

APRIL 17, 2001

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April 17, 2001 LB 56, 113, 113A, 398A, 408, 438, 444, 585
585A, 706, 750, 768, 808

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: (Recorder malfunction) George W. Norris Legislative Chamber, sixty-fifth day. Our chaplain today is the Reverend Todd Storm and his wife, Judy, is with him, and he's from the First Congregational Church in Wahoo, Nebraska, Senator Bromm's district. Chaplain.

REVEREND STORM: (Prayer offered.)

SENATOR CUDABACK: Thank you very much, Reverend Storm, for being with us. We appreciate it. I call the sixty-fifth day of the Ninety-Seventh Legislature, First Session, to order. Roll call.

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

SENATOR CUDABACK: There corrections for the Journal?

CLERK: No corrections, Mr. President.

SENATOR CUDABACK: Messages, reports or announcements?

CLERK: Just one item. The bills read on Final Reading, Friday, Mr. President, were presented to the Governor at 1:30 p.m. (Re: LB 56, LB 408, LB 438, LB 444, LB 585, LB 585A, LB 706, LB 750, LB 768, LB 808, LB 113, LB 113A.) That's the only item that I have. (Legislative Journal page 1499.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Next agenda item, Select File.

CLERK: Mr. President, LB 398A on Select File. No E & R amendments. Senator Byars would move to amend, AM1468. (Legislative Journal page 1464.)

SENATOR CUDABACK: Senator Byars, you're recognized.

SENATOR BYARS: Thank you, Senator Cudaback. This brings...this amendment brings into line the cash funds for the approximately 150 providers of mail order contact lenses in the state, the

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revenue and the expenditures. It's a \$6,700 issue. The cash funds expenditures and the revenue match and it appropriately changes the language in LB 398A to reflect that difference in cash funds, and I would ask for your adoption of the amendment.

SENATOR CUDABACK: You've heard the opening on AM1468 to LB 398A. Open for discussion. Seeing no discussion, Senator Byars, did you wish to close? Senator Byars waives closing. Question before the body is, shall AM1468 be adopted to LB 398A? All in favor vote aye, opposed nay. We're voting on the Byars amendment, AM1468, to LB 398A. Have you all voted who wish to? Record, please, Mr. Clerk.

CLERK: 25 ayes, 0 nays, Mr. President, on the adoption of Senator Byars' amendment.

SENATOR CUDABACK: The Byars amendment is adopted.

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

SENATOR CUDABACK: Senator Erdman, for a motion.

SENATOR ERDMAN: Thank you, Mr. President. I move the advancement of LB 398A to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 398A to E & R for engrossing. All in favor say aye. Opposed nay. It is advanced. Mr. Clerk, next agenda item.

CLERK: Mr. President, LB 242, offered by Senator Wickersham. (Read title.) Bill was introduced on January 5 of this year, referred to the Government, Military and Veterans Affairs Committee for public hearing. Bill was advanced to General File.

SENATOR CUDABACK: Senator Wickersham.

SENATOR WICKERSHAM: Well, Mr. President, if we can take just a few moments and bring us up-to-date on...on this bill.

SENATOR CUDABACK: Do that, please.

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SENATOR WICKERSHAM: Excuse me? Is that what...because...

SENATOR CUDABACK: If you do that, please, Senator Wickersham,...

SENATOR WICKERSHAM: All right. Thank...

SENATOR CUDABACK: ...bring us up-to-date for...

SENATOR WICKERSHAM: All right. Thank you.

SENATOR CUDABACK: ...a minute or so on the...on the past conversations with the bill.

SENATOR WICKERSHAM: All right. The bill deals with a couple of different areas in state law: conflicts of interest for members of the Legislature; for the members of the executive branch; and, of course, for members or officers or officials of political subdivisions. Currently, there are rules in the law for all three types of officials. This separates them out, makes some of them a little bit more clear, and we'll have a little bit of discussion about those rules a little bit later on with one of the amendments that's being offered. It also...the bill also concerns nepotism...what I would characterize as nepotism rules. There are rules that are applicable at the local level; there are rules that are applicable at the state level. It also...and, again, this is an area that we will talk about in one of the amendments this morning. There is a broad prohibition in current state law against the use of public resources in support of a ballot issue or a candidate. That is an appropriate rule. That rule has...that statute has been interpreted, if you will, by rulings from the Accountability and Disclosure Commission, which I think take into account a number of very sensible things. For example, if you're going to use a high school gymnasium, for example, for a candidate forum or for an information session on a ballot issue, that would be allowed, and it adds specific language to the statutes that would allow that. It contains an exception that would allow members of the Legislature, for example, to respond to constituent inquiries concerning a ballot issue. If you read the language literally,

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in its broadest form, we wouldn't even be allowed to do that. Certainly that would violate our First Amendment rights, so we're making a special exception in that area, and you'll hear more about that. Senator Quandahl and I have sponsored an amendment which we think clarifies that area a little bit. There is a section in the bill that deals with conflicts of interest when a contract is entered into between a business and someone who is serving on the board. There are two sets of rules that are applicable to slightly different groups of people, although they overlap in a large extent. It makes clear which set of rules you're supposed to follow if you're one of those officials who is contracting with an entity and you serve on the board. Those are the principle areas that the bill concerns, Mr. President. Senator Chambers, when we moved off the bill, had a pending amendment and then, as I've indicated, there are two subsequent amendments that are filed, one by Senator Quandahl and myself concerning what members of the Legislature might do and...with regard to communications with constituents on ballot issues, and then the second deals with schools and what we would expect of members of school boards in terms of financial disclosure.

SENATOR CUDABACK: Thank you, Senator Wickersham, for bringing us up-to-date on LB 242. Mr. Clerk, next item to the bill.

CLERK: Mr. President, Senator Chambers would move to amend with FA165. (Legislative Journal page 1354.)

SENATOR CUDABACK: Senator Chambers, you're recognized to open on your amendment to LB 242.

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, this is an amendment about which I am serious. I want to make it clear I have no objection to the bill, I'm not fighting against the bill, but I would like to have this amendment adopted. As I state, it's an amendment to the committee amendment, not to the bill. If you would look at page 2 of your committee amendment, in line 14, you see underlined material, "A member of a school board". I am adding "and University of Nebraska at Lincoln Head Football Coach". Members of the Legislature, this man gets a very hefty salary.

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When you look at the fact that football is not an adjunct to the university but, in many instances, the university is an adjunct to a football program, a coach is going to be paid a large amount of money. Multimillions of dollars are brought into the state through the football program. All of the athletic activities, teams, the coaches' salaries are paid, by and large, from the money brought in by the football program. For awhile, the basketball program kind of made a bit of money, but it's starting to reach a nadir again, n-a-d-i-r, not Ralph Nader. What I am offering this amendment for is to ensure that the football coach is not placed beyond the reach of the laws that apply to others. Were it not for the fact that Nebraska is deemed a football factory, that football is a high-octane, multimillion dollar entertainment business, if it were not for the fact that football is not just an extracurricular activity but a freestanding business, I would not be offering this amendment. The coach, as I say, is paid the salary. They make a car available to him, I believe; insurance; a house; and other fringe benefits. Coaches throughout the country are compensated in this manner. But, in addition to that, outside sources of revenue are available. I believe everybody in the state has a right to know who is giving money to this coach. There are any number of endorsements. There are television programs. I don't know if he's paid for being on the radio. There are many ways that money finds its way into the pocket of the coach. The money does not go to the university. It does not go to the athletic program. It goes into the pocket of the coach. I am not alleging anything inappropriate about the conduct of the head football coach at the university. I will not even call his name, because I'm looking at the position rather than the individual who happens to be there. I see nothing wrong with requiring that these reports be made by that individual in the same way they are by a school board member and others. There is much gambling on athletic events. There are all types of attempts made by gamblers to increase their chances of winning. Approaches are made to players, to coaches, to academic advisors, as they're called. And why would this be done? To make sure that the top players are kept eligible. In football factories, the player is not a scholar/athlete, but an athlete first. The athletic scholarship so-called is really a contract of indenture. These players have to sign what amount to

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contracts when they come to these schools. No other student who receives a scholarship is required to sign such a contract and obligate himself or herself to go to a school, and if a person is given one of these scholarships in other than an athletic realm, he or she can leave that school and go to another school, obtain a scholarship and pursue a course of study. Not so with athletics. If an athlete breaks that contract, as its called, and goes to another school, these large schools that make up Division IA are like a combine or a cartel and they have drafted these rules so that they can keep the studs, as they're called in these athletic departments, in the barn. If a player jumps from one school to another, he must sit out a year and lose a year of eligibility. That's the price that's paid for playing at another school. This is an unwholesome set of circumstances. No other student is subjected to the restrictions that a football player is subjected to. A player cannot hold a job during the school year; cannot accept anything of value from somebody other than a family member. Their academic standing can be publicized. They're on probation. They flunk these courses. That kind of information is private for other students, but football players have to waive their privacy rights. There is no way that academic students would consent to being restricted from holding a job in the area they're studying for. As a matter of fact, people help them at the university to obtain these internships. But if an athlete at a football factory does anything that brings him money then he can lose his eligibility, and that's what the key is at these schools--maintaining that eligibility. A male football player and a female athlete, I forget their athletic program she was a part of, allowed their likenesses to be used on calendars for a charity. The NCAA threatened to lift their eligibility for that. But if you turn on football games you will see athletes being used and exploited by their universities and their NC...and the NCAA, which is the National Collegiate Athletic Association, to promote the football games, promote the NCAA, and try to make money for those institutions and operations. They cannot make a nickel for themselves, but they can be exploited by these others to bring in money. What I am looking at ultimately is the fact that we're talking here about a business. It's a harsh, cruel business at best. Many of these players don't get an education that is usable after they finish

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school. Most of them are not going to make it into the pros, so they are jetsam and flotsam. They are expendable. When their eligibility is over and they take off the jersey with the number, they become no man. They're not recognized; they're not praised; they're not applauded; they have to be pushed out of the way. And I think this is a reprehensible course to follow when we're talking about young men who are supposed to be students. My amendment does not directly address any of those things, but I'm talking about them to let you know that we're dealing with something other than an extracurricular activity. We're dealing with something which places young men who come to this school in a status that no other student is compelled to occupy in order to go to school. So the one at the top of the heap who is making all of this money, whose salary not only is provided but enhanced by the money brought in by these players, if a national championship is won on the backs of the players...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...the coach gets a bonus; the players get nothing. So I think there is nothing inappropriate, nothing unfair about requiring these reports of all of this income that the coach is going to receive to be filed, and if it is to be kept secret that suggests that something is not appropriate in it. This is not a private individual in a private business. He is a state employee operating a state program. So I hope you will consider this amendment and if you have any questions I'm prepared to answer them.

SENATOR CUDABACK: Thank you, Senator Chambers. You've heard the opening on FA165 to LB 242. Open for discussion. Senator Wickersham.

SENATOR WICKERSHAM: Mr. President, I rise to oppose Senator Chambers' amendment. I don't know how many people similarly situated we might find to the head football coach at the University of Nebraska, but my suspicion is we'd have a number of those individuals that you can make similar rationales for requiring them to report financial items for public scrutiny. But I don't think, with all deference to the comments that Senator Chambers made about the football program, and I

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always...and, frankly, Ernie, I think it's worthwhile that you remind us of those things on an annualized basis. I remember that you always used to bring the bills to have the athletes included in workers' comp. Frankly, I always thought that was a good bill. I don't know why you haven't introduced that one recently or maybe I...it's passed. Oh, Ernie...Ernie got it passed. I...I missed that part. He's also been able to convince the NCAA to have athletes eligible for Pell grants. I remember when that was a large controversy. Nebraska passed a law requiring that those athletes be eligible and everybody said that we were going to be penalized by the NCAA. Senator Chambers, sorry for the earlier reference, Senator Chambers, but Senator Chambers said that that would be okay; the NCAA would probably come around to see our viewpoint. And they did. So Senator Chambers, over the years, I think has done a number...introduced a number of bills and has done a large service for the student athletes at the University of Nebraska, and I think that he is to be commended for that. But, Senator Chambers, I can't agree with today's amendment, although I do believe that it's important that we have an opportunity every once in awhile to discuss the issues that we're raise...that you're raising concerning the student athletes and the coaches that direct their activities. It seems to me, Senator Chambers, I don't want to take you completely off the point that your amendment makes, but it is, it seems to me, your concern about the enterprise, in general, perhaps rather than the individuals who direct potentially a small portion of the enterprise. The athletic director, for example, is a person who has much broader responsibility than the head football coach. That person makes decisions that concern purchasing contracts, makes decisions concerning promotional contracts, makes decisions about a whole host of other things that the head football coach does not. So I don't know. If I was going to focus my attention and want to look inside the organization and allow the public at large to look inside the organization, because that's the general purpose of these kinds of laws is to allow the public to look inside an organization and try to determine for themselves whether or not an individual has a conflict, then that might be a more appropriate inquiry. It also occurs to me that the head football coach and I suspect all the coaching staff is subject to scrutiny by the NCAA because, if I recall, they attempt to

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police all of the athletics programs to determine whether or not someone has been influenced improperly, but...but, Senator Chambers, I'm not sure about that, but every once in awhile we read about an NCAA investigation and I'm wondering if the NCAA doesn't have some oversight or review that they make...

SENATOR CUDABACK: One minute.

SENATOR WICKERSHAM: ...of the compensation or other contracts that coaches and assistant coaches, in fact all the coaching staff, has. It seems to me that that would be an appropriate inquiry for them to make to maintain the...at least on that level, the integrity of the sport.

SENATOR CUDABACK: Thank you, Senator Wickersham. Senator Chambers, your light is next.

SENATOR CHAMBERS: Mr. President, members of the Legislature, there is a substantial difference between the head football coach of a football factory and the athletic director. Nobody comes to the athletic director and pays him or her huge sums to do endorsements. Most people in Nebraska don't even know the name of the athletic director. And I would like to ask Senator Maxwell a question, if I may.

SENATOR CUDABACK: Would you yield, Senator Maxwell?

SENATOR MAXWELL: Yes.

SENATOR CHAMBERS: Senator Maxwell, do you know the name of the Nebraska Director of Athletics?

SENATOR MAXWELL: I do.

SENATOR CHAMBERS: Thank you. You...you read. That's all. Thank you. Senator Stuhr, I'd like to ask you a question, if I may.

SENATOR CUDABACK: Senator Stuhr, would you yield?

SENATOR STUHR: Yes.

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SENATOR CHAMBERS: Senator Stuhr, do you know the name of the Director of Athletics at the University of Nebraska?

SENATOR STUHR: Yes.

SENATOR CHAMBERS: What's his name?

SENATOR STUHR: Bill Byrnes (sic--Byrne).

SENATOR CHAMBERS: Thank you. I wanted to show that ladies know some of these things on the floor. But many people throughout the state do not know and there is an entirely different set of circumstances between the two of them. I would like to ask Senator Wehrbein a question to help me, if he can.

SENATOR CUDABACK: Would you yield, Senator Wehrbein?

SENATOR WEHRBEIN: Yes.

SENATOR CHAMBERS: Senator Wehrbein, what is the salary of the athletic director, if you know?

SENATOR WEHRBEIN: I do not know exactly.

SENATOR CHAMBERS: Do you know whether he or the head coach makes more?

SENATOR WEHRBEIN: No, I don't, because I don't know all the additional salaries that the head football coach makes. I know he gets endorsements and things like that, which I agree that the AD does probably not get.

SENATOR CHAMBERS: Thank you, Senator Wehrbein. Members of the Legislature, I have brought bills through the years and some have been enacted, and every time I bring a bill the one that Senator Wickersham mentioned, where I wanted insurance for the athletes which was at least the equivalent of workers' comp, the university said, that's not necessary, and fought against it, but they wound up agreeing to it. Just a few days ago, as a result of this, a young woman at the university who had injured

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herself while trying to do a double backflip...she may have been with the cheerleading team, but, at any rate, she landed on her head and was severely injured...in announcing a settlement the university quoted language that came from that law that I got put on the books. The things that I offer are not taken seriously because people are not conscious of what's going on in the realm of athletics. It's not just fun and games, but once that law took effect it benefited students. Another that the university resisted had said that you cannot take an athlete's scholarship because the athlete gets injured, and again the university resisted it and said they'd never do that anyway. After the bill was enacted into law two female gymnasts were injured and the coach stated explicitly that their scholarships were being lifted because they were injured. I was the one who had to intervene on their behalf. The families didn't ask me. The Attorney General didn't do it. The university was not going to do anything, but because I saw an injustice I stepped in and they rectified the situation with those young women. Their families did not acknowledge it, the young women did not acknowledge it, nobody did. But I do what I do because it's right, and I will continue to do what I do because I think it is right. There was a provision that the university followed that said that if an athlete was a walk-on at the university, that means he does not get any scholarship assistance. He could not accept any assistance, even of an academic nature. A Regents scholarship could not be accepted and, if it was, he...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...could not play on the team. I got a bill through the Legislature that said that's not going to be the case. You cannot tell a person that in order to participate in a university-sponsored activity he must forego legitimate academic aid. We were told that the NCAA would take Nebraska out of competition and, again, I said, no, they won't. When the bill was passed, the NCAA said, well, it doesn't affect that many students anyway so we're not going to do anything. That was just to clear up some of those things, but I have other comments on my amendment.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator

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Quandahl, on the Chambers amendment.

SENATOR QUANDAHL: Yes, thank you, Senator Cudaback. I was wondering if Senator Chambers would respond to a question.

SENATOR CUDABACK: Would you yield, Senator Chambers?

SENATOR CHAMBERS: Yes, I will.

SENATOR QUANDAHL: I'd been listening to your comments on this particular amendment and I...it struck me that I guess the rationale that you're applying to the head football coach at the University of Nebraska could probably also be applied not only to other university employees but other state employees also that would receive funds or monies from sources other than the state. I mean, do you foresee...what do you think of that?

SENATOR CHAMBERS: I don't see anybody else situated as the head football coach is. This money comes not for work done in connection with his or her job, but in order to exploit the name of the university and the activities of the football team to enhance the economic bottom line of these people who want to pay the coach this outside money.

SENATOR QUANDAHL: Yes, I guess I would...I'd just follow up with an additional question. I mean what comes to mind is, is that we...we were...just finished up with some debate last week on an issue where it came to light, and I guess it's common knowledge, that there are, I guess, certain people at the University of Nebraska that receive grants from outside institutions, other government agencies, and private foundations also that actually work for the University of Nebraska but it's not actually connected with the University of Nebraska where they receive some of the sources of their funding. Wouldn't it be feasible that you could or would you consider expanding this to cover situations such as that?

SENATOR CHAMBERS: No, that is entirely different because those grants do not go to the personal enrichment and benefit of the one who seeks the grant. It goes to the university to carry out a university program. The money the coach gets goes right into

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his pocket. If any of these people who applied for these grants were found taking that money and putting it in their pocket, they could be prosecuted for I don't know what, but that would be totally inappropriate. We're talking, on the one hand that you are discussing, about activity legitimately associated with academic pursuits of the university. This is absolutely outside of and apart from the activity of the university and it is personal money that goes to the coach for which no accounting has to be made.

SENATOR QUANDAHL: That's what...thank you for your response. I guess I was...I was a bit confused, because last week I thought I...I understood a comment being made that a researcher had left the University of Nebraska and, with him, took an \$800,000 grant to commit...or of resources that came from an outside source. So that just got me scratching my head. It would appear that the grant was to the individual researcher as opposed to the University of Nebraska. And so that just made me wonder and it also...your amendment actually made me wonder if something like this shouldn't be expanded to include not only university employees but all state employees also. But thank you for your response, Senator Chambers.

SENATOR CUDABACK: Thanks, Senator Quandahl. Senator Chambers, your light is next.

SENATOR CHAMBERS: Thank you. Mr. President, in view of Senator Quandahl's final remarks, maybe I need to expand on what I had said. When I say that the grant comes to the university, what I mean, Senator Quandahl, is that the only reason this grant is approved is because of work being done at the university within the context of the university that the grantor agrees with. Now, if a person leaves and the grant goes with him or her, I don't know how that operates but it probably would be based on the situation where this individual is conducting a type of research which the grantor believes ought to be conducted. And when the person goes to another institution, if the grant follows that individual it still is not his or her personal money to be done with as he or she chooses. There are requirements and limitations on how the grant is to be used. This money that the coach gets is the coach's personal, private,

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extra outside income. No accounting is required to be given. There is no way that a grant can be compared to this outright compensation that is given to the coach. It is not given to him because he is a scholar. It is not given him for any research. It is given so that his name and the name of the university can be exploited commercially. These are commercial deals and the university's name is exploited. When the coach's name is given, the university's name is given. The coach and the university become synonymous. Now, if the university is going to sell its name, let's say that they're going to call that stadium over there the Coca-Cola stadium. Well, based on what Senator Bruning call...said, they're going to call it the corn chip stadium, and the corn chip company is going to pay them money for that usage. That is a crass commercialization of the university's name, reputation, and the stadium, but people would know what is going on; the Regents could be called to account. When it comes to this football player, that is not money...this coach, I mean. That money is not going to the university. It's going into the coach's pocket. There is no other parallel that anybody has given on this floor and there's none that anybody can give. You all know, as well as I do, the millions of dollars that swirl around this program. You all know, as well as I do, how unfair it is to let these young men see all this money coming in and being used by others, yet, if they accept a biscuit and a chicken wing they can lose their eligibility. You know why I say eligibility is the ticket? There is a standard joke among these so-called academic counselors when it comes to keeping an athlete eligible. They say, I can keep a cockroach eligible for three years. Now it's four years because they can start playing as a freshman. What some people don't realize is that a football player can play his first game before he sets foot in the first classroom, because there are games now that start before the season, before classes officially get underway. So don't tell me we're talking about scholars. We're talking about an employer/employee relationship, which people don't want to acknowledge. What my amendment goes to, however, is the individual who is reaping huge rewards...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...probably more money than what the salary

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is that he receives, and the salary is generated from the revenue created by these young men who risk serious bodily injury, who are often cheated in the classroom and cannot get a nickel for themselves. I want somebody to tell me what harm there is in letting the public see the sources of outside income of the head football coach, and that's why I'm going to get a vote on this, because I want people to see how sacrosanct that program is. Even though hundreds of thousands of dollars may be involved, the Legislature feels these sources should be protected and the public should not be made aware of it. My amendment is not going to hurt the coach. It's not going to impede what he can get. There might be some areas where he won't accept revenue, I don't know, but that's for him to decide. Thank you, Mr. President. Thank you, Senator Chambers. We are discussing FA165 to LB 242. Senator Hilgert.

SENATOR HILGERT: Thank you, Mr. President and members. I have a question for Senator Chambers. I understand from his introduction and further debate on the amendment what his intention is and some of it I think most Nebraskans would agree with, but I'm looking at page 8 and 9...or, excuse me, Section 9 of the bill, page 10 and 11. On Section 9 of the green copy it says: A public official or a public employee shall not use or authorize the use of, for personal financial gain, financial gain of a member of his or her immediate family, or financial gain of a business with which he or she is associated, other than the compensation provided by law. And you cannot...also, you cannot use any confidential information or personnel, resources, property, or funds other...under that person's official care and control other than in accordance with prescribed constitutional, statutory, regulatory procedures. In the case at hand, we're talking about the head football coach at the University of Nebraska. I believe that the coach does, although interrupted substantially by commercial advertising, does participate in call-in programs, especially, a case in point, after the game is played. I think they call it "Coach's Corner" or whatever. Would the coach then be prohibited, if he is included under LB 242, to use the resources, the information, et cetera, that he has at his disposal and participating in this commercial activity. Senator Chambers, would you like to comment?

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SENATOR CUDABACK: Would you respond, Senator Chambers?

SENATOR CHAMBERS: Senator Hilgert, you raised a very interesting question and I had looked at that language, but I'm not sure that it's specific enough to address what I'm talking about, and if you'll let me read it, it's on your time.

SENATOR HILGERT: Sure.

SENATOR CHAMBERS: A public official or public employee, which the coach is, shall not use or authorize the use of for personal financial gain, financial gain of a member of his or her immediate family, or financial gain of a business with which he or she is associated, other than compensation provided by law, that person's public office, or any confidential information received through holding of a public office or the personnel, resource, property, funds, and so forth. What you would have to look at is whether or not this employee is using that position for personal gain other than that which is given as compensation provided by law. Law allows him to get a salary. The question that you're asking me is whether or not his using that position of coach and being associated with the university is using his office for personal gain in a way that violates this provision.

SENATOR HILGERT: Right.

SENATOR CHAMBERS: I think it does, but that's just my opinion,...

SENATOR HILGERT: Okay.

SENATOR CHAMBERS: ...and that would be a slightly different issue. But I think it's a crucial point and I'm glad that it was raised through your question rather than through my making it because I'm just responding to you rather than making an allegation.

SENATOR HILGERT: Well, thank you very much, Senator Chambers, and I do think it's, you know, common knowledge that our football staff does get compensated. There are these extra

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incomes that enable us to retain the fine coaching staff that we have. I don't think that's anything that's not common knowledge, frankly, at least those who follow collegiate sports in this state. But perhaps if there's a university individual in the lobby...

SENATOR CUDABACK: One minute.

SENATOR HILGERT: ...or something that's listening to the debate, perhaps that they might provide some information regarding this. Just so that, again, not really so much debating the pros and cons of the floor amendment but, frankly, we should be cognizant of what we're doing if we choose to adopt this or reject it. Thank you.

SENATOR CUDABACK: Thank you, Senator Hilgert. Senator Chambers, there are no further lights on. Did you wish to close on your amendment?

SENATOR CHAMBERS: Yes. Mr. President...

SENATOR CUDABACK: You're recognized.

SENATOR CHAMBERS: ...and members of the Legislature, the point that Senator Hilgert raised is in the green copy of the bill, and I'm sure there will be additional scrutiny given to that provision. What my amendment does is to require some reporting just like these other people are required to do. I would like to ask Senator Wickersham a question.

SENATOR CUDABACK: Would you respond, Senator Wickersham?

SENATOR WICKERSHAM: Yes.

SENATOR CHAMBERS: Senator Wickersham, what is it that must be reported by these different people listed on the front sheet of the committee amendment?

SENATOR WICKERSHAM: Essentially, they have to report in broad frame financial resources and sources of income.

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SENATOR CHAMBERS: And it is your view that the...those sources of income which must be reported by these others ought not have to be reported by the head coach of the UNL football team. Is that your position in a nutshell?

SENATOR WICKERSHAM: Yes, Senator Chambers.

SENATOR CHAMBERS: Thank you, Senator Wickersham. Members of the Legislature, what can it hurt to bring this information to the public's attention? If the coach gets \$50,000 from some savings and loan company, would you want to know that? If he gets \$10,000? If you see his face plastered in newspapers and on magazines and on television giving commercials and advertisements for this and that, wouldn't you like to know which ones of those are paying him to do that? When is he stepping out and doing it just as a person? But we all know that he would be given none of these opportunities, he would be paid none of this money were he not the head coach of the UNL football team. Now I want to ask Senator...oh, Senator Stuhr is gone. I don't see Senator Maxwell. Senator Maxwell, I'd like to ask you a question while you're coming to your mike, if you will answer.

SENATOR CUDABACK: Would you respond, Senator Maxwell?

SENATOR MAXWELL: Yes. Yes.

SENATOR CHAMBERS: Senator Maxwell, who is the...what's the name of the head football coach at Kearney?

SENATOR MAXWELL: I don't know that one, Senator.

SENATOR CHAMBERS: I'm going to bring it close to home. What's the name of the head football coach at UNO?

SENATOR MAXWELL: Pat Behrn (sic--Behrns), I believe.

SENATOR CHAMBERS: Are you sure?

SENATOR MAXWELL: I'm not. I'm relatively certain of the last name, but not the first name.

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SENATOR CHAMBERS: Thank you. Thank you. Members of the Legislature, do you see what...you all are taking my time. Do you all see what it is that I'm talking about? Being head coach of the UNL football team is a unique special position. It is recognized as such throughout this country. If you turn on CNN when they do...and that's a news channel, but when they talk about football they mention the coach when they're talking about the top teams and who are running them, and sometimes the income that these people have. ESPN, a branch of the outfit that runs CNN, ABC is a part of the conglomerate that owns ESPN, they will talk about the head football coach at UNL. Do you think it's just because they like him? No. It is the position as the coach of a team associated with the university. The university's name is used every time that coach's name is given. The university's name is being commercially exploited. I don't see...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...anything wrong or amiss in our saying that this coach will list the sources of this outside income. He is a public employee. He is not a volunteer. He is paid over \$100,000 a year. Mr. President, I would ask for a call of the house.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye, opposed nay. Record, please, Mr. Clerk.

ASSISTANT CLERK: 18 ayes, 0 nays to go under call, Mr. President.

SENATOR CUDABACK: The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. All unexcused senators please report to the Chamber. The house is under call. Senator Beutler, you check in, please. Senator Brown, Senator Preister, the house is under call. Senator Brown. Senator Preister. All present or accounted for. Senator Chambers.

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SENATOR CHAMBERS: Machine vote, but I want a record.

SENATOR CUDABACK: All in favor of FA165 to LB 242 vote aye, opposed nay. We are voting on the Chambers amendment to LB 242. A record vote has been asked for. Have you all voted who care to? Record, please, Mr. Clerk.

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1500.) Vote is 13 ayes, 27 nays on the adoption of Senator Chambers' amendment.

SENATOR CUDABACK: The amendment is not adopted and I raise the call. Mr. Clerk, next agenda item.

ASSISTANT CLERK: Mr. President, the next amendment is offered by Senator Wickersham. This is AM1429. (Legislative Journal page 1455.)

SENATOR CUDABACK: Senator Wickersham, to open on your amendment.

SENATOR WICKERSHAM: Mr. President, members of the body, this is an amendment that concerns members of the Legislature. Remember, and this amendment is a result of a discussion that we had earlier. It's an issue that Senator Quandahl raised and I...he has cosigned this amendment. This is, again, this is an amendment that affects members of the Legislature. Remember, there's a broad prohibition that says you cannot use public resources or your office to...for a candidate or a ballot issue. That broad rule I think is important to us. I do not think that we should use public resources in a general way for that kind of a purpose. That is clearly inappropriate. But, again, there are situations under which, if we weren't able to respond to constituents, if we weren't able to respond to newspaper reporters, if you can...you can make a whole list of people that will walk up to you and say what is your opinion, or, do you have any information about this issue, as is generally the way it arises, so the Accountability and Disclosure Commission, over time, has developed a set of internal rulings that allow for kind of incidental uses because those things happen. And the amendment that Senator Quandahl and I have drafted I hope meets

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kind of a balance between what we would characterize, or what I hope he would characterize anyway, as kind of the incidental things that happen, the things that happen simply because you're a member of the Legislature and somebody wants to ask you a question, or you remember the Legislature and you have information that just might not be available to other people. We do have that kind of information available to us. So this says that incidental use of public resources is okay. I think that is as good a legal standard as we can employ. It goes on to say, however, that members are clearly not authorized to utilize mass mailings or other mass communications at public expense for the purpose of qualifying, supporting, or opposing a ballot question, or for the purpose of campaigning for or against the nomination or election of a candidate. Now we hope that has set the proper standard and that you would all be able to accommodate yourself to that and realize that there is a boundary line out there but that you'll be able to function, as what I would characterize, as a normal human being and respond to people when they ask you questions. With that, Mr. President, Senator Quandahl, do you wish to comment? I'll yield the rest of my time to Senator Quandahl.

SENATOR CUDABACK: Senator Quandahl, you have about eight minutes.

SENATOR QUANDAHL: I'll be a lot more brief than that. I guess I was just going to urge the body to support this amendment, AM1429. It is one that we worked on together and I think it does address the balance between the rights of we, as state senators, to express our opinion, our First Amendment rights to do that, but, at the same time, recognizing that we shouldn't have unlimited use of public resources to express those opinion. And I believe that this AM1429 addresses that...that issue and I would encourage everyone to vote for it.

SENATOR CUDABACK: Thank you, Senator Quandahl. Senator Quandahl, your light was next. I take it you don't want to use that time. Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I guess I'm not so sure that the question is quite so clear-cut.

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What is the responsibility of a legislator? I think the responsibility of a legislator is to speak out on all matters that might be put into law, whether that's done through the legislative process or through the initiative process or through the referendum project...process. Let's say, for example, you had a referendum and that referendum was on a piece of legislation that you had spent a whole year or two years or three years getting put through the Legislature because you consider it, in fact, good policy. Now, when the referendum comes around, does that mean you just have to resign yourself to making incidental comments on the ballot question; that you can't have your staff do some research and get some information out to people and be a part of the public debate on it? I think that's wrong. I want to be a part of the public debate. I think we have a place in a public debate on initiative and referendum and on anything that's either put into the statute, whether by initiative or referendum, or whether by...whether it's by our own initiative. I mean, some of the things that we're proposing to put on the ballot, for example, are things that we propose in this body that you may have individually proposed. But does that mean at that point in time you're cut off and can only mean...make incidental comments about it? I think the green copy rule goes too far, I think the amendment goes too far, and I don't think I agree, I'd like to hear more, I don't think I agree with the dichotomy that simply cuts us off when something becomes a referendum or initiative. I think we have a right to speak out. I think the public expects us to speak out. I think we have the knowledge in many cases that other people don't have to speak out and I...I would...I would contend with this version of the rule and with the green copy version of the rule, and I'd like to see them both eliminated from the bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. Senator Chambers, on the Wickersham amendment.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm one of those who does not make what are called mass mailings. I never have since I've been in the Legislature. But another thing that my colleagues have come to find out about me is that I do not put my limitations, my restrictions, my method

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of operating on anybody else. We have standards that are set relative to what constitutes a mass mailing and when those kinds of things can be done, circumstances and whatnot. I'm not as familiar with those requirements as others because I don't fall into that category. But I do not believe that with all the talk of financial reform at the federal level and people are hooking up that with the notion of free speech, millions of dollars constitutes free speech, at the state level you're going to say that a senator, and I think Senator Beutler said it so well, is going to be prohibited from using means that are necessary and suitable and appropriate to comment on the issues of the day. Let's stop saying that because we run on a nonpartisan basis that our office and work are not political. We are political creatures. We engage in politics every day. So to somehow pretend that our image is going to be enhanced or that somebody is going to make a lot of hay by commenting at length on these various issues does not seem to me to be realistic. I saw yesterday where the Governor gave a commercial for Hal Daub, the mayor of Omaha. Maybe he's using time when he should be Governor and maybe he's not, I don't know, but we know what is going to happen with public officials getting involved in the political life of the state and even local politics, as the Governor has chosen to do. I was in Senator Schimek's office when the Governor's voice came over her machine supporting Senator Schimek's opponent. Now, I saw where the World-Herald was very upset because the tobacco companies were orchestrating all of these phone calls that were coming to the senators' office speaking against the bill that would prohibit smoking in restaurants, and the World-Herald was in a snit. They were upset that that would be done, but they had no comment about the Governor having this phone operation where they even call the senator's office speaking in behalf of the person running against her. Others don't talk about these things on the floor, but I do because I'm going to honestly and straightforwardly tell what happens in the world of politics. You all know what Terry Carpenter said, "Politics is a dirty, double-crossing racket, and that's why I love it." That's why a lot of people love it, but they're not willing to admit what it is. You are not going to change a sow's ear into a silk purse by calling it that. You cannot even achieve that. Did you say "time"?

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SENATOR CUDABACK: I did not, Senator.

SENATOR CHAMBERS: Oh. You cannot achieve that scientifically. So I'm going to listen to see what the purpose of this amendment is, not just the assertions that have been made, but what actually is to be achieved by this amendment. There should be a goal. There should be something that is going to either enhance the image of the Legislature, that is going to prohibit...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...or root out some kind of corruption or something concrete. There are a lot of things which, if I were to speak in an abstract, academic, theoretical manner I could say about how the Legislature ought to run; how every political body ought to run; how elections ought to be conducted. But there is a lot of times a great difference between what is done in a laboratory and what happens in the real world when you try to transfer the results of your experiments in the laboratory into the real world for application. You may be able to show that if you give a mouse a squirt of some substance the mouse somehow regulates his or her appetite.

SENATOR CUDABACK: Time. Thank you, Senator Chambers. Senator Janssen, on the Wickersham amendment.

SENATOR JANSSEN: Thank you, Senator Cudaback. Members of the Legislature, I...you know, I...as I look at this amendment, I start to think about what we went through about eight years ago when we had an auditor that was auditing all of our telephone bills, and I think those of you that were here then remember what I'm talking about. So if you can't, you know, if we're talking about mass phone calls to your district, my district is north of here so it's not on the Lincoln telephone exchange, so that means that if I wanted to call a bunch of my constituents or do a mass phoning to thousands of my constituents this would be a big bill. I mean it would be a very large telephone bill. On the other hand, if Senator Beutler wanted to do the same thing in his district, there wouldn't be that charge. Would be using the same equipment, but he would not be charged a long distance phone call. So if you're talking about mass...even

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mass mailing, a year or so ago I mailed out a questionnaire form to find out information. It was a great resource to me. Now, would I be able to do that with this amendment? I'm not sure. Or with the bill? I'm not sure. But I don't...I think that we have to be careful here in making the playing field level for all of us, not just the Lincoln senators, but fair for the senators in the western...extreme western part of the state. We should all have the same privileges and I'm afraid that we're...we're...with this we may be going back to that...that problem we had eight years ago with our auditor. So I want to listen to the arguments and Senator Beutler, if you'd like some of my time to respond on your feelings about these telephone...telephone calls, I'd give you the rest of my time, Senator.

