

JANUARY 24, 2001

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FLOOR DEBATE

January 24, 2001 LB 151
LR 19

SPEAKER KRISTENSEN PRESIDING

SPEAKER KRISTENSEN: Good morning. Welcome to the George W. Norris Legislative Chamber. This morning, our chaplain for the day is Pastor Lauren Ekdahl. He's from the Trinity United Methodist Church here in Lincoln, which is Senator Beutler's district. Pastor.

PASTOR EKDAHL: (Prayer offered.)

SPEAKER KRISTENSEN: I call the fifteenth day of the Nebraska Unicameral Legislature to order. Senators, record your presence. Roll call. Record.

CLERK: I have a quorum present, Mr. President.

SPEAKER KRISTENSEN: Any corrections to the Journal?

CLERK: No corrections this morning, Mr. President.

SPEAKER KRISTENSEN: Any messages, reports, or announcements?

CLERK: Mr. President, I have a series of re-references from the Reference Committee, signed by Senator Coordsen, as Chair; hearing notices from the Revenue Committee; and, Mr. President, LR 19 is ready for your signature. That's all that I have this morning. (Legislative Journal pages 385-387.)

SPEAKER KRISTENSEN: Thank you. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR 19. Next move to General File. LB 151, Mr. Clerk.

CLERK: Mr. President, LB 151, introduced by Senator Jensen. (Read title.) Bill was introduced on January 4, referred to the Health Committee, advanced to General File. I have no amendments to the bill at this time, Mr. President.

SPEAKER KRISTENSEN: Thank you. Senator Jensen, you're recognized to open on LB 151.

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SENATOR JENSEN: Thank you, Mr. Speaker, members of the body. LB 151 is simply an extension of two deadlines that currently apply to the Community-Based Neurobehavior (sic--Neurobehavioral) rehabilitation (sic) Action Plan Act. The act was passed in 1999, as LB 519, that many of you will recall. The act was adopted with a General Fund impact of about \$37,000 in order to leverage federal dollars for a statewide assessment and a development of an action plan to provide services for persons with a brain injury. The assessment and action plan were to be done and a report to be submitted to the Legislature, the Department of Education, the Department of Health and Human Services by June 30th of this year, and the act is currently set to terminate July 31 of this year. LB 151 simply extends a deadline for the report two months, two months, to September 20, 2001, and delays termination of the act until June 30th of next year, 2002. The bill was advanced from the committee unanimously and there was no fiscal impact to the bill. I would simply urge advancement of the bill, LB 151, to E & R Initial. Thank you, Mr. Speaker.

SPEAKER KRISTENSEN: Heard the opening. Debate on advancement of the bill? Seeing none, Senator Jensen, he's recognized to close. He waives the closing. The question before the body is the advancement of LB 151. All those in favor vote aye; all those opposed vote nay. Record.

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB 151.

SPEAKER KRISTENSEN: LB 151 advances. (Doctor of the day introduced.) We next move to LB 128. Mr. Clerk.

CLERK: LB 128 by Senator Schrock. (Read title.) Bill was introduced on January 4, referred to Natural Resources, advanced to General File. I have no amendments to the bill, Mr. President.

SPEAKER KRISTENSEN: Senator Schrock, you're recognized to open on LB 128.

SENATOR SCHROCK: Mr. Speaker, members of the Legislature, this

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bill was presented to me on behalf of the Department of Environmental Quality. It would allow the department to use the funds in the Integrated Solid Waste Management Cash Fund to investigate and remediate landfill sites, tire piles, building demolition or other cleanups where no viable responsible party is available to pay the cost. It would also allow the department to file a civil suit in Lancaster County District Court to recover any funds so expended if a viable responsible party can be located. Currently, half of the disposal fees go into the Solid Waste Management Cash Fund Act, and there's about \$3 million in the fund at the present time, it generates about \$1 million a year, and it has been suggested that we use this for clean up of abandoned sites, orphan sites, or sites where there is no one with financial responsibility. And I do have an amendment that didn't get down so I will do it on Select File, and it would allow them to use up to 10 percent instead of the current 5 percent of their annual fees for an orphan site or disposal site, and it would allow second class cities and villages to be able to access the fund for disposal purposes. That is the basic premise of the bill. It was advanced out of committee unanimously. If you have any questions, I will try to answer them.

SPEAKER KRISTENSEN: Debate on advancement? Senator Vrtiska.

SENATOR VRTISKA: Thank you, Mr. Speaker, members of the body. And a question for Senator Schrock.

SPEAKER KRISTENSEN: Senator Schrock, would you respond?

SENATOR SCHROCK: Yes, I can.

SPEAKER KRISTENSEN: Members, could I please have your attention. Could you hold your conversations to a minimum so that Senator Vrtiska and Senator Schrock can hear each other? Thank you.

SENATOR VRTISKA: Senator Schrock, I...in looking at the bill, these are abandoned sites that nobody is responsible for. Is that right?

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SENATOR SCHROCK: That is correct. You know, maybe somebody is financially insolvent and there's a tire pile out there that needs to be cleaned up, maybe there's a hazardous waste site, maybe there's...maybe there's asbestos cleanup in an old building that there's nobody financially responsible for. Now the state will try and recover if they can. That's the reason they can file in...in Lancaster County District Court. So that means if the cleanup is in Chadron, Nebraska, the irresponsible party that needs to have the cleanup done will have to come to Lincoln for...because the DEQ doesn't want to travel all that far.

SENATOR VRTISKA: I understand that. I guess my...my only inquiry was that these are some...to your knowledge, are these some sites that have been identified? Are they in the process of trying to find some of these? We know there's some around the country. I just wondered how many have been identified, or do you have any idea?

SENATOR SCHROCK: Senator Vrtiska, I don't have the number. The DEQ did give us some examples. You raise a good question. May I try and answer it on Select File?

SENATOR VRTISKA: Sure, that's fine. I...I just wanted to get a little bit more knowledge about it because I do know that what you're talking about has some merit. I just wanted to get as much information as I could before...and when we do it on Select File that's fine. So, with that, thank you very much, Senator Schrock.

SPEAKER KRISTENSEN: Further debate on advancement? Seeing none, Senator Schrock, you're recognized to close on the advancement of LB 128. He waives the closing. The question before the body is the advancement of LB 128. All those in favor vote aye; all those opposed vote nay. Record.

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of LB 128.

SPEAKER KRISTENSEN: LB 128 advances. We next move to LB 162.

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CLERK: One hundred and six...

SPEAKER KRISTENSEN: Mr. Clerk.

CLERK: Excuse me, Mr. President. LB 162, by Senator Hudkins. (Read title.) Bill was introduced on January 4, referred to the Banking Committee, advanced to General File. I do have committee amendments, Mr. President. (AM0013, Legislative Journal page 369.)

SPEAKER KRISTENSEN: Senator Hudkins, you're recognized to open on your bill.

SENATOR HUDKINS: Thank you, Mr. Speaker and members of the body. Last year, I introduced a very similar bill to this which was, at that time, advanced from the committee and placed on consent calendar and, as many of you remember, we had a little trouble with consent calendar last year. But over the summer I met with a group of people and additional improvements were made to the bill and this one, LB 162, is the result. Although this isn't the same as last year's bill, it's, as I said, a continuation and with added improvements. First, the bill streamlines and simplifies the act, cutting out much of the excess verbiage, and it defines additional terms just for the sake of clarification. It increases the power of the Real Estate Appraiser Board that will allow them to take disciplinary action in response to unethical or perhaps even illegal conduct on the part of unscrupulous appraisers in the state. It removes the ambiguity existing in the current law regarding certain acts or omissions which may be grounds for disciplinary action, and the bill holds appraisers more strictly accountable for their actions and ensures that the Real Estate Appraiser Board has the authority to deal effectively with those who don't live up to their professional responsibilities. LB 162 also makes a number of other changes that are aimed at improving the service which the citizens receive from appraisers and these include: increasing the number of hours of continuing education that appraisers have to have; requires that the appraisers have a working knowledge of English and of various economic concepts pertaining to real estate; it establishes the same credentialing fee for all classifications of appraisers; and it authorizes the

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Attorney General to appoint special counsel to represent the Real Estate Appraiser Board in any actions. There is an amendment which I think Senator Landis is probably going to address. Is that correct, Senator Landis? So at that...at this point, I will give back the rest of my time for that amendment.

SPEAKER KRISTENSEN: Senator Landis, the Chair of the committee, you're recognized to open on the committee amendments.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. First, I just want to say that the measure, LB 162, is a sound one, the committee endorses it, and it has more significance than what we might imagine, given the recent past. The downturn of the economy in the eighties triggered a ripple effect in the financial institutions industry among the savings and loans, in particular. You know that the savings and loan debacle had to do ultimately with the federal government coming in and providing money to assist in a number of failed S & Ls. One of the causes of the failed S & Ls was the inflated balance sheets of those S & Ls, that property held by S & Ls were very much overvalued on their balance sheet so that the institution looked sound when, in fact, it was not. In part, this was done because appraisers working for the S & L companies regularly inflated the holdings or the assets that the S & L companies had, so there was a very real attempt to make sure that the real estate appraiser industry was one that was independent, that had high standards, and that we would not have the kind of in-house real estate appraisal function that was done when the S & Ls were able to "phony-up" their balance sheets with fake, inflated real estate appraisals and look much sounder than they were. So this whole area of trying to raise standards and make more independent is a very sound one, and I'm delighted that Senator Hudkins continues in that quest with this bill, to make sure that our credentialing and regulation is of the highest order. Having said that, when the committee was faced with this bill, we were given one amendment by Senator Hudkins that she'd worked out with the lawyers, and it has to do with maintaining an exemption that has historically existed, which is that when an owner of a real estate or a licensed attorney representing that owner renders an estimate or opinion of value of the real estate, as part of a legal matter involving

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that real property, they're not an appraiser, they're not covered by the bill, they are able to do that function without being an appraiser and not running afoul of this act. That historically has been the case and this is maintained with committee amendment number four. However, the rest of the committee amendments have to do with another issue. When we looked at LB 162, we found a series of what we thought were circular definitions. In one case, a real estate appraiser is a person who engages in real estate appraisal activity. Real estate appraisal activity is performing, for a fee, the development of an appraisal. And then, an appraisal was an analysis of the nature, quality, value, or utility of specified interests in real estate. And we began...we thought that there were many functions that had to do with giving an opinion as to the nature, quality, or utility of land which is different than appraisal. An engineer might well render an opinion as to whether or not land could take certain kinds of footings to certain depths. A planner might well give an opinion as to whether or not there was economic potential in a corner of property based on traffic patterns as to whether it was a sound investment or not, or a good use, or highest best use of the land. So we asked that the definitions be clearer, and the definitions get clearer in two specific ways. An appraisal will now mean an analysis or opinion or a conclusion as to the value of land, because isn't that what an appraisal is? It is an estimate of the value of land. This will strike "nature, quality, or utility" and simply focus on what has...what an appraiser historically has been, which is a determinant of the value of land. And the second thing is that rather than that circular set of definitions, an appraiser is one governed by this act who holds themselves out as an appraiser to the public, so that if you don't say to the world, I'm an appraiser, you're not covered by this bill. But if you say to the world, I am an appraiser, you are covered by the bill. That language, by the way, was suggested by the Real Estate Appraisal Commission. It was with their approval. I believe it has the approval of Senator Hudkins. I know it has the endorsement of the Banking, Commerce and Insurance Committee. I ask for the adoption of the committee amendments and, once those are adopted, I would commend to you LB 162, which I think is very sound legislation and I congratulate Senator Hudkins on bringing it.

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SPEAKER KRISTENSEN: Debate on the committee amendment, Senator Wehrbein.

SENATOR WEHRBEIN: Yes, Mr. Speaker and members of the body, I support the committee amendments and, I apologize, I'd like to ask Senator Hudkins a question, if I may. I need to leave. And this is on the main bill, Senator Hudkins. The change in fee schedule, where you're rolling four parts into one, is that designed to be revenue neutral, or is that an increase or a decrease or...? Their cash balance is getting fairly high in that...in that agency and I was interested in what the effect of this would be.

SENATOR HUDKINS: Yes, thank you, Senator Wehrbein. The...the Real Estate Appraiser Board, if you had had a chance to read your fiscal note, they don't intend to raise the fees at all. They're going to probably leave them where they are. But they wanted to...there were different schedules of fees. If you were one class, your fee was this much; if you were in a different class, it was a different amount, and they just wanted the authority to have all of those fees the same. But right now they, to my knowledge and my understanding, they have no plans to raise the fees to what they could have.

SENATOR WEHRBEIN: And so they intend to be flexible. That's kind of what I wanted to hear and I wanted to have it on the record, in a way, because...but I am going to be leaving. I just wanted to be sure I had that correct, so thank you, Mr. Speaker.

SPEAKER KRISTENSEN: Further debate on the committee amendments? Senator Landis, you're recognized to close on the committee amendments. He waives that closing. The question before the body is the adoption of the committee amendments to LB 162. All those in favor vote aye; all those opposed vote nay. Record.

CLERK: 28 ayes, 0 nays, Mr. President, on adoption of committee amendments.

SPEAKER KRISTENSEN: The committee amendments are adopted.

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Anything further on the bill?

CLERK: I have nothing further on the bill, Mr. President.

