

MARCH 2, 2005

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March 2, 2005 LB 144, 346, 366, 493, 503A, 753

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good morning. Welcome to the George W. Norris Legislative Chamber. Our chaplain of the day is Pastor Brenda Pfeifly from the Beautiful Savior Lutheran Church in Palmyra, Nebraska; Senator Heidemann's district. Pastor Brenda.

PASTOR PFEIFLY: (Prayer offered.)

SENATOR CUDABACK: Pastor Brenda, we thank you for being with us this morning. I call the thirty-seventh day of the Ninety-Ninth Legislature, First Session, to order. Senators, please record your presence. Record please, Mr. Clerk.

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

SENATOR CUDABACK: Any corrections for the Journal?

CLERK: I have no corrections, Mr. President.

SENATOR CUDABACK: Messages, reports, or announcements?

CLERK: Mr. President, your Committee on Revenue, chaired by Senator Landis, reports LB 753 to General File with committee amendments attached. Your Committee on Retirement Systems, chaired by Senator Stuhr, reports LB 144 to General File with committee amendments attached, likewise with LB 366, and LB 493 is reported as indefinitely postponed; those reports all signed by Senator Stuhr. Hearing notices from Judiciary Committee, and from the Appropriations Committee; signed by their respective Chairs. And priority bill designation: The Agriculture Committee has selected LB 346 as one of its two committee priority bills for this session. New A bill. (Read LB 503A by title for the first time.)

Mr. President, an announcement: Agriculture Committee will meet at 10:30 today underneath the south balcony; Agriculture Committee at 10:30, south balcony. That's all that I had, Mr. President. (Legislative Journal pages 663-672.)

SENATOR CUDABACK: Thank you, Mr. Clerk. We now go to General

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File, 2005 senator priority bills. Mr. Clerk, LB 264.

CLERK: LB 264, Mr. President, a bill by Senator Howard. (Read title.) Bill was introduced on January 10 of this year, at that time referred to the Health and Human Services Committee. A public hearing was held. The bill was advanced. There are Health and Human Services Committee amendments pending. (AM0499, Legislative Journal page 592.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Howard, you're recognized to open on LB 264.

SENATOR HOWARD: Thank you, Mr. President and members of the house. Friends, mentors, and colleagues, a few weeks back I told the Health and Human Services Committee that we have to do something different. I told them that we cannot continue on the same policy path in our state's child welfare system. After 34 years of serving children at the Department of Health and Human Services, I am convinced that we are failing too many children to not take a long hard look at what we are doing, and that is why I've introduced several bills this year dealing with child welfare, and we are calling these bills the "New Future" for Nebraska's children. All of this is a package of which part LB 264, as amended by AM0499, is a part. The "New Future" bills shift the focus of our child welfare policy away from the band-aid approach we now employ, where the need is so overwhelming that we simply patch the most pressing problem, without being able to solve the underlying problem. We need to focus on how we can prevent kids from entering our system, and if they are in our system, how we can swiftly find permanent resolutions. And I'll refer you to the first handout which is the LB 264 summary. The "New Future" bills have four goals. The first is prevention; the second, accountability; the third, performance; and the fourth, greater focus of our limited resources. LB 264, with the accompanying committee amendment, is the first step in implementing these principles. It does so by: first, empowering Health and Human Services to offer preventative services, such as home visitation and secondary preventative services; second, considering national standards in establishing child welfare caseloads; third, increasing Health and Human Services caseload reporting for both state and state

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contracted case managers. LB 264 introduces prevention to the Health and Human Service child welfare system. It would allow the department to implement preventative services, such as home visitation programs, child screening, and early intervention, and parenting education programs. The bill would keep kids from ever becoming a part of the child welfare system, allowing us to meet another of the four principles--greater focus of our limited resources. Home visitation is a key to a preventative program, and the Governor's Children's Task Force, which examined the more than 30 child deaths between 1998 and 2003, agrees, and you can, if you would, take a look at handout number two which refers to the child task force, gives an explanation. The task force data cited that 40 percent of child maltreatment episodes could have been prevented with home visitation. Reducing child maltreatment episodes by 40 percent would dramatically reduce the number of children who enter the child welfare system each and every year, saving the state money and keeping children safe. Dr. Stacie Bleicher, a pediatrician and a member of the task force, has submitted a letter outlining the financial and human savings we could achieve. That also is included in your handouts. While this bill gives the department the flexibility to determine how a visitation would work, let me share my vision. Professional home visitors, such as our Visiting Nurse Association, would be referred by hospitals, physicians, health departments, or the public to families who exhibit risk factors that may put them in our system. The nurses would visit the families and help the families with a wide variety of needs, such as nutrition, child discipline, health, or access to services. I favor the nurses' involvement because I think healthcare professionals, as opposed to government workers, will be better received by the families at risk. This will result in more children receiving preventative services before there is a problem, rather than after. It is important to note that LB 264 doesn't mandate preventative programs. Rather, it enables Health and Human Services to offer home visitation and other preventative services. That's why at this time there is no fiscal impact. For the other two pieces of the bill, let me take you back to the Governor's Children's Task Force report. In Section 5 of this report you find the following: One of the most troubling findings of the task force is the heavy caseloads child protective service workers are

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faced with today. Caseloads must be brought down so that each child is given the time he or she deserves, and that a child in an unsafe situation is not overlooked. The Legislature made strides toward that end with the hiring of new child protective service workers last year. While the Health and Human Services Department reports that we are currently at 129 percent of state standards for caseloads, testimony at the hearing and my own 34 years at the department tell a different story. That is why LB 264 has increased reporting requirements, to help us make more informed decisions about caseloads and to reconcile the differences between the department's averages and what is reported in the field--a critical component to determining the appropriate level of support from the Legislature. This language was worked in conjunction with the department to minimize the workload of gathering new information. In addition, the new reporting requirements examine our contracted child welfare services. As many of you are aware, the state contracts with a variety of private providers for child welfare services, but because we have no data to examine, we have very little idea of the effectiveness of our private contracts. Again, this data will prove to be invaluable as we set our child welfare policy and ensure that our state tax dollars are spent as wisely, just as our constituents expect. Finally, LB 264 begins to address my goal of better focusing our limited resources. The bill sets a goal. It simply requires the Health and Human Services director to take into consideration national child welfare organization standards when establishing caseloads. For instance, the Child Welfare League of America, a well-respected national organization with a long history in social work, recommends that an investigative child protective service worker have no more than 12 families at one time, and an ongoing child protective service worker have no more than 17. In closing, I ask my colleagues to join me in helping shape a policy decision direction that will indeed give a new future to Nebraska's children. These children are now in our welfare system, or potentially could come in. In LB 264, this makes prevention and accountability a key principle in our fight to save our kids. I am hopeful that you will join me in advancing LB 264 to Select File. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. (Doctor of the

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day and visitors introduced.) As stated by the Clerk, there are committee amendments. Senator Jensen, Chairman of the Health and Human Services Committee, you're recognized to open.

SENATOR JENSEN: Thank you, Mr. President. Members of the Legislature, AM0499 replaces LB 264, as introduced, and combines features of three bills introduced by Senator Howard and heard by the Health and Human Services Committee on February 2 of this year. I'll briefly explain the contents of the amendment and what I believe to be the committee's intent with this amendment. First, Section 1 amends Section 68-1202. That section describes the kinds of social services that may be provided by the Department of Health and Human Services. Those services must include mandatory and optional services to perform present and potential social services recipients as provided under the federal Social Security Act, and the services have to be included in the approved state plan for services that the state submits to the federal government. The section then lists the kinds of services that could be included in the appropriate...in the approved state plan. The committee amendment adds secondary prevention services to that list and gives a nonexclusive list of kinds of services that could include, such as home visitation services, child screening, early intervention, and parenting education programs. It is important to make clear for the record that the committee amendment does not mandate these services be provided, and language is purposely broad to provide greater flexibility in its implementation should the department choose to include such services in its state plan. Section 2 of the amendment addresses provisions originally contained in LB 266, as introduced by Senator Howard. It amends Section 68-1207. That section requires the director of Health and Human Services to supervise all public child welfare services as described by law. The director is required to establish and maintain caseloads to carry out that responsibility. Then the section requires the director to consider certain things when establishing necessary caseload standards. The committee amendment simply requires the director to also consider workload standards recommended by the national child welfare organizations and factors related to that attainment of such standards. It is important to make clear once again for the record that the committee amendment doesn't

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require the department to meet or exceed any kind of caseload standards that might be recommended or desired. Section 3 of the committee amendment contains provisions from LB 265 that was also originally introduced by Senator Howard. It essentially does two things. First, it requires an annual, rather than a biennial, report by the Department of Health and Human Services on child protective services and caseloads; and second, it adds three new items that have to be reported to the department...or reported by the department, and these items include: one, the number of child welfare caseworkers employed by the state and the workers providing services under contract with the state, and the average length of time for persons in those positions, both statewide and by the HHS service area; two, the average caseload of child welfare caseworkers employed by the state and workers providing services under contract with the state, and the outcomes of those cases, both statewide and by the HHS service area; and three, the average costs of training child welfare caseworkers employed by the state and the workers providing services under contract with the state, both statewide and by HHS service area. It is important to emphasize for the record the amendment was advanced by the committee, with the understanding that it did not mandate that certain services be provided or that certain caseload standards be adhered to. So the bill, as amended by the committee amendment, would have no fiscal impact. I hope this adequately and accurately explains the committee amendment, and I would ask for its adoption. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Jensen. You've heard the opening on the Health and Human Services Committee amendments. Senators wishing to speak are Senators Connealy, Schimek, Brown, Kopplin, Schrock, Erdman, Kruse, Synowiecki, and Stuhr, and Thompson. Senator Connealy, on the issue.

