

Governor Jim Pillen 2023 State of the State Address

Good Morning!

President Kelly; Speaker Arch; members of the 108th Legislature; tribal leaders; family, friends and distinguished guests; my fellow Nebraskans:

Our family has had an incredible experience over the last two years, ever since we accepted the calling to campaign across Nebraska to become its 41st Governor. We are truly humbled.

Since the morning of November 9th, we have been working very hard – building our team, working on our transition, and getting ready to compete for Nebraska. Thank you to all of you, everyone in this body, for your willingness to visit and engage and answer the call to public service. I also want to thank our state teammates for their commitment to serving Nebraskans.

Our family has had incredibly deep emotional experiences over the last several months – from election night, to taking my oath in this chamber on January 5th, to our inaugural ball – a celebration of Nebraskans on January 7th, to the passing of Suzanne’s mom, Donna, last Wednesday, and our celebration of her incredible life just 48 hours ago. You all have been so kind and gracious to me, Suzanne and our entire family. Thank you from the bottom of my heart.

When we talk about our greatest asset—our people—sometimes, we forget to acknowledge the amazing work done by Nebraska’s caregivers every single day. That care comes from doctors, nurses, other healthcare professionals, pastors, teachers, counselors, first responders, and many others, and they do a great job. Often, though, that care doesn’t come from a professional; it comes from a family member; a mom or dad, brother or sister, niece or nephew, daughter or son. I want to pause for a moment and acknowledge the amazing relationship that existed between Suzanne and her mom and the impact that bond had on all of us.

Our family watched as Suzanne faced the many blessings and challenges that came with being her mom’s caretaker and advocate. Whether caring for a relative who is elderly, ill, disabled, or struggling with mental health or substance use, our family caregivers are truly heroes. Let’s please take a second to recognize my

wife, our First Lady, Suzanne, and the amazing efforts of caregivers across our state.

They are examples of perseverance, strength, and grace, and they're the essence of Nebraska—a place where we treasure family, care about one another, and value each and every life. That's the strength of Nebraska, and that is my focus everyday -- people, not politics. Because of our people, the state of our State has never been stronger.

We, the people of Nebraska, have the grit and determination needed to solve tough problems and overcome difficult obstacles, no matter the circumstances. Today, I am presenting an agenda that will help us overcome serious challenges and make life better for every family in our state.

Like many of our neighboring states, we have more money in our coffers than anyone can believe or comprehend. All of us think a million dollars is a lot – and by the way, it is a lot – and that every nickel matters. As my father would say, we need to treat them like manhole covers. What we do with the people's money this session is critical for my grandbabies, and yours, and the generations to come. We all agree -- we are taxed way too much. Our tax policy chases our kids and grandparents out of the state. We can't grow Nebraska that way. From my view, it's very simple. We must have the courage to say "No" to overspending and maintain a focus on investing in our kids and giving this money back to Nebraskans via historic property and income tax cuts. We, Nebraska's leaders, must compete for Nebraska to win. The cuts I am proposing to you today make us more competitive. These proposals will not get us in the top 10 states, but we will rank number 15. I hope you will support my vision and this strategy -- so Nebraska competes and wins. Together we can; together we will; together we win.

Today, I'm introducing a budget that restricts the growth of state spending to an annual average of just 1.3 percent over the biennium. With an inspirational systems approach of running agencies, we will improve services to Nebraskans and cut the cost of operations. This will enable Nebraskans to keep more of their hard-earned money. We have asked agencies to tighten their belts and focus on what is needed, not what is nice. Needs are our focus, and we are leading by example. In the budget I'm presenting today, the Governor's Office will not see

one penny more than the prior budget. With just a 2 percent increase in its state appropriation for operations, the University of Nebraska, under the leadership of my former colleagues on the Board of Regents and President Ted Carter, will be challenged to focus on students' needs. All across state government, we will rise to better meet the high bar that Nebraskans have set for us through their example, of working hard and tightening their belts. While carefully controlling the growth of state spending, we will work to provide significant tax cuts for Nebraskans – beginning with property taxes. Our property taxes are so out of whack that you don't even need to own property to be impacted by property taxes. We must lift this burden, and we have to do it now.

Today, I am recommending to the Legislature an additional \$2.4 Billion dollars in property tax cuts, for a total of \$7.1 Billion through fiscal year 26-27. As part of this total, I am recommending the investment of an additional \$390 Million dollars in the Property Tax Credit Relief Fund. I am also recommending that the state assume responsibility for funding our community colleges across the state, which will immediately cut property taxes by nearly \$300 Million a year.