SPEAKER KRISTENSEN: Debate on advancement of LB 162? Seeing no further debate, Senator Hudkins, you're recognized to close. She waives the closing. The question before the body is the adoption or the advancement of LB 162 to E & R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted who care to? Record.

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement of LB 162.

SPEAKER KRISTENSEN: LB 162 advances. We next move to LB 24. Mr. Clerk.

CLERK: LB 24, Mr. President, introduced by Senator Suttle. (Read title.) Bill was introduced on January 4, referred to the Health Committee. Bill was advanced to General File. I do have committee amendments, Mr. President. (AM0042, Legislative Journal page 369.)

SPEAKER KRISTENSEN: Senator Suttle, you're recognized to open on LB 24.

SENATOR SUTTLE: Thank you, Mr. Speaker. Members of the Legislature, LB 24 creates an Immunization Registry Task Force. An immunization registry is a population-based, computerized information system that collects vaccination data about persons in a geographic area, and the geographic area we're talking about for this particular bill is the state of Nebraska. Generally, we are talking about children, because that's the age when most persons are vaccinated against certain diseases, but there are also vaccinations which are appropriate to all...to adults. This bill starts a discussion about how to...statewide immunization registry would be created and function in the state. We have some voluntary local registries in the state which have been...had limited access...success. Their success has been limited because they're voluntary. They cover small jurisdictions, they're not coordinated with other efforts, and

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the computer infrastructure is very poor. How does a registry work? If a parent takes a child to the doctor, the doctor has a record of the vaccines the child has already had, but if it's a new doctor there are no records. If we have a registry, the doctor's office will be able to access the registry and the child's vaccine history which is kept current by the previous doctor or health clinic or whatever entity the child last visited. The schedule for vaccine is very confusing. I handed out a handout to all of you so that you could see not only how expensive they are but also the different months when you have different vaccinations. The regimen for one disease is completely different from another, and the regimen can be completely different for the same disease from one age group to another. Medicine is an ever-evolving science and vaccines change often, depending on the current research and effectiveness. That's why a registry is critical. It will contain all the data needed to determine when the last booster was given and when the next is due. Each entity authorized to give a vaccine will have access to the registry and will update it when a new one is given. Schools and day cares will be able to access the registry to determine if their enrollees are up-to-date on vaccines which are required by law for admission into a school. Effective immunizations have a profound effect on our health as a nation. Polio, for example, used to be a serious threat to our population, but it's been almost totally eradicated through the use of effective vaccinations. Our immune system is mighty, but it is far more effective with vaccinations. LB 24 is an important part of good health for all Nebraskans. It saves money. A vaccination is much cheaper than treating a contagious disease. How do we get there from here? The bill creates a task force to help answer that question. The task force will develop a plan looking at goals, access, the registry, infrastructure, funding, what agency should control it, and so on. A number of people got together and put together a list of persons representing the task force. I am concerned that it may be too large and I have an amendment after the committee amendments that will address that. Would appreciate it if you could support this. It is an important task force. I also passed out bookmarks that have the leading health indicators from the CDC, the Center of Disease Control, in Atlanta, and, if you'll notice, immunization is one of those

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leading indicators. Would appreciate it if you could give support to this and see if we can't get this process started. Thank you, Mr. Speaker.

SPEAKER KRISTENSEN: Thank you, Senator Suttle. Senator Byars, it's my understanding you are handling the committee amendments for the Health Committee. Is that correct?

SENATOR BYARS: Yes, I am, Mr. Speaker. Thank you.

SPEAKER KRISTENSEN: You're welcome.

SENATOR BYARS: Mr. Speaker and colleagues, the committee amendment makes three technical changes to LB 24. The green copy of the bill leaves a deadline for making appointments to the task force vague and undetermined, but the task force required to begin its work on July 1st of this year. The committee amendment simply takes out the language about the deadline for making appointments to the task force and, in effect, the appointments need to be made by July 1st anyway for the task force to begin its work. Number two, the Department of Health and Human Services is designated as the lead agency required to provide the staff support to the task force and the Department of HHS Finance and Support, as well as the department's Regulation and Licensure Division, are required to provide the additional assistance as necessary. And the committee amendment also sets a termination date for the bill and the task force of January 1, 2003, and I would urge the adoption of the committee amendments.

SPEAKER KRISTENSEN: Mr. Clerk.

CLERK: Mr. President, Senator Suttle would move to amend the committee amendments, AM0086. (Legislative Journal page 388.)

SPEAKER KRISTENSEN: Senator Suttle, you're recognized to open on your amendment to the committee amendments.

SENATOR SUTTLE: Thank you, Mr. Speaker. As I said that I was extremely concerned about the size of this task force, it's hard to get 32 people together and have them agree on anything, so

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the amendment, AM0086, adds two more individuals representing new groups that have requested representation--pharmacists and LPNs--on the task force. But then the amendment takes out two individuals from the original 32--one representative to a local health department and one childcare provider, both of which had two representatives each in the green copy--and combines the representatives of the Nebraska Medical Association and the Nebraska Academy of Family Physicians into one representative. The net reduction of individuals on the task force is one, but the net increase of groups represented is two, for a total representation of 29 groups. Under the green copy of the bill, the Governor still has the authority to combine individual appointments which may be able to represent more than one group. In order to make the task force more manageable, AM0086 creates a core group of the membership to be a kind of "Executive Committee" to the whole task force. This core group will then utilize the remaining members as a large subcommittee of the whole to study various issues. The core group will be responsible for presenting the actual report back to the Legislature and the Governor, and with recommendations of the entire group. The core group consists of ten individuals representing 11 different groups, one individual who represents two groups--the Nebraska Medical Association and the Nebraska Academy of Family Physicians. Would appreciate it if you would support this amendment to help the task force work in a more efficient manner. Thank you, Mr. Speaker.

SPEAKER KRISTENSEN: Debate on the amendment to the committee amendments? Seeing no debate, Senator Suttle, you're recognized to close. She waives that closing. The question before the body is the adoption of the Suttle amendment to the committee amendments. All those in favor vote aye; all those opposed vote nay. Record.

CLERK: 27 ayes, 0 nays, Mr. President, on the adoption of Senator Suttle's amendment to the committee amendments.

SPEAKER KRISTENSEN: The amendment is adopted. We return to the committee amendments. Debate on the committee amendments? Seeing no debate, Senator Byars is recognized to close. He waives closing. The question before the body is the amended

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committee amendments. All those in favor vote aye; all those opposed vote nay. Record.

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of committee amendments.

SPEAKER KRISTENSEN: Committee amendments are adopted. Anything further on the bill?

CLERK: Nothing further, Mr. President.

SPEAKER KRISTENSEN: We're debating the advancement of LB 24. Seeing no debate, Senator Suttle, you're recognized to close on advancement.

SENATOR SUTTLE: I will waive closing except to just ask for your support. Thank you.

SPEAKER KRISTENSEN: Heard the closing. The question before the body is the advancement of LB 24 to E & R Initial. All those in favor vote aye; all those opposed vote nay. Have you all voted who care to? Please record.

CLERK: 28 ayes, 0 nays, Mr. President, on the advancement of LB 24.

SPEAKER KRISTENSEN: LB 24 advances. LB 124.

CLERK: LB 124 is a bill by Senator Wickersham. (Read title.) Bill was introduced on January 4, referred to the Revenue Committee, advanced to General File, Mr. President.

SPEAKER KRISTENSEN: Senator Wickersham, you're recognized to open on LB 124.

SENATOR WICKERSHAM: Mr. Speaker, members of the body, we've been having a nice quiet morning here. Might change on this bill because I know that you've probably been receiving calls from county treasurers and maybe other county officials or representatives of county treasurers saying, Wickersham is at it again and we think he's nuts, or worse. Well, I don't think I'm

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nuts, not yet anyway, and I think this bill does something that your constituents will appreciate if we pass it. What will your constituents appreciate if we pass this bill? Your constituents will appreciate having information that tells them how much state aid that comes to the various political subdivisions that tax them means to them. What kind of a benefit do they get out of all the dollars that we send out in the gas tax distribution? What kind of relief, property tax relief, do they get out...do they get when we send monies to counties? What kind of property tax relief do they get when we send monies to ESUs, to community colleges, to NRDs, to municipalities, to K-12 schools? You make up the list. We send information to them now, but we send information to them in the format that you see on the first part of the handout that we've distributed, and that information is for Douglas County and it shows what we distribute to Douglas County en gros for state aid. Now, when you know how much money came from the state and went to a county, how useful is that information to you? Do you know that what you got out of that was \$500? Do you know that what you got out of that was \$1,000? Do you know what you got out of that was one cent? You don't know. But we can tell you if we make some calculations and we can tell you when we put that on to your property tax statement. Now, concerns from the treasurers probably originate in two sources: one, it's going to cost us a lot of money to make the calculation that you're talking about; two, we don't have any room for the information that you're describing on the tax form; and, three, nobody wants to know it anyway. All right, so let's take them up in order. We can calculate the amount and I'll offer an amendment on Select File that would cause the amounts, all the numbers that are necessary, to be calculated by the Property Tax Administrator's Office and then transmitted to the treasurers. So the treasurers, the assessors, the clerks, no one will have to calculate the amount. We can send the amount to them electronically so it can be incorporated automatically into the property tax statement. The state can do that for them and, if we're going to implement this, I think we should do that for them so this doesn't turn out to be one of those notorious unfunded mandates. I'm assured we can do that. I believe the people that are giving me those assurances will have an amendment on Select File that would cause that to happen. Is there room for the information on the tax notice? You have two

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examples of tax notices and you'll see on the first one, this is from Fillmore County, we're going to jump around here in counties so that you have a variety of examples, this happens to be an actual tax notice from that county and you can see the information that we're already providing. One of the innovations last year or for this year, due to a bill that we passed last year, in fact two innovations on this notice from a year ago, this one didn't happen to have back taxes due but if it...if it had we'd have included that information, but we've included two years of taxes on this particular notice. Now, that change was also resisted, if I recall correctly, but I...it has turned out to be very beneficial to taxpayers. I've actually had constituents say they liked it. Isn't very often that happens, but I've actually had people tell me that they liked to see that information on their property tax notice. Now, where on this property tax notice for Fillmore County might we be able to put the information that we're talking about in LB 124? Could we put that information over there in the block that says special messages. We've already got kind of a credit information block over there. It says other credits include \$34.38 in state tax credit. If you look at LB 124 and you look at the language that appears on page 3, on lines 14 through 16, it simply says, "State aid received by local governments for the delivery of services attributed to this property based on its assessed valuation is". Would that language fit in that block? Could you put a four- or five-digit number in that block? I'll bet we could. The next tax statement is one...now, this is not an actual tax statement. This is a made-up tax statement, but we wanted you to be able to see another format for a property tax statement. In this instance, we have the state tax credit in the upper right-hand corner of the tax notice. This one happens to be \$7. But, again, we have room on the form where I think we could include the language that would be required by LB 124 and the amount that would be calculated so that we knew what number to put in there. In this one, for example, you see that we have unpaid back taxes and we've had room to get that onto the tax statement. Now, what kind of information would we have as a result of LB 124? The last page in the handout is a calculation based on an actual piece of property. Now, we haven't given you the tax notice, but this is an actual piece of property in Merrick County, and you can see that we have

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calculated the levies, the taxes, and we have calculated the savings that are the result of state aid for each one of the political subdivisions. Now, we do not have to do that under the language of LB 124, all we have to do is give you a lump sum, but this gives you an example of what state aid can do for an individual parcel. For that parcel in Merrick County, state aid to schools reduced the tax burden by...on an \$80,000 house, by \$339. The taxes on that home would have been \$339 more had it not been for state aid. That would certainly be relevant to me as a taxpayer of the state of Nebraska and a taxpayer in my local county if I had that kind of information for a individual tract of property that I owned. But we're not proposing even to give you that level of detail. What we're proposing is to give you the level of detail that you see on a line captioned "state aid savings", and the total in that line is \$890.97. The total taxes on that piece of property,...

SPEAKER KRISTENSEN: One minute.

SENATOR WICKERSHAM: ...had it not been for the state aid, would have been \$2,565. Taxes would have been \$2,565.61. The actual tax that we're sending them a bill for is \$1,674.64. State aid made a great contribution in all of the respects that you see toward the funding of local activities, and property taxes would have been significantly higher had we not distributed state aid. How many of your constituents are really aware that state aid helps them out at all? Have you ever been able to walk up to somebody on the street and say, state aid has lowered your taxes, in this instance by 35 percent?

SPEAKER KRISTENSEN: Time. Debate on advancement? Senator Stuhr, followed by Senator Chambers. Senator Stuhr.

SENATOR STUHR: Mr. President and members of the body, I just have a few questions in concern to this bill. I guess that I really do support the concept, but my concern is that sometimes we do have information overload and I have heard from a number of my county treasurers who are concerned about providing this additional information. I did share with you a handout that I received from one of my county treasurers. It does actually, where you see your county, include...this entire statement is

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in...was included with the tax return (sic). It is the same information that Senator Wickersham was sharing with you in (sic--on) the front page of his handout. Their concern is that people...they look at it, they can compare the fiscal year of the state aid they received in the county and also compare it to the taxes. The form was changed last year. How many years do we continually keep changing the form, which I think involves concern as far as cost and dollars? I...I think their major concern was calculating each individual parcel of land. I have been assured by Senator Wickersham that the state will provide that information. I have a question that I would like to pose to Senator Wickersham.