SENATOR CONNEALY: Thank you, Mr. President and members. I rise in support of the committee amendment. I appreciate you putting those together and working on this. I brought a caseload cap last year. I mandated it, and so I think Senator Howard is smarter. She directs and, thus, keeps the costs down and like probably a better approach than the way I did it last year. I think it's an area that we need to keep an eye on. We've

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improved, but we need to continue that improvement. We've made some efforts in child welfare here the last couple years, and I don't want that to stop, but I don't want the state to back up from the position we're...back up to the position where we were in the past where we really had kids at risk. And I want to thank you for the work of the committee, and thank Senator Howard for this bill.

SENATOR CUDABACK: Thank you, Senator Connealy. Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I'd like to begin by voicing my support for this bill and this amendment, and I'd like to say to Senator Howard, she's done a lovely job for her first bill and you've picked a really important subject for your first bill. So I hope that people are paying attention. I would like to ask Senator Jensen just a question or two about the committee amendment and maybe about the committee hearing, if I might.

SENATOR CUDABACK: Senator Jensen, would you yield?

SENATOR JENSEN: Yes, I will.

SENATOR SCHIMEK: Yes, thank you, Senator Jensen, and thank you for advancing or helping advance the bill from your committee. You stressed during your remarks that all of this is discretionary, it is not mandated, and I appreciate why that is. But my question is why was HHS not...I don't believe they were represented at the committee hearing, if I've looked at this statement right. I don't believe they were either in support or opposition or neutral at the committee hearing. And if you can tell me that...well, tell me...maybe tell me that first.

SENATOR JENSEN: Okay. Certainly that they did have an opportunity to appear. We did receive a letter for them. They kind of reitera.....

SENATOR SCHIMEK: (Makes tongue-tied sound.) (Laugh)

SENATOR JENSEN: Yeah. (Laugh) They told us of, certainly, of

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the things that they have done, and particularly after this last year when we added all those caseworkers and everything else. And so they certainly understood the package and I think they're aware of it. It doesn't put mandates on it, but it does say that they must consider several different things within the amendment, and I'm sure that they will.

SENATOR SCHIMEK: I don't want us to just do a feel-good bill, and I'm sure you don't either, and I'm sure Senator Howard doesn't either. Do you sense that there's any kind of a commitment on the part...and maybe it's unfair to ask you this question, but I'm going to anyway. (Laugh) Do you sense that there's any kind of commitment from HHS to look at the provisions of this bill seriously?

SENATOR JENSEN: There was an absolute, I feel, an absolute commitment by Nancy Montanez to improve the system that we have.

SENATOR SCHIMEK: Okay.

SENATOR JENSEN: This will provide, I think, a better reporting, annually rather than biennially.

SENATOR SCHIMEK: Absolutely. Uh-huh.

SENATOR JENSEN: We're going to have a better look at that. We're going to have a better look at the caseloads and also perhaps even the efficiency of individuals; how can we improve that? That also I think is one thing that could be done. But certainly it behooves all of us to do the best job that we can with kids that are out of home in out-of-home placements. We...Nebraska has too many of those, and so how can we provide better services for those kids?

SENATOR SCHIMEK: I agree, but I would like to squeeze in one more area of questioning here, and that involves the contract workers, the case...I mean, I guess that's sort of beyond my area of knowledge or expertise. Do we have a huge number of these caseworkers who are contracted?

SENATOR JENSEN: I don't have that number. I'll get that number

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for you...

SENATOR CUDABACK: One minute.

SENATOR JENSEN: ...that we do have contracted with.

SENATOR SCHIMEK: I guess I'm a little surprised, maybe, I guess. Somehow I didn't track that. I didn't keep that knowledge stored anywhere, if I ever had that knowledge. So I'd be very interested to know that.

SENATOR JENSEN: Okay. Good.

SENATOR SCHIMEK: And I'm glad to see that you're looking at the cost of training these caseworkers. I mean, I hope that there's some look at whether it is more efficient to have these service contracts with caseworkers, or whether it's more efficient ultimately to have more caseworkers who are actually state employees. I hope that would be one of the reasons and one of the results of having these annual reports.

SENATOR JENSEN: And I think that will be a result.

SENATOR SCHIMEK: Okay. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Schimek. Further discussion? Senator Brown, followed by Senator Kopplin and others.

SENATOR BROWN: Mr. President and members of the Legislature, we have, over...especially over the last couple years, significantly cut back on some of the things that we've been able to do in terms of prevention, and it was at a time that those kinds of choices were very difficult because we were faced with child deaths and things that we absolutely needed to address. We tried, and I...and I applaud the Appropriations Committee for how delicately they tried to walk that line. We did take some money that was not...that was in an endowment in the Child Abuse Prevention Fund and used it to meet some of our immediate needs in the budget, allowing the ongoing funding to continue to fund programs. But this is an area that we

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absolutely have to address. The more that we can invest in prevention programs, the less we're going to have to spend and the more likely we are to have children who can live long and happy lives. And so I'm glad that we are able to do this right now, and I support Senator Howard's bill. And I would yield the rest of my time to Senator Schimek.

SENATOR CUDABACK: Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President, and thank you, Senator Brown. I failed to say why I think this bill could bring huge results. In my neighborhood a number of years ago, there was a little boy who was born with Down's Syndrome and the Lincoln Public Schools has a program that calls for early intervention and they go into the hospital when that baby is born, if there is a diagnosis. They go into the home as soon as possible. They work with the parents on exercises and brain stimulation and all of that kind of thing because, as we know now, children really respond at very early ages to this kind of stimulation. The upshot is that this little boy went through our public schools here in Lincoln and I think that it makes a difference, of course, about the diagnosis, but I think that early intervention made a huge difference in that one life that I observed and I think that the provisions of this bill can also make a huge difference in the lives of any children who are given those kinds of services and that kind of attention. So I just wanted to say that. I really think that the bill and the intent of the bill can bring very good results. So once again, thank you, Senator Howard.

SENATOR CUDABACK: Thank you, Senator Schimek and Senator Brown. On with discussion. Senator Kopplin, followed by Senator Schrock and others.

SENATOR KOPPLIN: Thank you, Mr. President and members of the Legislature. I want to thank Senator Howard for bringing this issue to the Legislature for action. We've all read the stories. We're repulsed by the abuse, the neglect, the poverty that is inflicted on our most fragile of citizens. Sometimes the papers play it big. Children die from abuse and we're angry, angry that such things can occur in our neighborhoods, on

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our streets, but then the news articles go away and we feel comfortable again. We forget. But the poverty and abuse goes on. So we need to stay angry. This bill gives the authority to add programs to work with parents, often very young parents, children having children. It gives the opportunity for home visitation, child screening, parenting, early interventions, and gives us some background and knowledge of what we need to take action on these things. Because the bill encourages but doesn't require action from our state, it should be easy to reach forward and press the green button but, as you do, resolve in your heart that when it comes time to press the button to fund some of these programs you can do that also. A little bit of money and time spent on early intervention will save us big money and time later on. Thank you, Senator Howard. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Kopplin. Senator Schrock.

SENATOR SCHROCK: Mr. President, members of the Legislature, I'd like to thank Senator Howard for bringing this bill to us. We all know that early childhood intervention is probably the key to a productive life that that youth is going to live when they get older. And I would echo what Senator Kopplin said. But I was going to ask some questions, but Senator Schimek has asked them all. And so it is kind of a feel-good bill, but I'm glad to hear that you're saying that HHS is dedicating themselves to doing this. And so I think it would be certainly prudent for Senator Jensen and Senator Howard to follow up on that and give a report to us, as this is being dealt with. And I know there's going to be some programs come before us before the session is over, whether they come out of Education or Health and Human Services, that's going to require some money and, you know, we have to balance the budget, so Senator Pederson will be looking over our shoulder. But I think this should be high on the list and it's kind of pay me now or pay me later, if we don't do some of these things. And I know that almost all of us in here have had children or dealt with children. Nothing is more frustrating than a child who is crying and we don't know how to deal with it, and I think that's where a lot of the frustration lies and that's where the shaking takes place and abuse takes place, and education is key to that. And the fact that they

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know people are going to watch and...in certain situations. Most homes, this isn't necessary, fortunately, and shouldn't be necessary because they have family support in how to deal with this issue, but that little child is fragile. And I don't know how old I was, but I was amazed when I was young and found out babies have a hole in the top of their head. Everybody knows that. But I can remember as a young man feeling my...well, I have a brother who's 14 1/2 years younger than I am, and I can remember, I don't know when was that, that hole finally closed. But they are fragile and I think a lot of these, like Senator Kopplin said, a lot of these kids having kids don't realize that. They don't know how to deal with it. And so if a visitation from the right person can give them some direction and some encouragement, I think that's great. I just hope that HHS can follow up on this, and I know it's probably going to take some resources, but it's probably very well worthwhile.

