattoo and body modification services
2009	Mineral Oil as Dust Suppressant
1992	Tele-floral Deliveries
1992	Agricultural and Machinery and Equipment
1993	Nebraska Lottery
2012	Data Centers
2012	Biochips
1992	Purchases by the Licensees of the State Racing and Gaming Commission
1979	Cleaning and Repair of Clothing - Dry cleaning services
1979	Personal Care Services - Nail care services
1979	Taxi, Limousine, and Other Transportation Services - Local passenger transportation by
1979	Personal Care Services - Hair removal services
1983	Film Rentals
1979	Legal Services
1979	Other Real Estate Services - Offices of real estate agents
1979	Accounting Services
1992	Other Professional Services - Investment advice
1979	Motor Vehicle Cleaning and Repair - Power train repair
1979	Taxi, Limousine, and Other Transportation Services - Local, fixed-route passenger
1992	Other Professional Services - Travel agencies
1979	Other Real Estate Services - Offices of real estate appraisers
1979	Maintenance, Painting, and Repair Services to Real Property - carpentry contractors
1979	Maintenance, Painting, and Repair Services to Real Property - electricians
1979	Motor Vehicle Cleaning and Repair - Brake Repair
1979	Motor Vehicle Cleaning and Repair - Electrical system repair
1992	Other Personal Services - Weight loss services
1979	Motor Vehicle Cleaning and Repair - Wheel and alignment services
2009	Conference Bridging Services
1979	Maintenance, Painting, and Repair Services to Real Property - siding contractors
1979	Maintenance, Painting, and Repair Services to Real Property - painting and wall covering
1992	Other Personal Services - All other personal services, including bail bonding, shoeshine,
1979	Maintenance, Painting, and Repair Services to Real Property - Poured concrete
1979	Cleaning and Repair of Clothing - other laundry services
1979	Taxi, Limousine, and Other Transportation Services - Local taxi service
1979	Personal Care Services - Massage services
2009	Animal Grooming
1979	Personal Care Services - skin care services
1989	Natural gasoline used as a denaturant by a Nebraska ethanol facility
1979	Taxi, Limousine, and Other Transportation Services - Sightseeing services by ground
1992	Other Professional Services - Tour operators

Gov. Jim Pillen has proposed eliminating sales tax exemptions to generate an estimated \$950 million in property tax relief. On Thursday, the governor said he thought eliminating exemptions on manufacturing and agricultural equipment and energy used in industrial and

agricultural operations might be off the table.

The governor's news conference came a week before he is set to recall the Legislature to Lincoln for a special session focused on property tax reform. For weeks, **lawmakers from both parties have publicly aired concerns** that Pillen's plan does not have enough support to become law. A special session will cost the state upward of \$16,000 per day.

A draft of Pillen's proposal obtained by the Journal Star earlier this week indicated the governor plans to ask lawmakers to eliminate up to 130 sales tax exemptions, including on the purchases of manufacturing and agricultural equipment and the energy used in industrial and agricultural operations.



Sen. Lou Ann Linehan of Elkhorn (left), Gov. Jim Pillen and Sen. Rob Clements of Elmwood give a presentation on a property tax plan on Thursday at the Capitol.

KATY COWELL, Journal Star

Pillen walked back some of those proposed exemptions Thursday — "I think today ... the (agricultural and manufacturing) inputs are off the table," he said — but at other times maintained that "all of them" could be eliminated.

"In the last 60 years, there's been 120 exemptions (added). Where'd that money go? That went away and went onto the backs of the property taxpayers," Pillen said. "So (eliminating exemptions) is not a tax increase. That's putting sales taxes back in play that needed to be a

long time ago."

The governor's staff handed out a booklet Thursday titled **"The Nebraska Plan To Cut Property Taxes."** The booklet indicates Pillen's plan would eliminate 114 sales tax exemptions to generate \$950 million in replacement revenue. He also highlighted a **website** that Nebraskans can use to see how much the proposal could reduce their property tax bill.

The glossy brochure — which one lawmaker, Sen. Danielle Conrad of Lincoln, said was reminiscent of political campaign materials — indicates taxpayers would save \$500 million annually by 2026 by curbing school districts' taxing authority, and another \$898 million by front-loading income tax credits already offered to property tax owners.

The booklet also floats hiking "sin taxes" on items including "cigarettes, candy, pop, vaping, spirits, keno gambling, games of skill and consumable hemp." Those tax hikes would generate \$200 million in revenue, according to the booklet, which Pillen said his campaign paid to have printed.