SPEAKER KRISTENSEN: Senator Wickersham.

SENATOR WICKERSHAM: Yes.

SENATOR STUHR: How long do you think it will take for that information to get back to the counties on every parcel of land? Because every parcel of land sometimes is overlapping even to another county which, you know, makes this calculation even more difficult, plus I believe counties have different software systems. And so is this going to be easily transferable to every county? That would be a concern.

SENATOR WICKERSHAM: Okay. My understanding is that it can be done electronically. The calculations that are called for by the bill could be made as soon as levies are determined in a county and, after that point, it's simply a matter of calculations that would obviously be done by a computer. The information can be transmitted from the Department of Property Tax Administration to the individual counties, and it isn't as large a task as you might assume because we have several software vendors that are the primary providers of services to counties. NACO is one. They service a large number of the counties. It's a little...we didn't get a quite clear number but between 35 and 40. TerraScan, a private provider, also furnishes or does the printing for the counties, again, about 35 to 40 of them. There's another company in Tekamah that services nine counties. Douglas, Lancaster, and Sarpy, and a couple of other counties print their own with their own software. But in

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all instances I'm assured that we could transmit the required information to them electronically so that, in fact, the treasurers, in the conception that we have, would not have to do anything except ask for the tax statements to be printed.

SENATOR STUHR: Of course, I didn't sit in on the hearing, but I notice from the Committee Statement...

SPEAKER KRISTENSEN: One minute.

SENATOR STUHR: ...that most of the treasurers...or the treasurers represented, Sarpy, Douglas, and Pierce, were all opposed and...I mean would you share some of those reasons why they had such a concern?

SENATOR WICKERSHAM: Well, partly it was the cost of making the necessary changes in the software. As I recall it, I would say that that would have been their primary concern. I hope I...I really don't want to mischaracterize their testimony, but that's what I recall of their testimony. If other members of the committee remember other salient points I guess they could bring them up.

SENATOR STUHR: Excuse me, did you...did you share that the state would actually be providing those calculations at the time of the hearing? Do you remember if that statement...

SENATOR WICKERSHAM: No, we did not. I had discussed that with a representative of NACO at a different time, but that did not come up at the hearing and, as indicated in my opening, it is necessary in fact to have an...

SPEAKER KRISTENSEN: Time.

SENATOR STUHR: Okay. Thank you.

SPEAKER KRISTENSEN: Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, the first thing I want to tell the "wizard" is that I don't think you're crazy, by a long shot, and you have a long trip in

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front of you before you reach that destination, which is not quite the same thing I can say about some of my colleagues. A hop, step and a jump and they would be there, and I shall leave them nameless, for when they reach that destination it will be obvious to everybody. But here's what I want to know. I was trying to find out what the cost of this would be to the counties. Is that in the A bill?

SENATOR WICKERSHAM: There, Senator, there isn't...we don't have any way of estimating that, but if all the calculations are done at the state level, we think that cost would be relatively modest. There would be costs associated with changing the software that now creates, or prints, however you want to characterize it, the tax statements. There certainly would be a cost. I can't quantify that for you.

SENATOR CHAMBERS: But it's not significant enough to be the reason for opposing the bill.

SENATOR WICKERSHAM: Well, I would hope not, Senator. Now, I will tell you that Mrs. Haney, the treasurer for Douglas County, indicated during the hearing that she believed that making the changes required by the bill would cost, if I recall correctly, a quarter of a million dollars in Douglas County. Now that was her statement. I have no way of verifying that so...

SENATOR CHAMBERS: And she was...

SENATOR WICKERSHAM: ...but that's my recollection of her testimony.

SENATOR CHAMBERS: Was she opposed to the bill anyway?

SENATOR WICKERSHAM: Yes, she was.

SENATOR CHAMBERS: Okay. And I've noticed that when people, especially politicians, express opposition, they will use any method they can to buttress their position, and they will make statements without giving factual basis, so that does not register with me too much. What I was trying to figure out is whether or not these counties are opposed to it because they

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don't want the work, they don't think the information ought to be made available to the public, or precisely what their opposition is. So here is the question I want to ask you, because you cannot get into their minds. And, by the way, to show the respect that I have for you, if you got into their minds you'd probably blow them because when you put a greater quantity into a container than the container can hold, it explodes. What about this information could in any way be detrimental to the public if the public had it?

SENATOR WICKERSHAM: Detrimental.

SENATOR CHAMBERS: I meant, it's not going into anybody else's personal business. This is just...all I see is value in having this information. So were any of these county people who opposed it able to show that the information itself is harmful?

SENATOR WICKERSHAM: I don't recall that they did that.

SENATOR CHAMBERS: Their only...or their main argument was in changing the format of the paper that they send out.

SENATOR WICKERSHAM: That's my recollection, and the cost.

SENATOR CHAMBERS: I don't think I have to pursue it, because the questions that I had have been answered. Thank you, Mr. Speaker. I'm through speaking now.

SPEAKER KRISTENSEN: Senator Don Pederson, followed by Senator Redfield, Senator Wickersham, Senator Raikes, and Senator Bromm. Senator Pederson.

SENATOR D. PEDERSON: Mr. Speaker, members of the body, in the first place, Senator Wickersham, I very much appreciate the idea of bringing this to us and I think that any information that we can furnish to our taxpayers is something that is beneficial to them and for them...for their greater understanding of what...of what we are doing. E-mail is a wonderful thing. I just received an e-mail from my county treasurer and it was directed at a little different matter than what you or Senator Chambers were talking about, and I'll just share with you the e-mail from

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our county treasurer in Lincoln County: I'm alarmed at how fast LB 124 has flown through the process and is now on General File before the Legislature. October 15 is the levy date, with a 30-day time frame to allow for corrections to be made on November 15th. November 22nd is the date that the county assessor turns the tax list over to the county treasurer. That time frame allows the county treasurer approximately three weeks to get the statements in the mail. The new levy file needs to be entered in the computer, the tax lists need to be checked over and verified. All information in regard to back taxes, sale, tax sales, bankruptcy, special assessments against each property needs to be carried over to the new tax list. In Lincoln County, that process takes six to eight days to complete because it has to be done by hand. Then the tax statement needs to be printed, torn apart, stuffed for mailing. Each year, we are barely able to make that deadline in order to get the tax statement mailed prior to the due date of December 31. We start getting phone calls the first week in December from taxpayers who want to know before the end of the year what their...what their taxes will be, for various reasons. I'm having a hard time figuring out when we would have time to enter the information on a per parcel basis to accommodate the requirements of LB 124. The information would have to be calculated and the data entered prior to printing the tax statements. Even with computers, that would be an insurmountable task to accomplish given the time frame allowed by statute. The task of getting approximate...task of getting approximately 25,000 tax statements out each year is a chore and can barely be accomplished even when everything goes perfect. Throw in a couple of days of software glitches, hardware problems, and the other duties that need to be performed during the day and it can be pretty hectic. I have no problem with inserting the prepared document that the state sends me each year to be included with the tax statement as it is stuffed in the...to be mailed. It gives the taxpayer sufficient information about money and state appropriates (sic). That, too, requires some additional preparation to accommodate, but is tolerable. In the ten years I've been county treasurer, I would guess I've had less than ten inquiries from taxpayers requesting further information than is already given on the state prepared document. I see no purpose in supplying more information than

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anyone can digest or has requested. She's primarily concerned not about fitting it on the form, not about the cost, but she's concerned that they are barely able to achieve their goals now in the time frames that we have given them, and I think she has a legitimate concern and I wondered if you've given consideration to simply mailing, as an attachment or with the form, the information that the...that the state has available to it. Senator Wickersham, would you like to comment?

SPEAKER KRISTENSEN: It should be on, Senator Wickersham.

SENATOR WICKERSHAM: Oh, all right. Thank you. Well, Senator, actually, counties do a variety of things with the information that's already required--the first sheet of the handout. Some of them hand it out as a separate piece of paper when you come in to pay your taxes, some of them put it in the tax notice as a separate form, and I recall on several occasions seeing that information printed on the back of tax notices. I haven't seen that recently, but I...I recall seeing that in the past. So that information is provided in a variety of ways and actually, I think, in some cases at different times in the tax...

SPEAKER KRISTENSEN: One minute.

SENATOR WICKERSHAM: ...process. So...and the...the issue of whether or not we could have a separate piece of paper as opposed to the tax notice providing the information that's called for in LB 124, that could certainly be done, but it seemed...that wouldn't seem to me to be an insurmountable issue. If it's just going to become a separate piece of paper, fine, but...and if there wasn't room on the tax notice we could conceivably do that. The other issue you raise though is do we have time to calculate this. It really isn't that hard, interestingly enough, once you get the base information in. Once you get the valuation in, once you get the tax asking in, the rest of the calculations are relatively easy. The third component, of course, is how much state aid comes in. Mathematically, it is not difficult, and if we run it through our computers I, frankly,...

SPEAKER KRISTENSEN: Time.

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SENATOR WICKERSHAM: ...think it can be done.

SPEAKER KRISTENSEN: Senator Redfield.

SENATOR REDFIELD: Thank you, Mr. Speaker. Members of the body, I have distributed to the members a copy of the Douglas County real estate tax statements, because there are a number of Douglas County senators here, but I thought that you should also look at it. The copy that I did distribute to you is a reduced copy in black and white. I wish that we could have sent you the actual copy, which is in two colors and is much larger and the font size is much larger. One of the things that the county treasurers were speaking to, as I understand it, was the readability of the tax statement for the purpose of disseminating that information to the taxpayer. Even with the changes that we made last year, there have been numerous phone calls that have come from people with concerns as to which total they actually should pay. Now, I think the treasurers have done an admirable job of trying to make it as readable as possible and I certainly supported the changes that we had last year, because this allowed people to compare their tax levy for each taxing entity from the prior year to the current year, as well as seeing the state tax credit that we had given them last year. However, if we break it down by parcel, the state aid in each one of those entities, even if we give that...those numbers to the counties, you're going to have to look at that piece of paper and see that everything on there is going to have to be moved, the font sizes are going to have to be smaller in order to find the space on the sheet in order to put that information. When people are reading a tax statement, readability is very, very important. If we put so much there that we confuse the taxpayers we've really done them a disservice, because I think that our purpose here is to make it as clear and understandable as possible. Now, we could pat ourselves on the back and tell them how on each parcel we have...have sent them some money and relief from their property taxes, but the truth of the matter is someone else didn't pay that. I mean, we could say, look what state aid did for you. Well, guess who paid state aid? They did. Either way, they paid it. And so I think that the fact that we're giving them the information in a lump sum as an

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insert is certainly showing them what the state aid has done, but in putting it in, in a parcel form, I think that we may overload the document itself and actually confuse it. I believe that the treasurer is right that there will be even more phone calls as to what the tax statement means and what, in fact, they do owe. I think it will be a little more difficult to read. Last year, Douglas County spent \$85,000 on the changes that they had to make to their form. They would again have to bear those costs. Ms. Haney estimated it over \$200,000 for these changes. I don't know that we're going to gain \$200,000 worth of benefit in Douglas County. In fact, we may actually see some loss in the confusion factor. So I didn't support this in committee. You know, like Senator Raikes, I love the school formula, I love the numbers, I love Revenue Committee, but I find to my absolute surprise that sometimes the taxpayers are not quite as interested as I am in the fine details of how much we do for them. So I didn't support it. I don't think it's worth the cost or the possible confusion. Thank you.

SPEAKER KRISTENSEN: Senator Wickersham.

SENATOR WICKERSHAM: Mr. Speaker, I want to yield a couple of minutes of time to Senator Stuhr. I think I had used up a lot of her time trying to respond to questions. That was quite unintentional. I don't know if she has other things that she wanted to suggest.

SPEAKER KRISTENSEN: Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President and members of the body. I've actually appreciated the discussion because I did have a concern on who was doing the calculating. But I do have to agree with Senator Redfield that I do have a concern about the cost that seems to be expressed throughout the counties, having just changed the form last year, which, as I said in the beginning, I support the concept but sometimes I also feel that we do have information overload. I'm not sure that this is necessary at this time to print this additional information, not that it might be in the future, but right at this time. I do also share the concern with Senator Pederson about the time element. If everything goes and works well, but if you do have

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a computer glitch, a breakdown, those treasurers are going to be very, very stressed in getting these forms and this information out. As I said, I think we did make some great progress last year, but I...I will not be supporting it just because I think that the cost and the confusion might be important issues. Thank you.

SPEAKER KRISTENSEN: Senator Wickersham, you have roughly three minutes left.

SENATOR WICKERSHAM: Okay. Thank you. And, Senator Stuhr, I appreciate your point of view. I might note Senator Redfield indicated that she did...was not able to send around to you in full format the Douglas County statement. The Douglas County property tax statement is 11 by 14. There is lots of room on the form. Whether the form is confusing or not, I can't say. The confusion is always in the eye of the beholder, but it is quite readable and has room for additional information that we might be able to put on it or ask that be put on it so that it was more informative to taxpayers. The...the issue about time and the effort I think that we can address. If the calculations are done by somebody else, transmitted to you electronically, goes into a file, it appears on the document. I'm assured that that can be done by the state. I'm not told that that is overly prohibitively expensive in any...in any respect. Of course, we can always be surprised about that, but if we're surprised about that we could react at a later time. As I've indicated, it is necessary to amend the bill to do that, and I would bring that amendment on Select File. Wasn't able to have that prepared now. The most important issue, it seems for me, is whether or not we're going to be able to provide taxpayers with information that they would find useful and appropriate, and whether it would serve our purposes and their purposes for them to know it. It's as simple as that. My answer to those questions is yes in all respects. I think it is information that would be useful to our constituents and I think it would be useful to us if they knew it, because I think that, despite the fact that you may get a sheet of paper that tells you X numbers of thousands or, in some cases,...