SENATOR CUDABACK: Thank you, Senator Schrock. (Visitors introduced.) On with discussion of the Health and Human Services Committee AM0499 to LB 264. Senator Kruse. Senator Kruse, you're recognized to speak. Thank you.

SENATOR KRUSE: Thank you, Senator Cudaback and colleagues. Over one year ago our daughter was home from the hospital with a new baby, their first child. There was a knock at the door at their remote country acreage and the person there said, I am a home visitor for the state of Vermont; may I come in? Surprised, she let this guest in and soon discovered that the state of Vermont is committed to visiting every first-time parent in the state. This home visitor asked her a question then, which seems so simple but it was rather remarkable. She said, would you like to talk about your baby? Jo said, yes, yes, yes, I have a lot of questions. They talked for about an hour and then the person asked if she could come back in a couple of months to see how it was going, and she could. Now, I must fill in a little background for you to understand this. Our daughter and her husband are not babes in the wood. They're over 40 years old. They have done a variety of things. Our daughter has worked with...in social work, has been with abused children, is full-time with disabled persons at the present time. She has seen all of that. She said how remarkable it was

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to have a visitor from the state say we're interested in you and your baby, and how remarkable it was that she, an elderly 40-year-old, had questions about that baby. Well, I'm not surprised at the questions. I was not quite that elderly but very old when our first child was born, and I can still remember at 3:00 in the morning looking down at this baby and I still had an hour to go on my shift with a baby that would not quit crying and nobody could figure out why. And you think, what am I going to do about this? You long for somebody to give advice, counsel, support, anything. Our daughter later, as we reflected on it, said, what would have been different in some of these places that I have visited if someone had been there from the state before they got...before an 18-year-old got totally exasperated with her baby? It would have been quite different in the cases that I have had to go to see and that I've been drawn into. What would be different if they could get answers beside what a grandmother and an aunt are giving? I see this as a critical direction for the state and for my area. I have to emphasize that in my area, which is almost all African-American, they have a network and an extended family system that covers a lot of this. You are not alone.

SENATOR CUDABACK: One minute.

SENATOR KRUSE: But our daughter was alone, and most of the white people in my community and district are alone. They came from a community out in the middle of Nebraska. They're hundreds of miles from a grandparent. They need support. That support can pay off over the long haul. I support the amendment and the bill, and hope that we can commit to this direction and see how it leads us and how we can go on it. Thank you.

SENATOR CUDABACK: Thank you, Senator Kruse. Senator Synowiecki, followed by Senator Stuhr and others. Senator Synowiecki, did you...are you present?

SENATOR SYNOWIECKI: Sorry. Thank you, Senator Cudaback, members. I want to also echo my colleagues' sentiments to Senator Howard. I very much appreciate your passion. I appreciate the commitment to child welfare issues. I very much appreciate your insights as a former state employee in the area.

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I do have a couple questions relative to the committee amendment, if Senator Jensen would yield.

SENATOR CUDABACK: Senator Jensen, would you yield to a question from Senator Synowiecki?

SENATOR JENSEN: Yes.

SENATOR SYNOWIECKI: Thank you, Senator Jensen. LB 264 essentially is a product of a combination of LB 264, LB 265, and LB 266. Is that...

SENATOR JENSEN: That is correct.

SENATOR SYNOWIECKI: ...correct, Senator? Obviously, we do not have access to a committee statement for LB 265 and LB 266. I want to be assured that there was no opposition testimony on the other two bills that have been enveloped into LB 264.

SENATOR JENSEN: We did IPP those. There should be a committee statement on file. I can't recall that we had any opposition, though, on either of those bills whatsoever. I might mention that before we started this hearing that day, and it's something that we're doing a little more in Health and Human Services, we had the department come over and give a presentation, a briefing, on child welfare. That was quite extensive and I do have that with me if anybody wanted to see that. But they first came in and outlined what they have done, particularly since we had the task force, which was very good. And I don't mean to take any of your time, Senator Synowiecki, but the department, after that presentation, also Nancy Montanez, has already started doing a caseload study, so this is not just feel-good legislation. They are involved and they want to be part of this. But the briefing that they had on child welfare as to what we have done, what's still before us, I thought was fairly extensive and much appreciated.

SENATOR SYNOWIECKI: I appreciate that, Senator Jensen, and you kind of segued right into my next question. Although a lot of members have been speaking of this as entirely discretionary, there are, in fact, particularly as it relates to Section 3 and

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the...of providing a report from the department, I think what you can...as page 3 indicates in the committee amendment, substantial direction to the department relative to reporting. And included within this reporting is those that are employed by a private entity under contract with the state of Nebraska. Senator Jensen, are you comfortable that the department can access this information, that it will not be overly cumbersome for either the department and the private providers in our state that are providing these services to the citizens?

SENATOR JENSEN: Yes, I think...I think that we can. First of all, we have some great providers out there that are more than willing, I think, to converse with us and let us know how they are doing and how they're proceeding. One of the things, hopefully, that we can bring about this or bring to fruition is a collaboration of all of those individuals out there that are providing services, and that we can bring those all together without a great deal of overlap, but at least with coordination and understanding of what is being provided, how can we improve the system.

SENATOR SYNOWIECKI: Senator Jensen, is it your sense from the private provider perspective that these provisions, as outlaid under page 3 of the bill, doesn't give them a whole lot of heartburn relative to reporting this information to the department? They're okay with this?

SENATOR CUDABACK: One minute.

SENATOR JENSEN: Well, I think so. We certainly didn't hear anything from them opposing that and, matter of fact, I think many of them are looking forward to that also.

SENATOR SYNOWIECKI: Okay. Thank you, Senator Jensen. Very much appreciate the information, and want to just reiterate my thanks to Senator Howard for bringing these...for bringing these issues to the forefront of the Legislature and forcing the Legislature to evaluate our situation relative to child welfare services. I appreciate your passion and your commitment, and look forward to working with you in the future relative to these issues. Thank you, Senator Cudaback.

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SENATOR CUDABACK: Thank you, Senator Synowiecki. Senator Stuhr, on AM0499, offered by the Health and Human Services Committee.

SENATOR STUHR: Thank you, Mr. President and members of the body. I, too, want to echo my thanks to Senator Howard for bringing the bill and also to the Health Committee and Senator Jensen for rolling all of these issues into one. I do support the amendment and I do support the bill, and I have a couple questions for Senator Howard, if she would be willing to answer.

SENATOR CUDABACK: Senator Howard, would you respond?

SENATOR HOWARD: Absolutely.

SENATOR STUHR: I was looking at the amendment and it lists a number of those services, and on line 21 it talks about secondary prevention services, which include the home visitation. What does that mean? Does that...this...when it talks about secondary, does that mean that those are less important than those previously listed? Could you explain that?

SENATOR HOWARD: Thank you, Senator, for this opportunity to provide an explanation. And, as in all professions, in social work we also have our words that need definition. Secondary preventative services refers to a program directed at recognizing, assessing, and achieving change in high-risk situations so that child neglect and child abuse do not occur, and that would include assessing situations such as young mothers, single parents, people with a child who has particular special difficulties that they haven't expected or they're not equipped to handle. So I hope that provides some information on that.

SENATOR STUHR: Okay. Thank you.

SENATOR HOWARD: Thank you.

SENATOR STUHR: And I have another question, a couple other questions. Was the home visitation service included previously,

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or is this a new addition? And also then, could you repeat again why you feel that this, the home visitation program, is important.

SENATOR HOWARD: Well, actually, although we'd like to think this is a new concept, a number of years ago, when I began working in social work, visiting nurses did go into homes and did provide services to young parents or parents that have a special need, or parents that really need support, and it was wonderful, and they would work hand-in-hand with the social workers. I thought it was one of the best programs that we really had available, especially at that time early on in my career of doing social work. Due to budget cutbacks and restraints and social changes, I suppose, those things really were eliminated over a period of time, which is unfortunate. So we really are bringing back an idea that had a place in time, was effective, and I believe is going to be very effective again for us. So thank you.

SENATOR STUHR: Okay. And we've talked about the new reporting requirements. Again, why do you feel that those are important?

SENATOR HOWARD: Thank you so much for asking that question. Actually, this gives me an opportunity to address a question that was presented by Senator Synowiecki, as well. The contracts that the state has with private entities, private agencies, do require reporting. However, the problem has come in where agencies have either, for want of a better word, slacked off on providing that information, or the department simply hasn't enforced that and has not offered that in a concise form so we can do a good determination if...about whether we are getting what we're paying for, frankly, or whether we are playing into a political idea of let's contract out, let's contract out and let it go at that. When I was doing my case management on adoptions in foster care, the department had three contracts with three private agencies. The contract had gone for four years. I had never seen a report provided by the agency in terms of results, goals, what had been achieved over that period of time and at what cost. So what we are asking for here is simply information. Let's look at what we're paying. Let's look at what we're getting. Let's look at what

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we have done internally. I'm not saying we can't learn from...

SENATOR CUDABACK: One minute.