SENATOR CUDABACK: (Inaudible) two and a half minutes.

SENATOR BEUTLER: Senator, I thank you for the time. To be honest with you, I haven't looked into the bill far enough to have...to do anything but ask questions about different parts of it, but...but I certainly would argue for the same broad interpretation that you're arguing and, in fact, it does come down to different people have different resources available to them at different...at different prices and in different ways as far as senators are concerned too. So you're really adding another element to the point I was making which is equally valid, in my opinion, so I think we're both arguing for the expansive view that if the question is political and a matter of public policy why is it that we should be prohibited from using whatever resources are available to us to persuade the public with regard to public policy as we were elected to do? That's...that's my point. Thank you.

SENATOR CUDABACK: Thank you, Senator Janssen and Senator Beutler. Members, as the agenda states, at ten o'clock we'll be going to 2001 senator priority bills. It is ten o'clock, a little shortly after. Mr. Clerk.

CLERK: Mr. President, if I may, some items for the record.

SENATOR CUDABACK: You may.

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CLERK: Mr. President, thank you. Senator Beutler has a series of amendments to LB 242 to be printed. And an announcement, Mr. President. A reminder that the Redistricting Committee will meet at noon today in Room 1507. (Legislative Journal page 1501.)

Mr. President, the next bill for consideration this morning, LB 620, a bill introduced by Senator Kristensen. (Read title.) Bill was introduced on January 16 of this year. It was referred to the Revenue Committee, advanced to General File. The bill was discussed on the floor, Mr. President, on April 11. At that time, the committee amendments were adopted, as was an amendment by Senator Hartnett to the bill that was adopted. I now have additional amendments pending to the bill, Mr. President.

SENATOR CUDABACK: Thank you, Mr. Clerk. (Visitors introduced.) Senator Kristensen, you're recognized to give us an update or brief...well, what happened to the bill prior to this time.

SPEAKER KRISTENSEN: Thank you. Mr. President, members of the Legislature, the Legislature unanimously approved this bill last week and passed it on. I don't know why we're on Select File. We should be on Select. Sorry, Senator Cudaback, I just thought I'd gain your attention up there. (Laughter)

SENATOR CUDABACK: Had me worried for a minute.

SPEAKER KRISTENSEN: Thank you, Mr. President. LB 620 is an economic incentive bill which basically provides for three level of incentives. There is a level for counties outside of Lancaster, Douglas and Sarpy counties, which is the "Rural Tiers". If you have so many...50 jobs, \$20 million of investment and your jobs are above 100 percent of the average wage, you get some incentives. There's a modification in the middle tier of the existing Quality Jobs Act, and there is a new tier which is for larger incentives which require substantial investment of 500 jobs, \$200 million of investment and over 120 percent of the Nebraska annual wage paid to its employees. We have had several amendments dealing...the substantial amendment was the committee amendment. There was another

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Hartnett amendment added which modified that. That was signed by most of the members of the Revenue Committee. At this point in time, Senator Cudaback, I think we're ready to go to the additional amendments. Thank you.

SENATOR CUDABACK: Thank you, Senator Kristensen. Mr. Clerk, first item to the bill.

CLERK: Mr. President, Senator Wickersham would move to amend with AM1479. (Legislative Journal page 1471.)

SENATOR CUDABACK: Senator Wickersham, you're recognized to open on your amendment, AM1479, to LB 620.

SENATOR WICKERSHAM: Mr. President, members of the body, this amendment is in an area of the committee amendments that has to do with board considerations. Now, this isn't something that would prohibit the board from making a decision to grant an application. This is an additional consideration that the board has to take into account. And if you look on page 3 of the committee amendments you can see that they have to take into account the timing and number of wage levels, et cetera, the type of industry, the timing and the amount of investment, and whether the board believes that the project would occur regardless of whether the application was approved. Well, the amendment says that the board will also consider, and I will emphasize the word "consider", whether or not a positive net present value to the state and local governments in Nebraska, using econometric forecasting models owned and maintained by the Legislative Fiscal Office, show that there is a net present value to the benefit that would be conferred on the applicant. Now, I would suggest to you that that requirement that they take into consideration, and again I'll emphasize the word "consideration", that they take that into consideration is entirely appropriate and is the logical result of the other considerations that they have to make. Why else would they have to consider the timing, number, wage levels, employee benefit package, and types of new jobs to be created by the project? Why else would they consider the type of industry that is to be "incented"? Why would...why would they also consider the timing and amount and the types of investment? Those kinds of things

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are important to a determination of whether or not a project is going to pay out. Is there, in fact, going to be a net benefit to the state of Nebraska and its political subdivisions from the incentive that is being offered? Those three things that they're already asked to consider are integral to making that determination. Now, there are some other things that you need to do and the econometric model that we've developed takes those into account. You have to take into account the kind of spin-off jobs, if you will, the ancillary economic activity that is generated by reason of the company's activities. Our econometric model takes that into account. You also have to have a period of time under which you will determine whether or not a net benefit has been incurred. We currently use a 15-year period for that determination. After that, it gets a little doubtful about how you can do an analysis. You also need a discount rate and we use a discount rate that is tied to the return on general state funds from the Investment Council. We have a large pool of dollars that are invested, in fact on a daily basis, and the average rate of return on those funds is 6.5 percent and that's what we use as a discount rate in the econometric models. So all the amendment says is that, as a part of their considerations, this isn't a...this isn't a do or die kind of a test, but as a part of their considerations that the board has to take into account what the econometric model shows as the present value of the project. And, in fact, it asks them to consider in fact whether it will show a positive net present value, which of course would be the most ideal situation that we could find. In fact, I will tell you, in all candor, I don't think that we're going to find projects that would, in fact, show a positive net value, but at any...in any rate, I don't think it hurts the board to take into consideration the results of a review of the project under the Fiscal Office's econometric model. That econometric model has been a very useful tool for the members of the Revenue Committee as we have considered LB 620 and, in fact, as we develop the committee amendments to LB 620. Part of what you see or what you adopted in the committee amendments to LB 620 was a direct result of that process of analysis through the two different kinds of models that we have available to us through the Legislative Fiscal Office. One is a TRAIN model; one is an IMPLAN model. Both were used and both produced interesting

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results and, in fact, you'll see, yes, that we have an analysis of a project in the "Super Tier" of the provisions of LB 620 that has been run through that analysis. And I hope that you will take a few minutes this morning to run through that analysis because it is the kind of work that we had prepared for the Revenue Committee, as I said, when we were considering how to develop the committee amendments to suggest to you for this bill. Now, what the...what the financial results of the analysis is, is that there is a net cost, and this is modeled after a very large project. They would have 500 employees. Those employees would be very high-paid individuals. They would have an average wage level of \$75,000. This model shows that, of the new employees, 80 percent of them would be new. That is very high. Most of these projects run closer to 30 percent, so it's a very generous assumption made in this model and I don't think you'll find very many projects where you would find a \$75,000 average compensation. And it still, even using those assumptions--very high wages, very high levels of new jobs--it still shows that this project, the net cost, the net cost to the state of Nebraska and its political subdivisions over a 17-year period of analysis is \$18 million. That's what our econometric model shows us. And, in fact, that analysis is consistent with an analysis that was presented to us by Deloitte and Touche. That is an independent accounting/consulting firm. They had prepared an analysis on behalf of Union Pacific, specifically a headquarters project to be located in the state of Nebraska, now under the original provisions under LB 620. And I can tell you that that analysis also showed, even an independent analysis by a potential beneficiary of LB 620, showed that there was a net loss to the state and local governmental subdivisions. Now, that analysis was prepared under different assumptions. That was prepared under an assumption that the qualifying company could receive both an investment credit and a wage benefit. The amendment...the committee amendments that you've adopted requires that they take one or the other so, quite frankly, that would change the Deloitte Touche analysis, but I think if they were asked to redo their analysis, even their analysis would still show that a project like a headquarters project bringing in a substantial number of highly paid employees for a headquarters project still would result in a net present value loss to the state and its political subdivisions if you ran that

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analysis out for 15 years past the...

SENATOR CUDABACK: One minute.

SENATOR WICKERSHAM: ...construction phase. And, again, I want to note that the model takes into account the ancillary economic benefits. It takes into account the jobs that result from creating jobs. It takes into account the additional construction that would occur for homes and other items. We do try to take those things into account and, again, I'll note that even an independent analysis showed that the net present value to the state of a project like the Union Pacific headquarters was negative under the provisions of the bill as it was originally introduced. I think it is important for us to realize as you vote for or against the kind of proposals that LB 620 represents, is that these...these economic development incentives cost the state...

SENATOR CUDABACK: Time.

SENATOR WICKERSHAM: ...and local governmental subdivisions money.

SENATOR CUDABACK: Thank you, Senator Wickersham. You've heard the opening on AM1479 to LB 620. Now open for discussion on that amendment. The senators wishing to speak are Senators Coordsen, Kristensen, Chambers, Hilgert, and Raikes. Senator Coordsen, on the amendment. Senator Coordsen waives his option to speak. Senator Kristensen.

SPEAKER KRISTENSEN: Thank you, Mr. President. Members of the Legislature, I rise to oppose this particular amendment. Certainly Senator Wickersham and the Revenue Committee does use those tools. I was on the committee that, in fact, has been developing some of the TRAIN and IMPLAN models and we know that those models are designed to measure overall effects. They don't measure individual projects as to whether they make money or lose money. In fact, what would happen here is that the TRAIN model says, and, if you look at the report, it's only concerned about the effect of tax credits, not the potential effect of the Union Pacific project itself. I mean, that's in

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the TRAIN model. Now, there has been reference made to the Deloitte Touche study. Yes, they did that partly for their own internal reasons to see if it was something that would be viable, something that would be good, but I want to read from that study. And this is just if you take the one project in and of itself. It says that the economic gains would be both immediate and permanent; that over a 20-year period the additional wages and salaries, excluding the fringe benefits, would exceed \$1.1 billion. That's not a loss. It's not accurate to characterize that as a loss. But it is interesting to note that if you don't do, for example, this particular bill, those wages and so on would not come. There are, in many of these cases, incentives, and that's the reason you have it. You give them some incentive to come. When those people get those wages is there an immediate loss of revenue? Yes, because we're not going to include them, there's going to be a credit given to the tax, but what do those jobs do? They buy a house. They pay property taxes. They go off and they give local money to the grocery store. They buy furniture. They do lots of other things and that money does percolate. Now, Senator Wickersham will tell you that the TRAIN model takes all that into account. It is a tool. It should not be dispositive. In fact, the amendment, the committee amendment, says the board shall be governed by and shall take into consideration all of the factors. When the Revenue Committee did this particular committee amendment, they took those factors into consideration and chose not to do that. Why? It's because the TRAIN model is a tool. It's not dispositive. And, in fact, and I think Senator Wickersham would agree, the TRAIN is going to rule out every model the way it's geared. Why? Because it's going to look at what is the impact. In fact, I think if you look at the TRAIN model in particular, what it does is it takes a ten-year look at the credits, but applies...or it's a ten-year cost of those incentives and they apply it to a one-year additional revenue gain, which will always be a negative in that case because it's not going to pay off in one year. It's not going to pay off in two years. It's not going to pay off in the ten years. But it's going to be a permanent gain and it does have other additional spin-offs to it that the TRAIN model isn't geared to do, neither is IMPLAN's. In fact, all of those models have advantages and they have flaws in them, and the issue is,

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are you going to make that dispositive? Senator Wickersham is going to tell you, oh, they don't really have to take these into consideration; they just have to look at them. Well, then why put them in? Why put them in? In effect,...

SENATOR CUDABACK: One minute.

SPEAKER KRISTENSEN: ...what happens here is that if you have those models and they are the benchmarks, they are good indicators of looking at trends, but they are not dispositive. Use your own good common sense in this case and think about that. If you add those jobs, yes, there will be for some years some loss of revenue because you're giving them credit. But what are those people doing with those good paying jobs? The fiscal note talks about there's no impact of LB 620 to local governments that's negative, because we're not giving any credits in those areas. They're going to be held harmless. The state is, at this point, going to take and invest that over a period of time, if you bring in additional good-paying jobs, that it's going to be good for the state of Nebraska. I think that's a policy choice. You either believe that or you don't. But what happens in the Senator Wickersham amendment is you can stand up...

SENATOR CUDABACK: Time.

SPEAKER KRISTENSEN: ...and say...

SENATOR CUDABACK: Thank you, Senator Kristensen. Senator Chambers, on the Wickersham amendment to LB 620.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I see no harm in adding the language that Senator Wickersham is talking about. I want to make it crystal clear again that I'm absolutely opposed to this bill, but at this point amendments are being offered that can improve the bill should it pass. What is being amended by Senator Wickersham's amendment is a portion of the bill, based on the committee amendments, which will tell what things ought to be considered, what factors should be taken into consideration. If a person wanted to, he or she could find fault with any one or all of these items that

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are listed. But, since these are factors that are to be considered, it gives an additional tool, something that the members of the board may not look at ordinarily, for use in evaluating a project and the benefit to the state. I should think we would all want to know whether there is going to be a net value rather than just saying, if you bring a lot of these upscale people into Nebraska the intelligence level is going to be raised; they might lend a note of sophistication to Omaha, and it will not seem to be a part of just a corn state. I am not enthused about the bill on any count, but one of the things that troubles me the most is the fact that these 500 jobs are not new jobs or jobs that don't exist which are going to be filled by people in Nebraska once Union Pacific comes to Omaha. No. The people that Union Pacific drags along with itself will constitute that 500-person quotient. So people currently employed in Omaha are not going to have a job opportunity. It's like saying, on "Star Trek", beam me up, Scotty, and set me down in Omaha. And the one saying "beam me up" is the Union Pacific enterprise in St. Louis. It will be lifted bodily from where it is now and relocated in Omaha, but in a new building, new quarters, one or more buildings. That, to me, does not translate into a net benefit for the people of this state. Those on the board may not necessarily consider any of the things we put in statute, but we, as a responsible Legislature, nevertheless have the responsibility to put appropriate guidelines in the statute and let other people ignore them if they choose. But we should not create a scheme which is devoid of essential elements that are necessary to create responsible legislation. From what Senator Kristensen said, I can gather nothing that would justify the rejection of Senator Wickersham's amendment. He did not show where the adoption of this amendment will hurt the bill or impede that board...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...in doing its job, and the ones on the board are the Governor, the Treasurer, and the Chairperson of the Investment Council. I'm looking at things that are happening right now, things that are being said by the Governor, who's a member of that board, which cause me to question entirely not only his objectivity but his motives as a member of

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that board.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Raikes, followed by Senator Wickersham, on the Wickersham amendment.

SENATOR RAIKES: Thank you, Mr. President and members. I am going to support Senator Wickersham's amendment. I do, however, want to ask him a few questions, if he's...

SENATOR CUDABACK: Would you yield, Senator Wickersham?

SENATOR RAIKES: ...so inclined. First off, I would just make the minor point that I think on page...or on line 5, rather, after "forecasting", the word "models" should be in there, but I don't think that's a...that's a big problem. One...where I wanted to start was this. We're talking about LB 620 here, the Invest Nebraska Act, but a company that qualified for...under incentives in this act would also qualify for other programs, I gather. Senator Wickersham, is that...is that right?

SENATOR WICKERSHAM: Yes, I can't conceive of a company that qualified under LB 620 that wouldn't also qualify under what we generically refer to as LB 775.

SENATOR RAIKES: Okay. So...so, typically, you would have a company qualifying for both of those programs. And I suppose, if there were an ethanol incentive and if a company happened to be big enough to qualify under these, LB 620 and LB 775, then they might also qualify for an ethanol incentive? Would that be possible?

SENATOR WICKERSHAM: Well, I think, yes. I think a company that made ethanol can qualify for LB 775, or it conceivably could qualify for LB 620 and qualify for, if they were available, ethanol production credits, LB 775 investment credit and wage benefits, and then, under LB 620, either the wage or investment credits that are provided there. Yes, they could qualify for all those things.

SENATOR RAIKES: Okay, well, my point was simply to make that we're sort of considering just one piece here, but actually when

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you look at the proposal being offered to a potential firm then really there are several pieces. So it's sort of a total package. Well, I'm...I'm particularly interested, though, in your comment about this being a cost to the state of Nebraska and Senator Kristensen's response to that, that, no, it is not a cost. I'm looking at, on the handout that you have, on the last page it says, present value of new tax collections, \$53 million. So I take it from that, that because of this business being brought about, that...that, say, Nebraska would collect \$53 million more in tax revenue because of jobs and income taxes paid and so on. Is that...is that a correct interpretation?

SENATOR WICKERSHAM: Well, no, it isn't \$53 million collected. That, Senator, is the net present...that is the present value so...so there is a discount factor taken into account, and I think that includes political subdivisions as well as the state in that number.

SENATOR RAIKES: Okay. Thank you for correcting me. So that is not just a nominal number. That is a time series of nominal numbers discounted back to the present.

SENATOR WICKERSHAM: Yes, something that is probably only important to you and me, but if you're going to do these things right it should be important to other people as well.

SENATOR RAIKES: Okay. So now go to the next line. It says present value of LB 775 taxes not collected, \$36.5 million.

SENATOR WICKERSHAM: Yes.

SENATOR RAIKES: Now, what...what...

SENATOR WICKERSHAM: That's the sales...

SENATOR RAIKES: ...is represented by a tax not collected?

SENATOR WICKERSHAM: Okay. I...the reference there would be to the sales tax refund that companies can become eligible for, the investment credit that they could become eligible for, and the wage credit that they can become eligible for, and then the wage

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credit, the investment credit, become deductions on their corporate...typically a corporate income tax return, I guess, but although those things can be passed through to individuals and they might show up on an individual return. The sales tax refund also comes from the state and, in that case, it also comes from a local municipality if there was a local sales tax.

SENATOR RAIKES: Okay, and I think that's a good explanation of the mechanics of it. I'm trying to grab the concept here. In what sense is it...is "taxes not collected" a cost?

SENATOR CUDABACK: One minute.

SENATOR RAIKES: In what sense is that a cost?

SENATOR WICKERSHAM: Well, Senator, it's a cost in the sense that if you and I thought we were going to make money. If we...if we invested, let's say, and we thought we were going to make money by building a building and we found that our income stream from the building, net rentals if we weren't going to operate it ourself, net rentals over a 15-year period of time had a present value of \$10,000, but the net present value of our costs, the same thing that we would take into account--our property taxes, the maintenance on the building, the utilities--if all those things came out with a net cost of...

SENATOR CUDABACK: Time.

SENATOR WICKERSHAM: ...\$20,000, we'd be a loser.

SENATOR RAIKES: Okay. Thank you. I'll continue.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Wickersham, on your amendment to LB 620.

SENATOR WICKERSHAM: Mr. President, I...I am struggling a little bit to understand why Senator Kristensen is opposing this amendment. Some of you, if you were being unkind to me, you would say this is simply a feel good amendment; it doesn't make them do anything except look at another analysis, and the analysis is a logical result of other things that they have had

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to look at. They've had to look at jobs. They've had to look at the timing. They've had to look at benefits. They've had to look at the industry. They've had to consider the type of investment. Well, those things don't mean as much in isolation as they do when you factor them into an econometric model and you attempt to find out what they mean. Now, if our objective is to keep the board from knowing something that might be useful to them, in other words, the analysis that finally puts together, in a meaningful way, information that they are otherwise required to look at, I can't, quite frankly, see the harm. And, on top of that, it isn't dispositive. They only have to consider it. Well, you know, I'm curious because I think that maybe...maybe, and I hope not to be too unkind about this, but maybe what Senator Kristensen and others would want is that we all be kept in the dark; keep us in the dark. Aren't we a little bit more comfortable in the dark? We go to sleep in the dark. Aren't we more comfortable in the dark? Would we really want to know what these things cost? Do we really want to know what the cost to the state of Nebraska and its political subdivisions is, for example, if you put a packing house in south Omaha and you give them old Quality Jobs Act incentives? Maybe we should be in the dark. Maybe we shouldn't know how much that costs us. Maybe we should just be contented to bumble along just never quite understanding why there isn't enough to go around, and then to just never quite understand, just never quite bring out into the daylight exactly what these kinds of programs cost us. Maybe we should just stay in the dark. Maybe we should just stay in the dark listening to those people who say, this is good for you, this is good for you, this is good for you, you're getting a tremendous benefit out of this. Don't ask too many questions; this is good for you. Stay in the dark. Be more comfortable. But I don't see any reason not to turn on the light a little bit and to at least have one public body consider whether or not there is, in fact, a benefit to the state of Nebraska. Isn't that really the purpose of the board? Or are they supposed to just rubber-stamp these things? Aren't they supposed to act in our best interest? How can we keep them...why should we keep them from having the tools...

PRESIDENT MAURSTAD PRESIDING

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PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: ...to act in our best interests? I don't understand Senator Kristensen's opposition, I frankly do not.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Further debate? Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, when one of our colleagues is unfortunate enough to be the carrier of this particular virus, which I consider LB 620 to be, a defensiveness is built in with that because these bills are known not to be really in the best interests of the state. So any amendment can be perceived as a harmful addition if it's adopted, but what harm can be done if we have a model that the Legislature authorized, that the Legislature plays a part in maintaining? What harm can be wrought if that model is considered and utilized? Why did we create that program? And I would like to ask the Speaker that question.

PRESIDENT MAURSTAD: Senator Kristensen, would you yield?

SENATOR CHAMBERS: Senator Kristensen, what is the purpose of having created the econometric forecasting program?

SPEAKER KRISTENSEN: Well, I think there were two purposes of them. One is to give you a general idea of the impact of an action of the Legislature, in other words, what would a tax increase or a decrease do generally. They were never designed to be specific barometers of whether something was good or bad. The other was that as people brought projects or brought bills to the Legislature they would also have some of these models. Now, these are probably not as high gear as some that are brought, but it was sort of so we had some independent check on what they were saying, as a general rule.

SENATOR CHAMBERS: Senator, Senator Kristensen, do you doubt the validity of this forecasting?

SPEAKER KRISTENSEN: Well, I...

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SENATOR CHAMBERS: Is it something that has...if it has no value, why don't we just abolish it and do away with it and stop wasting money and people's time?

SPEAKER KRISTENSEN: I think that it is a...an indicator. Now there's a difference between the TRAIN model and the IMPLAN model. I think they are indicators, Senator, but I don't...the reason I object to this is I don't think they are absolutes because I don't think they actually measure. They give you guesses and those guesses have some assumptions, but they're only good as the assumptions that you put into them, and there are better models out there and I'm unwilling for us to invest in those other models.

SENATOR CHAMBERS: Senator Kristensen, isn't it true that this bill is filled with guesses because we don't know how many jobs are going to pay from \$30,000 to whatever the next level is to create the brackets, or \$40,000 to the next bracket? We don't know how many of any of those brackets...how many jobs will be created in any of those brackets at this point, do we?

SPEAKER KRISTENSEN: I think you're right. That's correct.

SENATOR CHAMBERS: So the bill is filled with guesses.

SPEAKER KRISTENSEN: Well, it's filled...

SENATOR CHAMBERS: It's based on that.

SPEAKER KRISTENSEN: And if you don't want me to use your time, you'll...you'll let me know.

SENATOR CHAMBERS: No, go ahead.

SPEAKER KRISTENSEN: It's filled full of standards and levels and, you're right, I don't know what individual company is going to take advantage of that rural tier. I don't know how many employees they're going to have. But you set up some policies, just as I set up policies I don't know how much a judge is going to give for a sentence on a criminal case. So we have standards and we have a range.

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SENATOR CHAMBERS: So what would be wrong with providing these individuals who are making economic decisions and forecasts of their own by looking at an application, which is an argument by the company? It's a position advocated by the company. What's wrong...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...with giving an additional standard by which to judge and on which, perhaps, to base educated questions that can get to more realistic responses than the information contained in the application will give?

SPEAKER KRISTENSEN: Because I'm not sure who has control over the model, who puts the inputs in. And the other part of that is, is that if it's merely we take these models into consideration that's one thing, but the way that this is going to work I'm afraid, and that's the reason I'm opposing it, is I think that it's going to become dispositive. If it doesn't show a positive the board will be under great pressure not to do it. There will be a variety of political forces back and forth, mostly here in the Legislature, and you only get out of those models what you put into them.

SENATOR CHAMBERS: Okay, and my time is up, but I want to keep in mind what you said about political forces because I'll touch on that later.

PRESIDENT MAURSTAD: Time.

SENATOR CHAMBERS: Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Kristensen.

SPEAKER KRISTENSEN: Thank you, Mr. President, members of the Legislature. That's right, Senator Chambers, there are political pressures in all of these and that's part of the reason that we've decided to do the bill in the manner that it's been done. Senator Wickersham talks about it being afraid of

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the light. Well, you know, the light here is if you could know, we would measure it. But even if you take his amendment, you're not going to know. You're not going to know exactly where all those dollars go. The models are only just another guess. It's another tool that you use, but they are not dispositive. You will not absolutely know. Those models have no bearing on where actually the incentives went, what economic activity they generated or not. We also have a public board. This will be done in the public. We also have an audit procedure, or we will. I...Senator Wickersham and I...I assume our agreement is still on, that there will be an audit procedure. We're going to give reports to the Legislature. It's certainly done in the light. The issue is: it is easier to sit back and say, I want to keep things the way they are; I don't want to go out and invest; and I don't want...and I don't like things that occur in some parts of the state; I'd like to keep the state the way it is. Well, I don't happen to believe that's true. And what will happen with this is that I don't know who's going to control those models. I don't know who gets to put them in. I don't know if there's the next generation that comes along we should be looking at and that we don't feel we can spend the money to do. I do not know what those models will show and why, and there's a reason, is that they are merely a tool. They are not an exact measurement device. And if anybody gives you any of these and tells you this is exactly what's going to happen, they are not accurate. And so what happens in cases like this is that these jobs will not come without some of these tools, then it goes back to my opening. You can be competitive and you can realize that we're going to have to get in to try to attract more people to the state of Nebraska. We have more people who will pay the sales tax, more people will pay property tax. Or we can sit back and say, you know, I don't want more economic activity in the state. I like it just the way it is. I happen not to agree with that. Or maybe the other one is, I don't want certain portions of this state to grow; I want to hold them back. I don't know if that's true or not. I hope not. And that's the reason the bill has a rural tier in there as well, so that you don't concentrate the activity or the opportunities in all in just one area. So this amendment, again, I would oppose this particular amendment. I would, however though, Senator Wickersham, if we would word it in some way that says that the

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board may take into consideration, because I think they have that opportunity now, they may take into consideration models presented by all sides, I might look at that, but I got to tell you I'm still hesitant to agree to that particular amendment at this point. So this particular amendment I would oppose and would hope the rest of you would do so as well. Thank you, Mr. President.

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

CLERK: Senator Chambers would move to amend Senator Wickersham's amendment. (FA183, Legislative Journal page 1501.)

PRESIDENT MAURSTAD: Senator Chambers, you're recognized to open on your amendment to the Wickersham amendment to LB 620.

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, this is not an amendment of great consequence, but following up on what Senator Raikes pointed out, and I think all of us who read the amendment saw it, in line 5, after "forecasting", I would insert the word "models". That's what the amendment does. It's easily understood. It makes the amendment read the way we want it to, I believe. But I have something else that I want to talk about that I think is very, very important. Senator Kristensen meant political considerations, I want to lay on that, and I'm talking about political considerations that infect, I use the word infect, i-n-f-e-c-t, the Governor, who sits on this forecast...on this board. I am reading from an article in the World-Herald dated April 13 of the year 2001, from page 15. Headline: "Johanns Confirms Funding"; "subheadline": "Convention Center to Get State Money". Before I read this article, do you know what was to determine whether or not this convention center project would get money? This so-called throw-back idea. If a certain amount of money was generated and it could be traced directly to conventions that come into Omaha and it exceeded a certain level that was set, that money could go back to Omaha as a subsidy on this project. The project has not been constructed. How can the Governor guarantee money to Omaha? In Council Bluffs they're building a convention center that will be up and running in the year 2002. They have gambling dens, horse racing, dog

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racing you can bet on. You can get on a boat and go down the river and gamble. You can go to these places that are landlocked and gamble. They have hotels. So why should they come to Omaha? But let me read this article and you tell me if you think the Governor is objective. He is guaranteeing money. "Omaha received assurance Thursday that the city's convention center going up on the north edge of downtown will receive state funds for construction." A quote by the Governor, "Omaha can rest easier," said Governor Mike Johanns, chairman of a five-member board that determines whether large convention facilities qualify for state assistance. "The project meets the eligibility requirements set by statute." The Legislature, in 1999, passed a measure that will provide up to \$75 million in state funding for convention centers. Seventy percent of the state revenues...state tax revenues generated by the Omaha convention center will go back to the city to help pay for the center's construction. To claim the money, the convention center each year will have to prove that it generated additional tax revenues by attracting new convention business from outside Nebraska. While the Omaha convention center also includes an arena, only the convention center qualifies for state assistance. In approving the measure, state lawmakers said that convention facilities attract visitors who are more likely to spend money for meals, lodging and retail goods than are people attending arena events. "The specific formula for calculating state assistance still must be determined, Johanns said." I'm going to deviate. If the formula for determining that assistance will be forthcoming, has not even been established, how can he guarantee Omaha they're going to get this money? Does that mean the fix is in? I told you all he is giving commercials for Hal Daub right now in a political race that the mayor is in to be reelected. Now, without having determined a formula by this board to see whether Omaha is going to get money, he is guaranteeing them money. Let me continue, and I'm going to reread that paragraph: "The specific formula for calculating state assistance still must be determined, Johanns said. The State Convention Center Facility Financing Assistance Board will consider that issue later, he said. The city of Omaha has included the state financing as a source that will help repay \$198 million in bonds approved by the city's voters last year. City officials have expressed confidence that the

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convention center will draw sufficient business to qualify for the full \$75 million permitted by state law. Of that amount, about half would pay principal and the other half would pay interest. Construction has started on the \$290 million convention center-arena. It is expected to open in August 2003." Brothers and sisters, not a building has been constructed, not one convention has been convened, no tax money has been generated, not one copper alloy cent...cent, not one. The formula by which you will determine the money that the state will...that the project will get has not been determined, so how is that your Governor, who is the Chairperson of this five-member board, can guarantee Omaha this money? How? Because he is a political animal. He is a "Repelican", Daub is a "Repelican", and they want him reelected. But what the Governor did not say in his commercial for Mayor Daub, when that arena bill was before the Legislature, everybody supporting it insisted that Daub be kept away from the Legislature. They said, don't let him testify. Members of the committee, former Senator Lynch emphasized Daub cannot appear because he alienates people; he will torpedo this bill; he will sink it; keep him away from the Legislature. So why didn't the Governor say that? Because the Governor does not always deal forthrightly and off the top of the deck. So that article that I just read you is one of the reasons I am distrustful of what Senator Kristensen is bringing us today. The same Governor is on that board and Senator Kristensen doesn't even want us to require them to consider a tool that he was instrumental in persuading the Legislature to adopt and create, to fund to maintain an existence. If it's not good enough to be used and practically applied when we're dealing with a multimillion dollar giveaway, of what value is it? Should we use it if Senator Hilgert brings a bill and it has an A bill for \$7,000? If somebody brings a bill that has an A bill for \$1 million, you use it then? But when you have one dealing with hundreds of millions of dollars you don't use it. Is it simply a sham? Members of the Legislature, remember, my amendment simply offers the word...inserts the word "models" in Senator Wickersham's amendment, and I believe that it should be there and he can let us know if he agrees or disagrees. But because it is such an innocuous amendment, I want to talk about some of these other serious issues that ought to be placed in the record, even if

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our colleagues are not paying attention to them now. I recognize that Union Pacific is a huge railroad corporation. They're the largest railroad in the world. Senators are awestruck by size and magnitude alone. If something is big enough senators are intimidated,...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...and the size is such an intimidating factor that the shadow of something will also intimidate them, because they say if there's a big shadow there must be a big substance. But you can use light in such a way that you can cast a shadow almost big enough to cover that wall if the object is no bigger than the palm of my hand. They cannot separate shadow from substance. Senator Wickersham's amendment, if adopted, will give an instrument that will help that three-person board separate shadow from substance and we, as a Legislature, have an obligation in crafting responsible legislation to adopt his amendment, in my opinion.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. (Visitors introduced.) Debate on the Chambers amendment, Senator Janssen.

SENATOR JANSSEN: Thank you, Mr. Lieutenant Governor. Members of the Legislature, Senator Chambers, I believe you're on the right track here. Whether it's a Union Pacific track or an old Burlington track or a fever track, I think you're on the right...right switch, let's call it. And we talk about what this is going to do, the economy of the state of Nebraska. Five hundred new jobs, that's a good idea. That's great. Those are good jobs. But are those jobs that are...are going to be costing someone else a job? I...I am reluctant to support this whole concept because of the fact that I don't think we're getting the straight scoop. What about the Union Pacific employees throughout the rest of the state? Is there an increase in employees in North Platte? Is there an increase in employees in...in Cozad or wherever the...wherever the line runs through? I don't know. I'd like to find this out. I have had reports that this is not a positive thing. I think that if someone is going to...to take advantage of the things that we offer here that there shouldn't be a negative impact somewhere

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else in the state. I want...I want to be careful that that doesn't happen; that we are not robbing Peter to pay Paul. I think we have to look at...at what's happening in the whole state rather than just looking at our two metropolitan areas and say, if it's good for Omaha it has to be good for North Platte, it has to be good for Fremont. Well, usually, when something positive happens in Omaha it is good for my district because, geographically, we're located so close to them. So I can't ignore the fact that this will probably help my district. But before I get to slobbering all over this piece of legislation, saying how good it is, I want to make doggone good and sure that someone else isn't going to be hurt. I see so many times when we...we lure and bring some big conglomerate into a city or an area and say this is the best thing that has ever happened to this town or this city. And what happens is, by bringing this big major "brouha" in there, they come up and you eliminate a bunch of other local businesses. Does anybody care about them? Heck no. I've seen companies like Wal-Mart come into a city and best thing that ever happened to that city. Well, no, it isn't. You probably lose 10-15 local businesses that cannot...cannot get along with this, with this large company. That doesn't mean...it wouldn't bother them a darn bit to just pull out and leave, where you have smaller businesses that have been there for...for hundreds of years and passed down from one generation to the other. They're not going to leave. They were forced out. But these big companies, here today, gone tomorrow.

PRESIDENT MAURSTAD: One minute.

SENATOR JANSSEN: And I wonder if...if we aren't looking at something that could happen here in...with Union Pacific. Would they care? Would they create 500 new jobs? They might eliminate 1,200. So, like I say, what is good for...what is good for Union Pacific is usually good for my district, but I...I just don't want...I want to keep the amendments, like Senator Chambers has and Senator Wickersham, to keep them in check and try to...try to make sure that we don't lose in this state, we don't lose a dollar by trying to give someone 50 cents. I hope that that doesn't happen. I'm going to be critical of this bill. I don't know where I'm going to come down on the end. I have to keep checking to make sure that good

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things are going to happen to the whole state, not just one district. Thank you.

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

ASSISTANT CLERK: Mr. President, Senator Chambers, I understand you'd like to withdraw the amendment that we are currently considering and offer, in its place,...

PRESIDENT MAURSTAD: The amendment is withdrawn.

ASSISTANT CLERK: ...a substitute amendment. (FA184, Legislative Journal page 1502.)

PRESIDENT MAURSTAD: Senator Chambers, you're recognized to open on your new amendment to the Wickersham amendment to LB 620.

SENATOR CHAMBERS: Thank you, Mr. President. Members of the Legislature, Senator Wickersham and his staff were looking at the amendment that was the original underlying amendment and the word "econometric" should not be there. That should be stricken and, in its place, we will put "economic". "Econometric" may be too narrow or specific. But we would strike "econometric" in line 4 and substitute it with the word "economic", and after the word "forecasting" in line 5 we would put "models". So, instead of saying "using econometric forecasting models", we would say "using economic forecasting models". That's the amendment. It does not change the substance of the discussion that we have had, and I believe in the amendment. I have spent a lot of time on this bill. I'm not going to give names, but since this is after a religious holiday, and that's why we were off, we may as well (laugh) say it, and I'm glad for the four days no matter what the reason, I needed them, and you all needed four days away from me, but anyway...because I'm like strong medicine--best taken and most effective for the health in very small doses, spaced widely apart. But, at any rate, I am looking at terminology in the bill that seems to be overlapping, conflicting, and maybe even contradictory. I'm talking about when we use the term "employee", "base year employees", "new employees", "equivalent employees", and sometimes we will use in one part of the bill "individual" when we're talking about

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"employee", "individual". Then, when we're referring back to that particular section of statute, the one we're referring from will use the term "equivalent employee", which means not an individual. But you get at the equivalent employee by taking the total amount paid in salaries, then dividing that by the 40-hour week and the amount that you get per hour, and that gives you the number of "equivalent employees". Because you do it in that fashion, one big shot making a huge salary could have that salary divided up into numerous equivalent employees. So whereas you have one individual working one job, you come up, for the purposes of this bill, with any number of equivalent employees. Those are some of the things that I will want to discuss and I've taken the time to write out these references and where they occur in the bill so that the record will be clear even if, in my opinion, the bill is not. Back to Senator Wickersham's amendment. We need some kind of a guideline for these people on the board, and I'm going to show you why. Senator Kristensen may not have been the one who wrote this bill, but I still have to ask him a question.