PRESIDENT MAURSTAD PRESIDING

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PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: ...millions of dollars are distributed to a particular county, that you have a great deal of difficulty relating that to your personal situation--what did it actually mean to me. And if you went to your county treasurer, you went to one of your other county officials and asked them, what did that mean to me, they would...it would take them a fair amount of time to sit down and calculate it and get it sorted out. Now, they could do it and they could use the methodology that's here, but at that point it would be quite time consuming. It would be a lot of hand calculations. We're not proposing that they do that. We're proposing that we provide the information to them and all they've got to do is print it on the form. I don't think that's an unreasonable request--print the information on the form.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Further debate on LB 124, Senator Raikes.

SENATOR RAIKES: Thank you, Mr. Lieutenant Governor and members. I have a question or two for Senator Wickersham, if I might.

PRESIDENT MAURSTAD: Senator Wickersham.

SENATOR RAIKES: And let me background my question as follows. Currently, we have in place, as a part of our state's property tax policy, a property tax relief program that involves transferring \$30 million of state funds to property tax payers through the community college formula, the state formula. And I'm posing a hypothetical here. What...what if it would happen, possibly for a good and valid reason, that we no longer could do \$30 million of property tax relief in any...in a particular year through that formula to community colleges? The net impact of that be...would be that the local levy that community colleges would...would have would have to go up by enough money in order to...to provide that lost state revenue. I'm looking at the statement that Senator Redfield set out regarding Douglas County, and I think the community college levy on there would be indicated by the line that's labeled METR dash...or space CO.

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What that shows you is the last year's amount to community colleges paid by the taxpayers and this year's, or the current amount. Now, under the hypothetical I'm proposing, this year's amount would increase substantially. There is, I think, no way on this sort of a statement to indicate whether that increased amount is due to simply more spending by the community college or a reduction in state aid. Are you following me, and have I made a mistake yet, Senator Wickersham?

SENATOR WICKERSHAM: No, you haven't made a mis...you haven't made a mistake. I think to be absolutely clear that if we reduce state aid to community colleges they would have the option of raising those dollars locally or reducing spending, but if we...but if they did not reduce spending, you're correct, the levy and the amount of tax would go up and the statement would not explain why.

SENATOR RAIKES: Okay. Would the proposal LB 124 provide any additional mechanism to explain that, to explain such a situation to taxpayers?

SENATOR WICKERSHAM: Yes, it would, but not completely because there might be other factors in state aid that would have changed that would have masked any change in aid to community colleges. Now it is possible, as shown in the last page of the handout, to break it down by political subdivision so that you would know whether there was any change in state aid to a particular political subdivision and what effect that had on your taxes, but what we're proposing is an en gros calculation. So if you reduce state aid to community colleges by \$30 million and that increased your tax by \$50, let's say, but at the same time we increased aid to K-12 schools by X number of dollars and that lowered your taxes by \$50, you would have had a net wash in terms of the state aid effect on your taxes.

SENATOR RAIKES: Okay. So, if I understand you, I would find that sort of a net effect...

PRESIDENT MAURSTAD: One minute.

SENATOR RAIKES: ...but I would still also have, in the case of

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community colleges, a sharply different tax burden from the prior to the current. Is that correct?

SENATOR WICKERSHAM: Excuse me?

SENATOR RAIKES: Okay.

SENATOR WICKERSHAM: I'm sorry.

SENATOR RAIKES: Let me ask you this, Senator Wickersham. This proposal would not break it down by subdivision.

SENATOR WICKERSHAM: No, although it is possible to do that.

SENATOR RAIKES: Okay. And you would not advocate doing that at this point?

SENATOR WICKERSHAM: Actually, Senator, I think that that's an option that we ought to give to the counties. If they wanted that level of information I think we could provide that to them, but if...if they're...I don't think we ought to require them to give that level of information. That is...that is a fairly high level, that's a much higher level of information. I'm interested in that as a...individually, but I can't say that that's reasonable to require that on a tax notice. That kind of information is required on tax notices in the state of Minnesota, for...

PRESIDENT MAURSTAD: Time.

SENATOR WICKERSHAM: ...example.

SENATOR RAIKES: Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Raikes, Senator Wickersham. Further discussion, Senator Bromm.

SENATOR BROMM: Thank you, Mr. President. I certainly don't have any quarrel or problem with Senator Wickersham's objectives here, and that is provide more information to taxpayers. I would always be in favor of doing that if it's possible and

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practical. I do have some...some questions about this proposal. I do note it came out of committee on a very narrow...very narrow margin of 5 to 2 to 1, and so it isn't...it isn't something that we should do lightly or without considerable discussion, such as we're having this morning. I have a...I have one question for Senator Wickersham, if I could address him, please.

PRESIDENT MAURSTAD: Senator Wickersham.

SENATOR WICKERSHAM: Yes.

SENATOR BROMM: Senator Wickersham, the...the prior law that's stricken provides that the total amount of aid from state sources appropriated to the county and each city, village and school would be...would be shown. That's the beginning of 1704.01 in the green copy, page 2 of the bill. Now that's stricken. Now, that's the extra sheet, as I see it, that is in the handout that some people hand out when they send out the statements.

SENATOR WICKERSHAM: Um-hum.

SENATOR BROMM: Is that correct?

SENATOR WICKERSHAM: That's correct.

SENATOR BROMM: Now, are we dispensing with the requirement to show the total and substituting this, or they show...

SENATOR WICKERSHAM: Yes.

SENATOR BROMM: Okay.

SENATOR WICKERSHAM: Yes, they wouldn't have to do both, although if you want to do both (inaudible).

SENATOR BROMM: Okay. I...frankly, I find it pretty interesting to have those total figures and look at what my school district is receiving versus the school district to the north or Ashland or Mead. I just find it interesting to look at those figures.

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And...and I've had questions after looking at those figures and I think my constituents have. I think that's been a good piece of information. Now, I...so I...I kind of hate to see us do away with that. I can't...I can't fathom that we can do this without cost, and Senator Wickersham isn't saying that we can't. He, if I understand him, he's saying that we have the information at the state level; we can provide it. He's saying that there may be some software hurdles to overcome at the county level, but...but that's...that's a little bit unclear and it will depend on each county and their particular software, I believe. And I...I would like not to do this without knowing all of those answers. I...I have done this kind of thing, as a member of the Legislature. I have required local officials to do things without always understanding all of the costs and ramifications. I'm not going to do that knowingly anymore if I can avoid it. I think the addition to the tax statement this year was a good one and I compliment Senator Wickersham and the leadership of the Revenue Committee in inspiring that and requiring that. I think we should let that go for a year or two while we study this idea a little bit more. As far as I'm concerned, if they want to do a trial run this fall or this December, November, if they want to try it with a couple of counties and see how this works I have no problem with that, but let's...let's not do this on a wholesale level across the state until we know whether we can accommodate it without significant costs at the local level or state level...

PRESIDENT MAURSTAD: One minute.

SENATOR BROMM: ...and without knowing whether or not we've got the time to do it. These time frames in November and December that these people get this information and have to turn around and send out the tax statements, Senator...Senator Pederson was...gave a very good statement in that regard, that is a short time frame. It is a tough time frame and I don't feel comfortable jamming this into that time frame without knowing that it's going to work, so I...I can't...I can't support it. If it does go forward and goes on, I'm going to be offering some amendments for a delayed implementation date and that kind of thing on Select File. Thank you.

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PRESIDENT MAURSTAD: Thank you, Senator Bromm. Members, if I could have your attention, today is a special day for one of your Pages. Today is Tara Buss's birthday. Tara, if you would stand, we'd like to recognize and wish you a happy birthday. Did you stand, Tara? She did not stand? Well, we could stop the whole machinery of government here if you don't...don't stand. Happy birthday. Senator Wickersham, you're recognized to close.

SENATOR WICKERSHAM: Mr. President, members of the body, I would very much appreciate having this bill advanced to Select File so that we can work out some of the concerns that have been expressed. I think some of them can be addressed and will be addressed if we get a little bit of time here. I don't know who suggested that we were moving through the agenda so quickly we scarcely knew what we were doing. I'm glad that we've had a little pause this morning so that we can figure out what we're doing. I just hope that we figure it out in my favor (laugh) and that we...and that we advance this bill, even though I'm going to suggest to you and admit to you and pledge to you that on Select File we will propose changes to this bill. Senator Bromm's suggestion that we continue to provide the en gros information doesn't bother me at all. We already prepare that, publish it, send it to the counties. If somebody wants that, that's no trouble to continue that program and, in fact, part of the information would have to be done anyway so you could make the calculations that are called for by LB 124. So it would be a necessary part of the process. I would...I would tell you that if I find out that we can't accomplish what we want at a reasonable cost and if the state can't do the calculations you won't see this bill again.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. The question is, shall LB 124 be advanced to E & R Initial? Those in favor vote aye; those opposed vote nay. Voting on the advancement of LB 124. Mr. Clerk, please record.

CLERK: 13 ayes, 17 nays, Mr. President, on the advancement of the bill.

PRESIDENT MAURSTAD: LB 124 is not advanced. Mr. Clerk.

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CLERK: Mr. President, the next bill is LB 173, a bill introduced by the Revenue Committee and signed by its members. (Read title.) Bill was introduced on January 4 of this year, referred to the Revenue Committee, advanced to General File. I do have committee amendments, Mr. President. (AM0036, Legislative Journal page 373.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Wickersham, recognized to open on LB 173.

SENATOR WICKERSHAM: Mr. President, members of the body, this bill relates to a completely different subject than the last one, so let's...(laugh) let's put that behind us. This bill is a bill that is a follow-up to a constitutional amendment and a bill that we passed two years ago. The constitutional amendment was one which allowed the Legislature to establish a process for the taxation of certain public property. Public property is that property owned by various political subdivisions of the state. In the past, that property has been completely exempt, completely exempt from taxation, but a constitutional amendment was passed allowing the Legislature to set rules for the taxation of public property that was not used for a public purpose. We implemented the constitutional amendment with the passage of LB 271 two years ago. This is, if you will, a kind of a cleanup of the provisions of LB 271. Now, if you read through the bill, you'll find that all of the provisions have to do with airport authorities and there's...well, there's one that has to do with a conservation authority. But, anyway, it is intended to be simple clarifications and to carry out the decision and the intent of LB 271. There was very broad language in a number of sections in the statutes which, if you read them at the very broadest possible reading, would have meant that absolutely all property held by various...by some of the named political subdivisions, primarily airports, was always irrefutably held and used for a public purpose. Now, that may or may not be true in fact, but the statutes would have given you the impression that that was the case. Now, the determination of whether or not it's for a public purpose or not is one that there's a procedure set up in LB 271 to accomplish and, of course, whether or not is a public purpose is defined by

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statutes. All we're doing is making clear here that that process applies and that it has to be...that those determinations have to be made on a case-by-case basis. It is the...the technical import of the language that is in LB 173 is intended to be a discharge...an implementation of the constitutional amendment and the decisions that we made with the passage of LB 271. It is not intended to be broader or in derogation of LB 271. It is intended to be an implementation or a continuation of the exact decision that we made with regard to LB 271. Now there is, as indicated, a committee amendment and then there will be another amendment that I'm going to offer individually which I think further the stated intent for LB 173.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Senator Wickersham, you're recognized to open on the committee amendments.

SENATOR WICKERSHAM: Okay. The committee amendment is, for the most part, technical in its nature. It includes amend...it includes...it corrects a couple of drafting errors that were suggested to us by individuals who came forward and we're grateful that they pointed out our errors, and then the additional part of the committee amendment is the addition of the emergency clause and we do need the emergency clause if...if LB 271 is to work right because this is the first tax year in which it is effective. This may affect that implementation, so we need to have the emergency clause. So the...the committee amendments are really quite technical in their aspects with...except for the emergency clause. The technical aspects were suggested to us by persons who had reviewed the bill and had an interest in seeing that it was implemented correctly. So, with that, I would ask you to support the committee amendment.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Mr. Clerk.

CLERK: Mr. President, Senator Wickersham would move to amend with AM0090. (Legislative Journal page 389.)

SENATOR WICKERSHAM: (Inaudible.)

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CLERK: I'm sorry? It's drafted as in the Standing Committee amendments.

PRESIDENT MAURSTAD: Senator Wickersham, you're recognized to open on your amendment to the committee amendment.

SENATOR WICKERSHAM: Excuse me, Mr. Clerk, Mr. President. Are we on AM0087 or AM0090?

CLERK: AM0090, Senator, is what I have.

SENATOR WICKERSHAM: Okay, we...AM0087 was with...

CLERK: Summarily dismissed per your instructions, I thought, Senator.

SENATOR WICKERSHAM: That's very good.

CLERK: Thank you.