SENATOR HOWARD: ...from...I'm sorry...from private providers. I'm saying let's work together. Thank you.

SENATOR STUHR: Okay. Thank you, Senator Howard. I think that all of us are very aware of the abuse situations that have occurred in the past and the deaths that have occurred. So I want to thank Senator Howard for bringing this bill because I believe that education is important in this area and that we all need to work together in what we can do to protect children. So thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr. Senator Thompson, followed by Senator Howard and others.

SENATOR THOMPSON: Thank you, Mr. President, members of the body. I just want to speak to one area of what Senator Howard has brought, and I'm really happy that she's working on these issues and will have many years to continue work on these issues, and that has to do with the home visitation program and the fact that that will be in statute as one of the areas of the work of the Department of Health and Human Services. This has been an area, at least in my short time in political life here, and it comes...came probably to this issue a little bit in the early 1990s, when we've had so many starts and stops on the home visitation issue. And I think that's been very, very disappointing. I know a previous Health and Human Services director, when Mary Harvey was director, it was called Healthy Beginnings. It was an initiative of the Nelson administration and headed by Diane Nelson to try to get universal home visitation throughout the state. And we're always thwarted by the fact that we know it's a good thing, we know it gets results, but we don't fund it. And the other issue that comes to play is that you have to care and feed these kinds of programs that you have with good training, with good evaluation, to make sure what you're providing in information for the people who are doing this is absolutely critical to the very best outcomes. Some of the most effective home visitation programs

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that have been researched have a medical professional go into the home, and probably the most famous of those is called the PEaCH program, which was developed by Dr. David Olds and had a lot of support in Nebraska, but we have continued to have trouble trying to get the funding for it. But I think the research on this, its longitudinal research, shows how effective that could be and I bring it up not only effective in preventing abuse but because of how expensive it is to provide support systems from the court system through the social services system, police calls and others, and how effective it can be when you have a program of this nature. This is the results for the mothers from this longitudinal research which was conducted over a 15-year period: 33 percent fewer subsequent births; 27 percent greater spacing between births; 30 fewer months on welfare; 81 percent fewer arrests and convictions; and 79 percent fewer verified reports of child abuse. And for the children: 60 percent fewer instances of running away; 56 percent fewer arrests; 81 percent fewer convictions and probation violations; 56 percent reduction in alcohol use; and a 54 percent reduction in use of the emergency room, ages 0 to 4. All of these impact many, many aspects of our state budgets and local budgets. And I think it's very important, and I appreciate Senator Howard including this in our statute, that we take the next step, which several other states already have. Florida, New York, Vermont, Missouri, Virginia, Utah, Indiana, New York, and Arizona, I guess I mentioned New York twice, support home visitation programs through their state budgets to combat child abuse. And we need to focus, I suppose, at first, but this needs to be universal. This needs to be for every new mom. And...

SENATOR CUDABACK: One minute.

SENATOR THOMPSON: ...we...I'm reading from a story, which I normally don't read from news stories, but this one I think was particularly sobering. When the Governor's Child Abuse Task Force began its work, this is an article in the Omaha World-Herald, and it's entitled "Program that assists teenage moms to end." And because of the fact that we didn't have the funding in place, one of the best researched, most successful programs was running out of money in the Omaha area at the same

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time as we were trying to figure out ways to address our child abuse and child death problem in this state. So I am pleased to see this added to the list of things that's done, but we need to be more comprehensive in our approach. We need to use research-based methods. We need to invest in the training that it takes to make them successful, and the evaluations that come that make them continually successful.

SENATOR CUDABACK: Time.

SENATOR THOMPSON: And I appreciate the fact that this will be put in statute. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. Mr. Clerk, are there any announcements?

CLERK: Mr. President, the Banking Committee will have an Executive Session at 10:00 underneath the south balcony.

SENATOR CUDABACK: Thank you. On with discussion of the AM0499 to LB 264. Senator Howard, followed by Senator Schimek, Senator Dwite Pedersen, Senator Brown. Senator Howard.

SENATOR HOWARD: Thank you. Thank you, sir. Just some information that may be helpful, and I know we're all concerned about budgeting, we're all concerned about cost, this program would cost a total of between \$350 and \$1,750, and I'm talking the life of the program or involvement of the visiting nurses with the family. To have a child in foster care, the costs can range from \$222, and that's for an infant with no problems, to \$1,200 a month. If you look at a child in group home, you're starting at \$1,900 a month. If you're looking at a child in the youth center, you're going up to \$7,500 a month. It's very expensive. It's very expensive to work from the back end, forward. In addition, my experience in working with a child in foster care is, frankly, you can never undo the damage once it's done, and I'll leave you with that thought. Thank you. I would return any time that I have to the Chair. Thank you, sir.

SENATOR CUDABACK: Thank you, Senator Howard. Senator Schimek, the committee amendments. Is Senator Schimek on the floor? We

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will leave her light on, but we'll go on to the next speaker, Senator Dwite Pedersen.

SENATOR Dw. PEDERSEN: Thank you, Mr. President. Members of the Legislature, I very much support this bill and the committee amendments. Senator Howard came to me yesterday, real nervous about her first bill and her priority bill, and I think we're loving it to death. That's great. (Laugh) I'm happy for you, Senator Howard. I do have a little bit of concern about the fact that, you know, we need to...this is a help and this is a move forward, but we don't want to forget for any time that we need to keep a real close eye on all of this. We had another child death in Douglas County this last week and, as far as reporting goes, my understanding is there was some...there had been some reporting of child abuse with this kid prior, to the department, and no move on the department to check it out. These things concern me. This bill, however, is prevention. One of the biggest things I like about it is prevention, and we need to get into prevention. We need to do a lot more in prevention, not just this area but lots of other areas, and I think preventative dollars are much, much cheaper than the ultimate dollars spent without it. This is a good bill. I am supportive of it, and I'm supportive of the committee amendments. Thank you.

SENATOR CUDABACK: Thank you, Senator Pedersen. Senator Schimek, are you...have you returned to the Chamber? She has not. We'll go to Senator Brown. Are you with us? She is.

SENATOR BROWN: Mr. President, members, I had initially punched my light to talk a little bit about the PEaCH Program, which Senator Thompson spoke about, and I do agree that we need universal programs and I thought about that when Senator Schrock was talking about how most families have family support. And I wanted to share a story of someone I know who, when she had her first child, was living in a small town in Iowa where her husband's parents lived, and so she had a lot of family around her, and they had a family support program. Somebody came to visit her. She really kind of was a little put off by it initially, and...because she had the family support. Soon thereafter, she moved to California where she didn't have her

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family around her and she really found that, even though she was...had some experience by that point in time in being a mother, she had issues that she wanted to talk to other people about. She didn't feel as comfortable and really wished that she had had the support program in California when she needed it, even though she was an experienced mom. So I think that in a...in a world where we move around a lot, we don't have the same kinds of traditional support systems, this kind of a program is absolutely necessary for some people and that people's life changes. And so, yes, I would agree with whoever said we're loving this bill to death, but it really is something that will hopefully help all families and help us eventually to be able to not be addressing every issue that we have in a crisis mode and spending all of our funds on crisis intervention, but building on the strengths of families. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. (Visitors introduced.) On with discussion. Senator Combs.

SENATOR COMBS: Thank you, Mr. President, members of the body. Being a home health nurse myself, I've been a nurse for 30 years, I spent 6 years in home health and hospice, and I did do a lot of visits on new moms, and I know from the trepidation I felt being a new mom myself. I had been working as a nurse for about six years when I became a new mom, and I had advised new mothers how to take care of their babies, but I will never forget the feeling of having Mindy in my arms. And back then they kept you in the hospital three or four days. You know, this is almost 30 years ago. So I was holding her and I walked out that door and I was like, oh my God, I've got this kid and no one is around to help me. And it was such a heavy...and you kids up in the balcony, you'll feel the same thing, so thank your parents when you go home that they decided to keep you and take care of you. (Laugh) But it is an overwhelming feeling of responsibility. And as much as I knew and as much college education as I had and as much as I had helped other people, had I not had my mother-in-law and my mother coming to my house, I would have been lost. It's just an overwhelming sense of responsibility and a feeling that no matter how much you know, when it's you it's different. So everything I knew kind of went

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out the window because Mindy had colic and, of course, anyone who's had a child with colic gets encouraged when they say, don't worry, it only lasts three months. (Laugh) Sorry, lasted a lot longer. So you can understand the pressure that new parents are under when these things happen, particularly colic when, you know, that just drives you nuts. And I won't go into it, but...I won't discourage anyone from having children, but it does make you understand how people can do things that they don't intend to do when their baby has colic. Carolyn Rooker from the Visiting Nurse Association was...has very kindly...she sent Gwen the exec summary, which I thank you for passing out. That is wonderful. And thank you for bringing this bill. I am so proud of you. Thank you. Appreciate it. But I did get a VNA fact sheet talking about the rationale for the home visitation model, which has been addressed to some degree. But when we're talking about the cost...and members of the Appropriations Committee I know are just probably kind of, you know, their blood is running cold just looking at the need for this bill and how we're all embracing it and knowing that it's going to have a dollar amount...but let's talk a little bit about what's going to be saved by early intervention. And this is factual data that comes from the VNA. The rationale she brings is that, of course, we...I had the early warning system mentioned for families that are in need. Research conducted to date suggests that these programs can pay for themselves in reducing the need for a wide range of services. Early entry into and consistent prenatal care, elimination of smoking, improved nutrition, access to community resources services, and improved safety habits can result in the reduction of infant mortality, improved birth weights, reduction in health risks to infants, reduction of disease, due to exposure to secondhand smoke, for example. And Healthy Families of America, I don't know if that's been referenced yet, but that is another good source of information for what this program could do, expansion of the program. A level one VNA patient costs about three visits. That's just an assessment to determine that the support systems are in place. That only costs \$360. A level two, the assessment determines that additional public health support is needed--a first-time mom and breast-feeding support, that kind of thing--to bring into the home: four to five visits with follow-up in 6 to 12 months. That costs just \$315. Assessment

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determines more intensive home visit support needed for up to a year, and that's considered the level three, which is the third level she refers to, and the total cost for a level three family...