We all agree that our kids are our future. We need more of them to pursue their degrees here. We need to attract more students from other states. We need better outcomes for Nebraska's workforce. We need more engineers, actuaries, accountants, architects, geneticists, scientists, nurses, and teachers. We need more welders, auto technicians, electricians, and technicians to fix computing dependencies on cars, trucks, tractors and combines – almost everything. It is essential. The success of our community colleges that we conceived over 50 years ago has a higher calling today than ever before. It's the twentieth century, yet 50 percent of our kids are not obtaining any training beyond high school. Together, we have to create better opportunities for all. The success of utilizing community colleges in Nebraska for students best suited for trades is a game changer. That is why this funding proposal is so important, helping us better meet that need while cutting property taxes.

In addition to these investments in property tax reform, I am also recommending \$1.5 Billion dollars in additional income tax cuts for individuals, families, businesses, and Social Security recipients. I am asking the Legislature to phase down our individual income and business tax rates to 3.99 percent by 2027, enabling Nebraska to be more competitive in attracting and retaining investment, talent, and new opportunities. This is key to stopping out-migration. I am also

asking the Legislature to exempt Social Security income from state taxes by next year, providing considerable tax relief to retired Nebraskans.

In addition to these reforms, I am presenting a series of transformative bills to the Legislature, which, combined with fiscal responsibility in state and local government, will help to fix our broken tax code and reduce property taxes for years to come.

Let me be clear: the property tax problem can't be solved by levy limits alone. Levy caps are misleading Nebraskans. When valuations skyrocket, they have little impact. When a levy is capped but valuations increase, the cap does nothing to stop overspending. Our valuation system of our property tax is the problem, and it must be changed. Our first step is addressing valuations of ag and horticultural land. The market value of this land goes up almost every year, creating more and more money for government – and it is spent, simply vaporizing into thin air before our very eyes, all without any regard for how much actual value that land created for the family that farms or ranches it. That is wrong, and it needs to change. By changing from market-based to income-based assessment of ag land and capping ag-land valuation growth, we can cut property taxes and keep government growth in check, living within its means.

My top priority, and that of all Nebraskans, is our kids. That is why, today, I'm proposing the creation of the Education Future Fund with an investment of \$1 Billion dollars in fiscal year 23-24 and \$250 Million each year thereafter. This investment ensures that Nebraska will never ever give up on a single kid – ever again. The Education Future Fund will provide further assistance to our school districts to help meet the needs of special education students across the State. It has been promised to local districts that 80 percent of special education funding would come from Federal and State sources, but we are only funding half that. The hard-core reality is that, at the state level, we have not sufficiently supported special education. This commitment is the State's job, not that of property taxpayers. This investment will ensure we meet our commitment to special education and enable property tax relief.

This investment also includes a major structural reform to our state aid to education formula, TEEOSA. This formula has long failed to meet the needs of those school districts that receive no equalization aid from the state. Today, I am recommending an allocation of \$1,500 dollars annually to every public school

student in every Nebraska school district. This foundational aid provides much-needed support for our rural school districts, which have been underserved for far too long. This investment, combined with special education funding reform, will provide more funding to every school district in the state.

The Education Future Fund is a transformative investment of state tax dollars in education, but it must be combined with a framework that ensures dollar-for-dollar property tax relief. I am recommending a 3 percent growth cap on spending for school districts, which can only be overridden by 75 percent of local school board members or 60 percent of voters in a vote of the people. As the state shoulders a greater portion of the cost of educating our kids, the burden on property taxpayers must be reduced through careful spending control and constraint by our school districts. This 3 percent cap will ensure property tax relief while maintaining local control. It will enhance accountability to the taxpayers, and ensure government does a better job of treating nickels like manhole covers.

Our kids want to stay in Nebraska and get their post-secondary education here. To address this, my budget provides \$39.4 Million to fund over 4,200 scholarships for Nebraska students who attend any of Nebraska's institutes of higher education. This helps us to compete for our kids and keep them here. I want to inspire and challenge Nebraska stakeholders and business leaders to pick up the ball and do business differently. We need to reach out to K-12 and build relationships with our kids and give them hope. Scholarship them so that they can get an education and work in your business for a minimum of five years in return. It is not only the right thing to do, but also a key to growing our workforce, growing your business, and growing Nebraska.

Focusing on all kids, I am recommending a \$50 Million dollar investment for scholarships for Nebraska kids whose needs are best met outside of public education. Opportunity scholarship tax credits will provide scholarships for kids who live in poverty, foster care systems, and those with special needs. We can't let one kid fall through the cracks.

Today, we are joined by Tanya Santos, principal of Holy Name Catholic School in North Omaha, and some of her amazing teachers and students. Would you all please stand and be recognized? Holy Name accepts kids from every race, religion, and walk of life, with a commitment to providing each one with the

support they need to succeed. Ninety-nine percent of Holy Name families receive financial assistance to be able to send their kids to school. They believe, as I do, that limited means shouldn't deny a child an opportunity they need. These opportunity scholarships will help make that goal a reality for more kids, like those Principal Santos and her team serve.