SENATOR WICKERSHAM: Okay. (Laugh) We'll get ourselves sorted out here after a bit I think. Okay. The amendment to the committee amendments, and I'm sorry, I had been advised that that was drafted as an amendment to the bill so that's the reason for the confusion. The amendment to the committee amendments clarifies language in the bill or in an amendment to the committee...in the committee amendments. We had an extended discussion about what that meant. You'll see language in the committee amendment that tracks through the three divisions that are in the amendment to the committee amendment. It is technical in nature. It simply says that in the given circumstances set forth in the noted sections that the...that that section or that subdivision won't be read as automatically exempting property; that you have to go through the process that has been set out in LB 271 pursuant to the constitutional amendment; that that procedure in LB 271, as allowed by the constitutional amendment, is what governs the determination about whether property is ultimately going to be exempt and, of course, that always relates back to the issues of whether or not the property is being used for a public purpose either by the owner of the property, the political subdivision, or the tenant,

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which might also be another political subdivision using it for an exempt purpose, or some other organization that would cause the property to be exempt from taxation. Again, the intent is to carry out the decisions that were made in LB 271 two year ago. I would view all of these proposals and changes as being technical in nature. I think that the amendment to the committee amendments, at least as far as I'm aware, addresses concerns of persons interested in this issue and I believe it's acceptable to them.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Debate on the Wickersham amendment? Senator Wickersham, you're recognized to close. Senator Wickersham waives closing. The question is the adoption of the Wickersham amendment to the committee amendments to LB 173. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of Senator Wickersham's amendment.

PRESIDENT MAURSTAD: The amendment is agreed to. Debate on the committee amendments to LB 173? Senator Wickersham waives closing. The question is the adoption of the committee amendments to LB 173. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of Senator Wickersham's amendment.

PRESIDENT MAURSTAD: The amendment is agreed to. Debate on the committee amendments to LB 173? Senator Wickersham waives closing. The question is the adoption of the committee amendments to LB 173. Those in favor vote aye, those opposed vote nay. Mr. Clerk, please record.

CLERK: 26 ayes, 0 nays, Mr. President, on the adoption of committee amendments.

PRESIDENT MAURSTAD: Committee amendments are agreed to. Debate on the advancement of LB 173? Senator Wickersham, you're recognized to close.

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SENATOR WICKERSHAM: Mr. President, very briefly again, just to remind members and for the record, we are bringing this bill as an additional step in the implementation of the decisions that were made by the passage of the constitutional amendment and then the subsequent enabling language that we adopted in LB 271, two years ago. We're not intending to add or to take away from that bill in the process that is established for the decisions that have to be made pursuant to that bill or the constitutional amendment. We think that the bill simply presents the language that allows us to go forward with those decisions. We're not intending to change those decisions; those decisions would still have to be made. This is a part of the process for making sure that we are able to make those decisions as we intended them to be made under LB 271.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. The question is the advancement of LB 173 to E & R Initial. Those in favor vote aye; those opposed vote nay. Have you voted? Mr. Clerk, please record.

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of LB 173.

PRESIDENT MAURSTAD: LB 173 is advanced. Mr. Clerk, items for the record?

CLERK: Yes, Mr. President, thank you. Enrollment and Review reports LB 210, LR 1CA, LB 71, LB 101, LB 122, and LB 169 to Select File, some having Enrollment and Review amendments. Amendment, Senator Schrock, to LB 128 to be printed; Senator Beutler, to LB 247. Hearing notice from Natural Resources and from General Affairs. And General Affairs Committee reports LB 268 to General File with amendments; that report signed by Senator Janssen as Chair. And a new A bill, LB 128A by Senator Schrock. (Read title.) That's all that I have, Mr. President. (Legislative Journal pages 389-392.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Mr. Clerk, next item.

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CLERK: LB 126, Mr. President, introduced by Senator Schrock. (Read title.) The bill was introduced on January 4, referred to the Natural Resources Committee for public hearing, advanced to General File. I have no amendments to the bill at this time, Mr. President.

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Schrock, you're recognized to open on LB 126.

SENATOR SCHROCK: Mr. President, members of the Legislature, this bill was submitted by the Department of Environmental Quality; it strikes the notice and hearing provisions regarding the rule making under the...making under the Integrated Solid Waste Management Act and the Livestock Waste Management Act, but keeps the notice and hearing provisions of the Administrative Procedures Act. The Administrative Procedures Act governs all state agency rule making proceedings. Rule making hearings before the Nebraska Environmental Quality Council are currently governed by two, separate public notice requirements; one under the Nebraska Environmental Protection Act, and one under the Administrative Procedures Act. The dates on which notices of a hearing must be published under these two acts are different, resulting in some of the notices having to be published three times. LB 126 eliminates the duplicative and overlapping public notice requirements. Under...if this bill passes, they will have to publish notices only under the Administrative Procedures Act. It should clean up some language. There was some concern by people out there that proper notices wouldn't be given but, when it was explained what the bill did, everybody was pretty much on board. There is a committee amendment.

PRESIDENT MAURSTAD: Thank you, Senator Schrock. Senator Schrock, you're recognized to open on the committee amendments. (AM0043, Legislative Journal page 374.)

SENATOR SCHROCK: Mr. President, the committee amendment reinstates a portion of the stricken language on page 17, lines 2 through 11. This language would require the department to hold hearings in the general area to be affected by the standards and classification of air, water and land quality and rules and regulations under the Integrated Solid Waste

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Management Act and the Livestock Waste Management Act. For additional clarification, the committee amendment states that the notice must be given in accordance with the provisions of the Nebraska Administrative Procedures Act. There was some concern that maybe a hearing wouldn't be held in the proper area. This language...this additional language just clarifies that.

PRESIDENT MAURSTAD: Thank you, Senator Schrock. (Visitors introduced.) Debate on the committee amendments to LB 126? Senator Schrock, you're recognized to close. Senator Schrock waives closing. Those in favor of the committee amendments to LB 126 vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 27 ayes, 0 nays, Mr. President, on the adoption of committee amendments.

PRESIDENT MAURSTAD: Committee amendments are adopted. Debate on the advancement of LB 126? Senator Schrock, you're recognized to close. Senator Schrock waives closing. The question is the advancement of LB 126 to E & R Initial. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 25 ayes, 0 nays, Mr. President, on the advancement of LB 126.

PRESIDENT MAURSTAD: LB 126 is advanced. Mr. Clerk.

CLERK: Mr. President, LB 278, offered by the General Affairs Committee. (Read title.) Introduced on January 5 of this year, referred to General Affairs, the bill was advanced to General File. I have no amendments to the bill at this time, Mr. President.

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Janssen, you're recognized to open on LB 278.

SENATOR JANSSEN: Thank you, Mr. President. Members of the Legislature, LB 278 creates a new license subclass which would

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be very similar to the current Class D license. The Class D license is only available to licensees within the corporate limits of a city or a village. While a Class D-1 license would be available to licensees located within the immediate...outside a current zoning jurisdiction of an incorporated city or village. The Class D-1 license would permit the licensee to sell alcohol for off-sale only in original packaging, with some exceptions which are already provided in the statutes. Local review of a D-1 license would be conducted by the governing bodies of a city or village within whose extra territorial zoning jurisdiction to license the facility would be located. That's really all there is to it. It would simply ask...I would simply ask that you move on the advancement of LB 278. It was before the...the General Affairs Committee last year and we brought it back this year and it was advanced on a majority vote out of the...out of General Affairs Committee. This is nothing really new. It affects the...the urban sprawl of metropolitan class cities, this is why it was brought, because the...the establishments build out before the zoning can take effect in those areas, and it puts them at a disadvantage to other supermarkets within...within the city limits. So it's not...it's not nothing new. We're not adding anything. The only thing that would be added to it would be "spirits", they can sell wine and beer now, but they cannot sell distilled spirits at those establishments. So they already have a liquor license, this just creates a new class that would allow them to...to sell the distilled spirits. With that, I would answer any questions that anyone would have and hope for your passage of this bill. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Janssen. Debate on the advancement of LB 278? Senator Janssen, you're recognized to close.

SENATOR JANSSEN: Waive closing.

PRESIDENT MAURSTAD: Senator Janssen waives closing. The question is the advancement of LB 278. Those in favor vote aye; those opposed vote nay. Please record.

CLERK: 26 ayes, 0 nays, Mr. President, on the advancement of

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LB 278.

PRESIDENT MAURSTAD: LB 278 is advanced. Mr. Clerk.

CLERK: Mr. President, LB 295 was a bill originally introduced by Senator Dwite Pedersen. (Read title.) The bill was introduced on January 5, referred to General Affairs Committee, advanced to General File. I do have committee amendments, Mr. President. (AM0066, Legislative Journal page 375.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Dwite Pedersen, you're recognized to open on LB 295.

SENATOR Dw. PEDERSEN: Thank you, Mr. Lieutenant Governor and members of the Legislature. I introduced this bill last year and it was voted out of committee. Because of time, we weren't able to get it to the floor. This bill has to do with allowing Nebraska to join an interstate compact with the Horse Racing Commission. Five states are currently members, and legislation is pending in eleven additional states to allow them to join. People in the horse racing industry are very mobile, they travel frequently from state to state, and many owners and trainers have regional and national stables. Until the formation of the compact, each participant including owners, trainers, jockeys, grooms, they all had to be separately licensed in each state. Allowing Nebraska to join the compact, what this bill would do, will eliminate this duplication and save time and expenses because of the commission. The commission is authorized to issue a national license for all participants in the horse racing with parimutuel wagering. The horse racing industry is unanimous in their supporting of this bill, that includes the breeders, the Horsemen's Benevolent Protective Association, the tracks and the commission. And the cost of this would be absorbed by the State Racing Commission; there would be no fiscal note with it. I urge your support. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Pedersen. To open on the committee amendments for LB 295, Senator Janssen.

SENATOR JANSSEN: Thank you, Mr. Lieutenant Governor. Members of the Legislature, this amendment is actually LB 224, which is

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a bill that was passed out of the committee unanimously last session but ran out of time before it could be passed onto the floor. Six years ago, a law was passed to create a fund for alcohol and drug abuse counseling within the horse racing industry. It was funded by money gotten from fines assessed for punishment. Unfortunately, this money has never been spent, because it was soon...as soon as it was passed it was declared unconstitutional. The Nebraska Constitution states, in Article VII, Section 5, that all fines and penalties are required to be used exclusively for the use and support of the common schools in the respective subdivision where they occur. In other words, if a horse racing fine is assessed in Grand Island, it has to go to the school fund for the Grand Island schools. The horse racing industry is aware of this problem and wants to give the money to the school fund, but they cannot until a bill is passed. As of the year 2000, the amount in the fund was \$52,196. It is expected to be at or near \$70,000 this year. When it comes to the money given to schools, it's not a lot of money, but every little bit helps, and it can't be spent any other way. This has also been a problem for the state Auditors Office because they have to have an account for this money every year, and they have to report every year that the money is not being properly allocated. This is a simple problem to fix, but it cannot be done until this amendment is passed. Thank you. And I would answer any questions you may have.

PRESIDENT MAURSTAD: Thank you, Senator Janssen. Debate on the committee amendments to LB 295? Senator Janssen, you're recognized to close. Senator Janssen waives closing. The question is the adoption of the committee amendments to LB 295. Those in favor vote aye; those opposed vote nay. Please record.

CLERK: 32 ayes, 0 nays, Mr. President, on the adoption of committee amendments.

PRESIDENT MAURSTAD: The committee amendments are adopted. For debate on the advancement of LB 295, Senator Beutler.

SENATOR BEUTLER: Mr. President, Senator Pedersen, if I may, I'd...I'd like to ask you a few questions about this particular

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bill so I can improve my understanding here.

PRESIDENT MAURSTAD: Senator Pedersen.

SENATOR BEUTLER: First of all, there is one aspect of it that may well be clear enough, but I would like to hear you say so, too, I guess. Under Section 5 of the bill it says that "any party state may withdraw from this compact by enacting a statute repealing the compact". Then it has some other language. I assume that if you read that language in conjunction with lines 22 and 23, on page 10, which says, "no party state shall be held liable for the deaths or other financial obligations incurred by the compact committee". Is it...is it your understanding that, if we withdraw from this compact, we do so without incurring any liability whatsoever for any debts...

SENATOR Dw. PEDERSEN: That would be my understanding, yes.

SENATOR BEUTLER: ...of the committee? That's what...that's what we're doing here?

SENATOR Dw. PEDERSEN: Yes.

SENATOR BEUTLER: Okay. Under another section, for example, it allows this...this new committee, this compact committee to borrow money, incur debts, acquire real estate. Now, I don't know who would be lending them money under that...with this kind of understanding, who would be lending them money to do that sort of thing, unless they're getting all this money from their fees. But, again, should they incur any long-term debt on leases or real estate or whatsoever, if we withdraw, we don't incur any of the liability for that debt, correct?

SENATOR Dw. PEDERSEN: That was my understanding, yes.

SENATOR BEUTLER: Okay. Now, the other aspect of this, which I don't quite understand, is perhaps best illustrated by asking you by example. Let's say that some category of persons is to apply to the compact committee for approval in order to participate in the industry; that's what this is all about, right?

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SENATOR Dw. PEDERSEN: That's what it's about, yes.

SENATOR BEUTLER: And let's say that that person is rejected by that...by that committee. Now, as I read this language, it's not a denial of a license, quote, unquote, but nonetheless it's a rejection. You're not going to get a license from the compact committee. What is the consequence of not getting a license from the compact committee?