A policy adviser for the governor said after the news conference that Pillen's office — funded by taxpayers — had paid for the booklet's production. In an email later, a spokeswoman for Pillen said the governor had paid for the booklet out of his own pocket. It's unclear which of the three claims are true.

Pillen also, perhaps for the first time, signaled support for the legalization of online sports gambling, though he indicated he would back a plan to legalize online gambling in January, not at this month's special session. Conservatives **have long opposed the expansion** of legalized gambling in Nebraska, where **casino gambling has been legal for less than five years.**

The governor's still-evolving plan to reduce property taxes emerged as his administration's top priority in January after Nebraskans paid about \$5.3 billion in property taxes in 2023 — an increase of about \$1 billion from 2019 and \$2 billion since 2013. Virtually every lawmaker agrees the state needs to curb rising property taxes.

'Reverse Robin Hood scheme'

But the crux of Pillen's plan — to replace up to \$1 billion in property tax revenue with sales tax revenue — **has been blasted as a "reverse Robin Hood scheme"** by some liberal lawmakers and **a "tax shift" by conservatives** who also oppose the proposal.

Fierce opposition to Pillen's plan among lawmakers from both parties in Nebraska's formally nonpartisan Legislature did not cease following Thursday's news conference.



EDUCATION

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Gov. Pillen releases 'Nebraska's plan' for property tax relief with few new concrete details

Governor says the state needs immediate action for 'a crisis that has been accelerating at warp speed'; opponent says a 'third grader' could see working Nebraskans will pay more

BY: ZACH WENDLING - JULY 18, 2024 8:01 PM

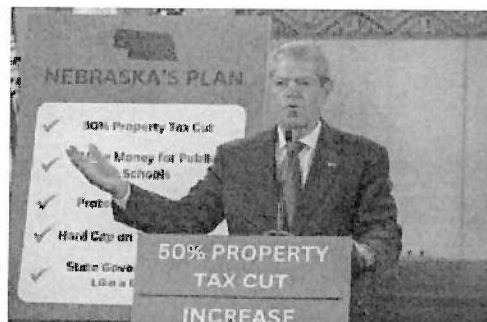


Gov. Jim Pillen is joined by State Sens. Lou Ann Linehan and Rob Clements in unveiling a proposal to reduce local property taxes in three years. July 18, 2024. (Zach Wendling/Nebraska Examiner)

LINCOLN — Gov. Jim Pillen said his official property tax relief plan released Thursday would, “without a shadow of a doubt,” receive more than enough bipartisan support during a legislative special session.

“It’s a crisis that has been accelerating at warp speed, and it’s time to fix it,” Pillen told reporters.

But getting to that magic 33-vote count, in the 49-member Legislature, could hit a similar roadblock as in the spring, with a similar chorus of lawmakers continuing criticism that the proposal — dubbed “Nebraska’s Plan” — is unsustainable and would



Gov. Jim Pillen officially unveils “Nebraska’s Plan” as summer-long attempt to find a path to reduce

create an overall tax increase.

local property taxes. July 18, 2024. (Zach Wendling/Nebraska Examiner)

"A third grader can do the math with the numbers that have been leaked to know that working Nebraskans are paying more," State Sen. Julie Slama of Dunbar told the Nebraska Examiner.

The official plan mirrors many contours of a draft version the Examiner obtained last weekend. Pillen repeatedly said it would result in a "net tax decrease" but did not provide examples to support that contention.



A 14-page brochure, which Pillen's staff said the governor paid for with his personal funds, in many instances offered fewer concrete details than the previous draft version. Lawmakers had already said the draft raised more questions than answers.

'Nebraska's plan' contours

The main contours of the plan are:

- Placing hard caps on county and municipality property tax collections, either 0% (in times of deflation) or matching the consumer price index, unless voters agree to override the caps. There would be exemptions for growth and public safety needs.
- Funding more than 80% of local K-12 property tax burdens by the state, about \$2.6 billion. School tax rates would be reduced from a maximum of about \$1.05 per \$100 of valuations to 15 cents, 7.5 cents and 0 cents in a three-year period.
- Retooling existing property tax relief programs, including homestead exemptions and property tax credits. A spokesperson for the governor said there would be no cuts to existing homestead exemptions.
- Removing more than 100 sales and use tax exemptions. Food, medicine and raw agricultural and manufacturing materials, along with 70 more goods and services, would continue to be exempt. Most goods and services would be taxed statewide at 5.5 cents per dollar purchase; machinery and equipment would be taxed at a lower, to-be-negotiated rate, with personal property taxes on those items removed.
- Raising "sin" taxes on cigarettes, candy, pop, vaping, spirits, keno gambling, games of skill and consumable hemp.