PRESIDENT MAURSTAD: Senator Kristensen.

SPEAKER KRISTENSEN: Yes.

SENATOR CHAMBERS: Senator Kristensen, if you will find page 3 of the committee amendment, that's what I'm looking at.

SPEAKER KRISTENSEN: Okay, I have it.

SENATOR CHAMBERS: Where we're talking about the factors to be considered,...

SPEAKER KRISTENSEN: Yes.

SENATOR CHAMBERS: ...do you see subsection (d) in lines 17 and 18?

SPEAKER KRISTENSEN: Yes.

SENATOR CHAMBERS: I'm going to read that language: "Whether the board believes the project would occur in this state

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regardless of whether the application was approved." I'm not going to question you about that, but I want you to call your attention to it. This is where we're telling the people on this board to fall back on a hunch, a feeling, a prediction, if you will. How can they predict whether or not the project would have occurred anyway? I believe that factors can be taken into consideration, some of those that I'm going to discuss and have discussed that convinced me Union Pacific would come here without this bill. But if in the bill, in the portion that Senator Wickersham's amendment would address, we're going to give significance to what these board members believe, then certainly a tool based on sound principles of economic forecasting can be included for use by this board. What I would rather see in this language, instead of the term "believes", we would put something like "evidence shows" or "demonstrates" or "suggests", but we're saying that there has to be evidence or a factual basis of some kind on which the conclusion that the project would have occurred anyway is arrived at. But to just base it on somebody's belief is not a way, in my opinion, that statutory language ought to be drafted. I agree with the principle. That brings me back to Senator Wickersham's amendment. We're talking here about economic forecasting models that the Legislature must believe have validity or we would not require that they continue to be maintained. Why are we going to send good money after bad? If we thought at the time we were going to put in place these models that they were good, but we have learned since they have been put in place that they are not good, why do we maintain them? Are we unable or unwilling to admit that we made a mistake in judgment? On the other hand, if the existence of these models and what they have shown are valid, why will we not make use of them in a situation like this where the revenue of the state is going to be reduced because we're going to make tax concessions to a big corporation which does not need those concessions? The income tax liability of this company will be reduced because of this bill, and when you reduce their tax liability you reduce the revenue of the state. Is there a difference, when you reduce the revenue of the state, between reducing it or spending it out? Is there a difference between taking away the railroad's liability and actually giving them some money? Let's say they're at ground zero. If you reduce their liability then you sink them below the zero; if you

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give them money you place them above it. But as far as the state is concerned, it amounts to the same thing. The state is going to have the revenue which it needs reduced by virtue of taking away the responsibility of this corporation to pay its taxes. If you reduce the amount of money in the revenue pool of the state, does that mean the state is going to cut back on spending and cut off parts of programs that need to be funded? No. What does it mean? It means that some other source is going to be found to put that money into the revenue pool that was taken out by the corporation. Who is going to be the source of that revenue? Why, the other people who have to pay taxes and are not having their taxes forgiven. So however you cut this hog,...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...it's going to wind up with the big corporation benefiting and the taxpayers being the losers. Does it help somebody in Senator Janssen's district, who's working at his grocery store, if in Omaha there's some big shot making a salary of \$100,000 and the corporation doesn't have to pay taxes? How do those two factors benefit anybody in his district or benefit anybody in my district who has no job at all? There is no benefit. We need to review these projects very carefully and critically, and a tool is being offered by Senator Wickersham's amendment.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Raikes, on the Chambers amendment.

SENATOR RAIKES: Thank you, Mr. President. Members, I do support the Chambers amendment to the Wickersham amendment, and I support the Wickersham amendment, but I want to continue with a few questions here, if I might, for Senator Wickersham. And, again, I'm looking at the back page of his handout that is titled "Net Revenue Impacts", and I'm trying to get a handle on...I understand the present value of new tax collections; that if we have this project in the state there will be more taxes collected, and the net present value is \$53 million. What I'm trying to get a handle on is the present value of, for example, LB 775 taxes not collected. Now let me try this idea. We...we,

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as a collection of state and local governments, provide a bunch of services. Okay. And, in fact, just yesterday I was reminded of what my share of the cost of those services was, and is also reminded of what my contributions so far have been, and it was not happy. But that's really not the topic here. But it would be...would it be fair to say that an organization such as this, Senator Wickersham, on LB 775, would have paid about \$36.5 million dollars in taxes to support our state and local governments, but did not pay those taxes or would not pay those taxes because of LB 775?

PRESIDENT MAURSTAD: Senator Wickersham.

SENATOR WICKERSHAM: Well, again, Senator, it isn't the gross amount of taxes that are not collected or rebated; it is the present value of those taxes.

SENATOR RAIKES: Okay. I understand and that's a good point. And so we basically have a stream of taxes not collected and we do a net present value, which takes that back to one number, which is...is relevant. All right. So but...but, other than that, is the concept correct? This is basically the share of the cost of the government services we provide in the state that would not be paid for by a company who qualified under this program.

SENATOR WICKERSHAM: Yes, I think that's a fair characterization.

SENATOR RAIKES: All right. So let me ask you another question. Would it be the case...suppose you had a firm that would be competing with firm X here, or maybe a collection of firms, smaller firms maybe. These competing firms did not happen to qualify for either LB 775 or LB 620. Now would they, in fact, be paying these taxes?

SENATOR WICKERSHAM: Yes.

SENATOR RAIKES: So...so they would...they would be paying, so to speak, their share of the...the cost of government services in the state, whereas the firm that qualified under LB 775 and

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LB 620 would not. Am I on the right track there?

SENATOR WICKERSHAM: Yes.

SENATOR RAIKES: All right. So let me...let me go on then. The total of taxes not collected is \$61 million, \$61.8 or something like that, versus \$53, and I take it the difference there is the net present value of revenue impacts, which is \$8.5 million. Is that correct?

SENATOR WICKERSHAM: That's my understanding, although Dr. Cho and Doug Yelick...or Don Yelick and Doug Nichols are sitting over here under the balcony and they would probably be better ones to ask.

SENATOR RAIKES: Okay. Well, I'll...I'll proceed cautiously with that assumption then. But let's say that the deal is if you compare the cost of government service in the state that would be paid versus the amount of taxes collected, in this particular arrangement we come up \$8.5 million short on a present value basis.

PRESIDENT MAURSTAD: One minute.

SENATOR RAIKES: All right, let me go on. Now we've got the next line, "Net Present Value of Additional Service Costs", which was...is a negative \$9.5 million. I see Senator Wickersham is gone for the moment, but let me speculate on what that is; that if you bring a new firm into the state, that the actual amount of government services that needed to be provided would actually increase. You'd have additional police protection. You'd have additional higher education. You'd have additional K-12 education. So if you look at the cost of providing those services then that would be \$9.5 million, which also would not be paid. Is that correct as you heard, Senator Wickersham?

SENATOR WICKERSHAM: Yes, I believe that's correct.

SENATOR RAIKES: Okay. And the total then of the government cost...or the cost of this program would then be \$8.5 plus \$9.5,

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or about \$18 million. Is that an appropriate interpretation of the \$18 million?

SENATOR WICKERSHAM: That's certainly my understanding, yes.

PRESIDENT MAURSTAD: Time.

SENATOR RAIKES: Okay. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Raikes, Senator Wickersham. Further...sorry, Senator Wickersham. Senator Wickersham, I'm not recognizing you, I was just thanking you for your dialogue with Senator Raikes. Senator Bourne, on the Chambers amendment.

SENATOR BOURNE: Thank you. Thank you, Mr. President. Members, I'm sitting here, I'm reading the bill and the Deloitte reports and that and I'm listening to Senator Wickersham say, well, he had posed the question to Senator Kristensen and say, well, why wouldn't we put this model in there, and I think the better question is, is why would we or why should we? I think about going back to my college days and I remember, as I took an economics course or two, that the standard joke was, was, you know, these economists create these models and one one and then on the other, and the point is, is that they never can agree. We recently had a reduction in the...in the discount rate and I think there was many people as opposed to that...economists opposed to that as there were. And so the point is, is if we hamstring or "micromanage" this board by adding further requirements in there it seems to be counterproductive. Slightly below where Senator Wickersham's amendment would go, there's another provision that says the project shall be considered eligible under the act and may be approved by the board only if the application defines a project consistent with the purposes described in Section 2. Well, then you go to Section 2 and it reads, in part, that the project will aid in the economic and population growth of the state, and will help create better jobs for the citizens of Nebraska and if this can be done in a fiscally sound and effective manner. So, in a certain sense, it seems to me that this, what Senator Wickersham is asking for, is already being done. The board is reviewing

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these and in a manner that it's mandated that it has to be done in a fiscally sound and effective manner, and I, personally, don't see why we need to further "micromanage" and hamstring this board when it comes to providing more and better jobs for this state. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Bourne. Now Senator Wickersham, on the Chambers...

SENATOR WICKERSHAM: All right. Mr. President, I support Senator Chambers' amendment. I think it makes good clarifying...is a good clarifying amendment. I am tempted to respond specifically to some things that Senator Kristensen and Senator Bourne said, but maybe we can address them in a far more generic sense than kind of a direct response. If you read the language in the proposed amendment in the context of the committee amendments you'll see that this isn't intended to hamstring the board at all. What it is intended to do is give the board additional information that they might not have now. What they do with the information is still in their discretion, but it does integrate into a sensible whole the information that they're...or the considerations that they're already supposed to take into account. I don't see how...I don't see what those things mean if you don't...if you don't use an econometric model to analyze them. Now, econometric models, are they dispositive? Should they be dispositive? Absolutely not. Absolutely not. That isn't the way the Revenue Committee has used them. That isn't the way businesses use them. And, by the way, businesses use these things and, in fact, they use IMPLAN--the same kind of a model that we use. And, in fact, Deloitte Touche used an IMPLAN model on behalf of their client, Union Pacific. Used the same thing. They wanted to know what the economic impacts were. They use it for internal business decisions, they can use it for external business decisions, but they aren't dispositive. The most important thing about an econometric model is to know what it does and what it doesn't do, and once you understand those two things then it is a useful tool. We've spent a considerable amount of time in the Revenue Committee trying to focus on what our models do not tell us, because we didn't want to overreact to the information that they provided to us. It's information that we can use, but it is not, I will suggest again, it is not

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intended to be dispositive. Now, do other agencies of state government use IMPLAN? Do they use the same thing that we're talking about here? Yes, they do. Surprise, surprise! Department of Revenue uses the same model. DED, if they have the qualified individuals, have the software available to them and they can use the model. Surprise, surprise! These are common models. They are universally accepted for what they are--tools. They can give information that will be useful in trying to make a decision, not to make a decision in and of itself, but they are useful in making decisions. Now why would we deny a useful tool to this board? The only rational explanation I can come to is that you just don't want to know. You just don't want to know. Well, usually, when you don't want to know something it's bad news. Do you ever...do you ever hear of anybody not wanting to know good news? I'm afraid that what people believe is that it's always going to be bad news and that bad news might affect somebody's decision. Well, isn't that what...isn't that what you would want? Now,...

PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: ...the amendment isn't intended to say that we shouldn't spend the money because, actually, government spends lots of money. Spends money all the time, doesn't it? But don't we always know how we're spending the money? Don't we always know, in general, how much we're spending? Don't we know who gets the benefit of the money that we spend? Aren't those critical questions for us when the budget comes up later on? Won't we want to know exactly how much we're spending? Won't we want to know exactly what we're spending it for? Won't we want to know who's going to get it? Won't we want to know those things? Won't we argue about those things for days? So why, in this little corner of state government, wouldn't we want to know the same things? Why wouldn't we want to know how much it's going to cost? Wouldn't we...why wouldn't we want to know how much we're spending? Why wouldn't we want to know what we might get back for what we're spending? Why wouldn't...

PRESIDENT MAURSTAD: Time.

SENATOR WICKERSHAM: ...we want to know who's going to get the

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money? Aren't those things...aren't those the kind of tests that we apply everywhere else? And why would we...

PRESIDENT MAURSTAD: Time.

SENATOR WICKERSHAM: ...attempt to deny a board that kind of information?

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Senator Chambers, on the Chambers amendment to the Wickersham amendment to LB 620.

SENATOR CHAMBERS: Mr. President, members of the Legislature, Senator Wickersham has repeated it, Senator Raikes has elaborated on it, so I'm going to repeat and elaborate a bit more. But I believe that we need a practical approach brought to what we talk about. You know why I'm upset in one respect as opposed to all the others I've mentioned? Because of what the Governor has promised to Omaha through this corrupt methodology that you all have. Are you all aware that you created a bill that gave money to First Data Resources? Is Senator Pam Brown here? I'd like to ask her a question if she is.

PRESIDENT MAURSTAD: Senator Brown, do you yield?

SENATOR BROWN: Yes.

SENATOR CHAMBERS: Senator Pam Brown, did FDR get some incentives from the state that you know of?

SENATOR BROWN: Yes.

SENATOR CHAMBERS: Did they go kaput on that project, more or less, and not deliver as they should have?

SENATOR BROWN: They...they delivered in terms of the creation of the jobs that were required. They did not deliver the number of jobs that were speculated about. The requirement is 500 jobs. There was some speculation that there would be 2,000 jobs. There were not 2,000 jobs.

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SENATOR CHAMBERS: And what is FDR's status right now in Omaha, if you know?

SENATOR BROWN: Well, they're...they are still...

SENATOR CHAMBERS: Are they firing people?

SENATOR BROWN: I don't know currently.

SENATOR CHAMBERS: Well, they had fired...

SENATOR BROWN: They have...they have had...

SENATOR CHAMBERS: ...some people in Omaha.

SENATOR BROWN: ...they have had layoffs, yes.

SENATOR CHAMBERS: Now, are you aware that they have started or collaborated with a company in Japan to build the second largest credit card operation in the world, FDR has done that? Were you aware of that?

SENATOR BROWN: Yes.

SENATOR CHAMBERS: Okay. Nebraska gave a send-off, they gave Nebraska a kick in the slats, and now they're overseas collaborating with somebody else. Are you aware of a beef company in Nebraska that was given incentives by this board on which the Governor sits and is the Chairperson?

SENATOR BROWN: Yes.

SENATOR CHAMBERS: Are you aware that they're under indictment for smuggling workers here and other activities that are violations of the federal law?

SENATOR BROWN: No, I was not aware of that.

SENATOR CHAMBERS: Are you aware that they are not going to be able to give back money that the state gave to them because they don't have it? If you're not aware of it, I don't want to...

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SENATOR BROWN: No.

SENATOR CHAMBERS: Okay. Thank you, Senator Brown. Members of the Legislature, there was even an article pointing out that the granting of that money was not done in accordance with the rules of the game. A fly-by-night company was approved of for this money. I'm talking about that beef plant in Omaha, and they were smuggling workers. It was shut down. There, what they were doing was so atrocious that the families of these workers were victimized by heartless, cruel, terrorizing raids that raised opposition and objection throughout the city of Omaha. That's how careless the board was that the Governor is the Chairperson of. They were suckered by FDR and gave them money on the basis of their promises and their application. We have that same Governor now guaranteeing money to Omaha on a project which is supposed to produce a certain amount of money above a threshold before they get anything, and without a single convention having come to this town or this state the Governor is guaranteeing them money, as Chairman of that board. And I'm supposed to have confidence in that board and the way they go about analyzing these applications and spending this money? Do you think...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...the media will cover these kind of issues? No, they're not. This bill is not one that has sex appeal. There are no catchy headlines that can come from it. It is hard even for reporters to pay attention and understand, so the public, if they get anything, will get it by following our discussions that are carried live. But there are serious problems with this bill and I intend to continue to discuss them.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Kristensen, on the Chambers amendment.

SPEAKER KRISTENSEN: Thank you, Mr. President, members of the Legislature. Senator Chambers, I...I suppose if I'd offer that we change the board from the Governor to the Lieutenant Governor

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that probably wouldn't help you out a whole lot, would it?

SENATOR CHAMBERS: (Microphone malfunction) (Inaudible)

SPEAKER KRISTENSEN: Senator Chambers, I made a remark that he probably doesn't want in the transcript, and not because it was vulgar or rude. It's just an answer that probably some day he may not want to own up to. Members of the Legislature, it's been a little bit of time since we've come back to this amendment. The Chambers amendment makes some grammatical changes to it and I...I don't have a problem with those grammatical changes because I think it furthers what Senator Wickersham would want to do. I do oppose the Wickersham amendment. Senator Chambers, you raise an issue that I don't think is wrong for this body to discuss, and it's why do you have a board like this. Should you even have them, and are they going to have political considerations? They will. Sure, they will. The issue is, do you have somebody or do you just go and pass the legislation and say, Department of Revenue, if somebody walks in and throws a stack of books on your desk you accept them and you give them the credits, and I...I'm uncomfortable about doing that. I'm...I don't have any visions that these three people are going to be economists. I don't have any vision that these three people are going to have any wisdom that's unique to any of these projects. They do act as a filter, in my opinion, that they have the opportunity to, at least in some public forum, make them jump through some hoops. I think, though, the board serves the purpose that they've just had, is that they...those members on that board are going to pay a political price when they mess up and when things go wrong and it's their necks on the line; not their jobs. Maybe, if they're an elected official, that an opponent could easily raise the political issue that you were asleep at the wheel, you were hoodwinked and you did those things poorly. I do think that's the account...that is the only accountability that you have to those members of the board. I don't want to hold out to you that...that these three people are smarter, wiser than anybody else. The reason I probably would put a Governor on there is that they are the ones that are most visible and if something goes wrong they're probably the easiest one for a political opponent to hold it to. I suppose, conversely, what happens is

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if something goes right they'll take the political credit for it and use that in their ads. And so it's (laugh)...it's tough to balance that, but the board acts as a filter. The board does have those things. The reason that the Wickersham amendment is difficult for me is that you're going to require these things to have a positive, and we're going to hold out that these models are absolutely accurate, that these models will tell you exactly where everything is going to go, and they're just a guess too. They're a tool. They're not precise any more than if we have a model of where our benefits for public assistance may go. Do they actually bring people up? Do they actually keep people from living in the streets? I don't know. Can you do a model? Probably you can do those models, but what good does that model do you? It gives you political fodder and that's what this amendment is all about, is primarily cannon fodder for a political fight. The bill does require that this...these things have to be done in an efficient and economical manner, and that probably is the broadest of guidelines, but it actually is the one that we want it to do and need to do in this case. So I, again, I want to reemphasize my opposition specifically to the Wickersham amendment. The Chambers amendment you can vote for, but the underlying...

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: ...Wickersham amendment I don't think will be good for the bill. If you don't want these companies to come then you ought to vote against the bill. Really, you should. But if you want a chance for the state to grow and you want to make some investment in the state, and all investment involves some risk. Even the good conservative Senator Cudaback, whose firm investments I'm sure, as conservative as they get, he invests for a reason, because he's got the confidence and the knowledge and the patience that his investment will ultimately pay off. We ought to have the same thing. Is there some risk? Is there some risk that somebody fly-by-night might happen? Maybe, but we cut those risks down and we cut them down with the board and we cut them down with a lot of these things that are in the bill. So we just don't give a credit card to somebody over in Economic Development and say, here, get all the companies you can, because we could do that as well. We choose

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not to and the reason we don't...

PRESIDENT MAURSTAD: Time.

SPEAKER KRISTENSEN: ...do it is because of bills like LB 620.
Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Kristensen. Senator Raikes, on the Chambers amendment.

SENATOR RAIKES: Thank you, Mr. President and members. Responding a little bit to Senator Kristensen, my reading of the amendment is not that there has to be a positive result in order for the board to go ahead. It's simply that this is information that is to be taken into account--a concept which...which I find hard to argue with. Now, I'll go back again because I think it's important people understand that, all right, you're going to bring some people into the state and they're going to pay some taxes. But if you count those taxes they pay against their share of the cost of providing government services in this state it comes up short. Now, again, I was reminded yesterday that the amount I had contributed was not equal to my share, and the state had a plan for me, so did the federal government. In this particular case the plan is that you're exempted from those taxes. Now, I...I, you know, that's...and to go on, it comes up \$8.5 million short. We've got \$9.5 million additional services. Well, the idea is, if you bring additional people in the state, you've got additional higher education, and so on, expenses. Now I would point out that I think what was used in this is that you count only the variable cost of those government services. So, for example, over time you would think that basically a hundred percent of your tax money goes for services. Here, they're only counting 56 percent, so, in fact, it's sort of generous estimate in terms of the overall cost. The net result is that we're \$18 million short. Now, does that mean that you absolutely will not do that project? I don't think it does, but I think it's just simply straight talk. I think it only makes sense to tell people, all right, if we want to do this project, if we want to do these incentives, that is the cost to the state. We...we...we simply offer straight talk. Now, Senator Bourne said economists never agree. Well, on this particular

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one they did. The ones that...the analysis, the economic analysis that was provided by a hired firm basically agreed with the one that was done in our Fiscal Office. Senator Kristensen mentioned that, well, the results might be biased or whose control. I would vouch for the quality staff we have in the Fiscal Office and their absolute dedication to being objective. I think that is...is absolutely an incorrect assumption. Again, I would just simply mention that this is no more than straight talk. This doesn't mean you'll not do the project, but it simply provides you information as to what it's going to cost. You, just because you have an appropriations bill that costs some money doesn't mean you'll...you'll give it up, but you weigh that cost against the benefits being provided and make a decision. That's all that's being asked here. I will mention quickly Senator Kristensen mentioned that none of these projects would ever qualify. That's not wrong...or not correct. I think in this particular case, LB 775, this project would actually be a net benefit to the state. Now, if you add LB 620 to it, it doesn't happen. But here is a case in point, the UP project, that the LB 775 would actually result in net benefit to taxpayers. I, again, I support the Chambers amendment and I strongly support the Wickersham amendment. I think if we're going to have these...these models, if we're going to have this staff that spends their time, and I think in a very effective way, then we ought to try to use these results. We're not going to...

PRESIDENT MAURSTAD: One minute.

SENATOR RAIKES: ...dictate anything with these results, but we need to use the results, and all this amendment says is that these results will be considered. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Raikes. (Visitors introduced.) Senator Wickersham, on the Chambers amendment.

SENATOR WICKERSHAM: Mr. President, I am happy to follow the comments by Dr. Raikes. Now, Dr. Raikes is an economist by training, if not by avocation, and I...and I think, at least in this particular area, he knows whereof he speaks. And I was glad that he noted for your that our...the analysis prepared by

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our Fiscal Office tracked very closely with an analysis by an independent outside firm hired by folks who would be, frankly, proponents. So, here we have an independent evaluation by our Fiscal Office that comes out very close to a hired analysis from folks who would want to put their best foot forward, and they come out very, very close. In fact, the differences weren't enough to make any difference. I think that tells you that what we're doing with the models that our Fiscal staff uses and the manner in which they use them are a lot better than guesses. I think they're as good as money can buy, and that's good for us, because what they do, again, as Senator Raikes notes, ought to be a tool that we use, just a tool. But we ought to take into account the information that that tool will provide for us. I don't know if all of you have received the Deloitte Touche analysis or not, but we were quite pleased with the analysis. We thought they did a candid...they did a candid effort to determine whether or not there would be a net benefit to the state for this project. And if you have a chance to look at their study it shows that they would...it would have a \$6 million loss, they calculated over a 20-year period. We had a 17-year period. That was a minor difference. But they even showed it was a loss to the state and that comes back to the other point. Senator Raikes noted that...and this is something we all do, we vote for things even though they cost money and, in fact, how often do you vote for something in here that doesn't cost anything? We vote for things all the time that cost money, but we're very insistent, for our purposes usually, that we know how much they're costing. And if there's...and if there's anything in the budget bill when we get to that and we don't know what it's going to cost or we don't like the estimates from the Fiscal Office, we'll be asking questions. It's the same process. The only difference I can see in the process that we're talking about after the amendment that would, if you adopt the amendment that I'm proposing, Senator Kristensen says that it just makes political cannon fodder. Well, I don't...I'm sorry if what things cost is a political issue, but when things cost something that's somebody else's money, at least in the context of state government, and when you're spending other people's money I suppose that's a political issue. I suppose it is. But we deal with that kind of a political issue all the time. I don't see any reason not,

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if it has to be dealt with or if it should be dealt with in this context, not to deal with it in this context. Why is this context any different? If we're spending money, admit it. If we're not spending money, rejoice.

PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: But shouldn't you know whether you're spending money or not? Shouldn't you know if you're making money so you'd have something to be happy about? I think that the amendment makes sense and I would hope that you would adopt it. I do think that Senator Chambers' amendment makes desirable technical improvements to it, so I certainly hope you adopt the Chambers amendment first. And I hope that you realize that this amendment is not intended to be a killer. It is not intended to kill the bill. It is not intended to kill projects. It is intended to give the board information that is a logical extension of other things that they would know. What they do with the information is in their judgment. That's the reason they're there.

PRESIDENT MAURSTAD: Time. Thank you, Senator Wickersham. (Visitors introduced.) Senator Chambers, your light is the only light on. Would you like to close on your amendment or speak?

SENATOR CHAMBERS: Speak.

PRESIDENT MAURSTAD: Senator Chambers, you're recognized.

SENATOR CHAMBERS: Mr. President, members of the Legislature, this amendment merits this discussion because it gives us a chance to go to the heart of the bill and what it really is about. Are we just trying to roll over for Union Pacific? I say, yes. That's why a bill can be crafted in the way that this one is. And the other senators don't have that much interest because they know that once Union Pacific speaks then the Legislature is going to roll over. I am so upset with the way we're doing that I'm thinking about punishing you by singing a song. "City of New Orleans", yes, riding on the city of New Orleans. But I won't sing it. I'm not that offended yet. And it takes courage to sing when you don't have a voice, so I'm

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going to need something to override my inhibitions and I haven't reached that level of hostility toward this bill yet. But what I do think we have to consider right at this point with this amendment--are we going to craft a bill which is designed to show that we are a responsible group of people who take lawmaking seriously? I know the Legislature is the butt of every kind of joke, every asinine joke. One that you hear and people think is so clever each time they tell it says, nobody's property is safe while the Legislature is in session. Well, the reason for that is because everybody who lives in the county is a member of the Legislature, and when they come to the Legislature, the robbers know nobody is at home and they go and steal their property. That's why; not because the Legislature is doing it. There are three branches to this government--the judicial, the executive, and the legislative. All that we do is to make law, and we ought to have a degree of pride. You all ought to be conscious all the time of the important role that you play. While people are mocking the Legislature, every one of those mockers has to come by the Legislature for something. We pass laws that relate to every aspect of people's lives and we should not do this in a lighthearted manner and, by that, I don't mean we can't be humorous but where we take it as something as being inconsequential. What you're doing is more important than what Moses did. Moses was a lawmaker. You all are lawmakers of a greater magnitude than Moses. You can pass a law that will send people in uniforms, armed with guns, on to the property and into the homes of citizens and residents of this state. That is an awesome amount of power and it carries an awesome responsibility. When we come to a piece of legislation like this which is going to favor a giant corporation, we owe it to ourselves, not just as lawmakers but as individuals, to do what we ought to do under our oath to protect the welfare of the public. If you believe that these giveaways are good, if you really believe they enhance the life quality in this state, you really think that passing this bill is going to aid in the growth of the economy and the population of this state, you...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...genuinely believe it's going to assist in

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the creation of better jobs for the residents of this state, you'll vote for it. But in the process of voting for it why are you going to stop us from creating in that scheme a system that will bring information that has a direct bearing on the validity of the project, on the capability of the project to deliver those things that the policy articulated in this bill says our goals are? All that Senator Wickersham's amendment says is we are going to provide these people with a way that already exists of getting information, a methodology that is accepted in the trade and in the community as being a valid means of obtaining this kind of evaluative information. I don't understand the opposition.

PRESIDENT MAURSTAD: Time.

SENATOR CHAMBERS: Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Wickersham, on the Chambers amendment.

SENATOR WICKERSHAM: Mr. Speaker...or Mr. President, I'm sorry, I want to follow up a little bit on a point that Senator Chambers made and I think it's absolutely valid. How many times have we heard, why can't you do business like a business? Why can't you do business like a business? Why can't you do business like a business? Why can't you do business like a business? Why can't you do that? And, you know, a lot of people, you know, they'll kind of look down at their feet. They'll stub their toe a little bit. They might hem and haw a little bit and then they'll finally say, well, government isn't a business. And that's usually the answer. Well, here we have government actually acting like a business. Businesses use economet...use models. They try to determine the net present benefit or cost of things that they're going to do. They try to determine whether in the long run and taking into account all kinds of factors and considerations whether something is beneficial, and they spend a lot of money on it and they take it to their board of directors or they take it to their president and they say...and that group or that person says, what does this tell me, and if they're really good they say, what does this doesn't...what doesn't this tell me, and then they make a

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decision. Well, this is our opportunity. When one of your constituents runs up to you and say, why doesn't government act like business, you can say, well, we did, and we are, and here's how we do it. And we've developed the expertise in-house. We've developed the models. We have confidence in them. We've even asked, and in fact we did over the summer, we ask other people to review our methodology to tell us whether it was valid. We constantly ask people to review the output from our models to tell us whether or not they think it's valid, whether we've missed something, whether or not we haven't taken something into account, whether we're getting the right results. We ask other people to check on us. We want to know whether we're getting the right information to use as a tool for a decision-making process. So here...so here, with this amendment, we would inject just a little bit of business, just a little bit of business into state government. But if you vote against it are you going to tell your constituents that you didn't want government to do business like a business; you didn't want to know how much things were going to cost; you didn't want to use econometric models to tell you what future benefits might be offset by future costs, and what the net present value of those things are; and if they were going to make a decision for their business you wouldn't recommend that they did that because it wouldn't tell you anything that was useful, when you know that they do, in fact, spend money on that; that they in fact make decisions that way? What would you tell your constituent in that example? I suppose you'd just tell them, well, government isn't a business; we just don't make decisions the same way; we just don't think of the same things. Would you tell them you didn't care where we spent their money on? Would you tell them you didn't care how much it cost?

PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: I don't think those are things that you would tell them and I don't think those are things that you would believe. You do care what things cost. You do care whether it confers a benefit on the state of Nebraska. So why...why not add the availability of that kind of information to a board that is going to make important decisions about state money?

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PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Senator Chambers, you're recognized to close.

SENATOR CHAMBERS: Mr. President and members of the Legislature, we have problems with this bill, let alone applications that are going to be submitted pursuant to the bill. I'm going to be offering amendments to try to reconcile some of this language and clarify what the bill says, even though I don't like it. The problem with this bill is the problem...some of you all don't like Machiavelli, but he was really a clear-thinking, clear-writing individual, but he wasn't too organized and he wasn't too systematic in what he presented. That wasn't what he was intending to do, but he's known as the father of political science. But what he would do is sometimes use the same word to express different ideas, the same word expressing different ideas. Then he would take different words to express the same idea. So you were never completely sure exactly what idea he was trying to convey even though, when you read the words, you understood the words, you understood the sentence, but you didn't know for sure what the sentence meant. In this bill the same words are used to express different ideas, and different words are used to express the same idea. If, when we're talking about employees and the term "equivalent employee" is used in one place and that place cross-refers to "base year employee" in the definition, and when you go to that definition you see that "employee" means "individual", not "equivalent employee", then you have a difference in what is meant. So when an application is presented to this board and the term "equivalent employee" or the term "individual" is used, what precisely does that mean? This amendment of mine is very simple and it should be adopted. But when we get to the underlying amendment that Senator Wickersham is talking about, I believe it, by its very nature, will cause these people to think more carefully about every aspect of the process. Even if they use one of these models and say, we don't think it applies exactly, it can put them in a frame of mind and trigger a pattern of thinking that suits them to evaluate these applications. They will not look at this application in the same way they look at a newspaper. They will not read it in the same way they read political slogans and political propaganda. They will read it as a document which is

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designed to persuade them to give them something that, in my opinion, they're not entitled to, but to give them a boon that is denied to others. They will take seriously what they're doing. They will know that the public or those elements of the public interested in finding out can look at what standards, what tools for evaluation were available to these people, and if they come up with some of these bum decisions, like they did on FDR and on that packinghouse in Omaha, the public can look not only at the bum decision but they can look at what information was available to protect them from making such a decision and the condemnation will be even greater, as it should. Sometimes when politicians are spending...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...somebody else's money and they're spending it on behalf of a powerful corporate entity, their powers of critical evaluation go to sleep or go on a bicycle ride in the country. My amendment, however, is very simple in that it makes a technical change in Senator Wickersham's amendment. I believe it will adopt...be adopted. I hope that you will adopt it.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. The question is the adoption of the Chambers amendment to AM1479 to LB 620. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 31 ayes, 0 nays, Mr. President, on the adoption of Senator Chambers' amendment to the Wickersham amendment.

PRESIDENT MAURSTAD: The amendment is agreed to. Mr. Clerk, items for the record.

CLERK: Thank you, Mr. President. A communication from the Governor to the Clerk. (Read re: LB 56, LB 113, LB 113A, LB 408, LB 438, LB 444, LB 585, LB 585A, LB 706, LB 750, LB 768, LB 808.) And I have an amendment to be printed to LB 242, Mr. President. That's all that I have. (Legislative Journal page 1502.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk.

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CLERK: Mr. President, a priority motion. Senator Kristensen would move to recess until 1:30 p.m.

PRESIDENT MAURSTAD: We have a motion to recess until 1:30. Those in favor say aye. Opposed nay. The Legislature is recessed.

RECESS

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Welcome to the George W. Norris Legislative Chamber, sixty-fifth day. Senators, we're about to reconvene. Please check in. Record, please, Mr. Clerk.

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

SENATOR CUDABACK: Mr. Clerk, any items for the record?

CLERK: I have nothing at this time, Mr. President. Thank you.

SENATOR CUDABACK: First agenda item?

CLERK: Mr. President, when the Legislature recessed, Senator Wickersham had pending AM1479 that had just been amended by Senator Chambers. (Re: LB 620.) Senator Wickersham's AM1479 is currently before the Legislature.

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Wickersham, your light is on first. You're recognized to speak.

SENATOR WICKERSHAM: Mr. President and members of the body, the amendment that we're...is now before you as amended by the Chambers amendment, I think we are...we have begun to have a good understanding, I hope, of what the amendment is about and what my intent is for the amendment. Now I want to reiterate,

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as we start this morning's discussion...or this afternoon's discussion, I'm sorry, that the amendment is not intended to have the economic model analysis be the final word. I think, and again I'll reiterate, that it is a logical extension of the items that the board has already required to consider and it...if it will, it gives them kind of a bottom line picture, and I think that's important. It's important because I do believe that we have a responsibility and the individuals who serve on that board have a responsibility to know how much money we're going to be spending, what a particular project might cost or what benefit it might bring to the state, and the economic analysis models are the best tools we have to do that. I will note again that these are models that are used by business. They are used in a variety of contexts. They are valid tools for the decision-making process. And we have developed those, the tools are already available to us in the Fiscal Office. The amendment does not require us to develop any additional capacities in that office. The capacities exist and, in fact, over the last summer and through this session, we have only, I think, begun to realize what the potentials are for those models and to have begun using them. And I hope that we will continue to develop them and bring them into greater use, and I hope that you all become comfortable with them as a part of...a part of your decision-making process. Now, I suppose some are nervous because I have suggested earlier, and I will suggest again to you, that the kinds of projects that LB 620 "incent" and brings to you costs money. I think that's just a fact. It doesn't bother me that they cost money in particular, in all instances. There's some of them that I don't think are really worth the money but some of them are worth the money. And in fact, I said during committee deliberations if we were talking about giving, just writing a check to the Union Pacific so that they would go forward with their headquarters development in Omaha, I thought that might be worthwhile for the state. And I made that comment knowing that it actually cost the state money. But I'm used to that. Most of the things we do around here cost money. I don't expect the...I don't expect this to be a money-making operation. They cost money. But I always want to know how much money it costs. I want to know what I'm going to get for my money, and I want to know exactly why I should spend the money to get whatever it is is promised to me. So in this instance, if we

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were talking about the Union Pacific project, I could very well be one of those who just say, write them a check, give them the money. I think it's worth it. So it isn't...it isn't that I'm opposed, as I think there was an earlier suggestion, to spending money, even to spending money on these kinds of projects, but I do think it's incumbent upon us to know what they cost, and that's the reason the models are important because, really, the people who want the money don't want us to write them a check, that's too direct,...

SENATOR CUDABACK: One minute.

SENATOR WICKERSHAM: ...and then we would ask the questions and we would know what it costs and we would know who was getting the money.

SENATOR CUDABACK: Thank you, Senator Wickersham. That was your third time, Senator, outside of closing. Senator Kristensen, and this will be your third time.