My budget also includes a \$10 Million dollar investment for the biennium to help recruit and train students in high-need fields, such as teachers, nurses, and food animal veterinarians for food security. I am very proud to have Dr. Jais Ford, a new graduate who is practicing food animal medicine in Hyannis, in our beloved Sandhills. Dr. Ford, please stand and be recognized. With vet school debt, the decision to practice food animal medicine in rural communities can be a difficult one, but we can make it easier. Our food animal veterinarians are critical to our state's success, and we need more Dr. Fords to sustain animal agriculture and ensure food security in our state and in our nation.

I'm also committing \$20 Million dollars to continue the "The Good Life is Calling" Campaign to market Nebraska. We simply have to brag about Nebraska across this country, with a focus on attracting top talent. We will be reporting back to you next year the results of this investment. I know you, like me, have high expectations for solving our workforce challenge. This is a step forward. We must focus our future on the great careers that exist here in Nebraska.

Nebraska is a pro-life state. Many Nebraskans have been praying for 50 years to end abortion. We have to do more. This discussion has gotten too complicated and misleading. Here is what pro-life policy is NOT in Nebraska – it's NOT about preventative contraception. It's NOT about in-vitro fertilization. It's NOT a fertility medicine discussion. It is simply about stopping what started 50 years ago – the abortion of babies growing in mother's wombs. I am fighting for the rights of every baby with a beating heart. I am fighting to help women choose life and love. Nebraska will be a state that provides extensive resources to all women in need throughout their pregnancies. And I'll fight with all my might to make sure Nebraska becomes a place where parents who want to provide a great home for a child can find an easier route for adoption instead of spending years on paperwork and red tape. Together we can. Love conquers all.

This is the most important time in the history of our State, and as Nebraska's leaders, we are making decisions that will impact our state for generations to come. These investments are more than education and tax cuts. Today, I am also recommending to the Legislature essential investments in law enforcement, infrastructure, and water. Water is vital to Nebraska. The drought makes it even more urgent. We must build the Perkins County Canal. We have had stakeholders from across many sectors in Nebraska working together for more than 20 years for Nebraska's water rights via the Perkins Canal. My budget recommendation includes fully funding the Canal.

Infrastructure needs for Nebraska are more important than ever before. To grow Nebraska, we must address roads and broadband. My budget includes \$100 Million dollars to leverage an additional \$400 Million in federal funds to improve our bridges and roads. Our team has also created the Nebraska Broadband Office. We have to get broadband across Nebraska completed. It will be the sole focus of the Nebraska Broadband Office.

Finally, our budget prioritizes even greater support for, and investment in, the brave men and women of law enforcement. Today, we are joined by Trooper Brandon Sutton, who has done a tremendous job removing dangerous drugs from our streets. In the past year of patrolling central Nebraska, he his efforts have led to the seizure of nearly 37 pounds of cocaine, 11 pounds of fentanyl, 2 pounds of meth, nearly 2-thousand pounds of marijuana, and two illegal guns. Trooper Sutton also serves as a TAC officer at the NSP Training Academy, helping the next generation of troopers begin their careers. Trooper Sutton, please stand and be recognized.

Our state troopers, police officers, sheriffs, deputies, and correctional officers put it all on the line every day to help keep us safe, and we must have their backs as well. Today, I am proposing significant law enforcement investments to the Legislature. The first is an \$18.6 Million dollar increase in funding for our treasured Nebraska State Patrol, to ensure we can continue to recruit and retain the very best to serve and keep us safe. Second, I am recommending finalizing the last phase of funding to replace the Nebraska State Penitentiary, which this body has approved. The facility was designed more than a century ago. At the time, the mission was different. Today, it can't sufficiently meet the security needs of the future. It can't meet the programming needs of our inmates to

reduce recidivism and get people back to work after they pay their dues to society for their transgressions. A new facility, with additional space for programming, will help more people to become productive, law-abiding citizens.

One of the groups charged with protecting our state is the Nebraska National Guard. Over four thousand guards men and women answer that call in both the Army and Air Guard. We are fortunate today to have several distinguished members with us. As I call out their names, I would ask each one to stand and be recognized: Staff Sergeant Bryan Kummer, Senior Master Sergeant Nathan Schmaderer, Staff Sergeant Alicia Bushhousen, Senior Airman Corey Weber and Master Sergeant Crystal Puhalla. Each of these individuals has distinguished themselves by deploying on overseas missions, providing humanitarian relief, and supporting critical operations within the United States. They are among the best examples of Nebraska's well-trained and dedicated military soldiers and airmen.

We salute your service to our State, and we thank you for safeguarding our liberty.

We all believe in our kids. We all believe in doing what's right, doing our best, and treating others the way we want to be treated. That's the Nebraska way. We are Nebraska. Together we can. Together this session will impact Nebraskans for generations. Folks, we have to compete for Nebraska.

As your Governor, it's really simple. I want Nebraska to win. I know you do as well. Together, we'll win for Nebraska. God Bless you and God Bless the Great State of Nebraska. Thank you!