



Governor Pete Ricketts

Growing Nebraska for the Next Generation

For Immediate Release:
10:25AM CT on January 14, 2021

Media Release:

Gov. Ricketts' State of the State Address

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LINCOLN – President Foley, Speaker Hilgers, Members of the Legislature, Tribal Chairmen, and Fellow Nebraskans — good morning!

Congratulations on the commencement of the First Session of the 107th Nebraska Legislature. I want to welcome each of you to Lincoln.

Congratulations Speaker Hilgers on your election. I look forward to working together with you and all the newly elected chairs.

Please also recognize the newest members of the Unicameral: Senators Aguilar, Bostar, Cavanaugh, Day, Flood, McKinney, Pahls, and Sanders. Each of you brings unique perspective and experiences to the body. I look forward to working with you as well.

As this session begins, I know that many are excited to turn the page on 2020; however, I believe that when we look back on the last year we will see a year that brought out the best in Nebraskans.

We began with high hopes of moving forward as we recovered from the historic floods of 2019. But 2020 was interrupted by a new and unforeseen challenge: the coronavirus pandemic. Nebraskans took on this new challenge in the same spirit we have for generations: We rolled up our sleeves and put our grit, tenacity, and determination to work the Nebraska Way.

Through it all, Nebraskans have been using our tools to slow the spread of the virus such as social distancing, wearing a mask to the store, washing our hands often, and staying home when sick. As we all do our part, the State has followed our North Star: protecting our hospital capacity. Over the last ten months, we've pursued this goal by using our six pillars: testing, contact tracing, providing PPE, making

quarantine space available, protecting at-risk populations, and using directed health measures.

Time and again, history shows Nebraskans respond by doing the right thing, and the pandemic has been no different. Our healthcare workers have stepped up heroically to keep Nebraskans healthy. Data shows that Nebraskans stayed home when we asked them to last spring. And now, Nebraskans are embracing the coronavirus vaccine.

Thanks to the individual contributions of countless Nebraskans and our six pillars, our state has successfully ensured that everyone that needs a hospital bed, ICU bed, or ventilator has had access to one. This approach has helped us strike that balance between slowing the spread of the virus and allowing people to live a more normal life.

Even as we've had to overcome the challenge of the pandemic, the work of Nebraskans everywhere has kept the state of the state strong.

While protecting hospital capacity, we have also been working to help Nebraskans recover. The federal government has invested over \$10 billion in aid into our state. The State steered federal coronavirus relief towards \$411 million in grants for Nebraska's businesses and family farms. We also provided over \$80 million to aid non-profit and community-based organizations ranging from food banks to childcare providers.

While battling coronavirus, we have kept building on our efforts to grow Nebraska even in the midst of tough circumstances.

We've seen new opportunities in developing our workforce, with the creation of 2,280 Career Scholarships at our state's colleges and universities to help train the next generation of leaders.

We've made it easier to do business in Nebraska by continuing to improve the effectiveness and the efficiency of state government services. This has helped attract major investments from companies like Becton Dickinson in Holdrege to Hormel in Papillion—just to name a couple. Throughout the pandemic, we've been cutting red tape to keep Nebraskans working. From giving licensed professionals more flexibility to allowing restaurants to offer carryout alcohol, we looked for ways to grow our healthcare workforce and help small businesses survive. The jobs being created across our state have helped Nebraska achieve an unemployment rate that is the lowest in the nation. At 3.1 percent, our unemployment rate for November 2020 is only one tenth of a percent above where it stood one year ago.

This body is to be congratulated for the work it accomplished in the 2020 session despite the circumstances of the pandemic. Even with these challenges, you were able to pass property tax relief, incentive renewal and reform, veterans tax relief, flood relief, pandemic relief, relief for the tunnel collapse in the Panhandle, career scholarships, and the most significant pro-life bill in a decade.

As the pandemic continues, we have an opportunity to keep moving our state forward. This legislative session, we will do this the Nebraska Way: by working together for the best interests of the people we serve.

The next two-year budget I am proposing controls spending to a growth rate of 1.5 percent. In this context, we can achieve several important priorities.