SENATOR Dw. PEDERSEN: By not being able to participate in racing in them states that are a member of the compact is the way I would...

SENATOR BEUTLER: In other words, that person then could no longer participate in racing in Nebraska?

SENATOR Dw. PEDERSEN: That's right.

SENATOR BEUTLER: Now, does that require a further change in state law?

SENATOR Dw. PEDERSEN: No, it does not. We have that now. The commission can take a license away on...as a...without being a member of the compact. The State Racing Commission has the authority to take licenses away for any one reason that would be a violation of this...of the rules of the State Racing Commission.

SENATOR BEUTLER: Well, the steering committee has...let me, let me, let me put it this way, let's say the steering committee rejects my application, but I think they rejected it wrongly...

PRESIDENT MAURSTAD: One minute.

SENATOR BEUTLER: ...and I want to appeal. How do I appeal that decision?

SENATOR Dw. PEDERSEN: I...I'm sure there is...I don't know that it's in here, but there is an appeal process that we now have that they can appeal. They have to appeal...usually it's

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done...

SENATOR BEUTLER: Well, there's an appeal process for our licensing procedure. But, if it's rejected by the compact, does our licensing procedure then also have to go through a process of rejecting them, or can they apply separately to our license...licensing board for...

SENATOR Dw. PEDERSEN: I can't an...I don't know that I can answer that.

SENATOR BEUTLER: ...override the compact decision, I suppose is part of what I'm asking?

SENATOR Dw. PEDERSEN: I don't know that I could...I can't answer that.

SENATOR BEUTLER: Okay.

SENATOR Dw. PEDERSEN: I could get answers for you.

SENATOR BEUTLER: Yeah, maybe we should just talk off the floor. But that would be an area of concern,...

SENATOR Dw. PEDERSEN: I'd be more than glad to do that for you.

SENATOR BEUTLER: ...understanding how that process...how that process works. I...I under...it seemed to me in one...

PRESIDENT MAURSTAD: Time.

SENATOR BEUTLER: ...part of the bill...

PRESIDENT MAURSTAD: Senator Beutler, you're recognized to continue.

SENATOR BEUTLER: It seemed to me in one part of the bill that the objective of all this was to reduce costs by precluding every state having to go through these processes. But, if the compact is unable to make a final decision, which they seem to say in one part of this, part of my question is then, how does

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that save us money if, in the end, you have to come back through a state process? But I'm...I'm sure there must be an answer to that, or...

SENATOR Dw. PEDERSEN: The savings...the savings, Senator, is more in the fact that you don't have to license everybody that comes to you in your state, because they've already come in with a license. They still pay their same fees. They have to come in and probably get a sticker on their license that they've gone through the Racing Commission to be...

SENATOR BEUTLER: So, we're going to have something, or we already have something in our law that says, if you're licensed by the compact, you're okay here? Is that kind of the way it's...

SENATOR Dw. PEDERSEN: Yes.

SENATOR BEUTLER: ...envisioned?

SENATOR Dw. PEDERSEN: Yes.

SENATOR BEUTLER: All right. And if you're not licensed by the compact, then my question would be, how do I appeal that if I think the compact did me wrong? So, we can talk about that, but...

SENATOR Dw. PEDERSEN: When you originate the license in Nebraska, Nebraska is still controlling and there...but there is an appeal board that they can go to of the interstate.

SENATOR BEUTLER: Okay. Thank you, Senator.

PRESIDENT MAURSTAD: Thank you, Senator Beutler. Further debate on the advancement of LB 295? Senator Pedersen, you're recognized to close. Senator Pedersen waives closing. The question is the advancement of LB 295. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 27 ayes, 0 nays, Mr. President, on the advancement of LB 295.

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PRESIDENT MAURSTAD: LB 295 is advanced. Mr. Clerk.

CLERK: LB 302, Mr. President, a bill by Senator Tyson. (Read title.) The bill was introduced on January 5, referred to the Education Committee, advanced to General File. I do have committee amendments, Mr. President. (AM0064, Legislative Journal page 376.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Tyson, you're recognized to open on LB 302.

SENATOR TYSON: Thank you, Mr. Lieutenant Governor, members of the body. LB 302 clarifies what districts are affected when parcels of land are transferred between school districts. The importance of what district is an affected district is simply that the present situation is if a Class I parcel of land, one section or less, transfers to another school district, it is not now in the statute that the affil...the currently affiliated districts are affected by it. The only thing that LB 302 does is that it makes the districts from which the Class I is leaving to be an affected district. Now the importance of being an affected district is that an affected district has the right to object. The reason that this is a...is a...is an important right is because when the land transfers districts, the levy goes with it or, pardon me, the property tax collected on that piece of land goes with it. If it goes to the new district, it can't be with the current districts. Their income stream is lessened. They're trying to plan budgets; they have valuated land disappearing without knowing that it has disappeared. And that, in a nutshell, is what this bill does. It makes the currently affiliated districts an affected district. Now there are some committee amendments and the committee amendments are primarily qualifying language that was put together by the committee counsel. It does do one thing, it adds Section 6, pardon me, Class VI school districts to the language in the original bill. And that was passed out of committee, I believe, without objection.

PRESIDENT MAURSTAD: Thank you, Senator Tyson. Senator Raikes, you're recognized to open on the committee amendments to LB 302.

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SENATOR RAIKES: Thank you, Mr. Lieutenant Governor and members. I can't imagine a more lucid explanation than what we have just heard from Senator Tyson. But at any rate, the purpose of the...the committee amendment is to clarify the language to match what Senator Tyson had to tell us. Specifically, to make it a little bit briefer, this allows in the case of an other than full-blown reorganization, one that involves 640 acres of land or less, makes it clear that every affected district is allowed to know about it and to pass approval on whether it should happen. And the committee amendment, and it makes sure that all affected districts, including Class VI, are included in the language. With that, I would answer questions and urge your adoption of the committee amendment.

PRESIDENT MAURSTAD: Thank you, Senator Raikes. Debate on the adoption of the committee amendments to LB 302. Senator Raikes, you're recognized to close.

SENATOR RAIKES: I will close, only to mention that I forgot that the committee amendment also adds an emergency clause. Okay, and, with that, I urge your approval. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Raikes. The question is the adoption of the committee amendments to LB 302. Those in favor vote aye; those opposed vote nay. Please record.

CLERK: 26 ayes, 0 nays, Mr. President, on the adoption of committee amendments.

PRESIDENT MAURSTAD: The committee amendments are adopted. Debate on the advancement of LB 302? Senator Tyson, you're recognized to close. Senator Tyson waives closing. The question is the advancement of LB 302. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 29 ayes, 0 nays, Mr. President, on the advancement of LB 302.

PRESIDENT MAURSTAD: LB 302 is advanced. Mr. Clerk.

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January 24, 2001 LB 105

CLERK: LB 105, by Senator Bromm. (Read title.) The bill was introduced on January 4, referred to the Banking Committee, advanced to General File. I have no amendments to the bill at this time, Mr. President.

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Bromm, you're recognized to open on LB 105.

SENATOR BROMM: Thank you, Mr. President. Maybe the most outstanding thing I can say about this bill is it went in and out of the Banking Committee without any dissenting votes and without any amendments, and that is...that's a feat in itself. But, even having said that, (laugh) I will...I will go ahead and explain the bill. This bill was here last year. It advanced to the floor; it didn't have time to go any further. It simply takes out an antiquated provision in the statute, that one of my colleagues from Senator Janssen's district had pointed out, that would require in every case of a "probateable" will that a certified copy of that will be filed in any county outside of the county of probate where land is situated. That, as a practical matter, is just not done. Filing the will doesn't tell anyone anything, really. They still have to go to the case where the probate occurred to determine actually what happened, whether the taxes, the inheritance taxes were paid, who the heirs and the issue and the ultimate devisees of the land were. So it didn't really serve any purpose to file the will in other counties, so it just wasn't done, it's been ignored. This...this would require instead that in the deed of distribution which conveys the title to the real estate, and that is filed in the county where the real estate is situated, that that deed of distribution reference the probate, the case number and the county where that original probate is situated. That way a title examiner or an attorney can readily find the case and find the rest of the information they need from the deed of distribution, which this will save...well, it will do away with a statute we're not complying with. Theoretically, it would save an extra filing fee and...and that's about it. Like I say, it's...it's a pretty outstanding bill because it did go in and out of banking without any amendments. And so I don't know if I need to say more. If there are questions, I'll try to answer them. Thank you.

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PRESIDENT MAURSTAD: Thank you, Senator Bromm. Debate on the advancement of LB 105? Senator Bromm, you're recognized to close. Senator Bromm waives closing. The question is the advancement of LB 105. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of LB 105.

PRESIDENT MAURSTAD: LB 105 is advanced. Mr. Clerk.

CLERK: LB 362, Mr. President, by Senator Landis. (Read title.) The bill was introduced on January 8, referred to the Banking Committee, advanced to General File. I have no amendments to the bill at this time, Mr. President.

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Landis, you're recognized to open.

SENATOR LANDIS: Thank you, Mr. Lieutenant Governor. Members of the Legislature, this will come as an anticlimax following on the tail, as it does, of Senator Bromm's LB 105, which was a riveting tale, I know, and held your attention. Now I'll just have to fumble around about the security of deposits held by banks for political subdivisions and struggle, at best, to get your attention. Banks now hold deposits from political subdivisions; they get their taxes, they put them in the bank, and the bank, of course, is guaranteed up to 100,000 bucks, but plenty of accounts by political subdivisions go over \$100,000. What will we do to guarantee these taxes held by banks? We've constructed a rule that says the bank has to pledge, as collateral for these deposits, securities--T-bills, federal securities, bonds, we've got a laundry list in the legislative record; we've got a long list of approved securities that banks pledge to equal the amount of deposits on hand. Over time, banks have established relationships with the Federal Reserve in which the Federal Reserve, holding a rather large amount of T-bills, federal securities or whatever, takes on the role of the special agent of deposit, and the bank lets the agent, in this case the Federal Reserve, keep in a special account that

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amount of federal securities necessary to pledge the collateral for the deposits at the bank. In fact, the political subdivision can notify the bank, and the bank can notify the Federal Reserve, or the political subdivision can simply go directly to the Federal Reserve to tell them how much has to be in this special agent deposit account so that there will be enough there. Currently, banks are executing with political subdivisions a repurchase agreement that promises political subdivisions that they will keep at least 102 percent of deposits on file with the Federal Reserve so that the political subdivision has this repurchase agreement, they give their notice to the bank, the bank does their work with the Federal Reserve, and the political subdivision's satisfaction is knowing that this repurchase agreement, a contract, has the bank's promise that they're doing this. The Banking Department says that the repurchase agreement, on its face, is acceptable evidence that the bank is doing what it should, which is to pledge 102 percent against deposits. The state Auditor has said, yes, it would be okay, except there is no reference in state law to a repurchase agreement. And before we sign off on the use of the repurchase agreement we want state law to acknowledge the existence of these repurchase agreements, and that's what LB 362 does, it acknowledges the existence of the repurchase agreement and that this contract between banks and political subdivisions, which have the bank's promise to pledge against only eligible bonds that are held by the Federal Reserve that that security, that repurchase agreement, rather, satisfies the obligations of the overseers and the regulators that this function, this task is being carried out. I would ask for the adoption of LB 362 and its advancement. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Landis. Discussion on the advancement of LB 362? Senator Landis, would you like to close?

SENATOR LANDIS: Just to say that the piece of paper that's on your desk is meant to identify the parties to this transaction and that what's being acknowledged is this repurchase agreement between the political subdivision and the bank, and that makes it a little clearer visually as to what this relat...this series of relationships is. I ask for advancement of LB 362.

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PRESIDENT MAURSTAD: Thank you, Senator Landis. The question is, shall LB 362 be advanced to E & R Initial? Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB 362.

PRESIDENT MAURSTAD: The bill is advanced. Mr. Clerk.

CLERK: Mr. President, LB 313, a bill by Senator Coordsen. (Read title.) The bill was introduced on January 8, referred to the Education Committee, advanced to General File. I do have committee amendments, Mr. President. (AM0021, Legislative Journal page 383.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Coordsen, you're recognized to open on LB 313.

SENATOR COORDSEN: Thank you, Mr. President and members of the body. LB 313 is a bill that was brought to me by the Small Schools Association and one that most of us in the body are quite familiar with. This bill proposes to extend the effective date for incentive payments for schools' consolidations from its current time lapse of August 2, 2001, out another three years until August 2, 2004. The bill also raises the limit to \$5 million, from the \$2 million we currently have, and that money, it comes primarily from the elimination of the Hardship Fund, which we established a couple of years ago with the idea that maybe we needed to provide for schools that couldn't borrow money in the event that they were short of funds. It turns out that there have been no expenditures made from this fund which contains \$2.8 million. So we have eliminated that fund in LB 313, and then propose to increase the funding for the consolidation incentive payments to be distributed by the state Department of Education over the next three years. One of the most interesting things to me of the committee hearing was how well this program is working to reduce the number of school districts across the state of Nebraska. There was a representative there from the state Department of Education that indicated that in the past year there have been three to seven

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or so entities created, partially as a result of this incentive payment. But they are anticipating in this year and next year as few as 20, and as many as 50. I think that that by itself indicates the importance to..of this program to encouraging school districts who are exploring reorganization, merger or affiliation agreements, to in fact finalize those agreements and form a larger, more efficient school district. With that, the Chair of the Education Committee does have a committee amendment which change...which corrects a drafting error in the bill. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Coordsen. Senator Raikes, you're recognized to open on the committee amendments to LB 313.