'Time to step forward and do something'

State Sens. Lou Ann Linehan of Elkhorn and Rob Clements of Elmwood, the Legislature's Revenue Committee and Appropriations Committee chairs, respectively, joined Pillen at the news conference Thursday and said something needed to be done.

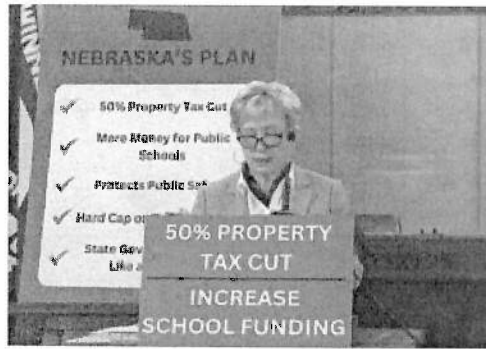
"Every senator, if you look at their campaign material, would say property tax relief is a high priority for them," Clements told the Examiner. "I think it's time for senators to step forward and do something about what they've been promising."

Both senators have been part of a group of 17 lawmakers working with Pillen this summer on the plan, which Linehan said

represented “critical” and comprehensive reform.

Linehan said local spending was the “crux” of the problem. If there was a reason to override the cap, it would go to a vote of the people – the “most local control you can possibly have.”

“We must put a halt to local governments collecting a windfall in cash every time valuations go up,” Linehan said.



State Sen. Lou Ann Linehan of Elkhorn, Revenue Committee chair, explains a new property tax proposal she worked on with Gov. Jim Pillen this summer. July 18, 2024. (Zach Wendling/Nebraska Examiner)

Concerns ‘have fallen on deaf ears’

State Sens. George Dungan of Lincoln and Merv Riepe of Ralston, both members of the task force, said they are still uncertain on many key parts of the plan after attending or watching the news conference.

Dungan said he’s been opposed to any plan that shifts tax burdens to middle-class and working Nebraskans and was the only Revenue Committee member to oppose Pillen’s original tax proposal, Legislative Bill 388, in the spring.

He said he voiced similar concerns this summer, which appear to “have fallen on deaf ears.”

“Sounds like all we know thus far is that Nebraskans are going to be paying more in sales and use tax,” Dungan said. “But as Natasha Bedingfield once said, ‘The rest is still unwritten.’”



State Sen. George Dungan of Lincoln. Feb. 14, 2024. (Zach Wendling/Nebraska Examiner)

Riepe said that as of Thursday, the task force still had another meeting set for next week, though it’s unclear how that meeting will go since Pillen has formally released the proposal.

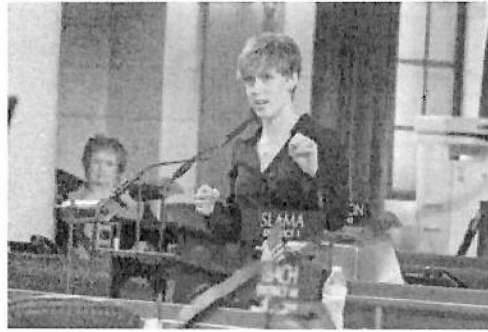
“I still don’t feel because I have this little colorful brochure that I can go back and say, ‘Oh, yes, this answers all my questions, and now I’m prepared to vote,’” Riepe said, stating the brochure instead summarized task force discussions.

‘A tax plan that robs Peter to pay Pillen’

Slama said she agrees there needs to be a fix but described Pillen’s news conference as “all fluff and no substance” with no concrete

examples of how Nebraskans would benefit.

An online tool released with the plan allows people to type in any address and see how that property would benefit under the plan. And while Pillen said Nebraskans would see an average of 50% fewer property taxes, Slama said it would likely be much less.



State Sen. Julie Slama of Dunbar. Feb. 22, 2024.
(Zach Wendling/Nebraska Examiner)

Part of that is because the plan folds in \$900 million from existing relief programs.

“It’s going to be about a 25% property tax cut, at best,” Slama said. “For working Nebraskans, this will be a massive tax increase.”