SPEAKER KRISTENSEN: Thank you, Mr. President and members of the Legislature. I appreciate Senator Wickersham's candor. I guess one of the questions I have is, I...I still oppose the amendment and despite arguments to the contrary. Senator Wickersham, if I could just you a few...I won't ask you to respond, I'll just have you listen and maybe that will be a better use of our time, and you can respond at some point. Every time we use the TRAIN or IMPLAN's model, we...we would now be expanding the use of that, not for legislative evaluation of whether a piece of legislation is good or whether it is bad or generally what it does or generally what it doesn't do, or as a check towards people. We would now be placing our legislative tools for actual administration of legislation, and we are going to have a variety of things happen. I'm interested in what are the cost of running each of those models each time and in terms of what the cost may be if we have to do an additional run with additional information. And I suppose the other portion, the question that I have is, not to impugn the Fiscal Office or those people, and I think Senator Raikes probably indicated that I was impugning their honor. I am not. I want to keep them out of the political fray if I can, and opposing this amendment

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gives me that opportunity not to make them the focal point of whether a project has good points or bad points. The Fiscal Office is probably our most difficult office that we have in the Legislature in terms of what they must respond to. They do that with great integrity. Certainly I'm not there saying that they're going to be manipulated because they're not. However, I'm not sure I want to place them in those positions to be giving to outside sources, even if it is a board we create, and giving them responsibilities and duties. All of a sudden, they're into the administration and they will find themselves on the front page of the page saying, Fiscal Office says no to project, says project okay. Even though that's not actually what, under Senator Wickersham's intent, they're doing, that's what will happen. I don't want to see that occur. My other question, Senator Wickersham, would be certainly, can we run these models on what happens if we had not had, for example a Becton-Dickinson who would have lost people because we didn't respond to competition and that instead of locating in Nebraska, they moved and then took their existing businesses. Would we also be able to do that and where do we draw the line, who can come in and use this tool and this model? And again, I don't think it's going to show an answer. It will show a general direction. I do believe that what we're looking at with this amendment is a process by where we're looking for reasons, how can we politically stop some of these projects? And if that's what you want to do, again I would vote against the bill. I'd say, look, I'm sorry, I don't like this concept. But to do that, then you've got to sit back and say to yourself, okay, I'm going to agree, then I'm not going to do anything legislatively to try to encourage more taxpayers to come to the state of Nebraska. This bill has a lot of protections in it,...

SENATOR CUDABACK: One minute.

SPEAKER KRISTENSEN: ...and it's got a lot of things we've never done before. Require them to have those upper levels of employment. That's a huge change from what we've done in the past. Requiring them to elect between credits by having short sunsets, by scaling back the amount of time that people can take advantage of this, are all protections for us for fiscal reasons. And you will not know, and there's no one that can

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tell you, the exact cost of any of these because you don't know who might come. Who is going to come to rural Nebraska? I'll bet there's a lot looking, but I can't tell you today and promise you any one company, and no one can. So you can't measure the exact cost. But if you want to kick dust, if you want to throw mud from the mud flat or whatever we do, the way to do it is to take this concept and put it in there and knowing that it will...

SENATOR CUDABACK: Time.

SPEAKER KRISTENSEN: ...be a political tool to oppose it. Thank you.

SENATOR CUDABACK: Thank you, Senator Kristensen. Senator Chambers, on the Wickersham amendment to LB 620. This will be your third time, Senator.

SENATOR CHAMBERS: Thank you. Mr. President and members of the Legislature, this is a very important bill. What I wish we could do on bills like this is to keep the rotunda clear and let those people go run the railroad. That's why they have so many wrecks. That's why we're in a position where we might have to pass legislation to make sure they have two-person crews in those locomotives. It might be why we have to clean up their act so that if somebody has worked seven days in a row, they can get three days off. They're so busy sticking their nose into our business that they can't operate their own, but then when a good case is made for us to do something legislatively, as a safety issue, they want to tell the Legislature, you ought not do this. Well, if they're going to come here with their grimy little hands...no, their hands are not grimy, the ones who do the work on the railroad have grimy hands and they make the least money. These will have the soft, cushiony, pink palms, soft hands, manicured nails, and they fare sumptuously every day. And I'm not talking about women when I give that description, by the way. And they prance around here and give orders and dictates about what they're going to take from the Legislature. And the legislators have no more pride than to let themselves be handled in that disparaging, demeaning manner. It's why the Legislature is not respected. We have to stand up.

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You all don't see anybody trying to run over me. If this Legislature had 48 other people like me, a bill like this wouldn't dare be brought to us. And these companies would know that when they have decided that Omaha or some other place in Nebraska is advantageous for their business, they would just come here and stop trying to plunder the treasury, but they know that there are not 49 people like me in the Legislature, easy pickings, so all they have to do is sit out there for whatever time it takes for us to get through this bill, and they're confident not only that they'll get the bill, but they've got a politician sitting over there in the Governor's office guaranteeing money, state money, for a project that hasn't even been built. Guaranteeing money. Who else on the floor will talk about that? Nobody. Not one senator on this floor will talk about that except me. And you wonder why I rise above the rest of the senators and people know me and they don't know you, because when there are serious issues confronting this state, you all are quiet. Bring up a fetal tissue bill that has a high political profile, and here is everybody with their light on wanting to talk about it and show their credentials as being more pro-life than somebody else. But now they're like "meece", "meeces", with no voice. They cannot even squeak because Union Pacific says, this is what I want, this is what I'm going to take, and you are going to give it to me whether you like it or not, and don't tell me you don't like it. I don't want to hear that, all I want to hear you say is that you're going to vote the way that I want you to vote and, by the way, because I've got the Governor under my thumb, I don't want you putting anything in that bill that would say, these are factors that ought to be considered. This is a model that economists use, that some of these people that Union Pacific will go to to map out a plan for themselves. They use these econometric models. But when it comes to the Legislature saying...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...that this board is going to have to consider this information, I don't want it in the bill. You'd better not put it in the bill, where they can tell you all it better not be in there. And I have one vote, but I'm going to cast my vote in such a way as to show that the railroads don't

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run me. They might run their trains, but they don't run me. They might own their conductors, they own their engineers but they don't own me. And this amendment...by the way, I have to...is this my amendment or Senator Wickersham's underlying amendment we're on?

SENATOR CUDABACK: This is Senator Wickersham's, Senator Chambers.

SENATOR CHAMBERS: Okay, because my amendment was adopted. Senator Wickersham's amendment ought to be adopted. It's not going to hurt the bill. It's not going to inconvenience anybody who is taking his or her job seriously. Three people on that board.

SENATOR CUDABACK: Time.

SENATOR CHAMBERS: They should want the information and the help. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Coordsen, on the Wickersham AM1479 to LB 620. Senator Coordsen.

SENATOR COORDSEN: Thank you, Mr. President and members of the body. I put my light on again, Mr. President, because I think I want to give Senator Kristensen the opportunity to respond if he's...I won't ask you any question, Senator, but I do have my light on and you can have all of that time. As I've told the members before, the TRAIN analysis came into being under my watch and Senator Kristensen and I think Senator Dwite Pedersen were members of the 1370 Task Force that were responsible for shepherding the development of this economic development model, and we spent some amount of counsel resources in doing that. An IMPLAN is a more widely used process. An IMPLAN is one that is pretty much limited to an area; that is, if there was a proposed economic development activity in Lancaster County, IMPLAN would be used to try to make an analysis of what the economic impact of that investment would be, what the cost to government, what the increased employment, all...including all of the spin-offs. TRAIN is...was developed from IMPLAN, IMPLAN was a model. It has a different...a different focus, though. It is how does an

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investment any place in the state of Nebraska impact the state of Nebraska from the standpoint of costs to government. And there was one final economic modeling system used, and that was called REMI, which is a Regional Economic Modeling, and the "I" was simply Inc., that was the name of the company. And that one was designed to give an indication of what the benefits and costs would be to a development in a region, an area around, not necessarily in the same state but in the state and in adjacent states. The reason I mention that at this time, and the reason I put my light on again is that it's my belief that those models for what has been...come to be described on the floor as the Union Pacific portion, have been done, and they have been run, and they cause not a great deal of concern because the...all three of those indicators indicate that there is a potential for some loss of revenue from this economic development over a period of time. But as I've told you before, I do support LB 620 because I believe that the potential, after we've measured it as accurately as we can re...measure it, this at this stage in ga...of time in the year 2001, give us an indication that the difference is so close that it's certainly worth making the effort to encourage other economic development. Now I'm getting to the part I would like to have a response to. As I understand then the Wickersham amendment, and I really find it difficult not to support AM1479, is that this would be used prospectively in the future by the board as part of the analysis of whether to approve future agreements with the state of Nebraska. And what I missed someplace in this discussion is why that is bad.

SENATOR CUDABACK: One minute.

SENATOR COORDSEN: Thank you. Is that time?

SENATOR CUDABACK: Senator Kristensen. Are you giving your time to Senator Kristensen?

SENATOR COORDSEN: No. Was that...

SENATOR CUDABACK: Oh.

SENATOR COORDSEN: Did you say time?

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SENATOR CUDABACK: You have one minute left.

SENATOR COORDSEN: Oh, one minute. But anyway, that's my question. If we've already done it on the UP portion, where lies the argument? I find no fault with adding this as one of the tools that the...that the board, which is what, the state treasurer, the Governor and the director of the Investment Council would use in making an analysis in future applications, and is that wrong? And I have another five minutes coming up at some point in time that I would ask Senator Kristensen to respond to. Thank you.

SENATOR CUDABACK: Thank you, Senator Coordsen. Senator Janssen, followed by Senator Coordsen.

SENATOR JANSSEN: Thank you, Senator Cudaback. I give my time to Senator Wickersham.

SENATOR CUDABACK: Senator Wickersham, you...almost five minutes.

SENATOR WICKERSHAM: Mr. President, I'll try to be brief because I think we've gotten to the points of this amendment, and I hope you all appreciate what is being suggested. The only reason I'm speaking again is because Senator Kristensen has raised a couple of additional issues and I wish to respond to them. One, whether this...whether use of this tool by the board would cause an additional cost for the Legislature. It's my impression that it would not. We already have the analysts on a full-time basis that employ the model. They can work for any one of us on a time-available basis. I don't see that it would cause us extra cost. We already own the software; in fact, we developed...we have a license for the software, we developed one of them for ourselves. I don't see that as a problem. I guess I in particular don't see that as a problem, as modest as those costs might be, against a proposal of...as we think will be submitted to this board which, if the analysis is correct, costs us \$18 million. Now if it costs you \$5,000 or \$6,000 to find out something is going you \$18 million, it doesn't seem to me to be all that bad, even if it costs more to find that out. And I

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suspect it cost Union Pacific a lot more than that to find out that their proposal was going to cost the state money. Sometimes you just really don't want to cheapen up, as a friend of mine used to say. You do want to get the best information available. Senator Kristensen raised the "but for" argument. I found that a little bit interesting because the "but for" argument is already a consideration of the board. This isn't adding anything to the "but for" except a little bit more information about why you ought to maybe approve a project in the first place. I don't know how they're going to decide whether something would go forward but for the benefits that might be conferred. I guess they take the word of the companies that are making the presentation. I don't...I frankly don't know how they make that decision, but this analysis, the econometric models analysis, wouldn't have any way of evaluating whether a company would make an investment but for the incentives. Senator Kristensen also remarked that causing the analysis to be submitted to the board for their use would inject our office, our Fiscal Office, into the political process. Well, what are we engaged in? The Revenue Committee has had two or three different analyses. You have an analysis on your desk this morning that was produced over the weekend. We're using...we're using analysis from our Fiscal Office to make what many of you would characterize as a political decision today. Has that affected them? I don't think so. I think they have done the best job they could for us. They presented what I think is an accurate and candid analysis, and I think it's incumbent upon us to use that information in whatever way that we choose. Whether we choose to ignore it, whether we choose to follow it, whether we choose to question it, it is ultimately up to us how we use that information, and maybe that's the political decision. But the political decision is not whether we get the information in the first place, that's a management decision, and I think we ought to exercise good judgment and provide for that piece of management information for the board.

SENATOR CUDABACK: Thank you, Senator Wickersham and Senator Janssen. (Visitors introduced.) Senator Coordsen.

SENATOR COORDSEN: I would give my time to Senator Kristensen.

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SENATOR CUDABACK: Senator Kristensen, you're recognized. About five minutes.

SPEAKER KRISTENSEN: Thank you, Mr. President and members of the Legislature. Senator Coordsen, I appreciate the chance to talk to you a little bit about why the amendment isn't good. First of all, I'm uncomfortable about interjecting the use of our legislative equipment and our policy and our people to the administration of a policy, as opposed to the reason that we originally got these was to develop policy. For example, the TRAIN model and the INPLAN model really do look at what effect a policy decision that we make will have, not geared specifically to a particular project; in other words, this one that's coming under these parameters, because you all know, or you know very well what we feed into that model is what we get back out. We can change a little modifier here, we can do varieties of things, and that changes the overall impact of it. In terms of measuring that precise project impact of that particular business decision or state decision, it really doesn't do that. It gives us directions, it gives us what the impact of a policy, for example, giving of tax credits will do. So first of all, I'm uncomfortable about subjecting them because then they'll show up on the front pages of the paper and say, ah, Fiscal Office says yes or no. And all of a sudden what we want to keep from becoming a political wing of the Legislature actually gets interjected, not because of a policy we make. And Senator Wickersham is absolutely right, we're involved in that absolutely every day here. But those are decisions about whether and what the policy should be as opposed to a specific project. The second one is I'm afraid what will happen is is that this will open up the opportunity for people to come up and say to the board, aha, this is the golden nugget that you should not make that decision. And the golden...it could even be the silver, Senator Janssen. And what occurs to that is this becomes a political flash point. In other words, this model, because it will have the words "economist" on to it, will take on more than what it's intended to do. Senator Wickersham says it's a consideration, but in effect it will be more than a consideration. That's the reason I don't stand up and flag the Deloitte and Touche model, saying to you, because this says this, you must do it. To me, there's some sense in this that

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says if you're going to bring this many good paying jobs and you don't get the credits unless those jobs actually occur, that that's good for the state. It is an investment. It is not a surefire thing. I think it's a good investment, I think it's reasonably conservative. But the other portion of the Wickersham amendment that I'm uncomfortable about is the actual which model do we use? Do you use a combination? As you know, we've got REMI. What's the next best one out there? I don't know. When do we do this? What happens if we have a Chair that isn't as benevolent as Senator Wickersham or Senator Wehrbein? What happens if we get a Chair who has a political agenda and who wants to direct those? I'm uncomfortable with the use of those in the actual workings of whether a project has a yes or a no. I'm not uncomfortable about them saying, here are your options and generally here's what this policy is doing. That's the reason we don't have a specific bill that said, I write a check to Senator Chambers, LLC, in the amount of \$5,000. Because that is a direct grant, we can't do that, we shouldn't do that. So what we do is set up general policies. The existing models measure those policies and how they work and what direction they take us.

SENATOR CUDABACK: One minute.

SPEAKER KRISTENSEN: Senator Coordsen, I'll...that's my response and if you want more questions, I'd be glad to do it. That's the reason I'm uncomfortable with the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Kristensen. Senator Coordsen, your light is next.

SENATOR COORDSEN: Thank you, Mr. President and members of the body. Well, I guess I'm a little puzzled. As I shared with you last week, historically I have not been a staunch supporter of any of the economic development packages that we've had before this body. The reason that I've been able to support LB 620, as I came to know the various parts of the bill and how they had the potential for affecting various areas of the state of Nebraska, was because we had the resources available to us to, in fact, do an analysis. An analysis isn't a factual spreadsheet, it is a best guess based upon the available

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information and a guess as to what the future might bring. Now guesses in this area are not, perhaps by those who practice in the field of this type of economics, guesses to the extent that I would be. But I'm just...just believe, I think, that to have one more tool, which I don't know that it's mandated, I looked at the green copy of the bill and looked at this as an addendum, a tool for the board to use, that it...that it does, in fact, damage the bill because we have analyzed quite intensively and extensively the 3 (D), potential 3 (D) application. But we're not going to be looking at other ones on the floor of the Legislature who believe that they are qualified and make applications. Thinking back in history a little bit, you will recall that the genesis of our IMPLAN, or TRAIN model, pardon me, came from a concern of Senator Warner when he was Chair of Revenue Committee, that we didn't have a good way of measuring if what people were telling us were going to happen was true, and that's how we came into the possession of the models that we currently have, because he was quite uncomfortable, supportive of but I think uncomfortable with, the old 775 because of the lack of information. And I guess I'm just not able to be convinced that to give to the board who have to make the decision on future applications, although the 3 (D) one is a limited life, the other...the other classes go on, that to give to them or assist them, should they so desire, with one more tool to measure whether it's a good idea or not a good idea, I just can't really see where that's wrong. I'll continue to support LB 620, with or without the Wickersham amendment, but I believe the bill in the future would be improved with the addition of that amendment. If there's any time left, I would give that to Senator Kristensen for a rebuttal.

SENATOR CUDABACK: There's about a minute and a half left, Senator Kristensen, if you would like to use it.

SPEAKER KRISTENSEN: I would. Thank you, Senator Coordsen. I think you're right in one respect. Senator Warner obviously did have some interest in this. He also had an interest in a conference and a report and a task force that he was on, in terms of developing state economic development policy, that he as a national member on. And a lot of what's in this bill are stuff I took directly from that in terms of demanding

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performance. You know, just because you exist, you shouldn't...

SENATOR CUDABACK: One minute.

SPEAKER KRISTENSEN: ...get an incentive. You ought to...you ought to produce. And I think that is a very fundamental portion of this. The other is the fact that if you're going to sink money in for infrastructure, you're not likely to get up and leave. And so those policies of guaranteeing you got to get performance before you get any incentive, and that you have to sink substantial investment, were two of the hallmarks of that...of that particular report. And it leads me that there is other ways. We also, through performance evaluation, program evaluation, can monitor whether these programs have been successful. The issue is do we use the Fiscal Office and their economic models as an administrative tool of carrying out a policy we've done or do we reserve their integrity and their work for us in helping us develop a policy? And I think it's a fundamental policy question that we've...

SENATOR CUDABACK: Time.

SPEAKER KRISTENSEN: ...we've got to decide and it's a difficult one to do. Thank you.

SENATOR CUDABACK: Thank you, Senator Coordsen and Senator Kristensen. Senator Wickersham, there are no further lights. Do you wish to close on your AM1479 to LB 620?

SENATOR WICKERSHAM: Thank you, Mr. President. Again, I hope that the discussion about the amendment has been useful to you. It is in a fairly simple amendment. Again, I would remind you that the tool that we are seeking to give to the board is not a decision-maker in and of itself. It is simply another piece of information that we can make available to that board as they...as the members of that board make decisions. And in fact if you read the committee amendments, it says the weight given to each factor shall be determined by each member individually for each application. So this is simply an additional piece of information that I think that we can furnish to the board. I think it's a...it is a good piece of information that will build

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on other information that they have. I think that, in part, if the board is able to consider that kind of information, that they will make better decisions. And I think, further, that they would carry out what I hope would be an interest of the Legislature in seeing that only the very best projects get approved. That is probably, in my estimation, those projects with the least cost, and that if someone comes...and if someone brings an application with a shocking net benefit cost, even though it looks like a good number of jobs, they turn out to be low paying jobs or there's some other problem with it, it just doesn't generate the economic benefits that something else does, I think that's important. And I think it's important to build experience on the board with those kinds of analysis and those kinds of questions, so that they will do a better job of approving applications that, in fact, meet the objectives which is enhancement of the state. And I don't, frankly, don't understand the suggestions that we're anti-development, that we're anti-this or we're anti-that because we believe, or that we might vote to have this kind of information available to the board. You aren't anti-anything if you vote for this amendment. If you vote against it, I think you're anti-information. You're actually voting to keep three people in the dark and not provide them with information that might even be available to you, if you ask for it. So you're not going to be anti-economic development. You're not going to be anti-this or anti-that if you vote for this amendment. I think the only thing you would be anti if you vote against this amendment is you would be against the use of valid analytical tools and be against providing the information that results from those tools to a board that could really use it to make better decisions for the state of Nebraska.

PRESIDENT MAURSTAD PRESIDING

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. The question is the adoption of AM1479 to LB 620? Those in favor vote aye; those opposed vote nay. Voting on the Wickersham amendment. Mr. Clerk, please record. Record vote has been requested.

CLERK: (Record vote read, Legislative Journal pages 1503-1504.)

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16 ayes, 19 nays, Mr. President, on the amendment.

PRESIDENT MAURSTAD: The amendment is not adopted. Mr. Clerk.

CLERK: Mr. President, Senator Wickersham would move to amend, AM1478. (Legislative Journal page 1471.)

PRESIDENT MAURSTAD: Senator Wickersham, you're recognized to open on AM1478.

SENATOR WICKERSHAM: Mr. President, this next amendment ought to be one that you'll be interested in because it is designed to protect the state's fiscal status. What this amendment does is say that you won't approve projects, or a project, if it will result in credits projected to be earned in any given year that, when added to other credits from other companies, spend more than \$10 million. The desire in this amendment is to control the fiscal cost of the program that LB 620 represents, and it is a desire to control that program at a cost of \$10 million per year in lost revenues to the state of Nebraska. Now this isn't an econometric model in case you're all confused about that. This is dollars and cents, pure old simple dollars and cents. It's a question of how much state money do you want to spend each year on these kinds of proposals. Now if somebody wants to offer an amendment and you say it's going to be \$100 million, fine. If somebody says, I want it to be \$5 million, fine. But at least it's a decision about how much you want to spend. And you shouldn't make any mistakes about it, this...these proposals spend money. They reduce the revenues of the state of Nebraska. So how much do you want to tolerate in any one year? How much do you want to spend in any one year on this kind of a program? Is \$10 million enough or is too much? Aren't those the kind of familiar questions that we have for all other kinds of programs? Let's say we're talking about a healthcare program. Don't we ask ourselves, are we spending too much or are we spending too little? If we have a program, if we support the University of Nebraska, don't we ask ourselves, are we spending too much or are we spending too little? The response here is that I think that we ought to spend about \$10 million a year. That's enough. But if it isn't enough, I'm sure we'll hear from somebody, they'll say we ought to spend more. That's, I think,

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the way we ought to operate around here, but I don't think we ought to spend more than what we think is prudent, and I don't think we ought to allow...and I don't think we ought to allow this program or any other program to be uncontrolled spending. So the amendment that I'm offering allows us an opportunity to control spending on this program and allows us to control it at the level of \$10 million per year. I think it's fiscally sound and prudent. If somebody wants to spend more money, offer an amendment, but I don't think that we should really be spending more than \$10 million a year on these kinds of proposals, given other needs for the state and given the fact...given the fact that our models tell us that these things really don't pay off anyway. So sending \$10 million a year seems to be to be more than enough. I hope you'll support the amendment.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. On the Wickersham amendment, Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I support this amendment. Do you know why I support it? I know you don't particularly care but I'm going to tell you anyway. I'm saying it for the record. I'm going to support Senator Wickersham's amendment primarily because the argument for it is contained in Section 2 of this bill, in the green copy. Now Section 2, in my opinion, is poorly written, so I have offered a rewritten version, but let me read what it says here. Reading from page 2 of the green copy, starting in line 3, "It is the policy of this state to make revisions in its statutory structure if this will encourage both new and existing businesses to relocate to and expand in Nebraska and to provide appropriate inducements to encourage them to do so if this will aid in the economic and population growth of the state and help create better jobs for the citizens of Nebraska and if this can be done in a fiscally sound and effective manner." The cruncher is in those last words, "if this can be done in a fiscally sound and effective manner." Senator Wickersham's amendment is designed to make reality of these last words. I have often argued that this kind of language put in a bill serves nothing other than a propaganda purpose. If these words that I read are to be taken seriously, I think they provide a compelling argument for the adoption of Senator Wickersham's amendment.

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Ten million dollars that the state is not going to have at its disposal is a substantial amount of money. If you think it is not, wait until we get to the latter stages of this session and begin to prune bills that carry appropriations bills and then you will see that if \$10 million happened to be available, many of those bills could survive. Our problem is that when we begin to give large amounts of money to these corporations, our ability to analyze and evaluate will escape us. This amendment is very important. It may be one of the most substantive amendments that will be offered on this bill. I want to hear the rationale that my colleagues will give for spending more than \$10 million a year on this type of giveaway program. What we need is somebody like David Blaine, the magician, who demonstrated last night that he can win the lottery for a person. He came up to a guy who was selling newspapers and asked this fellow, "What would you want more than anything else?" The guy said, "To win the lottery." So what Blaine did was gave a person some money and said, "Go in that store and buy three of these tickets for whatever hustle was going on at that time." The guy came out with three tickets. David Blaine told the newspaper seller, "Pick one of them." He picked one.

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: David Blaine got rid of the others. He gave the guy what he called a magic gold coin with which to scratch this card. And when he scratched it, he won every item on that card which could be won. What we need is a magician like David Blaine who can come here and say, "You can give Union Pacific and these others \$10 million a year and I will show you how to get it back out of thin air."

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Janssen, on the Wickersham amendment to LB 620.

SENATOR JANSSEN: Thank you, Mr. Lieutenant Governor, members of the Legislature. My, how things happen, don't they? You know, what seems to go around comes around. It hasn't been too long ago I was asking for some compensation for an industry that probably hires more people than Union Pacific does. I'm sure their payroll is quite extensive, probably don't have the

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\$50,000-a-year jobs, but they're livable wages. This was...I was asking for around \$400,000 to save the state in expense. Here we come with something we know is going to cost a big bunch of money. We'd like to set this at...Senator Wickersham's bill (sic) would like to set this at \$10 million or whatever we could afford. What's wrong with that? I didn't see any support in the lobby for the proposal I was making to save the state some money by compensating retailers in this state who employ more people than anybody else does. Where was the Chamber then? Where was the Union Pacific Railroad then? Silent. I tell you, they were silent. If they were making noise, I never heard it. So I want you to just think a little bit about this. Are we going to open up the bank, let it flow? I don't think so. I think this \$10 million idea is a good idea. In the meantime, talk to your local people at home. Call them up and ask them, call your Chamber. Call your Chamber in Cozad, Nebraska, or Lexington or Norfolk or Red Willow or wherever it might be, or in Senator Vrtiska's area, Table Rock. I think if you talk to the Chamber of Commerce in Table Rock, they'd probably tell you a thing or two. I've talked to my Chamber. There is a possibility that...of landing something there. So this bill does mean something to me, but I think we should have some restrictions on it, and that is exactly what Senator Wickersham's amendment does. So I'm going to be supporting Senator Wickersham's amendment. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Janssen. Senator Wickersham, on AM1478.

SENATOR WICKERSHAM: Mr. President, I can tell in this fiscally conservative Legislature how many of you are going to go home and say that you were fiscally conservative this year. If I ask you to hold up your hands now, I'd have enough votes to pass this amendment. But by the time the bell rings and you get ready to vote, are you going to forget that you were a fiscal conservative? I have just the faintest hunch that you're going to forget that you were a fiscal conservative and you're going to decide that unrestrained spending on these programs is what you want to do, even though everywhere else in state government you will say that we need to control costs, we need to make sure of what we're doing. And I will be puzzled because if you...if

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you think about these things, and if you read the annual reports that come from the Department of Revenue on an annual basis that tell us what we are costing the state of Nebraska on economic development programs, and I would urge you to take out the 2000 Annual Report, should be down in your office someplace now, turn to page 34, take a good look. The cumulative cost of 775, this is calculated by the Department of Revenue, the cumulative cost for the year 2000-01 to the state of Nebraska is over \$358 million, a little more than 10...that's quite a bit above \$10 million a year. And we allow that to go on and on and on without any review, without any check, without any restraint, without even, really even seeming to care, when in other programs we will nickel and dime them, we will scrutinize them, we'll have them audited, we'll tear them apart, we'll cut them back, we'll divide them up. But these programs, we won't even ask ourselves how much we're spending. And after your rejection of the last amendment, we won't even tell other people how much they're spending even when we know. I think something is a little bit out of focus. I just don't understand it. How can you believe that you're a fiscal conservative, how can you tell yourself that you're a fiscal conservative when you won't even look at what you're spending? And my guess is you won't do anything to restrain what you're spending. I'm sorry if I'm going to make you uncomfortable with this discussion. I think you need to be uncomfortable because when we get to the budget, you're going to scrap over dollars, not millions of dollars, you're going to scrap over dollars for some project that you like. And here...and here you probably won't even vote to restrain spending to a \$10 million level on a program where you don't even know what you're getting.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Further debate? Senator Kristensen.

SPEAKER KRISTENSEN: Thank you, Mr. President and members of the Legislature. Of course, you realize that this bill does not write a check. Yes, there is an investment credit that occurs, but that is later. That is once they have invested \$200 million. That's hard to imagine \$200 million. What happens if you invested that \$200 million, you spent that money, you brought in 500 additional jobs, and all of a sudden they

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say, cops, sorry, we've already spent \$10 million this year, you don't get the credit? Is anybody ever going to take that chance? Well, of course not. And when Senator Cudaback stands up and says, you know, I spent \$1,000 today, I invested it, are you surprised? Do you say, well, you really didn't spend it, you invested it, you're going to get something in return. And he goes, yes, I will, I think I will. That is risky. What is conservative about it, and those labels, liberal, conservative are pretty goofy labels, quite frankly, and I think Senator Wickersham and I both agree to that. I'm sure Senator Wickersham...or Senator Chambers would probably agree to that, too. We all can pat ourselves on the back and say we're great people and if you think it does you some advantage, you call yourself conservative, and if you're in another arena, you pat yourself on the back and say you're liberal. The issue is on this policy is it a risky or is it a cautious approach? And we're saying it is cautious. Why? Because you don't get the credits unless you produce, unless you actually have the jobs and unless you actually build the buildings and do the things. What Senator Wickersham's amendment does is make it unworkable. The last one, we had a policy dispute over. This one is a mechanical problem because it will render the bill unable to work because no one...well, not no one, but very few will take the risk of making the investments, bringing those jobs and doing those things, by the way, which just doesn't happen overnight. It takes a period of time if you have the uncertainty that you're only going to have a \$10 million cap in there. I know the Revenue Committee, I'm sure they talked about this policy, chose not to do that. But for so many of these things, it is an incentive, it is an inducement. If you do this, you will get this in return. It is not like a spending program where the people who we spend the money on have to do nothing other than they are existing. We send it to counties. Sometimes we try to put a little formula together, sometimes we try to think of reasons why to give it to them. But quite frankly, those are expenditures are much different than incentive-based things that you do. And that's the real difference here between LB 620 and a regular expenditure bill. It is like saying to Senator Cudaback, when you write that check to invest, that's an expense, you've lost that money forever. It's a cost, how terrible it is. If you use that philosophy, no

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one would invest because it's a cost. What happens is, what about the investment and the return? And that's what this bill is all about. You're guaranteed that they're going to have to put in infrastructure and they aren't going to get the money unless there's some jobs and, quite frankly, it means they have to be higher paying jobs.

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: And so I oppose the Wickersham amendment because it isn't workable in this case. Maybe mechanically it will work, but its impact is that it will be very, very difficult and will chill anyone, particularly who are making larger investments from ever doing this because they can't afford the risk. There's no board of directors, there's no individual entrepreneur that's going to say, oh, my, I'm going to make a decision that's a three-year decision down the road, but just perchance if somebody else comes in with a \$10 million ahead of me, I'm out and I can't get it back. There is no incentives and, in fact, again I would...I would stress to you that it's an amendment like this...I don't like opposing Senator Wickersham's amendment because it's Senator Wickersham. It's the policy that's difficult. And there are things...if there are things I can do, I'll be very glad to try to be accommodating and make those happen.

PRESIDENT MAURSTAD: Time.

SPEAKER KRISTENSEN: Thank you.

PRESIDENT MAURSTAD: Thank you, Speaker Kristensen. Senator Chambers, on the Wickersham amendment.

SENATOR CHAMBERS: Mr. President and members of the Legislature, I listened very carefully to most of what Senator Kristensen said. I would like to ask him a question.

PRESIDENT MAURSTAD: Senator Kristensen.

SPEAKER KRISTENSEN: Yes.

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SENATOR CHAMBERS: Senator Kristensen, do you think there is any dollar...any cap that ought to be put on the dollar amount that can go for these programs in a given year?

SPEAKER KRISTENSEN: I...I don't, Senator Chambers, given the fact that there is a short sunset in here and given some of the other things that have been written into the bill.

SENATOR CHAMBERS: Thank you. Members of the Legislature, this again is a good amendment that Senator Wickersham is offering. If this were not one of those bills which in the old days we would describe as being greased, there could be serious consideration given to the amendments that are being offered. The last one got more votes, quite frankly, than I thought it would get, but it showed that some of the members are beginning to listen to what Senator Wickersham is arguing, and to read or give consideration to what it is that the bill does. What we're doing this afternoon could be considered hard work, but this is what we're paid for. We get 12,000 bucks a year to do what we're doing, and we ought to do it with a song in our heart, but you all don't want me to have a song on my lips so I'm not going to sing, Senator Redfield, don't worry. I'm not working up to that. If you want to dance, at some point you have to pay the piper, is what they say. Senator Wickersham's amendment is reasonable. Why should the state want to be in a position to have to sink more than this \$10 million a year into a program such as this? I would like to ask Senator Kristensen a question.

PRESIDENT MAURSTAD: Senator Kristensen.

SPEAKER KRISTENSEN: Yes.

SENATOR CHAMBERS: Senator Kristensen, is it your contention that this company is going to be responsible for generating at least \$10 million in revenue through the whatever is being done by the company that justifies the state in giving it this money? Is it your contention that it will generate at least \$10 million a year...

SPEAKER KRISTENSEN: That's...

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SENATOR CHAMBERS: ...of new revenue for the state?

SPEAKER KRISTENSEN: Given what you've said to me, no, I didn't make those assertions.

SENATOR CHAMBERS: How much do you think, then, per year it will generate in new revenue?

SPEAKER KRISTENSEN: It...it depends, Senator, because it's hard to say from project to project what those companies may generate. That's the reason we don't look and measure what they generate. We look and see what they invested and the number of jobs they brought, so it's hard for me to say new revenue that they bring in.

SENATOR CHAMBERS: Even if we had a specific project, could we say with certitude how much they would generate each year in new revenue through that project, and all the factors that those who support this bill say will contribute to revenue generation?

SPEAKER KRISTENSEN: I suppose...that goes back to those models. I suppose you could try to generate a model that would give you some general idea but I don't think with certainty you could say that.

SENATOR CHAMBERS: But we could come pretty close to certainty in terms of how much they would get in credits,...

SPEAKER KRISTENSEN: I think...

SENATOR CHAMBERS: ...couldn't we?

SPEAKER KRISTENSEN: I think we could. I think the other thing that you could come close to is that if you know the number of jobs and you know...

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: ...what those salaries are, we know what amount of income tax generally we get from those salaries, so

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you could, if you measured that as new revenue, yes, you could do that.

SENATOR CHAMBERS: Senator Kristensen, when we talk about that investment credit, which can be as high as 15 percent at that super tier, is that 15 percent per year of the total investment or 15 percent of the total investment spread over the ten-year period of entitlement?

SPEAKER KRISTENSEN: The 15 percent of the entire project.

SENATOR CHAMBERS: Okay. And I may want to ask you more on that for my clarification, later. Thank you.

SPEAKER KRISTENSEN: Sure.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Tyson. Oh, excuse me. Mr. Clerk.

CLERK: Mr. President, Senator Wickersham, would move to amend his amendment. (FA190, Legislative Journal page 1504,)

PRESIDENT MAURSTAD: Excuse me, Senator Tyson. Senator Wickersham, you're recognized to open on your amendment.

SENATOR WICKERSHAM: Mr. President, I was listening carefully to Senator Kristensen's argument. And while I think he said that mechanically the amendment can work, and I think certainly it can work mechanically, that at \$10 million, it creates so much uncertainty that you wouldn't get companies to participate. Well, I don't agree because it has to do with the application process, and the application doesn't really cost them all that much money. And if their application isn't granted, the argument is that they won't do anything anyway. The old but for argument, you know. But the amendment just says if you have projected credits, then you wouldn't approve the application. Well, the projections, of course, are how the state's revenues are going to be affected. Now if having a \$10 million cap in any one year affects the ability to participate, I guess I can listen to that. And I think that the fundamental part of Senator Kristensen's argument was that \$10 million a year isn't

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enough. I think that fundamentally his argument was that \$10 million a year isn't enough. It won't allow everybody to get in. And because everybody can't get in, there's uncertainty, and uncertainty is bad when you want state money. Well, the amendment I'm offering is a very simple one, and I hope I've followed Senator Kristensen's logic correctly, that the problem, the real problem with the amendment is that it isn't enough spending. So I'm going to propose that it be amended so that we don't have a \$10 million cap on the expenditures. I'm willing to vote for a \$50 million expenditure. Fifty million dollars a year in credits to be used in these economic development programs. I'm going to...maybe we'll search around here, we'll find the right number. Maybe we can find the number that you all think is fiscally responsible to spend on these programs. Maybe it's \$50 million, maybe it's 40, maybe it's 30, maybe it's 100. Maybe we can have a little discussion and find out how much you want to spend on these programs on an annual basis. I've listened to Senator Kristensen. He says \$10 million creates uncertainty and uncertainty is bad. All right. I'm willing to up the anti to \$50 million.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Senator Tyson, on the Wickersham amendment to AM1478.

SENATOR TYSON: Thank you, Mr. President. Senator Wickersham has characterized some people here as fiscal conservatives, and I can only thank God he was not referring to me who were...I am known as a big-spending liberal and if I get any worse, I'm going to have to move to Harrison, Nebraska where they evidently...it's something in the water there I think, I'm not sure. But I would call your attention to the handout that Senator Wickersham was kind enough to give us this morning and call your attention to page 3 where it shows just the UP estimate in the fourth year is \$9,372,275. The entitlement period here is 10 years. That's Section 16 of the committee amendments, so...and this is, I believe, what Senator Kristensen is referring to as a short entitlement period, and in the nature of a company's life, that is a very, very short time. I would oppose any type of amendment that caps the amount because...I hate to complain, but whoever was cleaning my office knocked my

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crystal ball off my desk, there's a big crack in it and I can't see clearly more than about five minutes, and we're going to project this thing through, we hope, for a considerable period of time and, again, we hope that we will attract some companies who will come in and, we hope, spend large sums of money. Now, one phrase has been used here consistently, the state's money. There is no such thing until we actually collect it in tax revenue; it's not our money. What we are proposing in this bill is to collect less, have the companies keep that and have that money that they are allowed to spend for particular purposes only. The whole concept behind the Wickersham amendment is a seriously faulty one, and I would urge you to vote against it, its brothers, its sisters, its uncles, its aunts and its cousins under the third and fourth degree. Mr. President, I'll give the balance of my time to Senator Kristensen, if he wants it.