SENATOR RAIKES: Thank you, Mr. Lieutenant Governor and members. As Senator Coordsen pointed out, there are, well, actually two parts to the committee amendment. One is correcting what he described as a drafting error; it's on page 10 of the green copy. It limits the total amount of incentive payments per year to 2 percent, rather than 1 percent, of the total TEEOSA appropriation. There are two places in the paragraph where that change...change is made. The only other thing is to add the emergency clause. If that's not done then there would...we run into difficulties in making payments that, in effect, have been committed to, I think, in August. So there are two parts, changing the 1 percent to 2 percent and adding the emergency clause. So, with that, I would answer questions and urge your adoption.

PRESIDENT MAURSTAD: Thank you, Senator Raikes. On the committee amendment, Senator Vrtiska.

SENATOR VRTISKA: On the bill.

PRESIDENT MAURSTAD: Debate on the adoption of the amendments to LB 313? Senator Raikes, you're recognized to close. Senator Raikes waives closing. Those in favor of the adoption of the committee amendments to LB 313 vote aye; those opposed vote nay. Record, Mr. Clerk.

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CLERK: 31 ayes, 0 nays, Mr. President on adoption of committee amendments.

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Committee amendments are adopted. Debate on the advancement of LB 313. Senator Vrtiska.

SENATOR VRTISKA: Thank you, Mr. Lieutenant Governor. Members of the body, I rise in support of this particular piece of legislation. I think that it's especially important to understand that a great many schools who had discussed this proposition and talked about it at length and somehow had never reached a conclusion whether they wanted to go ahead, are now at the point where he's basically going to jerk the rug out and say, well, he's too late. And as I thought about this, I thought about some of the merchandisers who hold sales, and they say it lasts until Saturday, then come Saturday they say, well, we're going to extend this on until next Saturday. And that's kind of what's happening here. And I think what we're saying is that we see a great many schools who are now in the discussion stage. And if you come from a small school, like I do, you understand it's a difficult situation that takes a lot of people involved in order to encourage what actually should be done and the problems that arise in this process. And I was interested because when you do these kind of unifications that eventually will allude...lead to consolidation, there are those expenses that a lot of people don't understand or realize until it takes place. My community is involved in unification at the present time with the idea of consolidating. And, I guess, I look at this as an opportunity perhaps for maybe one more school to come into the mix, which will make it even more important. I know there are a lot of senators on the floor who would like to see the number of school districts cut down, and there are lot of school districts who reach the stage in this...events have developed where they probably can't continue to exist the way our system is set up. So I certainly would encourage you to support this piece of legislation and hold that carrot out there for those districts who are in the throes of trying to make up their mind whether they in fact this is the right thing to do. And many of them know it's the right thing to do, but they need some incentive, and this is what actually does that. And I

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certainly appreciate Senator Coordsen bringing this bill forth for your consideration and hope you will look at it favorably and we can move on and continue to assist some of these districts in coming to the final decision of what they want to do with their district. Again, thank you, Senator Coordsen, for your work on this piece of legislation, and I hope the body will see fit to move it forward. With that, thank you.

PRESIDENT MAURSTAD: Thank you, Senator Vrtiska. Further debate on the advancement of LB 313? Senator Kremer.

SENATOR KREMER: Thank you, Mr. President, and members of the body. I, too, would like to speak in favor of LB 313. In the last two years there have been three consolidations in my district and one unification with five different schools. And we have promised that we'll give them some incentive money if they would do that; and then only to find out that the funds were inadequate; it was kind of a blow. And so I'm also in favor of extending the time period and more dollars for more to do it, but especially we need to hold true to our promise that we would give incentive money to those schools that have already done this. I think they have worked out really very well. Many of them have gone into a lot of time and debate, discussion and to try to do the best thing for their schools. And I know that the incentive money has been an encouragement for them to do that. And over the years we've heard a lot of debate on how we have too many school districts and how we need to unify many of them. And I think the incentive money has been a good encouragement for them to do it. And I'm sure that there is going to be many more take place. So I would like to encourage you to vote yes on this bill; I think it's a very good one. I think it just comes back to show that we are...we will make good on the promises that we have made that we will give this incentive money. With that, I'd like to turn the rest of my time back to the Chair. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Kremer. Senator Beutler, on the advancement of LB 313.

SENATOR BEUTLER: Mr. President, members of the Legislature, it's been a sleepy time so far in the Legislature, perhaps

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because none of the bills that we've dealt with have involved any expenditures of money to speak of. But this particular bill all of a sudden now is talking in millions of dollars. And when you start talking in millions of dollars, of course, you have to start thinking about, okay, we have so many millions of dollars to spend on A bills this year, what is this taking away from, what is this giving to, what will this preclude us from doing? I think, if I'm remembering correctly, Senator Wehrbein, the budget that preliminarily came out anticipated about \$15 million, at most, for A bills. Here we're talking about a bill of several million dollars. And I guess the first thing I would like to get clear is how many millions we are talking about? And Senator Coordsen, I didn't have an opportunity to put together these figures, especially since you're apparently dealing with the Hardship Fund also. But tell me, bottom line, how much money we're putting into this program in 2001-2002, and then in 2002-2003? The...in the year 2001-2002, you're transferring, apparently, the unused money in the Hardship Fund. So, that's \$3 million. Is that all of the money in the first year, or is there an additional \$2 million beyond that?

PRESIDENT MAURSTAD: Senator Coordsen.

SENATOR COORDSEN: It's my understanding that the expenditures would be \$3 million from the General Fund which is offset by a \$2.8 million transfer from the Hardship Fund, as I understand it, for the first year.

SENATOR BEUTLER: A \$2 million transfer from the Hardship Fund?

SENATOR COORDSEN: And then a fiscal note then for 2002 and 2003 indicates that the expenditures may be as much as \$6.8 million. But I'll punch my light on and I'll put some rationale to it.

SENATOR BEUTLER: Okay, well, I would certainly be interested in hearing what those figures are, especially in the second year where I understand you don't have any...there's no Hardship Funds left, and the fiscal note seems to indicate that we're talking about \$6.8 million, which comes to roughly half the money we'd have available for A bills. So, I would most certainly like to hear more about that. And I'm also concerned

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about the continuing extenuation of the deadline. As we did this the first time, I understood that this was supposed to be an incentive to get everybody to react and do what they're supposed to do. Apparently, a few have. But if we extend it three more years, is that the end of the line on this, or is what we're really doing is paying people to be more efficient, which they should do just because it's more efficient, and that process is intended for everybody. I mean, do we need to make a decision about whether this is a program...

PRESIDENT MAURSTAD: One minute.

SENATOR BEUTLER: ...just for a few, or whether we're going to be willing to pay for anybody and everybody that's willing to either unify or merge. And if we do it for more this time, how then do we deny it to others who might come after this time period and want to do the same thing? So, if you could address those questions, Senator, I would be interested in your response. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Beutler. Further discussion? Senator Wehrbein.

SENATOR WEHRBEIN: Yes, Mr. Speaker, and members of the body. Thank you. Senator Coordsen, I did want a clarification, too. I believe, as the way I understand it, there would be the \$3 million from the Hardship Fund, but beyond that will take an additional appropriation? And there would be an A bill necessary for the out years, including beyond the immediate biennium?

SENATOR COORDSEN: I believe that would be accurate, Senator.

PRESIDENT MAURSTAD: Senator Coordsen.

SENATOR WEHRBEIN: And it could go as high as \$6 million, based on estimates that are probably difficult to arrive at because of the lack of knowledge of who will use it, is that...

SENATOR COORDSEN: I, when my time comes, I have a list of the Department of Education's towns, school districts that have

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indicated an interest, yes.

SENATOR WEHRBEIN: Well, I don't have a big problem with transferring the Hardship Fund at this point. I guess I need to be really cautious about going out beyond the transfer of this money from the Hardship, so I guess I'll listen to the...listen to the conversation on that, because what Senator Beutler said is correct. And probably even worse than that, we already have been hit by some mandatory expenditures out of that 15, assuming that's right, I think that's a fairly difficult number. It's simply a number to start from. If the body is watching that very carefully, they ought to be aware that we haven't gone through the budget yet, there may be some difference of opinion as to whether there will be \$15 million left anyway. But, be that as it may, we've lost a lawsuit that's going to cost \$3.5 million, and I know of some deficits that are very serious in the mental health area that are going to take a minimum of \$2.5 million and maybe some more. So just for the edification of the body, I wanted you to understand that. And this bill, obviously, will lay over until after the budget, even if it goes through. But I think we ought to understand well what we're doing here. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Wehrbein. On the advancement of LB 313, Senator Cudaback.

SENATOR CUDABACK: Mr. President, members, I'd like to ask Senator Coordsen a question, if he would please.

PRESIDENT MAURSTAD: Senator Coordsen. Would you respond, Senator Coordsen?

SENATOR COORDSEN: Could the question be repeated, please?

PRESIDENT MAURSTAD: Senator Coordsen, Senator Cudaback would like to ask you a question.

SENATOR CUDABACK: I haven't asked it yet. Sorry, Senator Coordsen.

SENATOR COORDSEN: Well, I didn't hear it either. (Laughter)

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SENATOR CUDABACK: I guess our minds should get together on this one. Did that Hardship Fund, as we were alluding to in the last part of this, I guess I'm supporting the first part of your bill; it's a good bill, LB 313. The Hardship Fund, is that the same fund that we established, what, two or three years ago?

SENATOR COORDSEN: Um-hum. Yes, Sir, we did with the thought process that there might not be schools that would be financially sound enough to borrow money.

SENATOR CUDABACK: Um-hum.

SENATOR COORDSEN: If you recall, there was talk about schools going bankrupt; I don't know how that would be possible.

SENATOR CUDABACK: I guess that was my priority bill back when we established that. But then we all know why, I guess, going back in time here, I'll date myself, but we know why that was establish. I just wondered if...

SENATOR COORDSEN: But there's not been one claim made for any money from the Hardship Fund since it was established.

SENATOR CUDABACK: I guess we always say things for the record, and I just want to get it established that there really hasn't been what we thought might be, what, draws on that particular fund.

SENATOR COORDSEN: That's right.

SENATOR CUDABACK: And so, if it's no longer needed, but it was established for a particular reason; at that time we thought it was a real major, and it might be. But you think now that there's no need for such a fund to exist?

SENATOR COORDSEN: Based upon the last two years, it would appear that there is no need for those monies that have been appropriated and are there accumulating interest. As a matter of fact, I was just informed that the estimated amount of money in that fund by the time the trans...any transfer would be made

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is about \$3,160,000, that represents the interest on investments.

SENATOR CUDABACK: Okay, I just wanted that for the record. At the time it was a major deal and we did that for particular schools. And Senator Bohlke and myself, we worked rather hard on this bill, trying to get it around. But, if it's no longer needed, well I guess I'll take Senator Coordsen's...for the record, his word on this issue, and this wipes it out, so to speak. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Cudaback. Senator Coordsen, on the advancement of LB 313.

SENATOR COORDSEN: To respond in an inept manner to the questions that have been asked, it's my understanding that the bill does propose to appropriate a new \$5 million in addition to the transfer over the period of the time that it would be in effect, which would have to be appropriated, by the way, before it would be...before the Department of Education will be able to expend it; comes as a percentage, in this particular case it's a maximum of 2 percent of the TEEOSA funds that are available. It comes from no school, but rather from the pool of resources. Now, on a grander scale I would like to visit with you just a little bit with information that I have received from the Department of Education with respect to those schools that are talking about or in the process of merging or affiliation: Lynch-Niobrara; Hildreth-Wilcox-Axtell-Minden; Keya Paha County Schools; Spencer-Naper-Stewart-Butte; Wynot-Hartington; Elgin-Ewing-Chambers-Wheeler Central; Sutton-Clay Center-Heartland; Friend-Dorchester-Exeter-Milligan; Tri-County-Diller-Odell-Wymore; Cambridge-Twin Valley; Bloomfield-Knox County; Maywood-Medicine Valley; Venango-Grant; Wheatland-Grant; Paxton-Sutherland; Maxwell-Brady-Gothenburg; Genoa-Silver Creek-Monroe; David City-Bellwood; Pender-Beemer-Wisner-Pilger; Lee-Clarkson; Cedar Bluffs-Prague; Southeast Consolidated-Nemaha Valley-Auburn; Blue Hill-Red Cloud; Waterloo-Valley; McCool Junction and somebody; Shelby-Rising City; and the list concludes with all of Sheridan County, including the Gordon and Rushville Class VI systems. Now, we've talked about money. And in my business is

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not a business that is flush with cash, so we consistently have to measure value received for the money expended. I have sat here for 15 years on the floor of the Legislature and heard people talk about there being too many school districts in the state of Nebraska. We have something in excess of \$600 million in state aid funds, without special ed and other things, being expended to support K-12 education in the state. And this morning we're talking about a relatively small amount of money that has a significant impact on the number of school districts that will exist in the future across the state of Nebraska. Bear in mind, and it's a series of comments that you've heard before, I think that getting married or getting divorced is probably much easier than merging two communities, with all of the differences between communities. If you're not familiar with greater Nebraska, each of the communities is like meeting individual people, they all have their own personalities, their own wishes, their own affection for sports teams.