SENATOR CUDABACK: One minute.

SENATOR COMBS: ...of all programs involved would be about \$4,935. And again, that's for up to a year. Now, the direct cost, and this is already...this is...these are facts: hospitalization for abuse and neglect, \$10,983 a case; chronic health problems, such as treating a child with asthma, rampant in Nebraska, \$6,410. The judicial system, the Dallas Commission of Children and Youth determine the cost per initiated court action for each case of child maltreatment to be \$1,374. The child welfare system, 1990 reporting...results of a study it conducted estimating child welfare costs to be \$14.4 billion. The mental health-care system is abused...just abused children receiving counseling, \$2,860 per family. So, you see, we already have costs in our spiraling Medicaid system, expenses that are covered right here in this.

SENATOR CUDABACK: Time, Senator.

SENATOR COMBS: Thank you.

SENATOR CUDABACK: Thank you. Senator Erdman, and you may use that mike, if you care to. He waives...he waives his opportunity. Senator Combs, you're recognized. Senator Combs, did you wish to speak again?

SENATOR COMBS: Just one last...one last comment on the indirect costs of special ed, juvenile delinquency, lost productivity, and adult criminality. I just want us to keep these in the front of our minds and have them on the record when we do discuss funding this, that we don't forget it, and when the budget burden becomes heavy and other things might take priority later on in the session, that we remember what was discussed here today and that it is on the record. Thank you.

SENATOR CUDABACK: Thank you, Senator Combs. Further discussion

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on the Health and Human Services Committee amendment? Seeing no lights on, Senator Jensen, you're recognized to close on AM0499.

SENATOR JENSEN: Thank you, Mr. President. I think we've had a good discussion on the amendment. Just as an aside, I appreciated Senator Thompson's statistics on that PEaCH Program which, when I first came into the Legislature, was being done in Omaha. And about the time it really started to show results, the funding ran out and so it was closed down. We in the Legislature, we in the state, really spend very few dollars on prevention, really the cheapest dollars that you can spend. We spend a lot of money on crisis, crisis intervention, but not on early intervention. So I just would ask the body personally to move forward on this and, as Chairman of the Health and Human Services Committee, I'd ask for the adoption of the amendment. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Jensen. You've heard the closing on the Health and Human Services Committee amendment, AM0499. Question before the body is, shall that amendment be adopted? All in favor vote aye; opposed, nay. The question before the body is committee amendments to LB 264. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 33 ayes, 0 nays, Mr. President, on adoption of committee amendments.

SENATOR CUDABACK: The amendment has been adopted. Anything further on the bill, Mr. Clerk?

CLERK: Nothing further, Mr. President.

SENATOR CUDABACK: Thank you. We're now back to discussion of advancement of LB 264. Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I guess I would disagree that we're loving this bill to death. I think we're loving it to life here. My only disappointment is that we're not going to see how much grit the new senator has, and I'm looking forward still to the day when the fire of criticism is here and we'll see how you do as a firefighter.

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(Laugh) I want to affirm one thing in this bill that, in my opinion, is not just feel-good, it's very real, and it's a report. And some people think, well, that's easy and that doesn't mean anything, but it means a whole lot and I tell you that from my perspective as Chair of the Performance Audit Committee and the recent experience we had trying to audit DHH with regard to Medicaid payments. And the fact of the matter is, in many areas, they do not have adequate records, and that's a problem in two respects. The first respect is it makes it hopeless for the Performance Audit Committee to go in there and try to figure out whether they're doing a good job if they have no basic reports put together over time as to what's happening in a particular area of their endeavor. So, from the point of view of developing a really first-class Performance Audit Unit in this Legislature, it's not only a matter of putting additional resources into that which we're doing, and preparing for the day when term limits comes and you really need a tool that's ready to go and can work for you instantly in that regard. The other thing that has to happen is that we have to encourage good management in all the agencies, and good management means they have information tools. I don't know why it is, but maybe it's because of the lack of incentives and the profit motive, but government agencies do not keep and do not have the proper management tools in many cases. It's information. Information is what saves you money. It's what tells you whether you're on the right track or the wrong track, and it's not just haphazard information, but it's carefully constructed, related information that tells you how one part of your system is working with another. And perhaps the part of this bill that may have been troublesome to people was the last section, having to do with the report that required very explicit information about a number of things. It was a lot of verbiage, but it had to be in order to pinpoint exactly what it was. And, Senator Jensen, I commend you. I don't know if you came up with that language or Gwen did, but it's very precise. So, for those two reasons--to help out your own performance audit function in this Legislature and to reassure us that our departments are producing proper management information for themselves as well as for us--I would recommend this bill to you highly. Thank you.

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LB 237, 264, 380, 394, 395, 415, 546

SENATOR CUDABACK: Thank you, Senator Beutler. Further discussion on the advancement of LB 264? I see no senators wishing to speak. Senator Howard, you're recognized to close.

SENATOR HOWARD: Thank you, Mr. President. I'm very gratified by the response I've gotten to this bill. After working in Health and Human Services for, frankly, decades and wishing I could do something to improve the system, I've had the opportunity to do that. And I'd like to say thank you to each and every one of you. You make me glad I've come. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. You've heard the closing on advancement. The question before the body is, shall LB 264 advance to E & R Initial? All in favor vote aye; opposed, nay. Are you okay? (Laughter) Are you okay, Senator Howard? Have you all voted who care to on the issue? Record please, Mr. Clerk.

CLERK: 35 ayes, 0 nays, Mr. President, on the advancement of LB 264.

SENATOR CUDABACK: LB 264 does advance. Mr. Clerk, LB 54. Mr. Clerk, you may read items for the record.

CLERK: Thank you, Mr. President. Your Committee on Education, chaired by Senator Raikes, reports LB 380 to General File; that's signed by Senator Raikes. Business and Labor Committee, chaired by Senator Cunningham, reports LB 394 to General File; LB 237, General File with amendments; LB 395, General File with amendments; and LB 415 to General File with amendments; those reports signed by Senator Cunningham. That's all that I had, Mr. President. (Legislative Journal pages 672-675.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Now we will go to LB 546. Mr. Clerk.

CLERK: LB 546, Mr. President, a bill by Senator Brown and others. (Read title.) Introduced on January 14 of this year; at that time referred to the Banking, Commerce and Insurance Committee. The bill was advanced to General File, Mr. President.

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SENATOR CUDABACK: Senator Brown, to open on LB 546.

SENATOR BROWN: Mr. President, members of the Legislature, during the 1990s, the population in Omaha increased by 16 percent, the population in Lincoln increased by 17 percent, and Bellevue's population increased by 43 percent. Much of that increase, though, was at the expense of other parts of the state of Nebraska. A researcher has suggested that had the entire state of Nebraska grown at the rate that the rest of the nation has grown, that we should have a population of 4.5 million people. We are quite a ways short of that. The designation of a metropolitan statistical area is a major issue for business location within that area, and in order to be seriously considered for regional designation of an MSA, you need to be able to show...and a regional designation of a million people is a bar that certain businesses will only look at locating in a region of at least a million people. So in order to have a regional designation as an MSA, in the MSA, at the time of the census you need to be able to show real interaction within the region, real interaction between the communities in that region and other substantive things that you can point to. So this bill, the eastern Nebraska innovation zone that is set out in this bill, probably the primary aspect of it is to position us for economic development and position us so that at the time of the next census there would be consideration of an MSA of a million in the eastern Nebraska area. Now, I have spent quite a bit of time researching regional economic coordination and what makes it successful and what about it is just maybe effective in certain areas of economic development but not as successful as it could possibly be, and the issues that I've come up with are, first of all, that there is a meaningful public-private partnership, and I think that that's especially critical in Nebraska because we do have a history in...especially...well, we have a strong history of a lot of the development being driven by the private sector and by our chambers of commerce. But we also have a populous state where we have a number of elected officials that are involved in most decisions, and so having a way that you can really have a meaningful public-private partnership is, I think, important for the success of any kind of regional coordination, but particularly important in