PRESIDENT MAURSTAD: Senator Kristensen, two and a half minutes.

SPEAKER KRISTENSEN: Thank you. Very good, Senator Tyson. I like that, that was very good. It made sense and it's the right side of the policy. I thank you. You have some naysayers behind me. I do think it was good. Thank you. Mr. President and members of the Legislature, I assume that Senator Wickersham is trying to engage in an auction and that is possible to do, I suppose. If we added a zero to the end of this, I suppose that that...everyone would be happy, but it wouldn't make a lot of policy sense at this point. You could put some caps in here, and the cap will either be so high that it won't have any effect, or the cap will be so low as to discourage people from taking advantage of this. There is no precise figure that is the right figure to put in here. And so we could make a mockery of the bill and make it high and add the zero and make it \$500 million, but you would just go out and you'd get beat up because that number would be misconstrued.

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: The other policy is we have other protections in the bill, short sunsets, other hoops, job levels, wage levels; all of those things are protections in here for the state treasury. In fact, the Revenue Committee saw fit to what

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they call protect the treasury. They had a rather restrictive committee amendment. I didn't fight that amendment. I understand that there is some give and some take and I think that you should look at this as being another amendment that, in effect, would make the bill not work. Now it's okay. Senator Wickersham will try to convince you that this is bad public policy. I think it is good public policy, and that's part of the reason we have some of this language in here is to go forth and set forth. There are state reasons to try to invest in this state.

PRESIDENT MAURSTAD: Time.

SPEAKER KRISTENSEN: Is it an absolute guarantee? Not at all. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Kristensen. Senator Wickersham, on your amendment, AM1478.

SENATOR WICKERSHAM: Mr. President I can't help myself at the moment. I'm going to make a remark that I hope isn't offensive to Senator Kristensen. It's not intended as offensive, but Senator Kristensen keeps talking about investments, in terms of this bill. Well, I agree that they're investments but if you all had your retirement funds invested the way this bill wants us to invest state dollars, you'd be working a long time because all of these investments lose money. Not only do you spend money, you lose money, and you lose money when you look out for 15 years, and you lose money when you look out for 20 years, and you might kind of break even if you looked out a little bit longer, maybe something like 25 years. That's what our econometric models show us. But to characterize this kind of an initiative as an investment is something that kind of begs the definition of investment. What you are doing is spending money and it's true that money is made. Maybe that's...maybe that's the investment part. There is a substantial benefit and it's one of the rationales, quite frankly, for doing these things. There is a substantial benefit to what I would characterize as the private sector if the state invests in the private sector. But all of the investment...the gain from the investment goes to the private sector. The analysis for what we're characterizing

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as the UP project can result in gains to the private sector of as much as \$2.25 million. Two hundred...I'm sorry, \$225 million, I'm sorry, I got my decimal point in the wrong place. Two hundred and twenty-five million dollars to the private sector. Net loss to the public sector of \$9 million. Quite an investment for the private sector, quite an investment for the public sector, but which one do you want? If you were going to put one of those in your retirement portfolio, which one would you take? It's no wonder people want these things. What is a bit of a wonderment to me is that we don't restrain how we use public resources for private benefit, something that otherwise isn't very acceptable around here. You'll find most people saying that we should use state dollars for public benefit as opposed to private benefit. Here we have massive prog...here we have large programs that confer very, very substantial private benefits and leave the public hanging, and still you're all likely to vote for it, and you're still all likely to think of yourself as fiscal conservatives. And even the business organizations are going to laud you for being a fiscal conservative, but it's pretty hollow because you will have spent money in real dollars and you will have spent money in the long run, and I don't characterize that as an investment. Now Senator Kristensen says we can't get the number right. There isn't any right number. We can't know, we can't know how much to spend on these programs. I'm...I find that argument just a bit incredulous.

PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: Look at all of the difficult management decisions that we as a Legislature make about how much money to spend for Medicaid, how much money to spend on the University of Nebraska, how much money to spend for K-12 education, how much money to spend for prisons, but yet we couldn't make a decision about how much money to spend on this program. This program is not unique and if we can make a decision about how much money to spend on prisons, looks to me like we could make a decision about how much to spend on economic development incentives.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. (Visitors introduced.) Further debate on the Wickersham amendment,

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Senator Chambers.

SENATOR CHAMBERS: Mr. President and members of the Legislature, is this a robust economy that we're experiencing now? Well, not many responses. (Laugh) I don't think it's because people don't have an answer. I don't think people are paying attention. But there are others who are paying attention and they're not on this floor and they're wondering why the Legislature is throwing this money away. Now I'm going to say something that I wish Senator Raikes were here to hear, but there might be people who are interested in the teachers' salary increase. You going to give Union Pacific all this money, then you think I'm going to vote to raise the sales tax, the most regressive tax imaginable. You all think that my attention span is short like that of my colleagues, but it's not. I can think about several things at the same time and I can tie them all in together. When we're in a session, I don't ever get mentally tired or drained. I am watching everything because there is a role that each thing has in relationship to everything else. Maybe not a big one, maybe one that we're not going to emphasize, but nevertheless it is there. So when you all are so openhanded in giving this money to Union Pacific, don't expect me to try to take additional money from the state by giving some tax money to raise local teachers' salaries, and don't expect me to vote to raise the sales tax. Expect me to fight against the sales tax increase harder than I'm fighting against this bill, and there is no Union Pacific backing that bill. So I will win on that. There is not going to be a sales tax increase this session. There is not going to be a sales tax increase this session, I am guaranteeing that, and people can take it to mean anything they choose. You all are doing well to get rested on this bill and you'll notice I don't ever rest, bill after bill after bill, and if I'm opposed to it, I will fight it. I will inform myself on what the bill is about. But this is about one that robs the treasury. Now how many of you could justify saying that a \$50 million a year cap is too low? You're telling people that you expect to have to let the state suffer a \$50 million reduction in revenue because of this giveaway bill you're supporting. That's what you're going to tell your colleagues, that's what you're going to tell your constituents? No, you won't bring this bill up, but I'm going to use it as a

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justification for other things because I think this bill is telling me where you all place your values, and your value is not really one that applies to raising teachers' salaries. What else are you going to talk about doing? You're going to talk about allowing these local school districts to exceed the spending lid that the Legislature put in place. You think I'm going to go for that? You are letting the treasury hemorrhage for Union Pacific.

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: And you think I'm going to let you do the same thing when it comes to putting burdens on the local taxpayers who are looking to us for protection and you all are selling them out in this fashion? Oh, no. You all won't defend them, but I will and I'll tell them that's what I'm doing. I'll say it again and again and again, and I'll say check the record. They're the ones who don't care about you all. I do, and we'll see how that sells.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Kristensen, on the Wickersham amendment.

SPEAKER KRISTENSEN: Thank you, Mr. President and members of the Legislature. I want to talk just a little bit about how mechanically this works and if I can try to understand some of Senator Wickersham's concerns here. Realize that if you never get the new jobs that come in, you don't gain anything. So you pass this bill, you are not writing a check, you are not spending the money. You only get the money, you only get the incentive if the state gains something new--new employees paying taxes. You're not because they exist, just because the company is there, you are not giving them money. You are not writing them a check because they exist and because they stand up and say, give me money, and they hold out their hand. They need to perform, and that's what we're talking about is how do they perform. So how do you grow the state? Senator Wickersham talks about not having money and taking it out of the state treasury. Those monies will leave the state treasury because if jobs...if you don't have the ability to attract people to come in here, and you are in a competitive game, and if you don't

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think we're in a competitive game, then we ought to just set back and we shouldn't complain, we should just take what comes our way and not have enough revenues to do some of these other projects, or you can try to get more taxpayers. So how are you going to get more taxpayers? Well, you're going to have to try to bring them and induce them to come into the state of Nebraska. Now what hasn't been talked about, and I just want to touch on this, is what are some of those monies that they withhold? In other words, the benefit that they get doesn't just go into their coffers, it can be used to offset their corporate tax liability which means that they are still there, they are still paying the jobs and everybody who they hired is out paying tax if they get that wage credit or they get the investment tax credit. But the monies that they hold back for the wage...the wage incentive portions are monies they're going to have to use for programs, programs for the employees, and we can talk about those if you are interested, and they're not unfamiliar to you. They are similar to what we have done in the past. But there are recapture provisions if these people don't perform. This is not just a cash handout. It is a performance-based model. That's what I keep...when I was sitting in the Revenue Committee, that's what we kept hearing. I wish we had more people paying more tax because if we had more people paying, all of us, in effect, would have less of a burden to share. That doesn't mean there aren't plenty of other things that could be out there to do. But that...Senator Chambers is right. I mean, you've got a variety of needs out there and people who want money for all sorts of things. This is one. If you're going to try to spread that burden among more people, what are you going to do? What are you going to do when the revenue side of the economy starts to slow and you don't have these incentives and you're not able to attract more people? You either cut programs or you raise rates, and my guess is occasionally what you're going to do is that this Legislature will come in and they will raise rates when the economy slows. And that's absolutely the worst thing to do in a slowing economy is to take more money. And so when other states come out and compete for these jobs, they're going to offer incentives.

PRESIDENT MAURSTAD: One minute.

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SPEAKER KRISTENSEN: They're going to have the same discussions that we have. They're going to be a little more aggressive than we're going to be. We have a lot of other things to offer but what LB 620 does is that they don't get the benefit unless they perform, and so it is not just a cash grant to go out and do whatever you want to do with the money. And I would hope that we would try to keep that in perspective. My time is running short so I can't get into some of these other mechanics on how and where the money is going to go if they use the wage incentive. If someone is interested, I'd be happy to answer those questions. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Kristensen. Mr. Clerk, items for the record?

CLERK: Thank you, Mr. President. A new resolution, LR 60 by Senator Vrtiska. (Read by title the first time.) Enrollment and Review reports LB 667 to Select File with E & R amendments. LB 398A is reported correctly engrossed, and I have an Attorney General Opinion addressed to Senator Dierks regarding LB 804. (Legislative Journal pages 1504-1510.)

Mr. President, I believe Senator Wickersham wanted to withdraw the amendment that we're on. (Re: FA190.)

PRESIDENT MAURSTAD: The amendment is withdrawn.

CLERK: Senator Wickersham would move to amend with FA191.

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

SENATOR WICKERSHAM: Mr. President, I hope this amendment is up on...well, it is up on your machines. This is in response to some of what I heard from Senator Kristensen and I think, quite frankly, would represent a better policy than if we had a fixed dollar cap on the amount of credits that we intended to allow to be utilized or scheduled for utilization, that's a more appropriate phrasing is scheduling for utilization. Part of the conversation, I think, from Senator Kristensen, I hope, I think was unintentionally misleading. It is the scheduled credits, if

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actual credits came in higher you're stuck, but it is the scheduling of credits that you wouldn't approve projects that schedule more than those expenditures. It may be hard to determine how much we should spend on this program from year to year. That may be hard to do. And as...and as I thought about it, it's hard to do in the context of other programs that we have for the state. It is hard to make those biennial decisions about how much to spend on the University of Nebraska. It's hard to make that decision about how much to spend on juvenile justice. It's hard to make that decision about all those other things that we spend money on. And the Appropriations Committee becomes the focal point for those decisions, they set off all the competing needs for our dollars against other needs, and then they make decisions and recommendations to us as a Legislature; we adopt it, send it over to the Governor, and sometimes it comes back okay, sometimes we have a little further discussion. Well, it occurs to me that instead of putting in a fixed dollar amount that we can apply that process to these programs. And we can do that by simply allowing and directing the Appropriations Committee to place a number in the budget. When we adopt a budget on a biennial basis it will have a number in it, and it will suggest to us that the board can approve projects that have credits that are scheduled to cost X number of dollars, and that number will vary from biennium to biennium, and could of course even be varied during the annual sessions, although I think we usually confine ourselves to what we would characterize as deficit appropriations. But that allows us to have a mechanism so that we can meet one of Senator Kristensen's objections, I think, and that is to adjust the amount so that it fits what we see as the needs of the time. We can adjust the amount so that it is an appropriate amount, whatever we determine that might be, to reduce uncertainty amongst the companies that might make applications for the benefit. It puts us into the context of a unified budget where the program, the reductions in revenues would be clear; you would know what we were budgeting to have as a reduction in revenues. I don't think that would be too difficult a process for the Appropriations Committee to undertake in the general context of the appropriations, and I think it fits. So I hope that you do as well. The amendment, I will reiterate briefly, takes out the language that would have any specific dollar cap for the credits

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that are scheduled. Now, again, I will remind you these aren't the credits that are actually used in a year. If you've qualified for credits, we have a contractual obligation, we cannot reduce the credits that you would actually qualify for after you've signed a contract and gone forward, we could not do that. Regardless of what appropriations difficulty or revenue difficulties we might have, we cannot reduce those benefits. They'll be subject to contract. They will be paid. All the amendment does is says we'll determine in the budget the amount of credits that can be scheduled for payment under pending and approved applications, and we'll let the Appropriations Committee set that amount and let that amount compete with all the other needs that we have in the state of Nebraska. I think that's fair; that's the way we do everything else. And I think that is the responsible way to do it and I hope that you would support the amendment to the amendment.

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

SENATOR VRTISKA: Thank you, Mr. President. Members of the body, I have not engaged in this conversation and debate on this particular piece of legislation as of yet, but I have listened intently. And I have a couple of questions I would like to pose to Senator Kristensen that would refer not only to the amendment, but to the bill.

PRESIDENT MAURSTAD: Senator Kristensen.

SPEAKER KRISTENSEN: Sure.

SENATOR VRTISKA: Senator Kristensen, in listening to the debate this morning and this afternoon, I became aware of the fact that many years ago we had a volunteer group called Vision 17 (phonetic), who went out for the purpose of trying to attract industry and jobs in Nebraska. I don't know if you remember it or not, but it was sort of a self-help group and didn't go very far. But during that process we talked about the very thing that 775 eventually became. Now my question to you surrounds around the fact of how does this particular piece of legislation, LB 620, mirror some of the states who seem to have

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been so far ahead of us and be able to attract jobs and investment into their states? Does this some way mirror some of those programs, or could you enlighten me on that?

SPEAKER KRISTENSEN: I can, Senator Chambers...oh, Senator Chambers. I'm sorry to insult you, Senator Chambers. Senator Vrtiska, I'm sorry. This has got some elements of a lot of different states. And I can tell you that part of it is from Oklahoma's Quality Jobs; the trouble is they're about three light years ahead of us because they actually give authority to this board to go off and make the deals. And I'm uncomfortable about doing that. I mean even...even me doesn't want to give those people that much discretion without knowing who is it and some of the broad policies that we have in here. Part of this is from Georgia. But we don't give, because our constitution doesn't allow the forgiveness of, for example, the property taxes. You'll see that other states give property tax breaks; they do varieties of forgiveness programs. Indianapolis, for example, when they got the United Maintenance Center, they used city, state, local governments and a whole package of things they were able to put together. They were much more aggressive and basically built places for them, used state monies that we can't use because of our constitution and because of some of our other things. We have taken this and saying, look, we're never going to win the immediate war; we're not going to be able to make a decision and have the Legislature meet and pass a bill for someone. We tried that, we did that with Micron, and it was a failure; that did not work. And so instead that's the reason we have this bill. I don't want to take much more of your time. If you have other questions,...

SENATOR VRTISKA: No, I...I appreciate that. My concern, of course, is and I've...I feel supportive of the concept of what you're trying to do simply because what I've learned over the years with 775, and there were a lot of doubters or a lot of people who thought it was a giveaway. But I guess what we've learned over the years is what it did was attract some of these companies in Nebraska that would probably not come here because somebody else was trying to offer them a better deal. And I guess it becomes sort of a race, who can get there first and who can...who can hand out the better gift basket to attract these

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companies. Now, you know, from a practical standpoint many people think that it's a giveaway. On the other hand, I think Nebraska has found itself sort of behind the curve as far as being able to attract...

PRESIDENT MAURSTAD: One minute.

SENATOR VRTISKA: ...industry into Nebraska. And that's why I'm asking you...and I recognize what you said, and I was sure that would be your answer, that we don't...we cannot do some of the things that some of the states have been able to do and that basis and that sense of your...your...your answer.

SPEAKER KRISTENSEN: I'm sorry, Senator Vrtiska?

SENATOR VRTISKA: We can't do some of those things that some other states are able to do...

SPEAKER KRISTENSEN: That's correct.

SENATOR VRTISKA: ...is basically what you've told me. So, we have to do second best, if we expect to attract some of these businesses into Nebraska, we've not been able to do in the past.

SPEAKER KRISTENSEN: What I think it does, Senator Vrtiska, is it helps level that playing field a little bit. In other words, we give some incentives. We obviously are never going to win the war and give the best incentives, but we at least try to level that so that they can say, well you know, there is no obvious advantage; maybe it's a little here, but Nebraska's workforce is a better group of employees. The air is cleaner, the water is better,...

PRESIDENT MAURSTAD: Time.

SPEAKER KRISTENSEN: ...the roads are good and so on.

SENATOR VRTISKA: Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Vrtiska. Senator Wickersham.

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SENATOR WICKERSHAM: Mr. President, I...maybe I wasn't listening. I...I...I don't know what position Senator Kristensen took on this amendment? He has...Senator Kristensen has yet to say no, so I have an opportunity to convince him before he says that (laugh). Doesn't have his light on. Okay. Well, Senator Kristensen will get a chance to tell you what he thinks of this amendment. I, frankly, would hope that he would accept this amendment to the amendment because it addresses his concerns about whether or not you have the right dollar amount. We would determine that on an annual basis. That process would be done by the Appropriations Committee, it would be done in the same fashion; we'd determine a number the same way that the Appropriations Committee makes decisions and recommendations to us on all other programs. It seems to me to be a responsible way to control the cost of this particular kind of program, and that's the way I view it, it's a program. Shouldn't be any different than any other program, doesn't have any special elevated status. In my mind it's something that people believe is beneficial to the state of Nebraska, so is public education, but we examine annually how much we should spend on public education. There isn't anything that I don't think should be subject to examination by the Legislature and decisions about how much we should spend or how much we should...how much of our state resources we should dedicate to that particular program. I don't really see how we can be responsible and do anything less. So I hope that Senator Kristensen will announce to you that he supports the amendment to the amendment and that we will be able to go forward from there.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Senator Chambers, on the Wickersham amendment to AM1478 to LB 620.

SENATOR CHAMBERS: Mr. President, members of the Legislature, again I support Senator Wickersham's amendment. What I think Senator Kristensen did, the last time he spoke or a couple of times ago, is to let a cat out of the bag, which may have escaped everybody else's notice and even his. He talked about having new taxpayers in the state who are paying taxes. That is something that I have been discussing with Senator Brown, because I see a way to make this bill tell the truth. Let us

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stop talking about employees. When we use that term we're not, in every case, talking about an actual individual working, but rather a computation by which we arrive at an equivalent employee which may or may not be an existing individual. What would get us to the truth is if we talked about the number of new taxpayers that had to come into this state. Forget about jobs. Forget about employees, talk about the individual taxpayers. I'd like to ask Senator Kristensen a question or two.

PRESIDENT MAURSTAD: Senator Kristensen.

SPEAKER KRISTENSEN: Yes.

SENATOR CHAMBERS: Senator Kristensen, rather than calculate what their withholding would be from...for each employee, a different methodology was established to make it easy on the state and to advance the general welfare, as the bill states it, and that is by letting the...well, how does a company go about determining how it's going to claim this wage benefit credit?

SPEAKER KRISTENSEN: Okay, I'm just going to talk while I get my stuff, because that's a different section...

SENATOR CHAMBERS: Oh, that's okay.

SPEAKER KRISTENSEN: ...where I'm going to...

SENATOR CHAMBERS: Well, then let me say a few more things on...oh.

SPEAKER KRISTENSEN: I'll get my stuff and I'll be listening.

SENATOR CHAMBERS: Okay. Members of the Legislature, they have various formulas, and if you look on page 8, starting in line 13, it starts by talking about the wage benefit credit shall be an amount equal to the percentage specified in subsection (4) of this section multiplied by the amount by which the total compensation paid during each project year to employees of the company while employed at the project exceeds the average compensation paid at the project multiplied by the

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number of equivalent base-year employees, not employees, base-year equivalent employees. For purposes of computation of the credit, average compensation means the total compensa...we're talking about the compensation now, not the credit itself, the average compensation means the total compensation paid during each project year to employees at the project divided by the total number of equivalent employees at the project. Equivalent employees are not necessarily individual employees. Now I'm going to ask Senator Kristensen the question that I started with. Senator Kristensen, how does the company figure the amount of the credit it will claim, if it's going to select the wage benefit credit rather than the investment credit?

SPEAKER KRISTENSEN: We're going to make some assumptions, the first assumption is...

SENATOR CHAMBERS: Sure.

SPEAKER KRISTENSEN: ...that they have met their investment...

SENATOR CHAMBERS: Yes.

SPEAKER KRISTENSEN: ...and that the...

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: ...the employee, and tell me when you don't like the term, but when there are...

SENATOR CHAMBERS: That's okay.

SPEAKER KRISTENSEN: ...when we've met the threshold numbers of new employees.

SENATOR CHAMBERS: Yes.

SPEAKER KRISTENSEN: Okay. And that is the assumption. And then we go and we look at categories of where those wages are at to determine whether it's 3 percent, 4 percent, or 5 percent. That is to determine percentages not...

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SENATOR CHAMBERS: Let's say they're all 5 percent...any percent, just so it's easy.

SPEAKER KRISTENSEN: Okay.

SENATOR CHAMBERS: They'll all be whatever percent you want to use.

SPEAKER KRISTENSEN: Okay. Any one of those, but you determine those percentages. That then is the credit that you get on their wages. You can either take that away from your tax liability, the corporate tax liability or the withholding liability, whatever you take, that money, then you must fund the employee programs with that portion.

SENATOR CHAMBERS: And it's based on the number of those people in that category, whether they're equivalent employees or whatever.

SPEAKER KRISTENSEN: I think...no, I think you're mixing those up with whether they're qualified to be counted employees.

PRESIDENT MAURSTAD: Senator Kristensen, you can continue on your time.

SPEAKER KRISTENSEN: Thank you. And I...Senator Chambers and I will just continue on.

SENATOR CHAMBERS: Oh, okay.

SPEAKER KRISTENSEN: This is...this is the difference between...you'll see in the bill where it talks about individuals, employees and equivalents. I'm going to start with what I understand, and I'm subject, if you think I'm wrong, and I'll sure look at it. You start off with what are base people, in other words you got to have a number to start with. And those are based on equivalents because some of those people may be part-time, some of those people may be...have quit their job and they're new hires, they haven't been there for a period of time. The base number is what we're going to start with, okay?

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SENATOR CHAMBERS: May I just call...

SPEAKER KRISTENSEN: Sure,...

SENATOR CHAMBERS: ...your attention to the...

SPEAKER KRISTENSEN: ...yeah, yeah, yeah.

SENATOR CHAMBERS: ...the definition of base-year employee is not equivalent, but an actual individual, on page 2, in line 20.

SPEAKER KRISTENSEN: That...that's exactly right, in Section 7.

SENATOR CHAMBERS: Okay.

SPEAKER KRISTENSEN: Now,...

SENATOR CHAMBERS: So when we start, just to see if we're together, when we start at the base-year employee, we're talking about actual individuals, if we take the definition to mean what it says?

SPEAKER KRISTENSEN: That's...that's correct.

SENATOR CHAMBERS: But then when we start calculating other things and refer back to the base-year, we're talking about base-year equivalent employees.

SPEAKER KRISTENSEN: That's because you have to read the sections together. And I agree, they're not all in one spot. Once you...once you get that, you're going to determine what that base is. And then you're going to look at the new people that are there. You following me so far?

SENATOR CHAMBERS: And those new people are going to be only equivalent employees, not actual.

SPEAKER KRISTENSEN: Yes and no. And I would refer you then back to page 17 of the green sheet.

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SENATOR CHAMBERS: But before we go there, could we go to page 5,...

SPEAKER KRISTENSEN: Okay, okay.

SENATOR CHAMBERS: ...to see what number of new employees means?

SPEAKER KRISTENSEN: Sure.

SENATOR CHAMBERS: Number of new employees means the excess of the number of equivalent employees employed at the project during a year over the number of equivalent employees during the base-year.

SPEAKER KRISTENSEN: Right, exactly.

SENATOR CHAMBERS: But we don't talk about equivalent employees for the base-year, we talk about individuals.

SPEAKER KRISTENSEN: Those are...those are definition sections. Then we've got to...

SENATOR CHAMBERS: That tell us what these are.

SPEAKER KRISTENSEN: That's right, they're...they're definitional portions. You've got to apply them to what else is in the bill.

SENATOR CHAMBERS: Where do we see a definition of an equivalent employee...an equivalent...a base-year equivalent employee? All we have is base-year employee.

SPEAKER KRISTENSEN: And we have equivalent definition; that's on page 4 in Section 17.

SENATOR CHAMBERS: Right.

SPEAKER KRISTENSEN: Okay. Then you go back to page 17 and this talks about the individuals, now this is counting towards these number of new employees, okay, to get the benefit.

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SENATOR CHAMBERS: But all of that has been stricken, so could you...

SPEAKER KRISTENSEN: I'm sorry.

SENATOR CHAMBERS: Is it...is it put back into the committee amendment?

SPEAKER KRISTENSEN: It is, I'll look for it in just a second.

SENATOR CHAMBERS: And I'm not trying to be trick...

SPEAKER KRISTENSEN: No, you're not.

SENATOR CHAMBERS: ...I just want to see.

SPEAKER KRISTENSEN: You're fine; well, you're not fine, but you're okay. (Laughter)

SENATOR CHAMBERS: Well, actually I am. (Laughter)

SPEAKER KRISTENSEN: That is in Section...it's in the committee amendment then. It's at the bottom of page 4. Do you have the committee amendment, Senator?

SENATOR CHAMBERS: Yes.

SPEAKER KRISTENSEN: Line 27, the very last portion of page 4,...

SENATOR CHAMBERS: Of the committee amendment?

SPEAKER KRISTENSEN: Yes.

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: It talks about an individual and then other than a base-year employee. So you don't count...you don't count that base-year employee, okay?

SENATOR CHAMBERS: When you say page 4, do you mean the...the

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sheet page 4,...

SPEAKER KRISTENSEN: No, you...

SENATOR CHAMBERS: ...or page 4 of the committee amendment as it would be...

SPEAKER KRISTENSEN: I'm...

SENATOR CHAMBERS: ...line 1 through 27 would be a page, then line 1 through whatever would be a separate one.

SPEAKER KRISTENSEN: I'm looking at AM1148, I'm...

SENATOR CHAMBERS: Oh, I meant AM1184.

SPEAKER KRISTENSEN: That's...that's...that's what I'm looking at.

SENATOR CHAMBERS: Oh, I thought you said AM1148?

SPEAKER KRISTENSEN: I screwed up.

SENATOR CHAMBERS: (Laugh) That's okay, I'm just trying to stay with you, seriously. (Laughter)

SPEAKER KRISTENSEN: Trying to stay with myself. (Laughter) It's page...it's my page 4, line 27, it starts off 5 (a).

SENATOR CHAMBERS: Oh, I'm with you now.

SPEAKER KRISTENSEN: Okay.

SENATOR CHAMBERS: Yes.

SPEAKER KRISTENSEN: Okay. In that...

PRESIDENT MAURSTAD: Time. Thank you, Senator Kristensen. Senator Brown, on the Wickersham amendment.

SENATOR BROWN: Mr. President, I would yield to Senator Chambers

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or Sen...to...to continue this line of questioning.

PRESIDENT MAURSTAD: Senator Chambers.

SENATOR CHAMBERS: Thank you, Senator Brown, and thank you, Mr. President. Senator Kristensen, I'm with you now, so do you want to continue to make your point?

SPEAKER KRISTENSEN: If I may, please. Thank you. Mr. President, members of the Legislature, Senator Chambers, the...an individual then is someone other than a base-year employee, and that individual shall be considered an employee, and then that's when we go in to determining how we count these new employees based on whether they're 100, 110, or 120 percent of the annual wage. So, it...it...it's a little complicated, because you have to refer from one section to another. And I...I don't want to lose you, so that's as...

SENATOR CHAMBERS: Well, for my question,...

SPEAKER KRISTENSEN: Sure.

SENATOR CHAMBERS: ...this will be good, we're talking about an individual.

SPEAKER KRISTENSEN: Okay.

SENATOR CHAMBERS: Now, that individual, for the purpose of calculating the credit, would have to meet some of these specifications to be counted. Let's say that all of them are met, and this individual is one that can be counted for the purpose of determining the credit.

SPEAKER KRISTENSEN: Okay.

SENATOR CHAMBERS: What percentage of that individual's take...let's say all of these people that we're talking about will get the same salary, \$40,000, so we can get to my question.

SPEAKER KRISTENSEN: Great, okay.

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SENATOR CHAMBERS: If all of these individuals are qualified for the purpose of the company getting the credit, and however we define individual, the company has reached the threshold of investment and of employing these individuals.

SPEAKER KRISTENSEN: Yes.

SENATOR CHAMBERS: At this point, how do we determine the company's wage benefit credit?

SPEAKER KRISTENSEN: Since they are over the \$40,000, they would receive the top end 5 percent, and that is based on average annual compensation.

SENATOR CHAMBERS: Um-hum.

SPEAKER KRISTENSEN: So you're correct, there is an average in there, but that is to determine the amount of the percentage, not whether we count that individual. So you and I talked the other day. And I want to make sure I didn't misspeak, that's the reason I was cautious the other day. If you've got some big shot who's earning \$2 million, you can't take his wage and average it with the others to count them towards these new employees.

SENATOR CHAMBERS: Right, but it can be used...oh, we'll talk about that later.

SPEAKER KRISTENSEN: Okay. That's the reason it's...it isn't as easy as it first looks. And...and...I mean, you've made great progress in...

SENATOR CHAMBERS: Right.

SPEAKER KRISTENSEN: ...in reading through this.

SENATOR CHAMBERS: Well let me ask you the question this way then on this percentage, I meant on this wage benefit credit. If a calculation was going to have to be made on the basis of each individual, then they would have to look at credits or deductions or exemptions that that individual employee might be

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entitled to, is that correct?

SPEAKER KRISTENSEN: Well, that's under the...that's the old quality jobs problem.

SENATOR CHAMBERS: Right, and that's...that's done away with now.

SPEAKER KRISTENSEN: Right, right.

SENATOR CHAMBERS: So this gives more money...this makes a greater amount that can be claimed by the company, because we don't look at what would actually be withheld from this employee. Let's say employee A has three dependents and four exemptions, or whatever,...

SPEAKER KRISTENSEN: Yeah.

SENATOR CHAMBERS: ...employee B has none; under this bill it makes no difference because we're not looking at the individual entitlement of an employee for exemptions, deductions or whatever, we're simply looking at the amount of money that is paid to that individual.

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: Exactly.

SENATOR CHAMBERS: And regardless of what exemptions or deductions each individual may have, the company is going to be able to make a claim as though they have no exemptions or deductions.

SPEAKER KRISTENSEN: They...you're right, they're taking a percentage of their salary...

SENATOR CHAMBERS: Exactly.

SPEAKER KRISTENSEN: ...of their compensation. And the reason for that is that it was, under the old act it was hard, you had to actually go back into the employees, let's say that they had

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\$50 withheld, the company took that, but that employee was entitled to \$15 of a refund. Well, to make this all work, the company had to pay back the employee. So the Department of Revenue had to look at each individual...their tax return. One, that's cumbersome; two, that's fairly intrusive, you know, and it's difficult to do. So since that was such a bad procedure, under this, I wipe that out and we just straight do the percentage of what they get paid, and that's the reason there's some averages in there, so you don't look at each individual's compensation.

SENATOR CHAMBERS: I ag...

PRESIDENT MAURSTAD: Senator Chambers, you can continue on your time.

SENATOR CHAMBERS: Thank you. We surely arranged this well. Senator Kristensen, as I look at it, and I haven't sat down with a piece of paper and a pencil or a calculator, I think the company comes off to the good, forgetting the inconvenience of doing it the other way, because that was on the Department of Revenue, the company comes out ahead by doing it this way. It's going to get...it's going to have a larger amount of money on which to base its claim for this wage benefit credit, because if you average it all out, I hate to use that term, it's going to show that the company would not have as much to derive, if you were going to look at individual...individual persons and what their exemptions or deductions might be. And some of them might even have credits in their own right.

SPEAKER KRISTENSEN: Right, and that wouldn't...you don't want to invade into that.

SENATOR CHAMBERS: Exactly.

SPEAKER KRISTENSEN: Yeah.

SENATOR CHAMBERS: But, I meant that would diminish the amount of money available for the company to get.

SPEAKER KRISTENSEN: If you did it the other way, that's right.

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SENATOR CHAMBERS: Right. So this...

SPEAKER KRISTENSEN: Yeah, if you did it the other way.

SENATOR CHAMBERS: ...is going to let the company have a bigger pool of money on which to base its credit claim, I think.

SPEAKER KRISTENSEN: Okay.

SENATOR CHAMBERS: So that's an additional benefit that the company gets from this bill that may be hidden from those who don't read it very carefully.

SPEAKER KRISTENSEN: But realize that that money that they're going to take the wage credit on then just either has to be used for the companies income tax liability or their withholding liability for that employee. But regardless of that, the money that they basically have saved by not having to pay those obligations, they have to fund those employee programs. So it doesn't go into dividends and it doesn't go into profit, it's got to go into those programs.

SENATOR CHAMBERS: But it's coming out of somebody's hide, and the hide out of which it will come is that of the other taxpayers, because it's going to be a greater reduction in the state's revenue by allowing the company to make a greater claim...

SPEAKER KRISTENSEN: And that...that...

SENATOR CHAMBERS: ...of...on...on these credits...

SPEAKER KRISTENSEN: ...that's true if you o...

SENATOR CHAMBERS: ...for these credits.

SPEAKER KRISTENSEN: ...but, if those employees never came, you wouldn't have those wages anyway.

SENATOR CHAMBERS: Would you be willing to scrap all this talk

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of new employees, equivalent employees and simply talk about new taxpayers? Then we know that each taxpayer is an individual, not an equivalent.

SPEAKER KRISTENSEN: Well, somehow here's what you don't want to have happen, will I consider that, yes, but it's...I'll tell you, that's a major amendment, that's a...that's a "toughy". But here's what you don't want to have happen, you don't want a company that's got let's say a...so I can do my math correctly, 1,000 people and good share of them are part-time, or there's a lot of come and goes, they are temporaries and all of those. And then you come in and say, oh by the way, I now have 1,500 people and I want my credit, because I've got 500 new taxpayers than the 1,000 I had before. The reason I want to convert that 1,000 actually is to the detriment of the company; I want to convert that 1,000 into what are real equivalent real people. So in other words, there isn't 1,000 new...there isn't 1,000 base employees; you've got to scale that back, and that's the reason it's there.

SENATOR CHAMBERS: Yes, and I can understand all of the things that you have said.

SPEAKER KRISTENSEN: That's better than I did.

SENATOR CHAMBERS: You have not been unclear, the bill, I think, is unclear though, but I see it as using a complex scheme to befuddle people and mix up these terms. I'm not saying that's what you did, but whoever crafted all of this. And I know the chamber of commerce probably had their finger in it, UP and whoever else, I don't even care who they are. I'm looking at what is before us. And I do think that the next time around...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...I'm going to do again what I had done and list out all of the places where we talk about employee, equivalent employee, base-year employee, base-year equivalent employee, individual, for the purpose of calculating who can be counted for the credit, employee for who can be counted for the purpose of reaching the threshold of employment. And I don't

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think it has to be that complicated. It's complicated when people want to steal but not be branded as thieves. If somebody walked into Heineman's office, over there, and put a gun on him and said, give me your dough, we know what that person is. But if they come in with pinstriped suits and have UP written on them, and they say, give me your dough, then they are respected businessmen, but they are plundering the treasury for more...

PRESIDENT MAURSTAD: Time.

SENATOR CHAMBERS: ...than what that honest robber would do.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Kristensen, your light is on next.