First, property tax relief. This budget delivers on the promise of property tax relief by delivering \$1.36 billion in relief over the biennium. This includes \$550 million in direct property tax relief through the State's Property Tax Credit Relief Fund, and over \$596

million from the newly enacted LB 1107 refundable property tax credit. I am also proposing roughly \$214 million to provide for property tax payments under the current homestead exemption program.

But there's more we must do to keep Nebraska on the road to realizing property tax relief. That is why Senator Linehan and I are proposing to limit the growth of local government property taxes to 3 percent. New local spending constraints are critical to ensuring the relief we provide goes into people's pockets and to maintain local control in future years. Property taxes have grown by 4.46 percent annually on average for the last 10 years for an overall increase of 54.65 percent.

Taxes are growing at a rate that Nebraskans cannot manage within their family budgets. It is my belief that if the Legislature fails to enact spending constraints, the people of Nebraska will take matters into their own hands and strip local governments of their property tax authority. It's happened before in the 1960s when the voters stripped the State of its authority to levy a property tax, and it will happen again. The limits we are proposing here are reasonable, and will help ensure that local control of the institutions we cherish endures for years to come.

As we consider these limits, I also want to note that we can continue to support strong public schools. As I have done every year as Governor, my budget proposes to fully fund state aid to the K-12 education formula with an additional \$42.7 million over the biennium. We must continue to invest in the next generation of Nebraskans so they can access educational opportunities that can help them achieve their dreams.

Next, I am proposing three initiatives to help Nebraska continue its journey to become the best state in the nation for military families and

veterans. First, Nebraska is still working to bring Space Command to the Heartland. Senator Stinner and I are recommending the State invest \$50 million towards establishing a public-private partnership to locate this important mission at Offutt Air Force Base. Second, Senator Brewer and I are proposing that Nebraska exempt 100 percent of military retirement income for military retirees. This would complete the work on veterans tax relief we began last year. And third, military spouses continue to face challenges taking jobs in Nebraska in licensed professions on a temporary basis. In recent years, Nebraska has made great strides in helping military spouses, who hold a teaching license in another state, to teach while their families are deployed here. Senator Sanders and I are working together to take new steps recommended by the Department of Defense to cut more red tape in this area.

Additionally, Senator Murman and I are proposing that we use our experience gained during the pandemic to expand our healthcare workforce. Early in the pandemic, I issued an executive order allowing licensed healthcare professionals from other states to work here in Nebraska. By allowing universal reciprocity for out-of-state healthcare workers to continue, we can encourage more skilled healthcare professionals to choose the Good Life to help meet our state's needs.

This budget also helps us take important steps to protect public safety. Nebraska's corrections system has been underbuilt for 40 years, and our infrastructure is aging. Working together, we've been able to make significant strides over the last six years, investing in sentencing reform, rehabilitation, and the physical plant of our system. But more must be done to modernize and rightsize our prisons. By 2025, Nebraska's corrections system is forecasted to house over 6,400 inmates. Today, we have an operational capacity of over 5,300 inmates, and the Nebraska State Penitentiary is decaying. To help protect public safety and to replace the State

Penitentiary, I am proposing that we build a new, modern correctional facility. This facility will require an initial investment of \$115 million in this budget for a total of \$230 million by the time it is completed and operational in 2025.

Finally, we must continue to invest in better community connectivity through broadband internet. It's no secret that many Nebraskans still do not have access to broadband. Over 80,000 Nebraska households lack broadband speeds of at least 25/3. The pandemic revealed how impossible work from home or remote education can be for those on the wrong side of the digital divide. Over the last several months, we were able to use CARES Act money to begin connecting 17,600 households with broadband. Additional households are expected to receive broadband using existing resources over the next two years. Senator Friesen, Speaker Hilgers, and I are proposing that we invest \$20 million in each of the next two years to help another 30,000 households get broadband connectivity. This will move Nebraska closer to bringing broadband coverage to every corner of the state.

Property tax relief. Our veterans and military. Licensing reform. Public safety. Broadband access. These are all critical priorities for us to work on this year. As the session gets underway, I'm confident that we can achieve each of these in the coming days by working together for the people – the Nebraska Way.

Once again, congratulations on the start of this new session. I want to thank each of you for your service to the people of Nebraska. Together, we can achieve great things for Nebraskans in the coming days.

God bless you all and God bless the great State of Nebraska.