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Nebraska. The second criteria, and it's a criteria that I will probably talk about a lot more, is the involvement of higher education. And a part of economic coordination is the determination...the involvement of...the determination of the kinds of jobs that are useful and helpful for economic development, and the development of those jobs, and the interaction with the development of the individuals who will take those jobs. And this is a way for us to not only center industry, but also address the brain drain. One of the models that you look at that is probably the most well-known is the research triangle in North Carolina, where three communities of relatively similar sizes, three campuses of higher education--Duke University, the University of North Carolina, and North Carolina State--collaborated to form a research park. And we talk about it and think about the research triangle, that it took place, you know, maybe within the last 20 years, and it was actually 50 years ago that the research triangle was established, and it started with an impetus from the academic community. But what the result has been is much more...much less competition and more coordination of economic development activities within the area, and it has led to a blossoming of the area, although I have been advised by Senator Redfield, who has relatives that live there, that they, because there was a concentration of technology jobs, they were particularly hurt during the downturn. But I'm more, at this point, talking more about it from the aspect of what involving the higher education community with the economic development community did to those communities working together in a real meaningful way. And Senator Chambers is always making literary and historical references on the floor. I was talking about this bill with a friend and said something about one of the outcomes that I would like to see is a research triangle, and he said, well, you've got two points, you don't have a third point and so you really can't have a research triangle. Now, geometry was not my best subject, but I do know enough to know that unless Avoca is going to grow really fast that we are talking about a research point at this place because we don't really have a triangle yet. And I am saying that specifically for Senator Chambers, because he always makes references that are literary, and so we now have a mathematic reference and he needs to find mathematic references to be able to make in the future. We have something of an

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example in Omaha of one of these public-private partnerships that has resulted in a research institute, and that's the Kiewit Institute in Omaha, but we have a lot more potential because of the location and the activities with research at the university of Lincoln, at the Med Center, at UNO, and so there are other opportunities for a continuing integration of those kinds of higher education activities. And maybe we could make our third point UNK and be a fairly big triangle. The third issue is that meaningful regional approaches target the industries that they think that they want to develop, and we have had some studies that talk about the areas that Nebraska is best positioned for, building on our strengths, and those areas are ag...value-added agriculture; banking and insurance; information technology, and that's building a lot of Offutt and the kind of individuals that we have developed through Offutt; and biotechnology, which is a lot of our success in biotechnology has come as a result of our agricultural background. And so being able to target those kinds of things, and I've had conversations with Senator Raikes about where we might move to in this regard, if you had a targeting within a region of certain kinds of industries you might be able to have a different tier in our economic development incentive that would be...that could be directed. So eventually, we would need to talk about what are the incentives, and I don't mean just in economic development sense, but any of the incentives that the state could offer to...for real regional coordination, but that's a little bit down the road. The fourth issue is that...

SENATOR CUDABACK: One minute.

SENATOR BROWN: ...good regions build on the regional characteristics of the area, the physical, the political, the cultural, and take the unique aspects, in this case of Omaha, of Lincoln, of the more rural area along the interstate in-between, of the Mahoney interchange, and keep those unique aspects but do it in a way that...market it in a way that is more joint. And then the final one is that good regional coordination allows us to interact better on the...with the federal authorities. So one part of this bill is the establishment of the eastern Nebraska opportunity zone, because, quite frankly, it's the area that I know the most about. But I also know that there are a

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lot of other things that are going on in this state on a regional basis...

SENATOR CUDABACK: Time.

SENATOR BROWN: ...that are quite exciting, and this provides a template for those things, too. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. You've heard the opening on LB 546. Mr. Clerk, motion on the desk?

CLERK: Mr. President, Senator Brown would move to amend with FA72. (Legislative Journal pages 675-676.)

SENATOR CUDABACK: Senator Brown, to open on your amendment, AM (sic) 72.

SENATOR BROWN: Thank you, Mr. President. Part...what I was just starting to get into in terms of this bill is that we provided the broad template, but then had the specific part of the authorization of the eastern Nebraska opportunity zone. Part of the reason that it's done that way is because that's the area that I knew a little bit better than others, but setting up a regional area is a very complex issue, and being able to address some of the issues in terms of representation, in terms of meaningful language about what the entities are going to be able to do. And so this amendment addresses a concern that was brought at the hearing from one of the...from a representative of one of the smaller cities along the corridor, and this individual wished to have representation on the commission. Well, I had already been contacted by a community in Senator Kopplin's area about inclusion, and so we were trying to be representative but also keep a manageable number, and we felt that because much of the area is...that we're representing is less developed, much of the physical area, that we would do the representation largely through counties and have some representation from...obviously, from the cities. So this amendment kind of tries to walk a path in the middle. It looks at changing some language about one of the aspects of opportunity zones which calls...in the original legislation it called for regional zoning. There was some concern about

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regional zoning because there's really not any authority within the commission to do anything, and it was really to study regional zoning, and we are now changing that to say county zoning within the opportunity zone, so that if there were...if there is a unique area, that you could have some sort of a consistent policy for zoning. It might mean...this was never meant to add another hurdle or take back...take away any power of the counties to make appropriate zoning regulations, but to make some...there might be a designation of areas in which there would be a consistency of zoning and there would be a one-stop shop for how...for the location of businesses and who they would operate with if they were looking at locating at different sites along the opportunity zone. And then the second thing that I talked about, which is the inclusion of one representative from a city of the first class, and one representative from a city of the second class or a village. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. Members, please bear with us. The Chamber Viewer is down for the present time. We're making copies of the amendment. Thank you. On with discussion of the Brown amendment. Senator Synowiecki, followed by Senators Mines, Beutler, Schimek, Johnson, Wehrbein, and Brown. Senator Synowiecki.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback. Members, very much appreciate Senator Brown's efforts relative to LB 546 and the establishment of opportunity zones, a opportunity zone within our state. I think it's, although before we embark on such a cause, I do think we need to...I need to stand up and indicate that it is unfortunate that we provide very little focus in terms of public policy and economic incentives for our current enterprise zone areas within our state. I do think there needs to be a greater emphasis, a greater focus, in our public policy and in our economic policy relative to incentives within these enterprise zones, which are essentially...the criteria for such an enterprise zone is that you have an ongoing record of deteriorating economies and deteriorating physical infrastructures within these areas. And I think it would behoove us to first address some of those issues within an enterprise zone. Although I do want to see this bill go forward, I think there is one thing we could potentially do to

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foster more participation in this. And I would like to see my constituency involved in the development of what Senator Brown is attempting to do. I would like to ask Senator Brown a question, if I could.

SENATOR CUDABACK: Senator Brown, would you reply to a question?

SENATOR BROWN: Yes, Senator.

SENATOR SYNOWIECKI: Senator Brown, relative to the members of the enterprise zone board,...

SENATOR BROWN: Opportun...

SENATOR SYNOWIECKI: ...innovation...I'm sorry, innovation zone commission,...

SENATOR BROWN: Yes.

SENATOR SYNOWIECKI: ...public transportation, there does not seem to be anyone representing the interest of public transportation.

SENATOR BROWN: It is not explicit, yes.

SENATOR SYNOWIECKI: Would you be open to the idea or to the concept of including a representative from public transportation? Again, kind of a link between parts of both the cities of Lincoln and parts of the city of Omaha, relative to the potential development and economic development in this corridor, or this innovation zone, I think an important element to that, with greater degree of participation, is public transportation, and that they should be involved, perhaps, on the bottom floor.

SENATOR BROWN: I would agree that they should be involved. I think the concept should be involved. But when you have representatives from both the counties and the cities that are involved, I think that transportation has to be one of the major issues that they are going to come to the table to address. And I'm going to be quite resistant to a lot of, oh, add on.

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Because frankly, there...a lot of people were invited to comment ahead of time, and were not...that was not an issue that was raised in those comments and now, when the bill comes up then, people wish to have changes made, mostly in the representation. If this is going to be...obviously, if this is going to be a meaningful group, they're going to have to address transportation issues. But also, if it's going to be a meaningful group, they are going to have to be of a size that they can actually address something.

SENATOR CUDABACK: One minute.

SENATOR BROWN: And I just believe that the city representatives and the county representatives are going to...I mean, the corridor that we're talking about, I-80, is about transportation. They're going to have to be very sensitive to transportation as an issue. So I would consider it, but I'm not promising anything.

SENATOR SYNOWIECKI: I appreciate that, Senator Brown. I just hope that you can appreciate that a pivotal concern of mine, a pivotal issue for me relative to the bill, is the participation, ultimately, of my constituency in the economic development. And a key component of that, thereby, would be public transportation. So I hope that you can appreciate that. I think that a member on this commission that is explicitly involved with the issues of public transportation, and not as a secondary involvement from a city--and as you know, Omaha...the city of Omaha has no direct linkage with Metro Area Transit. So...

SENATOR CUDABACK: Time, Senator.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. Mr. Clerk, for an announcement, please.

CLERK: Mr. President, the Agriculture Committee is meeting underneath the north balcony...south balcony, excuse me, right now. Thank you.

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SENATOR CUDABACK: Thank you. On with discussion of the Brown amendment, FA72. Senator Mines.