SPEAKER KRISTENSEN: Thank you, Mr. President, members of the Legislature. Senator Chambers actually has hit on an issue that I think you all need to understand, too, and that's what...how do we calculate these things? And...and I don't know if you were listening to the exchange, but part of this is you're going to have people out there who are trying to, in some form or fashion, not actually get 500 new employees or, if it's under these lower tiers, not even get the 50. They're going to try to come in and say, well, actually I've got five times that amount, I've got 1,000 employees here. But when you boil it down, they really don't have 1,000 employees. They may issue a check to 1,000 different people, and that's the reason the taxpayer one makes me...I'm not sure how to define all those yet. It also is that if I was a taxpayer and this new project occurred and I was already a taxpayer in the state of Nebraska, but I had another job and I came over, I may not be eligible. And there may be people who would like that policy. But from what I'm trying to do, that would not be a good policy. We...we've got to distill that bottom number. The bottom number is what you start with. So we have to try to decide what your bottom number is, and we want those to be full-time people. But you'll say, well look, I don't have all full-time people, or they...some have quit and they've got a partial year, so they haven't been here and their wage shows they've only worked for two months, but the person before them worked for ten months and so on. So the formula is designed to get it into a figure of equivalence. Senator

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Chambers is absolutely right. Now what I don't want to have happen and I know what he doesn't want to have happen is that when you go to say, look, I got 200 new employees and they all average over the state...120 percent of the state average, well you could, with one person, you could skew all those new employees and get the benefit. I don't want that to happen. And, Senator, I'm open to looking at that language, that's the reason I pointed to you on page 17, we're not going to let that occur. Each one of those new employees, if you're going to count them for the credit, must receive those wages above 120 percent or, if you're in the other tiers, 110 or 100 percent, if not, you don't count those people. But to get to that number you've got to do some calculations. One is what you start with, and what do you have today. What happens if you have 2,000, Senator Chambers, part-time people? Well, you could average those 2,000 people and get full-time equivalents and you could get to 500. However, what's in LB 620 and what I want to make sure is there, and if it's not there I want somebody to help point it out to me, is that when you distill those 2,000 part-timers down you've got to have at least 500 of them that are earning above those 120 percent wages. As a practical matter that stops them from playing games with those numbers. And in the real world they do have comings and goings, and they've got people who have worked part years, and the position has been there. That's the reason there's a difference, when you see the word "individual", we're not going to give wage benefit credits just to individuals; they have to be an employee under the definition of the bill. And that's...Senator Chambers has taken the time to sit there and read through that, that is difficult reading, that is hard to figure out, but that's the policy that you want to try to get here. You don't want to just make a blanket statement so it's easy for them to come in and say, I have 1,000 people today, tomorrow I'm going to have 500,...

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: ...give me my money. You just can't do that. And there's two protections--one is we want to make that top end number, it's got to get distilled down to a full-time equivalent, and the bottom number has got to be a full-time

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equivalent. The key is the number of new employees that you finally get must earn over that 100 or 110 percent or, in the upper tier, 120 percent. Senator, I've taken more time and I probably should have given you some of that, but there will be other lights. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Kristensen. Senator Brown, on the Wickersham amendment.

SENATOR BROWN: Mr. President, I would yield my time to Senator Kristensen, if he wants to continue the dialogue with Senator Chambers.

PRESIDENT MAURSTAD: Senator Kristensen, Senator Brown is yielding time to you, if you wish to continue your discussion with Senator Chambers.

SPEAKER KRISTENSEN: Senator Chambers, I'd continue my conversation with you, if...if you have some questions here, and if Senator Brown has a problem, she'll object to you and I using her time. Go ahead and...

PRESIDENT MAURSTAD: Senator Chambers.

SENATOR CHAMBERS: Thank you. Senator Kristensen, now that we've talked about how those credits might be figured I want to go back to page 2, because to me the definition is where we start.

SPEAKER KRISTENSEN: Okay.

SENATOR CHAMBERS: Base-year employee means any individual, you know, employed and so forth. But I'm looking at any individual. Why cannot they put in a definition of a base-year equivalent employee, since they talk about an equivalent employee during the base-year in other parts of the bill? For example, excuse me, if you look at page 5 in the green copy, where you're talking about the number of new employees, the number of new employees is the excess of the number of equivalent employees. And the bill tells how you arrive at this equivalent number, and that's where you don't look at individuals but the total amount

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paid. And then you divide that in such a way as to arrive at how many employees that would equal if you had a person receiving that amount, that many people.

SPEAKER KRISTENSEN: Yeah, I think I know what you mean.

SENATOR CHAMBERS: So you could have one person making a large amount of money in that pool of the total salaries paid. And that person's salary would equate to any number of equivalent employees. So let's say however we arrive at the base-year employee number, so we can have the company qualified.

SPEAKER KRISTENSEN: Okay, just what I would point out is we're...in terms of counting employees or individuals or base-year, I mean that wages have nothing to do with counting them, except at the end to make sure that they...the number we count earns over that top end.

SENATOR CHAMBERS: If we're not talking about wages, on page 5, starting in line 13, which would be Section 20, what are we talking about when we say "number of new employees". If we're not going to base it on wages, how do we arrive at what constitutes an equivalent employee, other than by wages?

SPEAKER KRISTENSEN: Because you do it by...you do it by number and...

SENATOR CHAMBERS: But we're not talking about actual individuals, we're talking about equivalent employees in Section 20.

SPEAKER KRISTENSEN: Right, right.

SENATOR CHAMBERS: And equivalent employee is not an actual individual, necessarily.

SPEAKER KRISTENSEN: No, actually that...the equivalent employee, you got to go back to Section 17 on page 4. That's the number that sort of...oh, I need a good descriptive term for it.

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SENATOR CHAMBERS: We're...the term "computed", in Section 17, lets us know we're not talking about individuals,...

SPEAKER KRISTENSEN: Right.

SENATOR CHAMBERS: ...if you want to say it's a computer generated model. So the equivalent employee is not an actual person. We arrived at that through a mathematical formula.

SPEAKER KRISTENSEN: That's correct, although it...it equates so you can count new people.

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: You've got to get...you've got to somehow get a base to get started with and you've got to have some way to interpret the total number of people you have at the end, so you can figure out how much of that is new.

SENATOR CHAMBERS: But aren't we going to determine the number of hours by the number of hours paid, rather than the number of hours worked? Because the definition says, by dividing the total hours paid.

SPEAKER KRISTENSEN: I'm not...you've now...yeah, that's what it says. I guess, I...

SENATOR CHAMBERS: Does...is that the same as number of hours worked?

SPEAKER KRISTENSEN: I doubt it, because I don't think it counts their overtime or their fringe benefits.

SENATOR CHAMBERS: So then you might have one person getting overtime, or several people getting overtime, and they would count for an equivalent...

SPEAKER KRISTENSEN: No, it's the other...

SENATOR CHAMBERS: ...their overtime would count for an equivalent employee because they were hours paid.

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SPEAKER KRISTENSEN: Other way...other way around.

PRESIDENT MAURSTAD: Time. Thank you. Senator Wickersham.

SENATOR WICKERSHAM: I...I'm interested in the discussion that we're having about this particular provision in the bill. And I'm glad that at least Senator Chambers is paying attention to it and that Senator Kristensen is able to explain it. There are difficulties in this area, and in fact it is one of the difficulties that we have in these programs in general. One of the difficulties is that it is based on FTEs. And you get equivalent FTEs, and one of the ways you can do...an equivalent FTE is so many hours per week. You can actually create, for purposes of these programs, new employees with overtime. In fact, you don't hire anybody new. All you do is work the folks that you have longer and you get new FTEs. And you can qualify or work toward qualification based on overtime. Now, if one of the jobs...if one of the objectives of these programs is the creation of new jobs, new hires, then one of the issues that we ought to address is the issue of overtime and whether or not companies can use overtime to qualify their companies for benefits. That's one of the things that can happen. I don't know if that's exactly what Senator Chambers had in mind, but that's one of the things that can happen. One of the other ironic things that can happen, and in fact might happen in the context of the Union Pacific project, is that no new employees are really created for the company. It's just new employees in the state of Nebraska. Now, somebody will say, oh, you shouldn't bother about that; the name of the game is the New Employees for the State of Nebraska; we don't care about anywhere else. But it fits in the context of the discussion that Senator Kristensen had earlier about these kinds of programs and the...and the...the...some people characterize it as competition. I think you can think of other words to characterize it between the states. It is a net zero sum game for the states. You may not produce any real new economic activity. If UP moves 500 employees from Missouri to Nebraska, what's the net economic benefit for the country as a whole? It looks to me like Congress would do something about that kind of business. But it is engaged in; nothing new happens,

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necessarily, but you move things around a little bit and you get more benefit from one state than you could get from another state, and that's called competition. I think you can call that other things, if you're a little bit more imaginative, and in some states, quite frankly, I would say that it has been nearly ruinous. So far we have been lucky in the state of Nebraska. I think we've been more prudent than we have...than other states have. While we have "engaged in competition", so far I don't think it has been ruinous competition, maybe the day will come when it will be ruinous competition, I don't know. But it is certainly the area that Senator Chambers is discussing with Senator Kristensen is subject to doubtful results, and it is subject to results that you, I think, as members of the Legislature, probably did not intend and probably didn't even know was happening. So I hope the discussion with Senator Chambers and Senator Kristensen is again useful to you and that you have a better appreciation and understanding of how the program that is contained in LB 620 would work. Whether you ultimately vote for it or against it,...

PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: ...I think you do have some responsibility at least to know how it works.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Senator Wickersham, you are recognized to close.

SENATOR WICKERSHAM: Mr. President, this is an amendment to the amendment. And again, I would hope that you could support the amendment to the amendment. Remember, the amendment, in its primary form, would have limited the credits that could be scheduled for use to \$10 million per year. The amendment to the amendment strikes that limitation. Remember, Senator Kristensen said, we don't know what the right amount is; maybe you've got it too low; it will create uncertainty and will discourage companies from applying. If you can't determine the right number this afternoon, the amendment to the amendment will allow the Appropriations Committee to include a number in the budget, and that number would be brought to the floor and could be discussed on an annual basis. And in that fashion we would,

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hopefully, be able to decide on what the right number to give to the board for use in their deliberations would be. Again, it is only a part of the deliberations of the board. They're required to have in the applications a schedule of benefits. They can tell when credits are going to be...should be able to tell when credits are scheduled to be used, and the amount set in the appropriations bill would determine the amount that they could schedule for use. Now, that is an entirely separate issue from whether or not the credits are actually used and whether the amount that is used is more than the amount scheduled. If more comes in than is scheduled, they've got to be paid. It does not restrict the amount that would ultimately be paid, except on the basis that you did control the amount that was granted in the first place, which will ultimately, I hope, restrain the amount that is ultimately used. But that might not happen either because the Appropriations Committee might bring to us very large numbers in terms of their recommendation for the credits that can be used. But at least that number would be set in the context of a broader discussion about what the states needs are, because you should not make any mistake about it. The credits that are allowed are spending, they reduce state revenues, and they are the same...they have the same effect on our budget process as if you had written a check. The only difference that occurs at the moment is that you don't even know you're writing a check and you never seem to know how much it was. And I don't know if the day will ever come when you find out who you wrote the check to, that would be another good piece of information, but at least the amendment and the amendment to the amendment would let us set in place a process that would be far more fiscally responsible than the current process we have where there is no restraint on the amount that we spend, and very few people know how much we have spent in arrears. Not only do we know how much...do we not know how much we are projecting to spend, we don't even know how much we've spent when it's all said and done. I hope we can bring a little bit more fiscal responsibility to that process. And I trust that the Appropriations Committee and this Legislature would be more than able to make an annual decision about how much we wanted to spend or allow, more properly how much we would want to allow a board to approve for future spending. It seems to me that is consistent with other fiscal practices, and I would hope that we

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would do it in this instance.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. The question is the adoption of the Wickersham amendment to AM1478 to LB 620. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 4 ayes, 25 nays, Mr. President, on the amendment to the amendment.

PRESIDENT MAURSTAD: The amendment is not agreed to. Further debate on AM1478? Senator Wickersham, you're recognized to close.

SENATOR WICKERSHAM: Mr. President, I take by...take it by the last vote that you're satisfied that \$10 million is the right number because that's where we're at now. And, if \$10 million is the right number, I'm satisfied with \$10 million, and I suppose we just may as well find out if you think \$10 million is the right number.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. The question is the adoption of AM1478 to LB 620. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 4 ayes, 29 nays, Mr. President, on the amendment.

PRESIDENT MAURSTAD: The amendment is not adopted.

CLERK: Mr. President, Senator Vrtiska would move to amend, AM1488. (Legislative Journal page 1472.)

PRESIDENT MAURSTAD: Senator Vrtiska, you're recognized to open on AM1488.

SENATOR VRTISKA: Thank you, Mr. President. Members of the body, I came up with this idea because it appeared to me that there was discussion early on about this being a rural and urban issue, and I don't consider it a rural and urban issue because my amendment would allow businesses who were in the urban areas, as well as those in the rural areas, to take advantage of this

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amendment. This amendment basically would change the numbers that are in the standing amendment 1184 on page 4, line 1, and page 5, line 4, would strike "twenty" and insert "ten", and on page 4, line 2, and page 5, line 5, would strike "fifty" and insert "twenty-five". The purpose of this is to allow those smaller companies, who would never be able to reach the threshold of fifty jobs and \$25 million, be able to reach that threshold of \$10 million and creating 25 new jobs. You know, 25 new jobs in a smaller community is quite an asset, the same as \$100 million and 500 jobs in a metropolitan area. And I read to you before and I'd like to read it again the editorial that my good friend, Senator Tyson, passed out to everybody the other day. I'd like to read from it again. "But for many firms in rural Nebraska", and this is talking about the threshold of \$50 million and \$100 million, and 250 or 500 new jobs, "but for many firms in rural areas of Nebraska, those thresholds aren't realistic. Incentives were helpful to larger companies in larger cities, but rural Nebraska couldn't really benefit. That would change, however, under,"...and here it says Senator Kristensen, and he's talking about the different levels. My...my...my amendment would change Senator Kristensen's, as I indicated earlier, to 10 and 25, \$10 million and \$25 million, under Senator Kristensen's, while also renewing the incentive for larger business at a higher tier of investment required. LB...would create a special category for qualified businesses in rural counties with the lower threshold of \$10 million investment and 25 new jobs. That's still out of the picture for many small...excuse me, it would be a threshold of \$20 million and 50 new jobs. That's still out of the picture for many rural...small, rural businesses, but at least it's more attainable than the larger ones. And quoting on down in the article that came out of the Norfolk newspaper, "We believe a renewal of the Quality Jobs Act is vitally important for Nebraska. Without any broadening of the tax base made possible by the creation of new jobs may not occur. It's especially important for lawmakers to consider rural areas when the special category created by...", and here again it says "Senator Kristensen", and I'm substituting my name, that I just introduced the amendment, "it's time for more than just talk about support for the rural areas, it's time for action and financial support." Going back to my original comments, I want

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to reiterate that this is not necessarily rural Nebraska, this is all of Nebraska. There are many small companies in some of our larger counties who could more easily attain the \$10 million and 25 job category than they could the one that Senator Kristensen has suggested in the amendment that he has produced for us. So I'd hope that people would look at this as a way to create some...some job opportunities, some investment credits for some of the smaller companies. The other day when I spoke about this, I talked to you about some opportunities for, in my part of the state, where some companies started out with a much smaller amount of money and today have grown considerable. With this opportunity, more of those opportunities will become available and we could create some of those jobs that would not mean...would not necessarily be ConAgra, Union Pacific, et cetera. I'm not opposed to what they're doing with those jobs, because I think they're necessary. But while we're doing that I think we should take a look at how we might in fact support some of the smaller companies who would like to get a startup and would in fact get an incentive that would encourage them to start a business in some of the outstate, as well as in the metropolitan area. Senator Jones signed onto this amendment with me, so I'll give him part of my opening, and then I'll be ready to take any questions that anybody might have.

PRESIDENT MAURSTAD: Senator Jones.

SENATOR JONES: Mr. President, members of the body, thanks, Floyd. I wanted to sign onto this because I talked about this the other day some when I talked about the bill. And I said I think we got a lot of towns out across the state that's 5,000 in population or less. And we should be working on something here in the Legislature that's good for the whole state and not just for part of it. And I think this is...really opens it up so the whole state can be a part of it. So I've talked to a lot of people about this amendment and I've got a lot of support on it and they think it's a good idea to do this. It just makes a lower threshold, like Senator Vrtiska said, that would help hopefully the whole state. And I can already think of several pieces of...of things that could happen in my area, like a welding shop that could start up, and Ainsworth has got a shop that they've been going with a while, and I think there's

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another shop that's going to start up. And I think it would fit a lot better on 25 jobs and \$10 million than to have it 50 jobs and \$20 million. And I don't think this hurts the bill any, I just think this makes the bill a lot better that we're looking at the whole state this way (inaudible) to place it just our area down here. So I hope we can support this amendment. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Jones. Senator Coordsen, on the Vrtiska amendment.

SENATOR COORDSEN: Thank you, Mr. President. Members of the body, I...I suppose as a general rule I would support the Vrtiska amendment. But I would ask Senator Vrtiska if he would respond to a question, please.

PRESIDENT MAURSTAD: Senator Vrtiska.

SENATOR COORDSEN: Senator Vrtiska,...

SENATOR VRTISKA: Yes.

SENATOR COORDSEN: ...when we...when we had discussed this issue in Revenue Committee, I at one time thought that we should drop this to 30, and then I got to thinking about this. If we...if we drop this to 25, bearing in mind that the rest of the bill requires that those employees used for qualifying would be at or above the state average wage, my concern was that, if we did this as you're proposing, that we could end up with a minimum wage, for lack of any better example, not picking on them, a telecommunications situation where there were a large number of low wage people and 25 or 30 that were above the 27,000. Do you think that would be possible under...if we lowered this? And that was my concern.

SENATOR VRTISKA: Well, in looking the way...the way I understand the amendment that I'm putting this onto, as I understand it, you would be able to attain that level without a great deal of...great deal of difficulty. I could be wrong, but this was my interpretation when I looked at how the...how the...the different steps that were put in the original

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amendment. And so I feel comfortable with it.

SENATOR COORDSEN: Okay, thank...thank you, Senator. Well, at this...on General File I think I'm going to have to oppose the Vrtiska amendment, not because I don't think as he does, but I think I need to personally do...make some considerations as to how that might play out in real life. And my concern was if the number of qualifying people was too low, we could create a situation that might not be in the best interest of one of the areas of Nebraska that are so desperately in need of economic development. Maybe that's what we need to do. A job at a low pay scale is, in fact, better than no job at all. But right now I think I'm going to not support this amendment but might want to revisit again, if it's not adopted today certainly would want to revisit the idea again on Select File. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Coordsen. Senator Kristensen, on the Vrtiska amendment.

SPEAKER KRISTENSEN: Thank you, Mr. President, members of the Legislature. I know that your attention span for this bill may be dwindling in the afternoon, so I appreciate your patience to the bill. I did make the offer to do this, Senator Vrtiska, to the Revenue Committee when I opened on the bill, and I will honor that commitment that I would make that change. Obviously, there were other things that I wish we would have done and hadn't...I'm more concerned about the impact of this on the fiscal note. Obviously, if it drives up the fiscal note, that just brings on more opponents to it. I'm not sure that this has a tremendous impact on the fiscal note. And it is based upon that assumption that I'll support your amendment at this point in time. You know, if we drive it down too low, you'll drive the fiscal note way up. And I want to balance what I think the Revenue Committee was trying to do with what good policy here is to do. So my assumption is that there will not be a tremendous impact on the fiscal note if this amendment occurs. If I see there's a huge, tremendous impact on the fiscal note, I would probably reconsider my position based on just pure fiscal notes, because that's going to take some votes away from the bill and from what I gain. So I appreciate your interest and, at this

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point in time, that's how I'm going to proceed. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Kristensen. Senator Janssen, on the Vrtiska amendment.

SENATOR JANSSEN: Thank you, Mr. President, members. Senator Vrtiska, I think you're really going to get some action here. I think this would...this would probably open up Pandora's box, not that it doesn't need to be opened up on this bill, I'll agree with that. But I just wonder if we would be able to...really be able to afford this, because I...I can see probably about a dozen to maybe two dozen cities throughout the state that would probably be able to take advantage of this. And that's why I'm not...I'm not sure that there would be enough money to go around, or then again, I guess, if we did adopt this to the bill, it would make it probably a little harder to pass the bill. I'm not really all against that either. But on the other hand, (laugh) I think the investment is a little bit low. Now, how about the wages? What would...what would the wages...would you have any on that...could I ask Senator Vrtiska a question, Mr. President?

PRESIDENT MAURSTAD: Senator Vrtiska.

SENATOR JANSSEN: What would...what would the wages...the threshold on the average annual wage be on...under your proposal?

SENATOR VRTISKA: Well, it...maybe you should ask Senator Kristensen, because it's take...it's a take off on the amendments he put up. And the job...the job is on the basis of...of...

SENATOR JANSSEN: All right, thank you, Senator Vrtiska. I'll ask Senator Kristensen, if he would answer that for me.

PRESIDENT MAURSTAD: Senator Kristensen, would you yield?

SENATOR JANSSEN: Senator Kristensen, did you hear my question?

SPEAKER KRISTENSEN: I...I'm sorry, I...I only heard parts of

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it; I'm sorry.

SENATOR JANSSEN: What...under the...if we use the...the proposal that Senator Vrtiska is offering, what would be the minimum wage? Would there still be a threshold there on the wages you'd have to pay?

SPEAKER KRISTENSEN: Yes, that would be 100 percent of the average annual wage for each new employee, that this year would be \$25,538.

SENATOR JANSSEN: All right, so then it would be a...at least 100 percent of the average annual wage, right?

SPEAKER KRISTENSEN: Yes.

SENATOR JANSSEN: All right, now on the...the higher threshold, isn't it more than that?

SPEAKER KRISTENSEN: Yes, the higher tier, the one that people are referring to,...

SENATOR JANSSEN: Right.

SPEAKER KRISTENSEN: ...that Union Pacific may be interested in, it's...it's 120 percent, and that is a wage of thirty thousand six hundred some dollars.

SENATOR JANSSEN: Right. Okay, thank you, Senator Kristensen. Thank you, Senator Vrtiska; thank you, Mr. President. I do have some...I think we are going to be in a little trouble with that, Senator Vrtiska. But, I thank you for offering it because it would open up...would open up the doors for a lot of new companies to get started in this state. And, you know, I don't know where the employees are going to come from either, that's another problem we've got. So, thank you.

PRESIDENT MAURSTAD: Thank you, Senator Janssen. Senator Vrtiska, your light is the only light on. Would you like to use your time to close?

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SENATOR VRTISKA: Yeah, yes, I would, thank you.

PRESIDENT MAURSTAD: You're recognized to close.

SENATOR VRTISKA: Mr. President, jobs are jobs and that's what we're trying to do. And I think this is a benefit to the entire package of the bill we're trying to pass. I think that we're...we're, in this particular instance, we're addressing the entire state, we're not just addressing metropolitan areas, we're talking about outstate, but we're also including. And I know some of the senators are concerned about the cost. We have done a little bit of research on...on the possible costs, and it's pretty well conceded that it's not going to be as terribly expensive as some people might think. It's going to take some...certainly some incentive by people to qualify under the criterion that's set out. I don't look at this as an overly expensive proposition. And, as I said before, I think it adds a great deal to the entire bill. I think everybody in this...in this body ought to look favorably to a bill that might affect their part...their particular part of the state, whether you be in Omaha...Douglas County, Lancaster County or Pawnee County, I think that...and I told you the other day about some jobs that opened up in my particular area on a smaller scale. This would in fact induce more people to do the very same thing and they could in fact grow into a much bigger company. So I don't see this as a budget buster, I think it's doable and I think it's fair. I think it gives everybody an opportunity to get into the mix of trying to create jobs in their local area for employment at a level where...as a living wage, at least a better living wage perhaps than some are able to...to get right now. So I...I can't see this as anything but positive. And certainly, I would hope that you would look at it from that sense because we're from all over the state, we have interests from every corner of the state and this, in fact, addresses every corner of the state with the opportunity for people to create...create jobs. And that's what, as I understand it, LB 620 was all about was to create jobs for people to earn a living at a living wage. And this just lowers the threshold to where more people can become involved in a job opportunity that they may be looking for. And certainly we don't need all the jobs in...in Douglas and Lancaster County, not that those jobs are not good and help the

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economy. But remember, this does the very same thing, this is an addition to the economy of the state. And so I think it's a good amendment. I think that realistically it should be supported and I hope that you will. And with that, I appreciate any support. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Vrtiska. The question is the adoption of AM1488 to LB 620. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 31 ayes, 0 nays, Mr. President, on the adoption of Senator Vrtiska's amendment.

PRESIDENT MAURSTAD: The amendment is agreed to.

CLERK: Mr. President, I have a priority motion. Senator Kristensen would move to invoke cloture pursuant to Rule 7, Section 10.

PRESIDENT MAURSTAD: Senator Kristensen.

SPEAKER KRISTENSEN: I move to place the house under call.

PRESIDENT MAURSTAD: Question is, shall the house go under call? Those in favor vote aye; those opposed vote nay. Please record.

CLERK: 29 ayes, 0 nays, Mr. President, to place the house under call.

PRESIDENT MAURSTAD: The house is under call. Would unauthorized personnel please leave the floor. Would members please return to the Chamber and record your presence. The house is under call. Senator Brashear, could you check in, please. Thank you. Senator Suttle, Senator Wickersham, the house is under call. Senator Suttle, the house is under call. The first motion is on the cloture motion. Senator Chambers has requested a roll call vote. Mr. Clerk.

CLERK: (Roll call vote taken, Legislative Journal pages 1510-1511.) 42 ayes, 3 nays on cloture, Mr. President.

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PRESIDENT MAURSTAD: Motion is agreed to. We'll move to the vote on the advancement of LB 620. Roll call vote has been requested. Mr. Clerk, please call the roll.

CLERK: (Roll call vote taken, Legislative Journal pages 1511-1512.) 41 ayes, 3 nays on the advancement, Mr. President.

PRESIDENT MAURSTAD: LB 620 is advanced. The call is raised. Mr. Clerk, items for the record?

CLERK: Mr. President, a series of amendments to be printed to LB 620 in the Legislative Journal. That's all that I have, Mr. President. (Legislative Journal pages 1512-1513.)

PRESIDENT MAURSTAD: Mr. Clerk, the next bill.

CLERK: LB 833, by Senator Bromm. (Read title.) The bill was introduced on January 17, referred to the Education Committee, advanced to General File. I have committee amendments pending, Mr. President. (AM1338, Legislative Journal page 1340.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Bromm, you're recognized to open on LB 833.

SENATOR BROMM: Thank you, Mr. President. I would like to thank Senator Kremer for making LB 833 a priority bill, otherwise we probably would not have the opportunity to bring this proposal to the floor, so I appreciate that very much. The idea contained in LB 833 was brought to me a few months ago, before the session started, by a consortium of school districts throughout the state, school districts who had, for one reason or another, been unable to access funding for distance learning facilities in their respective districts. These are high school districts, and about 50 Nebraska high schools without distance learning capabilities. We talked about it and we talked about ways to possibly seek funding to permit these schools to participate and I've tried to become familiar with the history of schools that do have the capabilities and how that happened, and really discovered that in 1998, LB 1228 changed the way in which the Education Innovation Funds proceeds, which are part of

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the lottery funds, are allocated. At that time, the Education Innovation Fund was changed so that it provided for three different programs, the Competitive Incentive Grant Program, which is supposed to be pretty much at the discretion of the Governor on the awarding of grants, the Quality Education Incentive Payment Program, which is 70 percent of the maximum grant of \$100,000, and then the Mentor Teaching Program, which could be up to...up to 10 percent. The Competitive Grant Program, I may have misspoke, was capped at \$100,000. In looking at what we could do, we brought LB 833, which proposes to use, for two years, a portion of the 20 percent I would say Governor's discretionary portion of the...of the lottery funds to finish the distance learning hookups primarily with these 50 high schools around the state and to do that in fiscal year '01-02 and '02-03. Originally we had a goal in statute that all schools would be connected with distance learning, I think, by 1998, and that did not...that did not occur and might have occurred, although I can't guarantee that, had we not changed the law in 1998. In the...with the educational people that we have talked with, I'm convinced that this is a very worthy thing to do; it is not General Fund money. It is consistent with the original purposes and intent of the lottery funds, and in fact simply completes a process which was begun many years ago, primarily using lottery funds. Now this legislation would require that the grant applicant allow the technical panel of the NITC to review the...the grant for the best technical standards so that it would be a future-driven, proper way to organize the...the...the distance learning projects in the various school districts. There is a...really the bill becomes...the committee amendment becomes the bill, changes the...the...the method a little bit. It makes the Department of Education the...the source for receiving the grant funds and coordinating the project. And I'll let...I'll let the committee chair speak to that in particular, but I'm very supportive of the changes made by the committee. We had a...we had a good hearing in the Education Committee. There was a terrific amount of support, and many of the districts that you see listed on the committee statement and the areas that appeared and testified are areas, in fact, without distance learning. And if anyone is interested, I have maps over here at my desk that show those districts that would probably participate in this grant

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application. We...we also introduced another bill which would have sought General Funds. Realizing the high demands upon General Funds and the likelihood of that not being possible, we introduced this concept and it enjoyed good support, at least at the committee hearing and from the committee. So, with that, I'll conclude my opening, Mr. President, and wait for the committee amendments for further discussion. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Bromm. Senator Raikes, you're recognized to open on the Education Committee amendments to LB 833.

SENATOR RAIKES: Thank you, Mr. President, members. I think Senator Bromm has explained well what was the intent of this bill. And I would point out that the committee amendments do replace the original provisions of the bill, but the committee amendment is an effort to...to make the...the bill consistent with the objectives as explained by Senator Bromm. The committee amendment would transfer the use of a portion of the lottery funds allocated to the Educational Innovation Fund from incentive grants to a Distance Education Network Completion Grant for two years. And, I think, as Senator Bromm explained, the idea behind this is to provide funds for these remaining school systems, about 40 or 50 of them, to equip a distance education classroom. We're not really talking about the...the hooking up to T1 lines or anything like that, that's already been completed. What we're talking about is...is equipping a distance education classroom. For fiscal years 2001-2002 and 2002-2003, the Excellence in Education Council would grant up to 20 percent of the Educational Innovation Fund, not to exceed \$1.5 million per fiscal year, to a single grantee for Distance Education Network Completion Grants. The idea of a single grantee who would then in turn contract with the individual school systems is intended to accomplish a couple of things, one of them is administrative ease, the other thing would be hopefully there would be some...some advantage in terms of purchasing equipment if it's done through a single grantee and thereby with a larger purchase. The Distance Education Network Completion Grant would fund engineering, equipment and installation charges for two-way interactive distance education capacity for public high school buildings that do not have the

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capacity. The committee amendment specifies what is required in the grant application, indicates that any school system qualified would be a part of the Distance Education Consortium, and also provides up to \$25,000 per fiscal year for the department to fund a project manager. There are some other clarifying parts to the committee amendment, but I think that covers the essence of it. Again, the notion of the committee amendment is to make the bill consistent with the objectives that Senator Bromm has outlined. So, with that, I'll stop, offer to answer any questions and ask your support of the committee amendment. Thank you.

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

CLERK: Senator Bromm would move to amend the committee amendments. (AM1551, Legislative Journal page 1513.)

SENATOR BROMM: Thank you, Mr. President. I simply was approached shortly before the bill came up today about the need for possibly a clarifying amendment, doesn't change anything substantive, in my view, at all in the committee amendment but it adds the provision, on page 10, where there is sort of a laundry list of what the grant application must specify, it adds to that, that laundry list, a provision that says that any equipment obtained through the grant is the property of the school district and not the Department of Education which administers the grant program. So I...I don't know if the amendment is absolutely necessary but it certainly satisfies any concern about there being any ambiguity about who becomes the owner of the distance learning equipment when it is installed into the respective school districts. With that, I'd simply ask if there are questions, try to answer them, otherwise I'd ask support for the amendment.

PRESIDENT MAURSTAD: Thank you, Senator Bromm. I have a number of lights on. I will check to see if you want to speak on the Bromm amendment. Senator Kremer, Senator Stuhr, Senator Wehrbein, Senator Janssen, on the Bromm amendment.

SENATOR JANSSEN: Yes, thank you, Mr. President. Senator Bromm, could I ask you a few questions?

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PRESIDENT MAURSTAD: Senator Bromm, would you yield?

SENATOR BROMM: Certainly.

SENATOR JANSSEN: Senator Bromm, we're not...we're not changing the structure of the...of the trust fund, are we? We're still going...we're still going with the 49.5 percent for the education and 49.5 percent environmental trust?

SENATOR BROMM: That's right.

SENATOR JANSSEN: We're keeping that the same, and we're still...we're not changing the \$500,000, which is...goes to compulsive gamblers fund, that comes...that comes right off the top, and we're not changing the 1 percent of the compulsive gambling fund that's left over from the 49.5, 49.5, you got 1 percent that's left. We're not changing that at all.

SENATOR BROMM: That's correct, Senator, yes.

SENATOR JANSSEN: So then we end up with we've got 75 percent of that money now is going to the grants that are set out in the public schools throughout the state of Nebraska; 25 percent of that goes to the mini grants, the small grants that was established several years ago. I remember that very well. So we aren't...now we are going to use just that...we are going to use the whole 75 percent, you are not touching the 25 percent, you're touching...you're working on the 75 percent would all be set out in mini grants. Am I...am I following you correctly on this bill or did I throw you a curve?

SENATOR BROMM: I think you did. (Laugh) Just where, I am not sure, but this...this doesn't affect any of the existing grant process at all except for the 20 percent Governor's discretionary grant portion. There is 20 percent of that educational money that the Governor, since 1998, has had the right to suggest where those incentive grants should go. They have to go for educational purposes, but he had some input on that if he wished to exercise it. This goes into that 20 percent that's the Governor's incentive grant program,

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nothing to do with mini grants, nothing to do with any of the other areas you just talked about, and it provides that up to 1.5 million for two years of that 20 percent would be used for a grant program to finish the distance learning projects.

SENATOR JANSSEN: One more question, Senator Bromm. Where does the 20 percent that the Governor has the authority over now come from, the 75 percent or the 25 percent?

SENATOR BROMM: It's got to come from the 75 percent.

SENATOR JANSSEN: Okay. Thank you, Senator Bromm. I probably will have some more questions later on but you did answer the questions I wanted to know right now. Thank you. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Janssen. On the Bromm amendment, Senator Raikes.

SENATOR RAIKES: Yes, thank you, Mr. President and members. This I think is a clarifying amendment in making sure that the...it is clear that the equipment purchased is owned by the school district and not by the state. I would support it. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Raikes. Senator Vrtiska, on the Bromm amendment. On the Bromm amendment?

SENATOR VRTISKA: I'm going to waive off for just now.

PRESIDENT MAURSTAD: Senator Bromm, you're recognized to close.

SENATOR BROMM: Well, just very briefly, it is just a clarifying amendment that provides that any distance learning equipment purchased through this grant process or program is owned by the school district and not by the Department of Education, who will be administering the grant funds. So with that, I'd ask for your support.

PRESIDENT MAURSTAD: Thank you, Senator Bromm. The question is the adoption of the Bromm amendment to the committee amendments

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to LB 833. 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 Bromm's amendment to the committee amendment.

PRESIDENT MAURSTAD: The amendment is agreed to. Further debate
on the committee amendments, Senator Kremer.

SENATOR KREMER: Thank you, Mr. Lieutenant Governor. Thank you,
Senator Bromm, too, and also Senator Raikes and the Education
Committee for passing this bill out of the committee. I, too,
was approached by several schools in my district as to how they
could fund the distance learning facilities that they needed.
Several of the schools were funded in the past or most of them
through lottery funds or some other grant money. And in the
last few years because of the budget restraints that they've
had, and many other demands on their budget, weren't able to
fund distance learning classrooms, which I think is becoming
more important all the time as we have heard many times in the
last year of the teacher shortages and the smaller schools not
have...not being able to provide the curriculum that they would
like to do, that this has become a project that could be very,
very important to our schools, not only just the smaller
schools, but all the schools throughout our state. As
technology advances, more things can be done. They can have
interactive classrooms between schools. We've had a lot of
interest from the community colleges and the University of
Nebraska and the Mead Animal Research Center for wanting to
cooperate in these projects. The Mead Animal Research Center is
in my district and some of the top scientists in the country are
there and they could provide a lot of...a lot of input in
science as far as genetics or food safety or many other things
that schools could download and use in teaching in their science
departments, not only just our small schools but many of the
larger schools also. So I think it's something that could be
very...very helpful. Another one is the demand of foreign
languages and many of the schools do not have enough students to
really hire a teacher to teach foreign languages. Got a report
that in one school someone was taking Japanese being taught from
Japan. Also I might add during the testimony at the hearing,

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there was a group from I think it was Kearney, is that where it was, that was hooked up for the hearing, to be able to testify at the hearing just as a demonstration of what could be done, and they did not have to travel two hours to Lincoln and two hours back again and will save their time and they was able to testify. It was interactive response just like anybody that was right there in the room, to kind of demonstrate what could be done and how it can be used. I think as we have budget restraints and trying to get our schools more efficient even in paying teachers' salaries. if we could save some money somewhere along this line as far as hiring the teachers and providing the curriculum could be very substantial to each one of our schools, so I think it's something that needs to be done. There are about 50 schools Senator Bromm mentioned that are not hooked up. Some of them wrote grants this year but they were rejected by the lottery fund group, and I think they anticipated that it was going to need to be...going to be funded this way. So there was also a bill introduced, I think by Senator Bromm, to use General Fund money which we knew was going to be under a tremendous amount of pressure to keep the General Fund spending down and felt like this was a good way to do it. So it's only for a two-year period that these funds would be...would go into directly the Department of Education to be used in this manner. So with that, I would like to urge you to vote yes on this bill.

