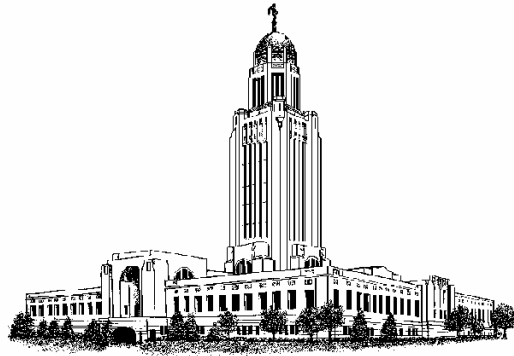


Nebraska State Legislature



Senator Jana Hughes Weekly Column – January 24th, 2025

The past two years in the Legislature have been dominated by a few major issues. None have been as prevalent and persistent as our state's ongoing property tax issue. We've had dozens of bills, an equal amount of hearings, working groups put together by Governor Pillen, interim studies, town hall meetings and more. The one thing that we've learned is that there is no silver bullet to instantly relieve the growing financial pressure of rising property taxes on Nebraska homeowners, farmers, retirees, and small businesses.

That being said, there have been a number of things that the Legislature has done to chip away at the problem. In 2023 we passed legislation to have the state pay for our community colleges, removing that from our local property taxes. This past fall, during a special session called by Governor Pillen, the Legislature added funds to our property tax credit program and placed that directly against the property tax bill each property owner receives.

Acknowledging that a majority of our property taxes go toward funding our K-12 public schools, I introduced legislation during the special session that would increase state funding to public schools while lowering local property taxes. LB9 would have enacted a 10-year plan to continually drop the maximum school levy while increasing state aid to public schools. In the end we were unable to find enough money to make this happen. The outcome of the debate on LB9 resulted in many conversations with Governor Pillen and his team. Late this fall we got together and decided that we would work together to put forward a bill with the intention of dropping the maximum levy while increasing state aid to schools. I introduced this bill, LB303, on behalf of Governor Jim Pillen, and he recently opened his State of the State address by describing our joint efforts to increase our state's contribution to fund our public schools while dropping the maximum levy. LB303 also creates a School Finance Reform Commission that will be responsible for submitting an annual plan of how to adjust our current school funding formula, known as TEEOSA, with the goal of sustaining an increase in state funding to our school while also focusing on reducing property taxes.

I am enthusiastic about Governor Pillen's commitment to doing this and to starting with an additional, initial \$120 million investment in state aid to our public schools. This is especially significant considering that we have to simultaneously address an expected \$432 million budget shortfall over the next two years. The Tax Equity and Education Opportunity Support Act (TEEOSA) was designed to have many levers for the Legislature to adjust in order to provide state aid to schools while limiting the

impact on local property taxes. Like a ship with many controls, TEEOSA was set on a path and largely left alone over the past several decades. By not utilizing the school funding formula as it was designed to be adjusted, the ship, if you will, that carries state aid to schools and property taxes was left to run aground. Starting with the modest changes in LB303, we can now start steering a new course and commit the Legislature to increase state aid to schools and begin the lengthy process of reducing the majority of the burden of funding public education off the shoulders of property tax owners.

I am looking forward as a new member and now Vice Chair of the Education Committee to working with Governor Pillen, Chairman Murman and the members of the committee to address this important issue over the coming years. Everything has been there to do this all along, so with Governor Pillen's leadership and the efforts of my colleagues, we can truly make a difference for Nebraskans.

As always, if I can be of assistance to you in any way, please do not hesitate to contact my office. My staff members - Matt and Katie - are available to assist you with your needs and they pass along messages, so if you'd like a call back, please let them know!

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