Pillen said any of the dozens of exemptions that would remain on the books could also be ended. But he said that’s a decision for the Legislature, and he’ll “100% support” whatever lawmakers come up with.

Slama noted that some of the other remaining exemptions include those that Pillen’s family business stands to benefit from, such as those involving pork production.

“That’s corruption,” Slama said. “That’s corrupt, and we can’t have a tax plan that robs Peter to pay Pillen.”

Pillen told reporters if he was worried about making money, he “sure as hell” wouldn’t have campaigned for governor.

Faces similar opposition as in spring

Omaha Mayor Jean Stothert directly pushed back on the “windfall” allegation in a Thursday statement. She noted two-thirds of the city’s general fund budget is spent on police and fire protection, with another significant obligation for roads.

Thursday’s presentation didn’t provide enough specific information to anticipate how Omaha’s budget or services could be impacted, Stothert said, adding: “it certainly won’t be the only plan the Legislature will continue.”

“I certainly support property tax reform, however, I am concerned about the lack of thought, analysis or discussion with local governments as these potentially damaging plans and the unintended consequences are being considered,” Stothert said.

Ahead of the special session, Pillen is also facing pushback from Americans for Prosperity-Nebraska, which opposed his plan in the spring for similar reasons.

AFP-NE State Director John Gage, who used to work for Pillen's administration, said the governor's tax shift "scheme" on working and middle-class Nebraskans was already defeated once, "and this special session will be no different."

"While other Republican governors are working to make life more affordable for their constituents facing sky-high living costs under the Biden economy, Governor Pillen is pushing a plan that would be the largest tax increase in state history," Gage said in a statement.



Omaha Mayor Jean Stothert talks about the efforts of local first responders during and after the day before's storms. April 26, 2024. (Aaron Sanderford/Nebraska Examiner)

School growth metrics still unclear

While the plan doesn't explicitly state how much school district budgets would increase annually under the plan, Pillen said annual budget increases would be limited to 3%. He said if the state similarly ends some unfunded mandates on local governments, teacher salaries could increase.

He pointed to community colleges as a similar model where the state's six colleges can receive annual 3.5% budget increases or certain metric-based increases under a new state-funding model.

Clements said the increases might be inflation plus growth, which hasn't been defined. That might prevent the state's 244 school districts from coming to the Legislature each year for more money.

The draft plan said a new school funding formula wouldn't be tackled until 2025.

State Sen. Lynne Walz of Fremont said that she has yet to see any model of Pillen's plan that shows it is beneficial and that on top of losing more local control, the plan isn't sustainable or responsible.



State Sen. Lynne Walz of Fremont. April 5, 2024. (Zach Wendling/Nebraska Examiner)

"I'm hoping that he's willing to look at another plan that doesn't choke out schools," Walz said.

Walz said if schools have just 3% more in operational expenses each year, that doesn't provide a lot of flexibility, including funds to hire quality teachers.

Slama said her biggest priority is supporting rural communities, whereas the plan, as a whole, could hurt rural Nebraskans and lead to rural school consolidations, she said.

'Shenanigans' could prevent new ideas

Pillen told reporters that if someone has a problem with the plan, they should "get to the table and solve it."

Pillen has indicated he'll call senators back to Lincoln beginning July 25, but he has not issued a formal proclamation to do so. In that call, he must list which issues lawmakers are allowed to consider.

Slama and multiple other lawmakers said because Pillen has not done that yet, senators have been left in the dark as to whether their ideas would be germane to the special session's scope.

She said she has concerns that "shenanigans" could prevent other ideas from being considered.

"He's been the one pointing his finger and going, 'No, it's my plan or the highway,'" Slama said. "And now he's structuring a special session to prevent anybody from bringing their own ideas."

Clements said he's been pleased that Pillen has listened to people on the task force, such as with business inputs, and said Pillen is "not stuck on 100% of what he is asking for."

"I think he's indicated if he gets 80% and he gets 33 votes with 80%, he'll be satisfied," Clements said. "I've been pleased that he doesn't think his plan is set in cement and he's willing to collaborate with people."

A taxable 'choice'

Linehan said the plan might increase overall taxes for some consumers, though they have choices on what they purchase, unlike with property taxes.

"Today, when you get your property tax statement in the mail, you have no choice," she said. "You pay in full on the date it's due, or you lose your home or your farm or your business."