PRESIDENT MAURSTAD: Thank you, Senator Kremer. On the committee amendments, Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President and members of the body. I rise in support of the committee amendments which really now become the bill. As has been stated, there have been a number of schools that were unable to actually qualify for the lottery grants, and as we know those lottery grants were for innovative projects. So this will extend that time period of a couple of years which I think will be very beneficial. Right now in Nebraska about two-thirds of the K-12 districts do offer interactive classrooms. As was stated, oftentimes math, science, foreign languages are the courses that are presented through the distance learning process. They usually cost somewhere in the realm of maybe 25 to 50 thousand dollars to install. So this will certainly be very helpful. A letter that

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I received from one of the schools in my area in support of the bill said that certainly the use of these lottery funds would help pay the cost for connecting the remainder of the schools who desire to be connected. As rural communities are struggling to face the challenges of teacher shortages, declining enrollments and limited education funds, it's imperative that we search for new ways of providing quality education for all of our students, and I certainly do support that. I believe all of those schools would really prefer to have live teachers in their classrooms, but this will certainly be an alternative method and certainly am in support of this bill and hope that you will be also. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Stuhr. Senator Wehrbein, on the committee amendments.

SENATOR WEHRBEIN: Mr. President, members of the body, I just wanted to ask a question. I'm not sure if it should be Senator Raikes or Senator Bromm. Which one is the biggest expert on this issue? Senator Raikes. Senator Raikes,...

PRESIDENT MAURSTAD: Senator Raikes.

SENATOR WEHRBEIN: ...I was wondering how far will this go in covering all the schools that are left? Are you aware? With this map, maybe I will ask Senator Bromm. There are some that are not interested at this point but I wondered will we be back in two years again with some other schools or did you have any inkling in your testimony? I don't remember of that testimony in our hearing that we had as to whether this is going to be all encompassing or not?

SENATOR RAIKES: Well, the information we had that I believe that the expenditure per school to set up this distance is about \$50,000, and given the number of school systems that remain and are interested, the amount of money that's being appropriated here should be sufficient within the two-year period to cover everything. So, no, it's not...it's not a partial funding that we'll have to come back in a couple of years and redo.

SENATOR WEHRBEIN: Okay, so there will still be some schools out

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SENATOR CHAMBERS: Right. So this...

SPEAKER KRISTENSEN: Yeah, if you did it the other way.

SENATOR CHAMBERS: ...is going to let the company have a bigger pool of money on which to base its credit claim, I think.

SPEAKER KRISTENSEN: Okay.

SENATOR CHAMBERS: So that's an additional benefit that the company gets from this bill that may be hidden from those who don't read it very carefully.

SPEAKER KRISTENSEN: But realize that that money that they're going to take the wage credit on then just either has to be used for the companies income tax liability or their withholding liability for that employee. But regardless of that, the money that they basically have saved by not having to pay those obligations, they have to fund those employee programs. So it doesn't go into dividends and it doesn't go into profit, it's got to go into those programs.

SENATOR CHAMBERS: But it's coming out of somebody's hide, and the hide out of which it will come is that of the other taxpayers, because it's going to be a greater reduction in the state's revenue by allowing the company to make a greater claim...

SPEAKER KRISTENSEN: And that...that...

SENATOR CHAMBERS: ...of...on...on these credits...

SPEAKER KRISTENSEN: ...that's true if you o...

SENATOR CHAMBERS: ...for these credits.

SPEAKER KRISTENSEN: ...but, if those employees never came, you wouldn't have those wages anyway.

SENATOR CHAMBERS: Would you be willing to scrap all this talk

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of new employees, equivalent employees and simply talk about new taxpayers? Then we know that each taxpayer is an individual, not an equivalent.

SPEAKER KRISTENSEN: Well, somehow here's what you don't want to have happen, will I consider that, yes, but it's...I'll tell you, that's a major amendment, that's a...that's a "toughy". But here's what you don't want to have happen, you don't want a company that's got let's say a...so I can do my math correctly, 1,000 people and good share of them are part-time, or there's a lot of come and goes, they are temporaries and all of those. And then you come in and say, oh by the way, I now have 1,500 people and I want my credit, because I've got 500 new taxpayers than the 1,000 I had before. The reason I want to convert that 1,000 actually is to the detriment of the company; I want to convert that 1,000 into what are real equivalent real people. So in other words, there isn't 1,000 new...there isn't 1,000 base employees; you've got to scale that back, and that's the reason it's there.

SENATOR CHAMBERS: Yes, and I can understand all of the things that you have said.

SPEAKER KRISTENSEN: That's better than I did.

SENATOR CHAMBERS: You have not been unclear, the bill, I think, is unclear though, but I see it as using a complex scheme to befuddle people and mix up these terms. I'm not saying that's what you did, but whoever crafted all of this. And I know the chamber of commerce probably had their finger in it, UP and whoever else, I don't even care who they are. I'm looking at what is before us. And I do think that the next time around...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...I'm going to do again what I had done and list out all of the places where we talk about employee, equivalent employee, base-year employee, base-year equivalent employee, individual, for the purpose of calculating who can be counted for the credit, employee for who can be counted for the purpose of reaching the threshold of employment. And I don't

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think it has to be that complicated. It's complicated when people want to steal but not be branded as thieves. If somebody walked into Heineman's office, over there, and put a gun on him and said, give me your dough, we know what that person is. But if they come in with pinstriped suits and have UP written on them, and they say, give me your dough, then they are respected businessmen, but they are plundering the treasury for more...

PRESIDENT MAURSTAD: Time.

SENATOR CHAMBERS: ...than what that honest robber would do.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator Kristensen, your light is on next.

SPEAKER KRISTENSEN: Thank you, Mr. President, members of the Legislature. Senator Chambers actually has hit on an issue that I think you all need to understand, too, and that's what...how do we calculate these things? And...and I don't know if you were listening to the exchange, but part of this is you're going to have people out there who are trying to, in some form or fashion, not actually get 500 new employees or, if it's under these lower tiers, not even get the 50. They're going to try to come in and say, well, actually I've got five times that amount, I've got 1,000 employees here. But when you boil it down, they really don't have 1,000 employees. They may issue a check to 1,000 different people, and that's the reason the taxpayer one makes me...I'm not sure how to define all those yet. It also is that if I was a taxpayer and this new project occurred and I was already a taxpayer in the state of Nebraska, but I had another job and I came over, I may not be eligible. And there may be people who would like that policy. But from what I'm trying to do, that would not be a good policy. We...we've got to distill that bottom number. The bottom number is what you start with. So we have to try to decide what your bottom number is, and we want those to be full-time people. But you'll say, well look, I don't have all full-time people, or they...some have quit and they've got a partial year, so they haven't been here and their wage shows they've only worked for two months, but the person before them worked for ten months and so on. So the formula is designed to get it into a figure of equivalence. Senator

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Chambers is absolutely right. Now what I don't want to have happen and I know what he doesn't want to have happen is that when you go to say, look, I got 200 new employees and they all average over the state...120 percent of the state average, well you could, with one person, you could skew all those new employees and get the benefit. I don't want that to happen. And, Senator, I'm open to looking at that language, that's the reason I pointed to you on page 17, we're not going to let that occur. Each one of those new employees, if you're going to count them for the credit, must receive those wages above 120 percent or, if you're in the other tiers, 110 or 100 percent, if not, you don't count those people. But to get to that number you've got to do some calculations. One is what you start with, and what do you have today. What happens if you have 2,000, Senator Chambers, part-time people? Well, you could average those 2,000 people and get full-time equivalents and you could get to 500. However, what's in LB 620 and what I want to make sure is there, and if it's not there I want somebody to help point it out to me, is that when you distill those 2,000 part-timers down you've got to have at least 500 of them that are earning above those 120 percent wages. As a practical matter that stops them from playing games with those numbers. And in the real world they do have comings and goings, and they've got people who have worked part years, and the position has been there. That's the reason there's a difference, when you see the word "individual", we're not going to give wage benefit credits just to individuals; they have to be an employee under the definition of the bill. And that's...Senator Chambers has taken the time to sit there and read through that, that is difficult reading, that is hard to figure out, but that's the policy that you want to try to get here. You don't want to just make a blanket statement so it's easy for them to come in and say, I have 1,000 people today, tomorrow I'm going to have 500,...

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: ...give me my money. You just can't do that. And there's two protections--one is we want to make that top end number, it's got to get distilled down to a full-time equivalent, and the bottom number has got to be a full-time

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equivalent. The key is the number of new employees that you finally get must earn over that 100 or 110 percent or, in the upper tier, 120 percent. Senator, I've taken more time and I probably should have given you some of that, but there will be other lights. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Kristensen. Senator Brown, on the Wickersham amendment.

SENATOR BROWN: Mr. President, I would yield my time to Senator Kristensen, if he wants to continue the dialogue with Senator Chambers.

PRESIDENT MAURSTAD: Senator Kristensen, Senator Brown is yielding time to you, if you wish to continue your discussion with Senator Chambers.

SPEAKER KRISTENSEN: Senator Chambers, I'd continue my conversation with you, if...if you have some questions here, and if Senator Brown has a problem, she'll object to you and I using her time. Go ahead and...

PRESIDENT MAURSTAD: Senator Chambers.

SENATOR CHAMBERS: Thank you. Senator Kristensen, now that we've talked about how those credits might be figured I want to go back to page 2, because to me the definition is where we start.

SPEAKER KRISTENSEN: Okay.

SENATOR CHAMBERS: Base-year employee means any individual, you know, employed and so forth. But I'm looking at any individual. Why cannot they put in a definition of a base-year equivalent employee, since they talk about an equivalent employee during the base-year in other parts of the bill? For example, excuse me, if you look at page 5 in the green copy, where you're talking about the number of new employees, the number of new employees is the excess of the number of equivalent employees. And the bill tells how you arrive at this equivalent number, and that's where you don't look at individuals but the total amount

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paid. And then you divide that in such a way as to arrive at how many employees that would equal if you had a person receiving that amount, that many people.

SPEAKER KRISTENSEN: Yeah, I think I know what you mean.

SENATOR CHAMBERS: So you could have one person making a large amount of money in that pool of the total salaries paid. And that person's salary would equate to any number of equivalent employees. So let's say however we arrive at the base-year employee number, so we can have the company qualified.

SPEAKER KRISTENSEN: Okay, just what I would point out is we're...in terms of counting employees or individuals or base-year, I mean that wages have nothing to do with counting them, except at the end to make sure that they...the number we count earns over that top end.

SENATOR CHAMBERS: If we're not talking about wages, on page 5, starting in line 13, which would be Section 20, what are we talking about when we say "number of new employees". If we're not going to base it on wages, how do we arrive at what constitutes an equivalent employee, other than by wages?

SPEAKER KRISTENSEN: Because you do it by...you do it by number and...

SENATOR CHAMBERS: But we're not talking about actual individuals, we're talking about equivalent employees in Section 20.

SPEAKER KRISTENSEN: Right, right.

SENATOR CHAMBERS: And equivalent employee is not an actual individual, necessarily.

SPEAKER KRISTENSEN: No, actually that...the equivalent employee, you got to go back to Section 17 on page 4. That's the number that sort of...oh, I need a good descriptive term for it.

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SENATOR CHAMBERS: We're...the term "computed", in Section 17, lets us know we're not talking about individuals,...

SPEAKER KRISTENSEN: Right.

SENATOR CHAMBERS: ...if you want to say it's a computer generated model. So the equivalent employee is not an actual person. We arrived at that through a mathematical formula.

SPEAKER KRISTENSEN: That's correct, although it...it equates so you can count new people.

PRESIDENT MAURSTAD: One minute.

SPEAKER KRISTENSEN: You've got to get...you've got to somehow get a base to get started with and you've got to have some way to interpret the total number of people you have at the end, so you can figure out how much of that is new.

SENATOR CHAMBERS: But aren't we going to determine the number of hours by the number of hours paid, rather than the number of hours worked? Because the definition says, by dividing the total hours paid.

SPEAKER KRISTENSEN: I'm not...you've now...yeah, that's what it says. I guess, I...

SENATOR CHAMBERS: Does...is that the same as number of hours worked?

SPEAKER KRISTENSEN: I doubt it, because I don't think it counts their overtime or their fringe benefits.

SENATOR CHAMBERS: So then you might have one person getting overtime, or several people getting overtime, and they would count for an equivalent...

SPEAKER KRISTENSEN: No, it's the other...

SENATOR CHAMBERS: ...their overtime would count for an equivalent employee because they were hours paid.

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SPEAKER KRISTENSEN: Other way...other way around.

PRESIDENT MAURSTAD: Time. Thank you. Senator Wickersham.

SENATOR WICKERSHAM: I...I'm interested in the discussion that we're having about this particular provision in the bill. And I'm glad that at least Senator Chambers is paying attention to it and that Senator Kristensen is able to explain it. There are difficulties in this area, and in fact it is one of the difficulties that we have in these programs in general. One of the difficulties is that it is based on FTEs. And you get equivalent FTEs, and one of the ways you can do...an equivalent FTE is so many hours per week. You can actually create, for purposes of these programs, new employees with overtime. In fact, you don't hire anybody new. All you do is work the folks that you have longer and you get new FTEs. And you can qualify or work toward qualification based on overtime. Now, if one of the jobs...if one of the objectives of these programs is the creation of new jobs, new hires, then one of the issues that we ought to address is the issue of overtime and whether or not companies can use overtime to qualify their companies for benefits. That's one of the things that can happen. I don't know if that's exactly what Senator Chambers had in mind, but that's one of the things that can happen. One of the other ironic things that can happen, and in fact might happen in the context of the Union Pacific project, is that no new employees are really created for the company. It's just new employees in the state of Nebraska. Now, somebody will say, oh, you shouldn't bother about that; the name of the game is the New Employees for the State of Nebraska; we don't care about anyplace else. But it fits in the context of the discussion that Senator Kristensen had earlier about these kinds of programs and the...and the...the...some people characterize it as competition. I think you can think of other words to characterize it between the states. It is a net zero sum game for the states. You may not produce any real new economic activity. If UP moves 500 employees from Missouri to Nebraska, what's the net economic benefit for the country as a whole? It looks to me like Congress would do something about that kind of business. But it is engaged in; nothing new happens,

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necessarily, but you move things around a little bit and you get more benefit from one state than you could get from another state, and that's called competition. I think you can call that other things, if you're a little bit more imaginative, and in some states, quite frankly, I would say that it has been nearly ruinous. So far we have been lucky in the state of Nebraska. I think we've been more prudent than we have...than other states have. While we have "engaged in competition", so far I don't think it has been ruinous competition, maybe the day will come when it will be ruinous competition, I don't know. But it is certainly the area that Senator Chambers is discussing with Senator Kristensen is subject to doubtful results, and it is subject to results that you, I think, as members of the Legislature, probably did not intend and probably didn't even know was happening. So I hope the discussion with Senator Chambers and Senator Kristensen is again useful to you and that you have a better appreciation and understanding of how the program that is contained in LB 620 would work. Whether you ultimately vote for it or against it,...

PRESIDENT MAURSTAD: One minute.

SENATOR WICKERSHAM: ...I think you do have some responsibility at least to know how it works.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. Senator Wickersham, you are recognized to close.

SENATOR WICKERSHAM: Mr. President, this is an amendment to the amendment. And again, I would hope that you could support the amendment to the amendment. Remember, the amendment, in its primary form, would have limited the credits that could be scheduled for use to \$10 million per year. The amendment to the amendment strikes that limitation. Remember, Senator Kristensen said, we don't know what the right amount is; maybe you've got it too low; it will create uncertainty and will discourage companies from applying. If you can't determine the right number this afternoon, the amendment to the amendment will allow the Appropriations Committee to include a number in the budget, and that number would be brought to the floor and could be discussed on an annual basis. And in that fashion we would,

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hopefully, be able to decide on what the right number to give to the board for use in their deliberations would be. Again, it is only a part of the deliberations of the board. They're required to have in the applications a schedule of benefits. They can tell when credits are going to be...should be able to tell when credits are scheduled to be used, and the amount set in the appropriations bill would determine the amount that they could schedule for use. Now, that is an entirely separate issue from whether or not the credits are actually used and whether the amount that is used is more than the amount scheduled. If more comes in than is scheduled, they've got to be paid. It does not restrict the amount that would ultimately be paid, except on the basis that you did control the amount that was granted in the first place, which will ultimately, I hope, restrain the amount that is ultimately used. But that might not happen either because the Appropriations Committee might bring to us very large numbers in terms of their recommendation for the credits that can be used. But at least that number would be set in the context of a broader discussion about what the states needs are, because you should not make any mistake about it. The credits that are allowed are spending, they reduce state revenues, and they are the same...they have the same effect on our budget process as if you had written a check. The only difference that occurs at the moment is that you don't even know you're writing a check and you never seem to know how much it was. And I don't know if the day will ever come when you find out who you wrote the check to, that would be another good piece of information, but at least the amendment and the amendment to the amendment would let us set in place a process that would be far more fiscally responsible than the current process we have where there is no restraint on the amount that we spend, and very few people know how much we have spent in arrears. Not only do we know how much...do we not know how much we are projecting to spend, we don't even know how much we've spent when it's all said and done. I hope we can bring a little bit more fiscal responsibility to that process. And I trust that the Appropriations Committee and this Legislature would be more than able to make an annual decision about how much we wanted to spend or allow, more properly how much we would want to allow a board to approve for future spending. It seems to me that is consistent with other fiscal practices, and I would hope that we

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would do it in this instance.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. The question is the adoption of the Wickersham amendment to AM1478 to LB 620. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 4 ayes, 25 nays, Mr. President, on the amendment to the amendment.

PRESIDENT MAURSTAD: The amendment is not agreed to. Further debate on AM1478? Senator Wickersham, you're recognized to close.

SENATOR WICKERSHAM: Mr. President, I take by...take it by the last vote that you're satisfied that \$10 million is the right number because that's where we're at now. And, if \$10 million is the right number, I'm satisfied with \$10 million, and I suppose we just may as well find out if you think \$10 million is the right number.

PRESIDENT MAURSTAD: Thank you, Senator Wickersham. The question is the adoption of AM1478 to LB 620. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 4 ayes, 29 nays, Mr. President, on the amendment.

PRESIDENT MAURSTAD: The amendment is not adopted.

CLERK: Mr. President, Senator Vrtiska would move to amend, AM1488. (Legislative Journal page 1472.)

PRESIDENT MAURSTAD: Senator Vrtiska, you're recognized to open on AM1488.

SENATOR VRTISKA: Thank you, Mr. President. Members of the body, I came up with this idea because it appeared to me that there was discussion early on about this being a rural and urban issue, and I don't consider it a rural and urban issue because my amendment would allow businesses who were in the urban areas, as well as those in the rural areas, to take advantage of this

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amendment. This amendment basically would change the numbers that are in the standing amendment 1184 on page 4, line 1, and page 5, line 4, would strike "twenty" and insert "ten", and on page 4, line 2, and page 5, line 5, would strike "fifty" and insert "twenty-five". The purpose of this is to allow those smaller companies, who would never be able to reach the threshold of fifty jobs and \$25 million, be able to reach that threshold of \$10 million and creating 25 new jobs. You know, 25 new jobs in a smaller community is quite an asset, the same as \$100 million and 500 jobs in a metropolitan area. And I read to you before and I'd like to read it again the editorial that my good friend, Senator Tyson, passed out to everybody the other day. I'd like to read from it again. "But for many firms in rural Nebraska", and this is talking about the threshold of \$50 million and \$100 million, and 250 or 500 new jobs, "but for many firms in rural areas of Nebraska, those thresholds aren't realistic. Incentives were helpful to larger companies in larger cities, but rural Nebraska couldn't really benefit. That would change, however, under,"...and here it says Senator Kristensen, and he's talking about the different levels. My...my...my amendment would change Senator Kristensen's, as I indicated earlier, to 10 and 25, \$10 million and \$25 million, under Senator Kristensen's, while also renewing the incentive for larger business at a higher tier of investment required. LB...would create a special category for qualified businesses in rural counties with the lower threshold of \$10 million investment and 25 new jobs. That's still out of the picture for many small...excuse me, it would be a threshold of \$20 million and 50 new jobs. That's still out of the picture for many rural...small, rural businesses, but at least it's more attainable than the larger ones. And quoting on down in the article that came out of the Norfolk newspaper, "We believe a renewal of the Quality Jobs Act is vitally important for Nebraska. Without any broadening of the tax base made possible by the creation of new jobs may not occur. It's especially important for lawmakers to consider rural areas when the special category created by...", and here again it says "Senator Kristensen", and I'm substituting my name, that I just introduced the amendment, "it's time for more than just talk about support for the rural areas, it's time for action and financial support." Going back to my original comments, I want

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to reiterate that this is not necessarily rural Nebraska, this is all of Nebraska. There are many small companies in some of our larger counties who could more easily attain the \$10 million and 25 job category than they could the one that Senator Kristensen has suggested in the amendment that he has produced for us. So I'd hope that people would look at this as a way to create some...some job opportunities, some investment credits for some of the smaller companies. The other day when I spoke about this, I talked to you about some opportunities for, in my part of the state, where some companies started out with a much smaller amount of money and today have grown considerable. With this opportunity, more of those opportunities will become available and we could create some of those jobs that would not mean...would not necessarily be ConAgra, Union Pacific, et cetera. I'm not opposed to what they're doing with those jobs, because I think they're necessary. But while we're doing that I think we should take a look at how we might in fact support some of the smaller companies who would like to get a startup and would in fact get an incentive that would encourage them to start a business in some of the outstate, as well as in the metropolitan area. Senator Jones signed onto this amendment with me, so I'll give him part of my opening, and then I'll be ready to take any questions that anybody might have.

PRESIDENT MAURSTAD: Senator Jones.

SENATOR JONES: Mr. President, members of the body, thanks, Floyd. I wanted to sign onto this because I talked about this the other day some when I talked about the bill. And I said I think we got a lot of towns out across the state that's 5,000 in population or less. And we should be working on something here in the Legislature that's good for the whole state and not just for part of it. And I think this is...really opens it up so the whole state can be a part of it. So I've talked to a lot of people about this amendment and I've got a lot of support on it and they think it's a good idea to do this. It just makes a lower threshold, like Senator Vrtiska said, that would help hopefully the whole state. And I can already think of several pieces of...of things that could happen in my area, like a welding shop that could start up, and Ainsworth has got a shop that they've been going with a while, and I think there's

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another shop that's going to start up. And I think it would fit a lot better on 25 jobs and \$10 million than to have it 50 jobs and \$20 million. And I don't think this hurts the bill any, I just think this makes the bill a lot better that we're looking at the whole state this way (inaudible) to place it just our area down here. So I hope we can support this amendment. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Jones. Senator Coordsen, on the Vrtiska amendment.

SENATOR COORDSEN: Thank you, Mr. President. Members of the body, I...I suppose as a general rule I would support the Vrtiska amendment. But I would ask Senator Vrtiska if he would respond to a question, please.

PRESIDENT MAURSTAD: Senator Vrtiska.

SENATOR COORDSEN: Senator Vrtiska,...

SENATOR VRTISKA: Yes.

SENATOR COORDSEN: ...when we...when we had discussed this issue in Revenue Committee, I at one time thought that we should drop this to 30, and then I got to thinking about this. If we...if we drop this to 25, bearing in mind that the rest of the bill requires that those employees used for qualifying would be at or above the state average wage, my concern was that, if we did this as you're proposing, that we could end up with a minimum wage, for lack of any better example, not picking on them, a telecommunications situation where there were a large number of low wage people and 25 or 30 that were above the 27,000. Do you think that would be possible under...if we lowered this? And that was my concern.

SENATOR VRTISKA: Well, in looking the way...the way I understand the amendment that I'm putting this onto, as I understand it, you would be able to attain that level without a great deal of...great deal of difficulty. I could be wrong, but this was my interpretation when I looked at how the...how the...the different steps that were put in the original

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amendment. And so I feel comfortable with it.

SENATOR COORDSEN: Okay, thank...thank you, Senator. Well, at this...on General File I think I'm going to have to oppose the Vrtiska amendment, not because I don't think as he does, but I think I need to personally do...make some considerations as to how that might play out in real life. And my concern was if the number of qualifying people was too low, we could create a situation that might not be in the best interest of one of the areas of Nebraska that are so desperately in need of economic development. Maybe that's what we need to do. A job at a low pay scale is, in fact, better than no job at all. But right now I think I'm going to not support this amendment but might want to revisit again, if it's not adopted today certainly would want to revisit the idea again on Select File. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Coordsen. Senator Kristensen, on the Vrtiska amendment.

SPEAKER KRISTENSEN: Thank you, Mr. President, members of the Legislature. I know that your attention span for this bill may be dwindling in the afternoon, so I appreciate your patience to the bill. I did make the offer to do this, Senator Vrtiska, to the Revenue Committee when I opened on the bill, and I will honor that commitment that I would make that change. Obviously, there were other things that I wish we would have done and hadn't...I'm more concerned about the impact of this on the fiscal note. Obviously, if it drives up the fiscal note, that just brings on more opponents to it. I'm not sure that this has a tremendous impact on the fiscal note. And it is based upon that assumption that I'll support your amendment at this point in time. You know, if we drive it down too low, you'll drive the fiscal note way up. And I want to balance what I think the Revenue Committee was trying to do with what good policy here is to do. So my assumption is that there will not be a tremendous impact on the fiscal note if this amendment occurs. If I see there's a huge, tremendous impact on the fiscal note, I would probably reconsider my position based on just pure fiscal notes, because that's going to take some votes away from the bill and from what I gain. So I appreciate your interest and, at this

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point in time, that's how I'm going to proceed. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Kristensen. Senator Janssen, on the Vrtiska amendment.

SENATOR JANSSEN: Thank you, Mr. President, members. Senator Vrtiska, I think you're really going to get some action here. I think this would...this would probably open up Pandora's box, not that it doesn't need to be opened up on this bill, I'll agree with that. But I just wonder if we would be able to...really be able to afford this, because I...I can see probably about a dozen to maybe two dozen cities throughout the state that would probably be able to take advantage of this. And that's why I'm not...I'm not sure that there would be enough money to go around, or then again, I guess, if we did adopt this to the bill, it would make it probably a little harder to pass the bill. I'm not really all against that either. But on the other hand, (laugh) I think the investment is a little bit low. Now, how about the wages? What would...what would the wages...would you have any on that...could I ask Senator Vrtiska a question, Mr. President?

PRESIDENT MAURSTAD: Senator Vrtiska.

SENATOR JANSSEN: What would...what would the wages...the threshold on the average annual wage be on...under your proposal?

SENATOR VRTISKA: Well, it...maybe you should ask Senator Kristensen, because it's take...it's a take off on the amendments he put up. And the job...the job is on the basis of...of...

SENATOR JANSSEN: All right, thank you, Senator Vrtiska. I'll ask Senator Kristensen, if he would answer that for me.

PRESIDENT MAURSTAD: Senator Kristensen, would you yield?

SENATOR JANSSEN: Senator Kristensen, did you hear my question?

SPEAKER KRISTENSEN: I...I'm sorry, I...I only heard parts of

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it; I'm sorry.

SENATOR JANSSEN: What...under the...if we use the...the proposal that Senator Vrtiska is offering, what would be the minimum wage? Would there still be a threshold there on the wages you'd have to pay?

SPEAKER KRISTENSEN: Yes, that would be 100 percent of the average annual wage for each new employee, that this year would be \$25,538.

SENATOR JANSSEN: All right, so then it would be a...at least 100 percent of the average annual wage, right?

SPEAKER KRISTENSEN: Yes.

SENATOR JANSSEN: All right, now on the...the higher threshold, isn't it more than that?

SPEAKER KRISTENSEN: Yes, the higher tier, the one that people are referring to,...

SENATOR JANSSEN: Right.

SPEAKER KRISTENSEN: ...that Union Pacific may be interested in, it's...it's 120 percent, and that is a wage of thirty thousand six hundred some dollars.

SENATOR JANSSEN: Right. Okay, thank you, Senator Kristensen. Thank you, Senator Vrtiska; thank you, Mr. President. I do have some...I think we are going to be in a little trouble with that, Senator Vrtiska. But, I thank you for offering it because it would open up...would open up the doors for a lot of new companies to get started in this state. And, you know, I don't know where the employees are going to come from either, that's another problem we've got. So, thank you.

PRESIDENT MAURSTAD: Thank you, Senator Janssen. Senator Vrtiska, your light is the only light on. Would you like to use your time to close?

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SENATOR VRTISKA: Yeah, yes, I would, thank you.

PRESIDENT MAURSTAD: You're recognized to close.

SENATOR VRTISKA: Mr. President, jobs are jobs and that's what we're trying to do. And I think this is a benefit to the entire package of the bill we're trying to pass. I think that we're...we're, in this particular instance, we're addressing the entire state, we're not just addressing metropolitan areas, we're talking about outstate, but we're also including. And I know some of the senators are concerned about the cost. We have done a little bit of research on...on the possible costs, and it's pretty well conceded that it's not going to be as terribly expensive as some people might think. It's going to take some...certainly some incentive by people to qualify under the criterion that's set out. I don't look at this as an overly expensive proposition. And, as I said before, I think it adds a great deal to the entire bill. I think everybody in this...in this body ought to look favorably to a bill that might affect their part...their particular part of the state, whether you be in Omaha...Douglas County, Lancaster County or Pawnee County, I think that...and I told you the other day about some jobs that opened up in my particular area on a smaller scale. This would in fact induce more people to do the very same thing and they could in fact grow into a much bigger company. So I don't see this as a budget buster, I think it's doable and I think it's fair. I think it gives everybody an opportunity to get into the mix of trying to create jobs in their local area for employment at a level where...as a living wage, at least a better living wage perhaps than some are able to...to get right now. So I...I can't see this as anything but positive. And certainly, I would hope that you would look at it from that sense because we're from all over the state, we have interests from every corner of the state and this, in fact, addresses every corner of the state with the opportunity for people to create...create jobs. And that's what, as I understand it, LB 620 was all about was to create jobs for people to earn a living at a living wage. And this just lowers the threshold to where more people can become involved in a job opportunity that they may be looking for. And certainly we don't need all the jobs in...in Douglas and Lancaster County, not that those jobs are not good and help the

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economy. But remember, this does the very same thing, this is an addition to the economy of the state. And so I think it's a good amendment. I think that realistically it should be supported and I hope that you will. And with that, I appreciate any support. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Vrtiska. The question is the adoption of AM1488 to LB 620. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 31 ayes, 0 nays, Mr. President, on the adoption of Senator Vrtiska's amendment.

PRESIDENT MAURSTAD: The amendment is agreed to.

CLERK: Mr. President, I have a priority motion. Senator Kristensen would move to invoke cloture pursuant to Rule 7, Section 10.

PRESIDENT MAURSTAD: Senator Kristensen.

SPEAKER KRISTENSEN: I move to place the house under call.

PRESIDENT MAURSTAD: Question is, shall the house go under call? Those in favor vote aye; those opposed vote nay. Please record.

CLERK: 29 ayes, 0 nays, Mr. President, to place the house under call.

PRESIDENT MAURSTAD: The house is under call. Would unauthorized personnel please leave the floor. Would members please return to the Chamber and record your presence. The house is under call. Senator Brashear, could you check in, please. Thank you. Senator Suttle, Senator Wickersham, the house is under call. Senator Suttle, the house is under call. The first motion is on the cloture motion. Senator Chambers has requested a roll call vote. Mr. Clerk.

CLERK: (Roll call vote taken, Legislative Journal pages 1510-1511.) 42 ayes, 3 nays on cloture, Mr. President.

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PRESIDENT MAURSTAD: Motion is agreed to. We'll move to the vote on the advancement of LB 620. Roll call vote has been requested. Mr. Clerk, please call the roll.

CLERK: (Roll call vote taken, Legislative Journal pages 1511-1512.) 41 ayes, 3 nays on the advancement, Mr. President.

PRESIDENT MAURSTAD: LB 620 is advanced. The call is raised. Mr. Clerk, items for the record?

CLERK: Mr. President, a series of amendments to be printed to LB 620 in the Legislative Journal. That's all that I have, Mr. President. (Legislative Journal pages 1512-1513.)

PRESIDENT MAURSTAD: Mr. Clerk, the next bill.

CLERK: LB 833, by Senator Bromm. (Read title.) The bill was introduced on January 17, referred to the Education Committee, advanced to General File. I have committee amendments pending, Mr. President. (AM1338, Legislative Journal page 1340.)

PRESIDENT MAURSTAD: Thank you, Mr. Clerk. Senator Bromm, you're recognized to open on LB 833.

SENATOR BROMM: Thank you, Mr. President. I would like to thank Senator Kremer for making LB 833 a priority bill, otherwise we probably would not have the opportunity to bring this proposal to the floor, so I appreciate that very much. The idea contained in LB 833 was brought to me a few months ago, before the session started, by a consortium of school districts throughout the state, school districts who had, for one reason or another, been unable to access funding for distance learning facilities in their respective districts. These are high school districts, and about 50 Nebraska high schools without distance learning capabilities. We talked about it and we talked about ways to possibly seek funding to permit these schools to participate and I've tried to become familiar with the history of schools that do have the capabilities and how that happened, and really discovered that in 1998, LB 1228 changed the way in which the Education Innovation Funds proceeds, which are part of

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the lottery funds, are allocated. At that time, the Education Innovation Fund was changed so that it provided for three different programs, the Competitive Incentive Grant Program, which is supposed to be pretty much at the discretion of the Governor on the awarding of grants, the Quality Education Incentive Payment Program, which is 70 percent of the maximum grant of \$100,000, and then the Mentor Teaching Program, which could be up to...up to 10 percent. The Competitive Grant Program, I may have misspoke, was capped at \$100,000. In looking at what we could do, we brought LB 833, which proposes to use, for two years, a portion of the 20 percent I would say Governor's discretionary portion of the...of the lottery funds to finish the distance learning hookups primarily with these 50 high schools around the state and to do that in fiscal year '01-02 and '02-03. Originally we had a goal in statute that all schools would be connected with distance learning, I think, by 1998, and that did not...that did not occur and might have occurred, although I can't guarantee that, had we not changed the law in 1998. In the...with the educational people that we have talked with, I'm convinced that this is a very worthy thing to do; it is not General Fund money. It is consistent with the original purposes and intent of the lottery funds, and in fact simply completes a process which was begun many years ago, primarily using lottery funds. Now this legislation would require that the grant applicant allow the technical panel of the NITC to review the...the grant for the best technical standards so that it would be a future-driven, proper way to organize the...the...the distance learning projects in the various school districts. There is a...really the bill becomes...the committee amendment becomes the bill, changes the...the...the method a little bit. It makes the Department of Education the...the source for receiving the grant funds and coordinating the project. And I'll let...I'll let the committee chair speak to that in particular, but I'm very supportive of the changes made by the committee. We had a...we had a good hearing in the Education Committee. There was a terrific amount of support, and many of the districts that you see listed on the committee statement and the areas that appeared and testified are areas, in fact, without distance learning. And if anyone is interested, I have maps over here at my desk that show those districts that would probably participate in this grant

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application. We...we also introduced another bill which would have sought General Funds. Realizing the high demands upon General Funds and the likelihood of that not being possible, we introduced this concept and it enjoyed good support, at least at the committee hearing and from the committee. So, with that, I'll conclude my opening, Mr. President, and wait for the committee amendments for further discussion. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Bromm. Senator Raikes, you're recognized to open on the Education Committee amendments to LB 833.

SENATOR RAIKES: Thank you, Mr. President, members. I think Senator Bromm has explained well what was the intent of this bill. And I would point out that the committee amendments do replace the original provisions of the bill, but the committee amendment is an effort to...to make the...the bill consistent with the objectives as explained by Senator Bromm. The committee amendment would transfer the use of a portion of the lottery funds allocated to the Educational Innovation Fund from incentive grants to a Distance Education Network Completion Grant for two years. And, I think, as Senator Bromm explained, the idea behind this is to provide funds for these remaining school systems, about 40 or 50 of them, to equip a distance education classroom. We're not really talking about the...the hooking up to T1 lines or anything like that, that's already been completed. What we're talking about is...is equipping a distance education classroom. For fiscal years 2001-2002 and 2002-2003, the Excellence in Education Council would grant up to 20 percent of the Educational Innovation Fund, not to exceed \$1.5 million per fiscal year, to a single grantee for Distance Education Network Completion Grants. The idea of a single grantee who would then in turn contract with the individual school systems is intended to accomplish a couple of things, one of them is administrative ease, the other thing would be hopefully there would be some...some advantage in terms of purchasing equipment if it's done through a single grantee and thereby with a larger purchase. The Distance Education Network Completion Grant would fund engineering, equipment and installation charges for two-way interactive distance education capacity for public high school buildings that do not have the

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capacity. The committee amendment specifies what is required in the grant application, indicates that any school system qualified would be a part of the Distance Education Consortium, and also provides up to \$25,000 per fiscal year for the department to fund a project manager. There are some other clarifying parts to the committee amendment, but I think that covers the essence of it. Again, the notion of the committee amendment is to make the bill consistent with the objectives that Senator Bromm has outlined. So, with that, I'll stop, offer to answer any questions and ask your support of the committee amendment. Thank you.

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

CLERK: Senator Bromm would move to amend the committee amendments. (AM1551, Legislative Journal page 1513.)