SENATOR MINES: Thank you, Mr. President, members. I thought I might bring you up to date on...or just fill you in on what the Banking, Commerce and Insurance Committee. We heard the bill, and it was advanced from committee. We heard interesting testimony, primarily in support. And in fact, virtually all of it was in support. And we heard different reasons for the creation of an enterprise zone...or, not an enterprise zone, but the regional economic development zone. And one of the more compelling testimonies we heard was from Dr. Thomas McDonald, from the University Med Center, and his focus was on biotechnology and biomedicine. And we...I personally had a little bit of difficulty understanding how the creation of the zone would impact the Med Center. And by the creation and by definition, if we create the opportunity zone, and in fact link Omaha and Lincoln through that corridor, and if we look further ahead than the next 5 years, we're looking into the next 100 years--and I don't think anyone here would deny that the two cities are growing toward one another--this merely sets the stage for substantive discussion, for evaluation of how can we make this growth, how can we make the pattern happen to the benefit of all Nebraskans? I guess, from my perspective, I'm not included on that zone. My district in Omaha is. But the zone is really about the betterment of Nebraska. This isn't a my constituency should be represented, with due respect to Senator Synowiecki. We heard the same thing about greater Nebraska representation. And I hope the body doesn't get into a dialogue about, well, I think my district should be represented, or my people need to have some kind of say in the creation. I think this is about developing an infrastructure and a strategy for decades to come for the development, the logical development, of Omaha and Lincoln's growth, and how we can economically take advantage of that growth, and what makes sense for all of Nebraska, as opposed to just this particular site. As you will note, the committee did vote the bill out by a vote of 6-1-1. And with that, I haven't had time to see the amendment. Technology has failed us. So I have been talking to the bill. And I would support the bill. Thank you,

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Mr. President.

SENATOR CUDABACK: Thank you, Senator Mines. Senator Beutler, on the Brown amendment.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, I'm very excited about Senator Brown's idea, even though necessarily at the beginning it's skeletal in nature, and probing in its initial focus. But you have to get started someplace. I've come to find over the years that the antagonism between Lincoln and Omaha is highly destructive. And I don't know if Lincoln is ready for this yet. I've kind of asked around as to...because I knew the bill was coming, and, you know, I get a mixed reaction, honestly. There's still a lot of fear out there. And when you're down in Omaha, I know it's somewhat the same way. Lincoln is the government town; Omaha is the commercial center. It's almost represented architecturally by the First National Bank Building being the predominant structure in Omaha, and the Capitol Building being the predominant structure in Lincoln. But I think things have to change. And they have to change because both communities, and the communities in between, have a common economic interest in accelerating development that can occur through a cooperative effort. The identification of one larger metropolitan area has a de facto effect on how you can attract...on whether you can attract industry. It makes a difference. It's a difference in appearance; it's a difference in fact. And I, for myself, am going to encourage the Lincoln community to do everything possible to cooperate with this initiative, to try to figure out how all can mutually benefit from this initiative. And I think we all need to work a little harder, those of us in eastern Nebraska, to build a relation of trust between Lincoln and Omaha, and with all the smaller communities in the neighborhood. Having said that, Senator Brown, I have two questions. One is basically this, and I don't know enough about this; I hope you can describe it. But I know that the retired head of our architecture school down here, Cecil Steward, has been working, I think, out of the...out of Omaha, out of the Joslyn building, I believe, and he has an organization that's designed to look at urban planning and urban development in eastern Nebraska. I'm not sure exactly how that's defined. Hopefully, you know more

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about it. But the question I'm interested in is simply this. Is there an overlap between what you're doing here and what Cecil Steward is doing? And is that or is that not a problem?

SENATOR BROWN: I don't...

SENATOR BEUTLER: And I would yield the remainder of my time, Senator Cudaback, to Senator Brown.

SENATOR CUDABACK: Senator Brown.

SENATOR BROWN: Thank you. I don't think it's a problem. There are some issues of overlap. I have copies of the report that the Steward group has done. And that was a part of...we...in October, the Governor hosted, and several of us participated in, a summit on the I-80 corridor and economic development in the corridor and some other issues. Mr. Steward was there. There's a lot that's gone into his research, which is around smart growth. And...but what we're talking about here is, in most cases, a coordination of elected individuals. And I think a lot of the work that's been done has been done within people...with people within the communities in the area, but often not...

SENATOR CUDABACK: One minute.

SENATOR BROWN: ...elected individuals. And we...you know, in our state, it is mostly elected officials that make the policy decisions. And there are going to be some issues that are going to need to come back to each one of those counties and each one of those cities for consideration about making changes in meaningful ways. I...in response to what you...so I think that there's a role for both. It's a slightly different perspective, and I don't really see it as being mutually exclusive at all. I see the innovation zone commission as being...

SENATOR CUDABACK: Time.

SENATOR BROWN: ...about developing the policies.

SENATOR CUDABACK: Thank you, Senator Brown and Senator Beutler. On with discussion of FA72. Senator Schimek, followed by

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Senator Johnson and others.

SENATOR SCHIMEK: Yes. Thank you, Mr. President and members. I rise in support of the bill, and I believe the amendment. I need a little bit more discussion on the amendment. And I hope that Senator Brown has a chance to discuss it a bit more. There are three Lincoln senators signed onto this bill. I think that Senator Beutler is right, however, to point out that there's not unanimous support yet in Lincoln. But I think the dialogue is very important. I think that this discussion is critical. And I think it could be the most important bill that we consider this year, because of its long-range possibilities. Now, having said that, I want us to think about some things before we actually advance this bill to Select File. One of the things that I'd like to have us think about--and Senator Brown, I hope that you don't miss this--but one of the things I would like to have us consider--and I know that Senator Erdman is tied up in an Ag Committee meeting over there, or his light probably would have been on this also--any time we establish a commission in the Legislature, we started asking the question about, should there be a sunset provision on this? And at first I was sort of halfheartedly convinced that we should always look at that question when we're establishing a new board or commission. I've become more enthusiastic about it since the Women's Health Initiative had to go through that review four or five years after it was established. I think that helps provide motivation and focus to any board or commission that we do establish. And I'd like to ask you if that's something that you would at least consider adding on to this bill.

SENATOR BROWN: Absolutely.

SENATOR CUDABACK: Senator Brown.

SENATOR SCHIMEK: Okay. Thank you. And I again emphasize, I'm fully supportive of the bill. I do think, though, that we...other than saying, yes, we're going to establish this and we're going to support it and we're going to continue to look at it, I think we ought to also be considering a broader scope. And I think that's what Senator Beutler was getting to in his remarks. One of the things I've served on for the past couple

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of years is the Midwest Passenger Rail Compact Commission, which is a legislative initiative from the Midwest. And there is an initiative underway by the Midwestern departments of transportation, they're all called--here we call them Department of Roads--but there is an initiative to have this network of railroads that go throughout the region. And one of those legs would bring that regional railroad to Omaha. And so there has been discussion about establishing some kind of a passenger rail line between Lincoln and Omaha. I think that's an absolutely vital discussion to have when we're talking about economic development and when we're talking about maybe establishing some sort of research facility or industry or whatever along that corridor. Having that rail passenger service between Lincoln and Omaha could be very important. It may not happen for a number of years, but we ought to be talking about it. We ought to be talking about the work that Cecil Steward is doing.

SENATOR CUDABACK: One minute.

SENATOR SCHIMEK: And we ought to be taking into account other things like environmental issues and so forth. So here's how I'm kind of looking at this right now, Senator; that we have this broad, overall group that you're looking at and that maybe that group then could establish sub-task forces or committees that would very carefully, on a continuing basis, look at some of these kinds of separate issues, and bring it back to the overall task force. I don't want some of these other issues necessarily to get lost in the shuffle. I think the economic development component is critically important. But I also think some of those other issues are also critically important to the economic development issue,...

SENATOR CUDABACK: Time.

SENATOR SCHIMEK: ...and to just the overall development of this region. Thank you.

SENATOR CUDABACK: Thank you, Senator Schimek. Senator Johnson. Senator Johnson, I'm sorry about that.

SENATOR JOHNSON: Senator Cudaback, members of the body, I'm not

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going to talk long. I just want to echo my support for this concept. Senator Brown, one of the things you talked about, only having two points, which doesn't quite make a triangle, but there is one other thing in mathematics and that is, if you have two points, a straight line sometimes is the fastest way of getting to the objective, or to success. One of the things that we had just yesterday was a meeting of Hastings, Kearney, and Grand Island. For the last several years now, we've been meeting, finding out that the other guy isn't a bad guy, and working together on mutual projects. We are having some success in this. What I do wonder is how much success we would have had if this had been undertaken many years ago. We have suffered in central Nebraska from not working together. I suspect that the people in the eastern part of the state can say the same thing. It's mandatory that we work together. So I'd encourage our Lincoln friends to work with Omaha for their mutual good. There's an old saying, and it's still true: We have met the enemy, and they are us. Let's see if we can change that this time. I'll yield the rest of my time to Senator Brown.

SENATOR CUDABACK: Senator Brown.