Slama and Dungan said that "choice" isn't the same for some services — Slama pointed to a family needing to fix a vehicle's brakes or heating system "when it's negative 30 outside."

"You're acting like these are just frivolous purchases, and these are purchases that can make or break the health and well-being of a family," Slama said.

Slama has been pushing for state spending cuts, which the plan states will be \$350 million between the Education Future Fund and agency-specific cuts.

Clements said he did not have a list of such reductions but confirmed there will be at least \$100 million in cuts from state agencies, in addition to \$160 million being cut from the Education

Future Fund. The plan also calls for \$235 million from idle cash fund reserves.

Riepe said one-time cash fund transfers wouldn't be sustainable for schools.

Without change, 'this place shrinks'

Asked whether renters would share similar benefits of the plan, Pillen said the "free market" will correct and renters will win.

Riepe said it is "pretty presumptuous" to think landlords would pass on the benefits of reduced property taxes, but he said he believed in the free market. But he also was concerned about renters being able to go to their property owners and say, "I know you got a payday. I want some of it."

Dungan said renters will still see rent increases and will face the brunt of more taxes on goods and services, which aren't choices but instead necessities.

Pillen said the cost of inaction would mean that rents, and property taxes, continue to skyrocket.

"We don't do it now, the party's over and this place shrinks," Pillen said. "I don't want to be any part of that."

Other draft proposal changes

A number of tax-exempt goods and services were scheduled to begin being taxed under the draft plan obtained last weekend by the Nebraska Examiner. By Thursday, several of those did not appear on a new list, suggesting they would remain tax exempt.

Those include:

- Advertising agency fees (not ad placement).
- Custom meat slaughtering.
- Debt counseling.
- Downloaded books, movies/digital video, music and other electronic goods.
- Energy used in agriculture or industry.
- Family planning.
- Graves, plots and other spaces for human remains
- Interment of human remains.
- Internet service providers — dialup and DSL or other broadband.
- Materials used in manufacturing ethanol or coproducts.
- Net wrap.
- Pre-burial services.
- Purchases by the Nebraska State Fair Board.

A new exemption targeted to come onto sales tax rolls is natural gasoline used as a denaturant by a Nebraska ethanol facility.



State Sen. Merv Riepe of Ralston. March 15, 2023.
(Zach Wendling/Nebraska Examiner)

Sales and use tax exemptions that would end under 'Nebraska's Plan' for property tax relief

An official plan led by Gov. Jim Pillen this summer calls for ending sales and use tax exemptions on more than 100 goods or services, which would raise more than \$950 million each year. Another 100 more goods or services would remain exempt.

[Search in table](#)

Page 1 of 21 >

Exemption	Proposed tax rate
Accounting Services	5.5%
Admissions Charged by Organizations Dedicated to Youth Development and Healthy Living	5.5%
Admissions to School Events	0%
Admissions to Statewide Sports Events	5.5%
Advertising agency fees (not ad placement)	0%
Agricultural Chemicals	0%
Agricultural Machinery and Equipment	(Not available)
Agricultural Repair Parts	0%
Aircraft Delivery to Out-of-State Resident or Business	0%
Animal Grooming	5.5%

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ZACH WENDLING



Zach rejoins the Nebraska Examiner after studying abroad in Antigua, Guatemala, following a yearlong Examiner internship. His coverage focus areas have included politics and government, health and well-being and higher education.

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From: LopezUrdiales, Lori <lori.lopezurdiales@nebraska.gov>
Sent: Tuesday, July 30, 2024 9:00 AM
To: OCIO Everyone <OCIO.Everyone@nebraska.gov>
Subject: HAPPENING NOW: Public Hearing LB1 Governor's Property Tax Plan Today

HAPPENING NOW: Public Hearing LB1 Governor's Property Tax Plan Today



LopezUrdiales, Lori

Office Services Manager II

Matt, our new CIO, wanted to share this information with OCIO Teammates. He is encouraging teammates to participate in the hearing. Testimonies will begin at 9:45 a.m., but folks need to be there by 9:30 a.m. if not sooner. Please check with your supervisors about approval for time off. Thank you!



Jim Pillen

19h ·

Please consider testifying tomorrow, July 30th, in support of LB1 to cut Nebraska's property taxes by 50%. The hearing will start in front of the Revenue Committee at 9:30a.m. in Room 1524 in the Capitol. There is no designated closure time. We need your support to show Nebraska Senators how much this matters to all Nebraskans.