SENATOR BROMM: Thank you, Mr. President. I simply was approached shortly before the bill came up today about the need for possibly a clarifying amendment, doesn't change anything substantive, in my view, at all in the committee amendment but it adds the provision, on page 10, where there is sort of a laundry list of what the grant application must specify, it adds to that, that laundry list, a provision that says that any equipment obtained through the grant is the property of the school district and not the Department of Education which administers the grant program. So I...I don't know if the amendment is absolutely necessary but it certainly satisfies any concern about there being any ambiguity about who becomes the owner of the distance learning equipment when it is installed into the respective school districts. With that, I'd simply ask if there are questions, try to answer them, otherwise I'd ask support for the amendment.

PRESIDENT MAURSTAD: Thank you, Senator Bromm. I have a number of lights on. I will check to see if you want to speak on the Bromm amendment. Senator Kremer, Senator Stuhr, Senator Wehrbein, Senator Janssen, on the Bromm amendment.

SENATOR JANSSEN: Yes, thank you, Mr. President. Senator Bromm, could I ask you a few questions?

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PRESIDENT MAURSTAD: Senator Bromm, would you yield?

SENATOR BROMM: Certainly.

SENATOR JANSSEN: Senator Bromm, we're not...we're not changing the structure of the...of the trust fund, are we? We're still going...we're still going with the 49.5 percent for the education and 49.5 percent environmental trust?

SENATOR BROMM: That's right.

SENATOR JANSSEN: We're keeping that the same, and we're still...we're not changing the \$500,000, which is...goes to compulsive gamblers fund, that comes...that comes right off the top, and we're not changing the 1 percent of the compulsive gambling fund that's left over from the 49.5, 49.5, you got 1 percent that's left. We're not changing that at all.

SENATOR BROMM: That's correct, Senator, yes.

SENATOR JANSSEN: So then we end up with we've got 75 percent of that money now is going to the grants that are set out in the public schools throughout the state of Nebraska; 25 percent of that goes to the mini grants, the small grants that was established several years ago. I remember that very well. So we aren't...now we are going to use just that...we are going to use the whole 75 percent, you are not touching the 25 percent, you're touching...you're working on the 75 percent would all be set out in mini grants. Am I...am I following you correctly on this bill or did I throw you a curve?

SENATOR BROMM: I think you did. (Laugh) Just where, I am not sure, but this...this doesn't affect any of the existing grant process at all except for the 20 percent Governor's discretionary grant portion. There is 20 percent of that educational money that the Governor, since 1998, has had the right to suggest where those incentive grants should go. They have to go for educational purposes, but he had some input on that if he wished to exercise it. This goes into that 20 percent that's the Governor's incentive grant program,

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nothing to do with mini grants, nothing to do with any of the other areas you just talked about, and it provides that up to 1.5 million for two years of that 20 percent would be used for a grant program to finish the distance learning projects.

SENATOR JANSSEN: One more question, Senator Bromm. Where does the 20 percent that the Governor has the authority over now come from, the 75 percent or the 25 percent?

SENATOR BROMM: It's got to come from the 75 percent.

SENATOR JANSSEN: Okay. Thank you, Senator Bromm. I probably will have some more questions later on but you did answer the questions I wanted to know right now. Thank you. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Janssen. On the Bromm amendment, Senator Raikes.

SENATOR RAIKES: Yes, thank you, Mr. President and members. This I think is a clarifying amendment in making sure that the...it is clear that the equipment purchased is owned by the school district and not by the state. I would support it. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Raikes. Senator Vrtiska, on the Bromm amendment. On the Bromm amendment?

SENATOR VRTISKA: I'm going to waive off for just now.

PRESIDENT MAURSTAD: Senator Bromm, you're recognized to close.

SENATOR BROMM: Well, just very briefly, it is just a clarifying amendment that provides that any distance learning equipment purchased through this grant process or program is owned by the school district and not by the Department of Education, who will be administering the grant funds. So with that, I'd ask for your support.

PRESIDENT MAURSTAD: Thank you, Senator Bromm. The question is the adoption of the Bromm amendment to the committee amendments

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to LB 833. 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 Bromm's amendment to the committee amendment.

PRESIDENT MAURSTAD: The amendment is agreed to. Further debate
on the committee amendments, Senator Kremer.

SENATOR KREMER: Thank you, Mr. Lieutenant Governor. Thank you,
Senator Bromm, too, and also Senator Raikes and the Education
Committee for passing this bill out of the committee. I, too,
was approached by several schools in my district as to how they
could fund the distance learning facilities that they needed.
Several of the schools were funded in the past or most of them
through lottery funds or some other grant money. And in the
last few years because of the budget restraints that they've
had, and many other demands on their budget, weren't able to
fund distance learning classrooms, which I think is becoming
more important all the time as we have heard many times in the
last year of the teacher shortages and the smaller schools not
have...not being able to provide the curriculum that they would
like to do, that this has become a project that could be very,
very important to our schools, not only just the smaller
schools, but all the schools throughout our state. As
technology advances, more things can be done. They can have
interactive classrooms between schools. We've had a lot of
interest from the community colleges and the University of
Nebraska and the Mead Animal Research Center for wanting to
cooperate in these projects. The Mead Animal Research Center is
in my district and some of the top scientists in the country are
there and they could provide a lot of...a lot of input in
science as far as genetics or food safety or many other things
that schools could download and use in teaching in their science
departments, not only just our small schools but many of the
larger schools also. So I think it's something that could be
very...very helpful. Another one is the demand of foreign
languages and many of the schools do not have enough students to
really hire a teacher to teach foreign languages. Got a report
that in one school someone was taking Japanese being taught from
Japan. Also I might add during the testimony at the hearing,

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there was a group from I think it was Kearney, is that where it was, that was hooked up for the hearing, to be able to testify at the hearing just as a demonstration of what could be done, and they did not have to travel two hours to Lincoln and two hours back again and will save their time and they was able to testify. It was interactive response just like anybody that was right there in the room, to kind of demonstrate what could be done and how it can be used. I think as we have budget restraints and trying to get our schools more efficient even in paying teachers' salaries. if we could save some money somewhere along this line as far as hiring the teachers and providing the curriculum could be very substantial to each one of our schools, so I think it's something that needs to be done. There are about 50 schools Senator Bromm mentioned that are not hooked up. Some of them wrote grants this year but they were rejected by the lottery fund group, and I think they anticipated that it was going to need to be...going to be funded this way. So there was also a bill introduced, I think by Senator Bromm, to use General Fund money which we knew was going to be under a tremendous amount of pressure to keep the General Fund spending down and felt like this was a good way to do it. So it's only for a two-year period that these funds would be...would go into directly the Department of Education to be used in this manner. So with that, I would like to urge you to vote yes on this bill.

PRESIDENT MAURSTAD: Thank you, Senator Kremer. On the committee amendments, Senator Stuhr.

SENATOR STUHR: Thank you, Mr. President and members of the body. I rise in support of the committee amendments which really now become the bill. As has been stated, there have been a number of schools that were unable to actually qualify for the lottery grants, and as we know those lottery grants were for innovative projects. So this will extend that time period of a couple of years which I think will be very beneficial. Right now in Nebraska about two-thirds of the K-12 districts do offer interactive classrooms. As was stated, oftentimes math, science, foreign languages are the courses that are presented through the distance learning process. They usually cost somewhere in the realm of maybe 25 to 50 thousand dollars to install. So this will certainly be very helpful. A letter that

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I received from one of the schools in my area in support of the bill said that certainly the use of these lottery funds would help pay the cost for connecting the remainder of the schools who desire to be connected. As rural communities are struggling to face the challenges of teacher shortages, declining enrollments and limited education funds, it's imperative that we search for new ways of providing quality education for all of our students, and I certainly do support that. I believe all of those schools would really prefer to have live teachers in their classrooms, but this will certainly be an alternative method and certainly am in support of this bill and hope that you will be also. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Stuhr. Senator Wehrbein, on the committee amendments.

SENATOR WEHRBEIN: Mr. President, members of the body, I just wanted to ask a question. I'm not sure if it should be Senator Raikes or Senator Bromm. Which one is the biggest expert on this issue? Senator Raikes. Senator Raikes,...

PRESIDENT MAURSTAD: Senator Raikes.

SENATOR WEHRBEIN: ...I was wondering how far will this go in covering all the schools that are left? Are you aware? With this map, maybe I will ask Senator Bromm. There are some that are not interested at this point but I wondered will we be back in two years again with some other schools or did you have any inkling in your testimony? I don't remember of that testimony in our hearing that we had as to whether this is going to be all encompassing or not?

SENATOR RAIKES: Well, the information we had that I believe that the expenditure per school to set up this distance is about \$50,000, and given the number of school systems that remain and are interested, the amount of money that's being appropriated here should be sufficient within the two-year period to cover everything. So, no, it's not...it's not a partial funding that we'll have to come back in a couple of years and redo.

SENATOR WEHRBEIN: Okay, so there will still be some schools out

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there that...

SENATOR RAIKES: There is some indication that some are not interested.

SENATOR WEHRBEIN: I noticed there is some of these triangles on this thing.

SENATOR RAIKES: Um-hum.

SENATOR WEHRBEIN: I was just wondering but at this time this is everything known, you might say.

SENATOR RAIKES: Yes.

SENATOR WEHRBEIN: Thank you. And Senator Bromm may have some of my time if he's interested in any comments. Otherwise, I am done, Mr. Speaker.

PRESIDENT MAURSTAD: Senator Bromm, would you like...

SENATOR BROMM: Yeah, thank you, Senator Wehrbein,...

PRESIDENT MAURSTAD: Recognized.

SENATOR BROMM: ...and just to...I agree with Senator Raikes' answer. The only thing I would add to that is that I know...I know an effort was made to advise those schools that are not shown as being interested; that this very well may be a window that won't necessarily be open again and so they, for whatever reason, you know, maybe some of them are looking at...at unification or consolidation or I don't know, but for whatever reason, if they're not interested, I...we...we've...they've tried to be advised. We've tried to advise them that this is the last window that we're aware of. So, in any event, I think...I think it takes care...will take care of those who are truly interested and I think it's particularly timely, and Senator Kremer was getting into that some in his comments. As districts are looking for ways to deliver Spanish or...or high math or psychology or some courses that are difficult to deliver if you have smaller numbers and you don't have a particular

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person on staff that is endorsed in that area, this does provide an efficient way of giving students those opportunities. So the districts that have experienced distance learning and came to testify at the hearing and that spoke with me prior to the hearing have nothing but positive things to say about the potential for distance learning in our educational system. So I will end my remarks there. Mr. President, thank you.

PRESIDENT MAURSTAD: Thank you, Senator Bromm. Senator Vrtiska, on the committee amendments.

SENATOR VRTISKA: Thank you, Mr. President and members of the body, I...I just wanted to express my appreciation for Senator Kremer's remarks. They were pretty much in line with what I had to say, except I had one question of Senator Bromm, if I could, please.

PRESIDENT MAURSTAD: Senator Bromm.

SENATOR VRTISKA: I noted in the...page 10, the department, as a fiscal agent, may use up to \$25,000 of grant funds, project manager. Yeah, I don't know if you have the answer, but do you anticipate that would be a person in the Department of Education?

PRESIDENT MAURSTAD: Senator Vrtiska, I think we need to have you speak into your microphone, please.

SENATOR VRTISKA: Would that be...thank you. Would that be somebody from the Department of Education, or who would this fiscal agent be?

SENATOR BROMM: The Department of Education has indicated it would be a part-time...it would be a part-time responsibility, whether that would be a person that's already on their staff that would be moved over to this responsibility or whether it's someone they add. I assume it's probably somebody they have to add part time, but I'm not hundred percent positive.

SENATOR VRTISKA: Okay. I was just curious because I thought the \$25,000 was not that large and I was just curious. It

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certainly wouldn't be...I would assume wouldn't be a full-time person. It's not that important, but I was just curious if that had been discussed, and you've indicated your...your answer so I'll accept that. And, with that, thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Vrtiska. Senator Beutler, on the committee amendments.

SENATOR BEUTLER: Senator Raikes, Senator Bromm, I guess I just have a few questions to better understand what's happening. The map that you circulated was certainly interesting. Senator Raikes, maybe I'll ask you first, since this is something I probably should know myself, but I notice...

PRESIDENT MAURSTAD: Senator Raikes.

SENATOR BEUTLER: ...that in Lincoln there are, one, two, three stars, indicating that there are three Lincoln elementary...

SENATOR RAIKES: Three.

SENATOR BEUTLER: ...schools seeking funding for distance learning. Do you...do you happen to know what...what that situation is?

SENATOR RAIKES: I don't, Senator.

SENATOR BEUTLER: I mean...the...the distance learning that we're talking about in this particular situation are communication connections between whom, to whom? I mean they're two schools, obviously, of a variety of schools, I assume...

SENATOR RAIKES: Well,...

SENATOR BEUTLER: ...and who...

SENATOR RAIKES: ...this is for high schools only, not elementary schools, and this would be equipment...

SENATOR BEUTLER: High schools only, okay.

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SENATOR RAIKES: ...yeah, this would be equipment to set up a distance education classroom.

SENATOR BEUTLER: Okay. In the context of the Lincoln high schools, for example, what distance learning would they be doing?

SENATOR RAIKES: Probably someone could better answer that question than I, but there are networks operated through the ESUs in the state that transfer classes or offer classes through the distance education mode and a school...a public high school would be able to receive this instruction if...if they had a classroom set up to...that was properly equipped to do this, and that's what the infrastructure we're talking about here is intended to do. I'm still puzzled by the three stars in Lancaster County, and I'll see if I can get an answer for you on that.

SENATOR BEUTLER: Okay. The grantee of the grant, it's envisioned that there would be one ESU or one network operator here?

SENATOR RAIKES: Actually, it would be a broader scope than a single ESU. It'd be one statewide grantee that would act as the administrator and the go-between, if you will, between all of the...any and all public high schools who wish to participate in this program.

SENATOR BEUTLER: Okay. And they would be dealing with high schools all around the state?

SENATOR RAIKES: Well, there are...I think the number is about 50 that have not yet completed this sort of development, that is that do not have a distance education classroom.

SENATOR BEUTLER: Okay, and those 50, presumably, are shown by the stars on this map?

SENATOR RAIKES: Yes, that's correct.

SENATOR BEUTLER: Okay. And I notice that on the map there are

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loads and loads of little circles indicating active sites all over the state, across the state. Tell me, these 50 schools or so, you described it as 50 schools or so, are these...

SENATOR RAIKES: Yes.

SENATOR BEUTLER: ...the schools that can least afford to do this, or why is it that we're giving grants to certain...

PRESIDENT MAURSTAD: One minute.

SENATOR BEUTLER: ...schools to do this and so many others seem to have done it on their own?

SENATOR RAIKES: Actually, Senator, the...I think you're certainly right that there are a number of high schools in the state that have active programs, but most of those the distance education classroom was funded by a lottery program that ended in, I believe, the year 2000. So...and there were about 50 that did not participate at that time, and some of those 50, not all as indicated in the map, are...remain interested in funding to complete that distance education classroom. So, in effect, this would be extending that opportunity that...that was available to them and to other schools who took advantage of it, up until the year 2000. That would be extending that opportunity for two more years.

PRESIDENT MAURSTAD: Time.

SENATOR BEUTLER: Okay.

PRESIDENT MAURSTAD: Thank you, Senator Beutler. Senator Kristensen, on the committee amendments to LB 833.

SPEAKER KRISTENSEN: Thank you, Mr. President. Members of the Legislature, this bill presents several opportunities and I want to talk to the body a little bit about what some of those opportunities are. Obviously, the monies from the lottery funds, you've heard my speech and, if you've sat in Natural Resources Committee you've...or the Education Committee or General Affairs, I think I've been in about every committee

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talking about the lottery funds, and some are getting tired of it but others are starting to be converted. But let me offer you an observation, and that observation is this; that this year there is great expectations about teacher salaries and all of us are probably trying to make some decisions on our own about what are we going to do, how we going to afford this, how we going to fund it, is it the right thing to do or not. There was a bill introduced, that I introduced in the Education Committee, using the lottery funds or a portion of those lottery funds for tuition reimbursements. In the back of your mind I think you should begin to hold out what other things can we do if we cannot accomplish LB 305 in what it attempts to do and how it can be done; what sorts of things need we do at a minimum with this Legislature towards addressing teacher shortages, and I would suggest to you the use of those lottery funds as an incentive for people going into the profession and reimbursing them for their tuition expenses is a good use of those funds. I'm not here to, Senator Bromm, talk against your bill, because there are some of those distant learning things that are very important to do. However, I would keep in the back of my mind, if LB 305 does not survive or it is substantially changed in a way that doesn't accomplish this, what are you going to do for teachers this session? I would suggest to you that at some point in time these lottery funds may look very attractive to you to do some tuition reimbursements. That's not a reason, maybe not, to vote against LB 833 on General File, but at some point in time as the session narrows you're going to have to begin to think about what are some other options. I'll tell you that one of the options I'm looking at are those lottery funds for those tuition reimbursements because I think we probably need to do something this session. I'm sure that will not satisfy many but if we're going to seriously address those problems this is one of those options you better keep open. Thank you, Mr. President.

PRESIDENT MAURSTAD: Thank you, Senator Kristensen. Senator Chambers, on the committee amendments.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm glad Senator Kristensen fired the first shot across the bow. I would like to ask a question of Senator Bromm.

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PRESIDENT MAURSTAD: Senator Bromm.

SENATOR CHAMBERS: Senator Bromm, these schools that have stirred themselves awake now and want to participate in this program had the same opportunity that schools which currently are active had a couple of years ago to participate, didn't they?

SENATOR BROMM: I assume so, yes.

SENATOR CHAMBERS: Well, as I look at the map, I see others on here with a symbol next to them which indicates they have no interest at this time. So there's a possibility that in 2002 we could have those schools waking up and saying, extend this opportunity for two more years so that we can get on board. Is that a possibility?

SENATOR BROMM: It is. They have been told about this and so they've had an opportunity, but you're right.

SENATOR CHAMBERS: Because those who are seeking 30...I meant LB 833 now, have also been told about it at the beginning and chose not to, at that time, get involved.

SENATOR BROMM: Correct.

SENATOR CHAMBERS: Thank you, Senator Bromm. Members of the Legislature, I think this probably may be an ongoing activity. I don't like gambling. I certainly don't want the state involved. But I also have to be practical and consider what the actual state of affairs is at this time. There is money in a pot somewhere, now I don't know if it's in...that...hidden in that old television set that Senator Vrtiska wore us out with talking about last session. (Laugh) Oh, he signals that it's not, so that's probably exactly where it is. But this lottery money is somewhere. Senator Kristensen raised the issue of what you going to do about the teachers, and that is a question that is on a lot of people's minds. Inquiring minds want to know, and I have already decreed that there's not going to be a sales tax increase. I just love to assert this much power and

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authority over the Legislature, but in this case I don't believe I'm the only one who feels that way. I don't feel I'm the only one who has that attitude by a long shot. As a matter of fact, the first two amendments I have on LB 305 are designed to reduce the sales tax, and I think I ought to take that opportunity to see what it is that I can do that is of value to all of the public. But with those things having been said I come back to the issue that Senator Kristensen raised. If you support this bill, you are taking away an option that you might wish for when LB 305 comes before us. I'm not going to support any of those things in LB 305, not any of them, so it's going to have rough sledding getting past me. But there may be some things in it that the rest of you all feel will be important enough to sweat out eight hours and then vote cloture, and sweat out eight more on Select File, but all of that will be futile if you're not going to find some way to give these teachers some money. I don't feel that's the state's responsibility. These local school boards, these school districts, have yackety-yakked us to death about local control. They don't want us to tell them test these students. They don't want us to tell them what kind of information they have to reveal to the public about how poorly students are doing all over the state. But if all you do is give more money to poor teachers, and I don't mean poor in the sense of being without cash but poor in the sense of lacking ability, how are you going to make them better...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...teachers by giving them more money if they can't teach now? Giving more money is not going to bring in a new crop of teachers. You're just going to start feeding some nags that won't pull the plow more hay, and they're just going to be fatter and not pull the plow. You got a couple of old mules over there that won't pull the wagon, so you're going to give them some more hay and they're going to be fatter and not pull the wagon. So there's no plowing, there's no wagon pulling, but more hay being fed. I don't see it that way, but if some of you do think that giving more money is going to help you need to look seriously at this bill.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Senator

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Hartnett, on the committee amendments.

SENATOR HARTNETT: Mr. President, members of the body, Senator Raikes,...

PRESIDENT MAURSTAD: Senator Raikes.

SENATOR HARTNETT: ...did I hear you say classroom, not classrooms? It's one classroom for...per high school?

SENATOR RAIKES: That's correct, Senator. That's what I...yeah.

SENATOR HARTNETT: Okay. One...

SENATOR RAIKES: Yeah.

SENATOR HARTNETT: ...one per high school.

SENATOR RAIKES: Yeah.

SENATOR HARTNETT: Okay, the second one...a second question on your...on the Committee Statement. At the bottom, it said "department as the fiscal agent may use up to \$25,000 per fiscal year of the grant funds to fund a project manager." That's for the whole grants that are (inaudible)? Is that...or is that \$25,000 for each one of the projects? I'm...

SENATOR RAIKES: No, the...my understanding, Senator, is...

SENATOR HARTNETT: One...one \$25,000?

SENATOR RAIKES: Yes. That would be...

SENATOR HARTNETT: Okay.

SENATOR RAIKES: ...one \$25,000 that the Department of Education could use to fund its role as a fiscal agent for the...the grant.

SENATOR HARTNETT: Thank you, Senator Raikes. I'll give my time back.

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PRESIDENT MAURSTAD: Thank you, Senator Hartnett. Senator Stuhr, on the committee amendment.

SENATOR STUHR: Thank you, Mr. President and members of the body. Just a couple responses to some of the questions that have been asked on why haven't these schools applied earlier. These are competitive grants. They...I...in most instances, they have many more applicants than they have money available, and it was my understanding that in recent years the committee didn't look at the application of grants to be used for distant learning as innovative, and so that was why some of these schools were unable to get the additional funding. Is Senator Beutler on the floor? My only response, I found a letter in my file from the Coordinating Commission for Postsecondary Education and possibly the Lincoln schools might be wanting these funds to connect to higher education because this system can also be...these classes can be college level and advanced placement classes, and these might be the courses that Lincoln is looking at and, of course, other schools throughout the state. The Postsecondary Education Commission supports the bill in the fact that it would allow for a more complete connectivity between higher education and all public schools in the state, and I think that might be another reason. We are certainly looking at how we can accommodate particular seniors that have possibly completed all of their classwork and that is needed for public education, and want to begin looking at some of the advanced placement and the college level classes, so I think that this certainly does offer another opportunity in that area and that might be why Lincoln is looking at their high schools offering and wanting some additional distant learning. Thank you, and I turn the rest of my time back to the Chair.

PRESIDENT MAURSTAD: Thank you, Senator Stuhr. Senator Wahrbein, on the committee amendments.

SENATOR WEHRBEIN: Yes, Mr. President, members, first of all, I do support the amendments and I both...I support the bill, at least this time, and I just wanted to get that in. But I do want to make some remarks. Senator Chambers, you do understand more about agriculture than I thought, except you're still using

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mules apparently in your farming operation. (Laughter) What I'm concerned about here is I would...I would be so bold as to suggest, those of you that have the triangles, I've circled the triangles in here, those that are not presently interested. I don't know how long...assuming this bill will pass, and I hope it does because I think those schools that did not get in on it maybe ought to have a second chance, although we had the hearing in our committee too for General Funds and...and we didn't even give very serious consideration to General Funds, I will tell you. I think this is the way to go, if you're interested in doing this. I think any progressive school ought to have this connection and I think this is maybe almost considered a last chance. I think it ought to be done and I'm going to support the bill and I would encourage you to think about it. But those of you that have those triangles on this map, I think you ought to be verifying or checking with those schools that they ought to be coming into the twenty-first century. That's kind of harsh, but I think it ought to be strongly considered because I don't know what the mood of this Legislature will be. Senator Kristensen raised the point. I was going to have the Educational Trust Fund grants here. I don't have those, so I'm speaking off the top of my head and I'm a little reluctant to do that, but I have been considering the Educational Trust Funds to...ought to be looked at very carefully. One of the things that I have heard from school boards or school superintendents particularly on occasion is the fact that how long can you innovate? As I understand that, but there's got to be innovation. Innovation, in many cases, adds to the school load down the road; it adds to the property tax. It's a good...it's many of the things that we get caught with. We use federal grants; then we have to support them after two or three years. That's what happens with these grant programs in many cases, so then you build into your budget. You build your base. It's a good thing 99 percent of the time, but in a sense we're driving school budgets higher by allowing this and then pulling the funding because they're one-time grants. And I think it is...I would agree with Senator Kristensen, it's probably time that we consider in this body what else we may do to...with those Educational Trust Fund grants, that money, and still keep faith with the reason they were passed back several years ago. I hadn't seriously considered too much, on the teacher salary

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issue, as a funding source for LB 305, but the point is I think it's probably time after eight, I'm not sure, eight or ten years, that we ought to be considering that and...but those schools that need this, and there are several with...with the stars, I am committed I think to go ahead and do this at this point. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Wehrbein. Senator Chambers, on the committee amendments.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I just looked at this map that was put on our table and, at first, I thought it was a map that some staff members got around here for redistricting the Legislature, and I was going to say not only did they get the number of districts wrong, they didn't even draw lines to show us what the present districts are. But then it was called to my attention that this map is for a different purpose; it has a relationship to LB 833. I listened very well to what Senator Wehrbein said and I'm not going to stand in opposition to this bill. All that I'm suggesting is that those who are heated up to give teachers a salary increase, you better think of every way that you can find that money because you're not going to get it from the sales tax if I have anything to say about it. I haven't heard any other propositions floated for the state assuming a responsibility that really belongs to the local school districts. If the state's...if the state is going to pay the cost, I think the state should exercise control. The state should not spend money for that which it does not control. And I know there are senators who will say, in their individual districts, school boards, teachers, others want to hold on to local control because that means so much in Nebraska. That's a chimera. That's a red herring. It has never been true in this state. All it is, is a slogan. These locales have always come to the state with a tin cup or their hat in their hand saying, gimme, gimme, gimme. If I come from an area where the tax take is not great, then I want to tap into the northeastern part...well, the south...well, the central...central eastern part (laugh) of the state, right around there where Omaha, Lincoln and Sarpy County are. Gimme that money. Here they come begging, wanting the money, and then when the state wants to set some standard they

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say get your nose out of our business. Well, you ought to tell them right behind the nose is the dollar, so if you don't want my nose you don't get the dollar. Or reverse it if you will--the nose is right behind the dollar; if you get the dollar the nose follows it. You cannot have one without the other. So I'm just kind of getting you all ready for the discussion because I see that LB 305 has reared its ugly head on the agenda. I don't know exactly when we'll get to it, but I want to assure Senator Raikes and members of the Education Committee, who have done so much hard work putting together this mishmash, that I'm going to read it. I intend to be very familiar with it and I intend to have numerous amendments to help make a bad thing better, if at all possible. I am not going to vote at all on this bill. The gambling bills I just cannot go for. If gambling is not a good thing, and I haven't heard anybody ever argue that it is, how can they support what it goes for? I'm going to watch how Senator Erdman votes, because he was preaching about the end not justifying the means. I'm going to watch how Senator Foley votes. He said the end doesn't justify the means. In fact, I'm going to watch how all the people who voted on fetal tissue vote, because suddenly the end not justifying the means goes out the window. I'm going to watch how Senator Dwite Pedersen votes and I'm...

PRESIDENT MAURSTAD: One minute.

SENATOR CHAMBERS: ...going to call down fire and brimstone on all these hypocrites, and my mantra is going to be burn, baby, burn, and there's going to be a hot time in the old town tonight because some hypocrites are going to be puckering. That's where you get the term "puckatory" from. With that, I'll take my seat.

PRESIDENT MAURSTAD: Thank you, Senator Chambers. Further debate, Senator Kremer, followed by Senator Jones and Beutler.

SENATOR KREMER: Okay. Thank you, Mr. Lieutenant Governor. Members, I will not even take my full time on this, but just a couple points. The bill reads that the maximum that can be spent per year for the two years is \$1.5 million per fiscal year. If each of the 50 schools would utilize these funds at

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\$25,000 apiece, that only comes to \$1.25 million, so it's very likely that the total amount will not even be used. Another point that I just remember that was made, the school district could even use these facilities for their teachers' in-service programs. There's a lot of other things beside even the classrooms that they could be utilized for. Another thing, in some of the smaller communities the facilities could even be rented out to the...to the local communities when the schools were not using them for some kind of a educational purpose or whatever, and so I think there's a lot of...a lot of uses that can be made of these facilities and I think it will just be more and more things that would come up that would...how they can use them as time goes on and as technologies increase and expand. Thank you. I'll give the rest of my time back to the Chair.

PRESIDENT MAURSTAD: Senator Kremer. Senator Jones.

SENATOR JONES: Mr. President, members of the body, I want to stand up just a little bit and talk about this bill, because I will support it. I can think back when ESU 16, as you can see on your map, they applied for the grant and they applied for \$250,000, and they got the \$250,000 and they hooked up all of their schools. So letting the ESUs do it in place of individual schools was a big plus in the way that they got the money, because a ESU could probably put a better grant together than individual schools, trying to put a bunch of them together and they just spread it over all their schools. I guess probably what the biggest concern of mine is ESU 14 hasn't got hooked up yet and I don't know the reasons why. Maybe they tried it the same time the other schools did and there wasn't enough funds to go around and they haven't tried it again, but I think it's great to be able to work through the ESUs to do it. And, like Senator Kremer said, there's \$1.2...\$1.5 million here that is going to be allotted, so that's going to reach a long ways if you figure so much for every school. And if ESUs can do it as a group, that would be a lot better. So I think this is a good plan and I'm not wild about using gambling money for school issues but I think is where this should be because that's the way that it was originally set up, that 49.5 percent was to go to education and 49.5 percent going to environmental issues. So, to continue with that and be able to allow this two more

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years for these schools to get hooked up, I think it's a good plan and I think you'll find that every school that wants to get hooked up is going to try to get hooked up in the next two years. I don't think we'll be back again on this. And maybe we can use this lottery money for something else, and another issue might be the teachers. Because I have trouble supporting the increase in salaries for teachers, especially if they have to raise sales tax. I'll probably be along with Senator Chambers on that issue. But, again, thank you for this time.

PRESIDENT MAURSTAD: Senator Jones. Senator Beutler, on the committee amendments.

SENATOR BEUTLER: Senator Bromm, just a couple questions if I may. You were...

PRESIDENT MAURSTAD: Senator Bromm.

SENATOR BEUTLER: ...kind enough to give me maps that show the state of Nebraska and show the Nebraska distant learning...Distance Learning Consortiums, and if you look at the map it would give you the impression that the entire state is covered by one, two, three, four, five, six, seven, eight, nine different consortiums, and then, attached to that, was a kind of picture of each of the consortiums and the schools they're attached to and...and where their video switch is. These new schools that we're now funding, are they...are they going to be working through these existing consortiums? Or will there be created new consortiums or overlapping consortiums? I mean, the bill doesn't seem to indicate one way or the other and I'm...and I'm just wondering how this works. Does there just need to be one consortium for each geographic area? Is that the way it should work? Or could you have two consortiums in the same geographic area? Does that make any sense? If it doesn't make sense, does it make any sense to direct them to work their proposals through the existing consortiums? Or doesn't...or...or...I...I'm just trying to find out more about this. I don't quite understand the physical structure and what's intended with respect to what these schools...I mean, at first, I had the impression that we were establishing new consortiums, and now I'm thinking that they're going to join up

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with existing consortiums, but I don't know. Can you elucidate a little bit on that?

SENATOR BROMM: Did you say hallucinate or....? (Laughter)

SENATOR BEUTLER: Hallucinate? Well,...

SENATOR BROMM: Hallucinate.

SENATOR BEUTLER: ...if you would find that more entertaining at this hour, I would be open to that.

SENATOR BROMM: Senator Beutler, and I...I will get better information for you, but from what contact I've had with this whole process I'm under the impression that, depending on the location of the school, if they can get their facilities in-house financed and funded then they...in many cases there's an opportunity to hook into an existing switch or consortium. An ESU perhaps might be the particular location for them to hook into, but they don't have the...they don't have the equipment and so forth in their own school to be able to take advantage of that. Now, I...I am not a hundred percent positive, but I believe there are at least a couple of areas where there will need to be a new consortium, and one of those I believe originates around the Columbus area. I don't think there is an existing switch, an opportunity for them, without creating a new...a new consortium in that ESU. And then the one out west, clear in southwest Nebraska, I'm honestly uncertain about...about that one. I...I'll have to do some checking whether they can go into North Platte or Sidney. I...I will get you answers better than I've given, but that's my impression from what I've learned so far.

SENATOR BEUTLER: The material is somewhat confusing in that the map...

PRESIDENT MAURSTAD: One minute.

SENATOR BEUTLER: ...shows a consortium around Columbus with a video switch at Columbus. So I would appreciate clarification on that.

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SENATOR BROMM: Sure.

SENATOR BEUTLER: With respect to the obligation of a public high school to participate, it says that the application shall require evidence that the high...that the school district has made a commitment to be part of a distance education consortium...consortium, and that the distance education consortium has accepted the district's commitment. So the nature of the commitment or the extent of the commitment is unspecified, but that's left to the department. Left to who? To the Department of Edu...is the Department of Educa...who's making the decision as to whether all these...

PRESIDENT MAURSTAD: Time.

SENATOR BEUTLER: ...things that are required to be specified...did you say "time", Mr. Lieutenant Governor?

PRESIDENT MAURSTAD: Yes, sir. Senator Beutler, continue.

SENATOR BEUTLER: Senator Bromm, on...on the grant application form, the bottom of page 9 of the committee amendment, it indicates all these criteria that will be specified. Is that subject to approval by somebody, or...

SENATOR BROMM: Yes.

SENATOR BEUTLER: ...as long as they specify? Is...that's all they have to do, and it will be...the grant will be given?

SENATOR BROMM: Well, for the grant, excuse...for the grant...

PRESIDENT MAURSTAD: Senator Bromm.

SENATOR BROMM: ...application to be complete, in accordance with the law, it would have to contain all of those things, including a commitment to be part of a...of a distance education consortium and, whoever that consortium is, a commitment that they have accepted that district's commitment. This also, Senator Beutler, which is I think important to me and it's

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important I think for this to be done right, is it also has to go through the NITC for review. The education...educational panel of the NITC reviews the plan and the grant and comments on whether it's, you know, acceptable or effective for meeting our long distance learning goals.

SENATOR BEUTLER: Okay. And that is what has happened in the past in the previous program when they had grants for some...for this very purpose at an earlier point in time?

SENATOR BROMM: Well, I'm not sure we always had the NITC when the grant process started, but since...since the NITC has been around they have been exerting leadership in terms of...of whether it should be analog, digital, and that sort of thing.

SENATOR BEUTLER: Is the NITC language in...in the current language, or is that new language someplace in the bill?

SENATOR BROMM: I'll have to look. I remember...I remember that. I don't have my eye on it right now.

SENATOR BEUTLER: Okay.

SENATOR BROMM: In the committee amendment it specifies that all projects meet the standards of the NITC. I'm looking for that language. Where is that? Says it right here in the committee amendment somewhere.

SENATOR BEUTLER: Well, Senator, I won't take time on the floor. I...we can...we can find that and I'll just end it.

SENATOR BROMM: It's...it's on page 10, line 8, starting there: the grant must specify the procedure for assuring all projects meet the standards of the technical panel created in Section 86-1511.

SENATOR BEUTLER: Okay. Senator, thank you for the information. I appreciate it.

PRESIDENT MAURSTAD: Thank you, Senator Beutler. Senator Raikes, you're recognized to close. You waive closing?

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SENATOR RAIKES: I waive.

PRESIDENT MAURSTAD: Question is the adoption of the committee amendments to LB 833. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 29 ayes, 0 nays, Mr. President, on adoption of committee amendments.

PRESIDENT MAURSTAD: Committee amendments are agreed to. Debate on the advancement of LB 833? Senator Bromm, you're recognized to close.

SENATOR BROMM: Thank you very much, Mr. President. I appreciate the discussion. Will continue to try to answer any questions that might pop up between now and Select File, but I just...I think the advantages of proceeding with this, I know we have lots of needs in the state but when we are trying to make the most out of...out of the investment of our dollars the curriculum opportunities and the adult education opportunities, the opportunity for staff development and for sharing resources across the state is absolutely multiplied by having connectivity between all of our schools and our higher education institutions. And so I feel that this is a very worthy cause and I would appreciate your support in advancing it to Select File. Thank you.

PRESIDENT MAURSTAD: Thank you, Senator Bromm. The question is the advancement of LB 833 to E & R Initial. Those in favor vote aye; those opposed vote nay. Mr. Clerk, please record.

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement of LB 833.

PRESIDENT MAURSTAD: The bill is advanced. Mr. Clerk, items for the record.

CLERK: Mr. President, Senator Beutler, an amendment to LB 620; Senator Chambers to LB 305; Senator Kristensen to LB 465; Senator Thompson to LB 598; Senator Beutler to LB 516. Those

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are all amendments to be printed. Mr. President, a new resolution, LR 61 by Senator Erdman. That will be laid over. Senator Robak would like to add her name to LB 833 as cointroducer. (Legislative Journal pages 1514-1517.)

And, Mr. President, I have a priority motion. That motion is adjourn until Tuesday morning, April 18, at 9:00 a.m. It's offered by Senator Smith.

PRESIDENT MAURSTAD: Question is, shall the Legislature adjourn? Those in favor say aye. Opposed nay. Legislature is adjourned.

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