PRESIDENT MAURSTAD: One minute.

SENATOR COORDSEN: All of those community differences also have to be resolved before an effective, acceptable merger can be made between school houses. Merging children is easy; merging communities in most cases is quite difficult. I think that this bill, even though as committee counsel shared with me a few moments ago, it called for probably \$5 million if all of the mergers become effective over the period of the three years, is money that's well spent. It will come back, I think, in a much more efficient use of TEEOSA funds going out into the future. If that's not a good enough explanation, then we'll try something else, Mr. President.

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Thank you, Senator Coordsen. Those wishing to debate LB 313 are Senator Stuhr and Baker and one light just went off. Senator Stuhr, you're next.

SENATOR STUHR: Thank you, Mr. President and members of the body. I stand in support of LB 313 for many of the reasons that have been expressed already. I believe that many schools in our

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rural areas are experiencing losses of students, which then in turn provides losses in state aid. So they are looking at consolidating and unifying very seriously. And as Senator Coordsen indicated, these are communities, these are emotional issues, these are closing schools, not just closing down programs but schools that really affect the heart of these communities. I believe that we have come a long way. In 1920, just to refresh your memory, we actually had 7,264 districts in the state of Nebraska; we are now down to about 560 districts. And as was stated, almost clear across the state we have communities looking and evaluating their situations. And I think that it's important that we keep our word and that we continue to offer some incentives for these communities to work together in providing what is best for the students of Nebraska. With that, I ask for your support.

SENATOR CUDABACK: Thank you, Senator Stuhr. We are debating the advancement of LB 313. Senator Baker, followed by Senator Raikes. Senator Baker, you are recognized.

SENATOR BAKER: Thank you, Mr. President and members of the Legislature. I stand in support of this bill. I do have some questions about the fiscal note that will get answered off the floor. But I believe we've been appropriating \$2 million per year, I believe, and I don't quite understand how we get up to \$6.8 million because this bill, I think, proposes raising the base year to \$5 million, and that would of course establish a limit as to how many dollars we can obligate each year for new incentive program spending, because as you well know the first year is the most dollars you get, the second year is reduced, and I don't know what the percentage is, and then the third year is less yet. So, the base here establishes the maximum that you're going to be spending that year. I'm certainly in favor of this incentive fund because it does cover the cost of some new uniforms and things. It takes a little bit of the sting off of the initial shock of going together with schools. In our case, out in Hitchcock County, they completely changed the school colors and so on, and they had to actually repaint names on buses and things you'd...minor details, you might say, but they are expensive. And this did provide some incentive to go ahead and do this. This merger or the unification, in this

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case, continues on; it worked well in natural attrition, the number of instructors has gone down and so on. They haven't used the reduction, forced to much, to this date anyway, much out there. And I really do believe it's money very well invested out there. It seems to be working very well; it helps get over the initial shock of combining schools, when you say we're going to have all new uniforms and covers the cost of some classroom remodeling, in our case, and so on, for distance learning, and it just provided a real impetus to get this thing moving and I certainly support it. With that, I turn the rest of my time back to the Chair. Thank you.

SENATOR CUDABACK: Thank you, Senator Baker. Senator Raikes, followed by Senator Wehrbein. Senator Raikes, you're recognized.

SENATOR RAIKES: Thank you, Mr. President and members. I would chime in with my support for this bill also. Both Senator Coordsen and Senator Baker have pointed out that it has been a successful program. This has resulted in a number of efficiency moves by school districts, and also the information that Senator Coordsen presented indicates that there are a number of additional school districts that are about to take advantage of this. So, I think it has been...it's a necessary program and one that has been very successful. I think also that we need to fully understand the fiscal impact of it. And I'll make one point that I'm not sure has been made before, and that is that in the past the reorganization incentive money was off the top of the TEEOSA appropriation. That is we had a certain amount of TEEOSA money and there was a maximum percentage that would come off of the top. The rest of the TEEOSA money then was allocated out to schools for state aid. With LB 149 we changed that procedure, so now we calculate the needs, minus resources, equals aid for each school system, total that up, and that is the amount that is paid out. Therefore, the reorganization money is an appropriation over and above that. Now the first year the demise, if you will, of the Hardship Fund provides the money needed to fund the program. But in out years there would need to be an additional appropriation. So I think it's clear that we understand that. Also Senator Baker mentioned the \$5 million cap for the first year, because in the first...in any

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given year you would have some first-year schools which could total up to \$5 million, plus you would have whatever second- and third-year payments that were being made that same year, so that's the reason you can come up with more than \$5 million in any one year, given the...even though there's a cap of \$5 million for the first year. So I think it's important to understand the fiscal implications. If there are other questions, we'll certainly try to address them. But again, I support this bill; I think it's been a successful program and one that we should continue. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Wehrbein, followed by Senator Beutler. Senator Wehrbein.

SENATOR WEHRBEIN: Mr. Speaker, members, I think it's important to talk about this so we all understand it. And I appreciate Senator Raikes' explanation, because I think it does give more detail about what it's doing. And so, if I understand it, this is really beyond the TEEOSA funding and all, this was addi...and that's where the additional General Fund comes in, once we use the Hardship Fund. Is that right, Senator Raikes? May I ask Senator Raikes a question?

SENATOR CUDABACK: Will you yield to a question?

SENATOR RAIKES: Yes. Yes, you're correct, I believe.

SENATOR WEHRBEIN: Okay. And then, if I...Senator Coordsen, you can listen. I really did write as fast as you spoke this time, thank you for speaking slowly, on all of the schools that you think will use this. What I'm concerned about, and I guess we'll just speak bluntly on this, some of these, I know, have been in the works for perhaps a year or two. I wonder how critical this fund is? And I, obviously, I know the supposed answer, but how critical is this funding for these schools to do this? In other words, if we would put this money into that, well they say, well, that's going to go on for awhile, we may not make a decision? Or, if we were to cut it off, would there be a mad rush; or maybe, more importantly, since this is extending to 2007, is that deadline perhaps too far out there? I just wonder what impact that you think this might have on the

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unification, which I do support.

SENATOR CUDABACK: Senator Raikes.

SENATOR COORDSEN: Excuse me.

SENATOR WEHRBEIN: Senator Coordsen, Mr. Speaker.

SENATOR CUDABACK: Senator Coordsen, excuse me.

SENATOR COORDSEN: Okay, first of all, other than the first \$5 million, it becomes increasingly more difficult to predict, with any degree of certainty, what the demand might be because we're not at this point in time able to guess, Senator, which one or others might...might go ahead and finalize their...their merger or affiliation and become eligible for this. What this becomes then is a cap. And as the current law provides whatever money there is in the fund and you have some control over that I rather suspect, going into the out years, is prorated among those schools that are eligible. Each school is eligible for a sum based upon that particular formula. Whether they get that amount or not depends on the amount of funds that are available and the number of schools. So that always exists. It's not an open-ended appropriation, but what is not predictable is how much of...of...for an example, they provide for \$5 million in 2002 and 2003. We would, according to the information I have, think that that should be enough. But it may not be enough and it may be too much. If it's not enough, then that would be prorated between those that are eligible. If it's too much, then those that are eligible would get whatever it is that they are entitled to. And it's one of those things that is not exactly as predictable as what you might wish that it would be simply because of the unknowns that are involved in the out years. And certainly as you and I both understand, we really can't spend anything beyond the two years that are in the A bill. And other than that, I don't know how to answer your question any better.

SENATOR CUDABACK: One minute.

SENATOR WEHRBEIN: Thank you. Well, I will just simply say my

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concern really is the budget impact, the \$5 million. And I tend to agree with the incentive of the districts. I think the unification issue is an important one. I think helping, to some degree, is useful, I think we should do it. But I am concerned about the \$5 million impact; it's not insignificant. We're very early in the session at this point to know, I'm certain the logic can be to put it on the agenda and get it through until I want to say the tenth of May, when it takes its place among all the other appropriations bills. And perhaps that's the logic. But \$5 million this year is significant, you know, and actually it's in the second year is the way I understood it; \$3 million covers the first year, we're talking about \$5 million the second year. Obviously, beyond that could be subject to change in policy or whatever. But I know we're going to have several good programs come along,...

SENATOR CUDABACK: Time.

SENATOR WEHRBEIN: ...people are going to want to fund, and \$5 million is significant. Thank you.

SENATOR CUDABACK: Thank you, Senator Wehrbein. Senator Beutler, on the advancement of LB 313.

SENATOR BEUTLER: Mr. President, Senator Raikes, could I ask you a question? And I'm not sure this is a fair question to ask you just from the floor, because there is no reason you would necessarily know. But,...

SENATOR CUDABACK: Senator Raikes, will you yield?

SENATOR RAIKES: I will.

SENATOR BEUTLER: ...some, in their minds, might make a distinction, for example, between schools interested in merger or unification who made substantial commitments to that process, thinking that perhaps these funds would be available to them. And then there might be another group of people out there who are not so far into the process that they're relying upon any particular incentives and would have no right to rely upon anything this Legislature has said to date. With respect to

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those who have started into the process, some of them have received part of their money already. Is that accurate?

SENATOR RAIKES: Yes.

SENATOR BEUTLER: And...and they would have available to them additional money in additional years then. Is that accurate?

SENATOR RAIKES: Right, the usual thing is a three-year payment horizon.

SENATOR BEUTLER: Okay. And all of those who have second- or third-year payments coming, is there enough money in the fund, or is that otherwise provided for that they're taken care of for sure, or do we need to appropriate more money in order to take care of those folks?

SENATOR RAIKES: I think, I think, the ones who have already qualified for the program, funding is there for those school systems.

SENATOR BEUTLER: So, if we didn't appropriate any more money today, they would be taken care of in accordance with the word we gave as far as incentive programs are concerned, in your understanding?

SENATOR RAIKES: Yes, and let me qualify that. Now, you're not...you're not talking about a system that would be reorganizing now so that they would be eligible next year for their first payment? If you leave that group out, I...

SENATOR BEUTLER: Leaving them out, yeah.

SENATOR RAIKES: ...I think you're correct.

SENATOR BEUTLER: Yeah, all right. So leaving them out, we wouldn't actually need to appropriate more money in order to keep our word?

SENATOR RAIKES: I believe that's right.

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SENATOR BEUTLER: Okay. Beyond that then, if we do extend this for everybody, should we just as well strike the...I mean, why in your mind did you put another termination date on it? Because we've...if we do this, we've broken one incentive, the whole idea of which was to get people to do it right away; if we break that and have another termination date, isn't everybody going to be thinking, well that's not really a termination date, because they've broken one termination date. And so isn't this the crashing down of the wall actually. Because once you give the money to an additional group of school districts, then after that, how...what rationale would you possibly use to deny the same money to additional school districts? If there is a rationale in the committee's mind, I'd like to hear it.

SENATOR RAIKES: I take it you're talking about something other than this time we mean it?

SENATOR BEUTLER: That's...that's the idea.

SENATOR RAIKES: Okay. It's a good question, and Senator Vrtiska raised it before. There are basically two parts to the incentive here, if you will. One of them is to provide funding, and the other one is to provide...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...a deadline. You have funding, but you can only do it, you can only take advantage of this funding if you do it by such and such a date. And what you're suggesting is by extension you take away part of that incentive. And I think that's a fair point. On the other hand, Senator Coordsen presented evidence that there are a number of school systems that have taken advantage, in fact there seems to be an increasing number that are. So, if your overall objective is to achieve reorganization, it's hard for me to...to, I guess, buy the thought that you ought to...you ought to pull out the rug, if you will, because you have not accomplished it by that certain date.

SENATOR BEUTLER: Would...would you be an advocate, Senator, of incentive payments for the consolidation of any and all

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governmental units?

SENATOR CUDABACK: Time. Mr. Clerk, announcements?

CLERK: Mr. President, I have items. Enrollment and Review reports LB 168, LB 130, LB 134, LB 136, LB 137, LB 135, LB 247, LB 252 to Select File, some of those having Enrollment and Review amendments. (Journal also shows LB 67 placed on Select File.) A series of hearing notices from the Government Committee, three separate notices from Government; Judiciary provides hearing notices, three separate notices; and Education Committee provides me with ten hearing notices; all those reports signed by their respective chairpersons. Confirmation report from the Education Committee, Mr. President. Senator Bourne would like to print amendments to LB 177. Mr. President, Banking Committee reports LB 51 to General File; LB 225 to General File; LB 53, General File with amendments; and LB 50, indefinitely postponed. Urban Affairs reports LB 104 and LB 317 to General File; and LB 179, General File with amendments. Mr. President, I have the Report On The Disposition of Interim Study Resolutions to be inserted in the Journal. Senator Quandahl would move...would like to add his name to LB 476; Senator Bourne, to LB 584; Senator Aguilar, to LB 271.

And, Mr. President, a priority motion. Senator Coordsen would move to adjourn until tomorrow morning at 9:00 a.m.

SENATOR CUDABACK: Senator Coordsen.

SENATOR COORDSEN: I move to adjourn until nine o'clock tomorrow morning, Mr. President.

SENATOR CUDABACK: The motion is to adjourn until Thursday morning, January 25th, at nine o'clock. All in favor say aye. Opposed nay. We are adjourned.

Proofed by: Kathleen Higley