SENATOR BROWN: Thank you, Senator Johnson. Mr. President, members, one of the things, in listening to what Senator Schimek was saying, that I wanted to comment on was what Senator Beutler said, that this is skeletal. And any time that you establish a commission, I think that you have some...I don't know if "holes," but some...you let the commission determine some aspects of their direction. I don't think you need to have representation on the commission, necessarily, to get issues addressed. And I think Senator Schimek was absolutely right--the commission is going to establish ways to inform their decision making. The representation on the commission is meant specifically to be a conduit back to those elected bodies that we have for the decisions that the full bodies are going to need to make. We're not creating anything that's going to have more authority than our current elected individuals. What the individuals who serve on the commission need to do is to inform themselves about what is available to help them. And one of the things might be what Mr. Steward has done, a lot of what we heard in terms of testimony from the university, which was very

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compelling testimony, about some of the activities that they're involved in that are not just economic development, but they're really securing the state. I've been...I've had conversations with people, since the introduction of this bill, about some of the really exciting things that are going on across this state in regional activities, and when we begin to have real incentives. And I don't mean that necessarily as just economic development incentives, but real incentives for regions to work together in areas beyond possibly economic development, but really work together to provide services to the citizens and things like that. And as we move along this process and have incentives for this kind of regional activity, we're going to have to be continually evaluating whether this is a model that works, what is happening in places like in Senator Stuhr's district, where the area along the interstate is doing things; in Senator Smith's district, where they're doing a lot; obviously, Senator Johnson. So this is just, as Senator Beutler said, a skeletal piece that says that in this area, we know...

SENATOR CUDABACK: Time, Senator.

SENATOR BROWN: ...we have the economic reason to move forward. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown and Senator Johnson. Senator Wehrbein, on FA72.

SENATOR WEHRBEIN: Mr. President, members of the Legislature, I'm supportive of this bill and the amendment, which I guess we're on now. I think one of the real values of this is to the fact that we'll have some encouraging...encourage cooperation among the counties. I'd like to ask Senator Brown a question, though, if I may.

SENATOR CUDABACK: Senator Brown, would you yield?

SENATOR BROWN: Yes.

SENATOR WEHRBEIN: Do you have a rough idea of what the boundaries might be of this, in your mind, from where, let's say, Lincoln east to...?

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SENATOR BROWN: Well, I said Avoca, but I'm not sure that I meant it. (Laugh) No, you could look at...I mean, you could look at a geographic area, you could look at it being, like, ten miles on either side of the interstate and ten miles around the points, the city points on either end. That is something that has been talked about as a possibility. But then you get into communities that might exist just right on the edge of that, and may be growing out around there. So I don't know that...I mean, I think that that's going to be the first order of business for the commission, is defining exactly what they mean for themselves.

SENATOR WEHRBEIN: Thank you. Well, I just wondered what your idea was, so we had (inaudible) what we're talking about. I support this and I...in some ways it's reluctant, because I'm not enthused about wild...or wildly enthused, I should say, about development down the road. But it's coming, whether you like it or not, in eastern Nebraska. And in the next 50 years, we're not going to recognize where...today we wouldn't recognize where we're going to be 50 years from now at all. But I'm concerned. My county, Cass, probably has the most geography, in terms of acres, of anyone involved in this. And there's just some concern in my county, particularly among county boards, as to the fact that they want to be involved in what evolves here. And so I'm going to listen to this debate carefully. And I may have some more comments, and perhaps even an amendment on Select File, as to whether the representation is accurate. I think we all have to look ahead. And I think one of the things that I haven't heard mentioned here today that came out of that conference is we need to be talking Lincoln-Omaha, Omaha-Lincoln, much as we do with Dallas-Fort Worth, Minneapolis-Saint Paul, the Quad Cities, whatever. If Nebraska is going to develop in this part and have some help from grants or whatever it takes, this kind of concept is important. And I didn't hear you say that, Senator Brown, but you may have, about some of the issues down the road. So I do support it. But obviously, it's going to cover up the farm ground, and probably...and it's inevitable, between Omaha and Lincoln. And so...but I know we have to plan for that, and from that standpoint, I support it.

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SENATOR CUDABACK: Thank you, Senator Wehrbein. Senator Brown, you're next. Waives the opportunity. Senator Jensen. Senator Jensen.

SENATOR JENSEN: Thank you, Mr. President, members of the Legislature. I also support this bill. I think it's very, very important. As we move and as Nebraska grows, I think it's very important that we recognize the needs that are before us. And I become very concerned as Interstate 80 is being "six-laned" down through...between Omaha and Lincoln, and eventually will go further west. And it bothers me any time I see that we're tearing out bridges, we're doing things that, with proper planning, long-term planning years ago, maybe we wouldn't have to be expending all these dollars. Also, I think we need to look very closely at our waters, our sewers, our power, all of the resources that are in this area, so that we don't undersize an area that someday we might have to go in and tear it all out again and build it over again. So I think we need to build for capacity in whatever we do. We need to plan ahead, certainly, without a doubt, that proper planning saves in the long run. It also gives indication to developers, builders, all of those that might have interest, of where direction is going, where you want to move, and then also the zoning that goes along with that, what is proper, what is the highest and best use for a piece of property. I've talked with some individuals who watched Dallas and Fort Worth grow together, and some of the problems that occurred, and also some of the things that did not occur because of insufficient planning. I think here we have the opportunity to look at a large area, an area that is going to experience growth. But let's have it be planned growth, and let's have it be a situation that in 20 years from now we can look back and said, that's good, that has resulted in proper planning, it has resulted in proper development, without, again, duplicating costs and expenses. So I really do stand in support of both the amendment and the bill. Hope that we can move forward on this. I really have seen a spirit of cooperation between Omaha and Lincoln that I have not seen in the past. Both presidents of both chambers of commerce are working very close together. They have monthly meetings and, to me, that's a big step forward. Gee, a state of 1,700,000 people; we need to do whatever we can

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to work together, and to do it properly. So I would just urge the support of LB 546. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Jensen. Senator Redfield, followed by Senator Beutler and others.

SENATOR REDFIELD: Thank you, Senator Cudaback, members of the body. I rise in support of the bill. I'm one of those people who drive that corridor every morning, along with, I understand, over 5,000 people that leave Lincoln every morning to drive to Omaha to work. And people enjoy the ride, because it is very relaxing to look out at the countryside. And it's going to be hard to see that disappear someday. But I also recognize the demographics of this state. I recognize that we are very high on the senior citizen population. We are high on the high-need students in our schools. I recognize that we are requiring our young people to attend some kind of training or higher education after they leave our high schools, before they go into the work force. And the reality is, as I tell many voters, we just don't have enough worker bees in this state to support the population that needs those tax dollars. So I believe that anything that we can do to grow Nebraska is beneficial, not just for the people who come here, but certainly the people who already are here and will be left with a very, very high tax burden if in fact we don't grow our population. The needs will increase. I don't believe that the dollars in the pockets will increase at the same rate that our needs are going to increase. So it's very, very important. Senator Brown, if I...oh, I'm sorry. Senator Brown has slipped out. I wanted to talk a little bit about the economic triangle in North Carolina. Senator Brown referenced the fact that I have a son that actually lives there. And I think that one thing we want this commission to look at is some kind of broad-based attraction, so that we're not only drawing one industry that might be impacted in a very cohesive way in an economic downturn. We all know that when the price of cattle goes down it hurts us as a state, or when the price of corn goes down it hurts us as a state, because of the large portion of our GDP that is devoted to those industries. So I think that it would behoove the commission to look not only at high-tech and biotech, but at a broad-based variety, so that in any kind of economic downturn we would have enough diversity to

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hold the property values, hold our income tax values and revenues in the state. And with that, I return my time to the Chair. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Beutler, on the Brown amendment.

SENATOR BEUTLER: I pass for the moment.

SENATOR CUDABACK: He waives the opportunity. Senator McDonald.

SENATOR McDONALD: Mr. President and members of the body, and I did have some questions for Senator Brown, but I see she's off the floor. And I under...okay, I see she's coming now.

SENATOR CUDABACK: Senator Brown, would you yield to a question from Senator McDonald?

SENATOR BROWN: Yes.

SENATOR McDONALD: And I understand this bill is to...it's for the Nebraska innovative zone commission, as far as the members of that commission. Those are listed in this bill.

SENATOR BROWN: The...yeah, the template about an opportunity zone is broader and set out. But the actual creation of a zone is the innovation zone, the eastern Nebraska innovation zone.

SENATOR McDONALD: And can you tell me where...what do you classify or clarify the opportunity zone? What's...what is that?

SENATOR BROWN: I think that eventually we will probably move forward with some other regions of the state. And especially if there were...if we would have incentives that would actually follow regions, it would be...there are factors of commuting, of industry, there are a number of factors that go into what constitutes a region. But at this point, we don't have the activities of the state that are going to follow along with opportunity zones. And the creation of those is going to come over a period of time, I believe, because I think eventually

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we're going to move to more regional activities, both for economic development, but for other purposes.

SENATOR McDONALD: So would you...

SENATOR BROWN: And Loup County, which is in your district, is one of the few counties outside of this opportunity zone that is created that actually gained in population in the 1990s.

SENATOR McDONALD: You said Loup County?

SENATOR BROWN: Uh-huh.

SENATOR McDONALD: Actually, it's not in my district,...

SENATOR BROWN: It's not?

SENATOR McDONALD: ...but that's okay. (Laugh)

SENATOR BROWN: Oh, well, I thought it was.

SENATOR McDONALD: Loup City is in my district, but not Loup County.

SENATOR BROWN: Oh, okay.

SENATOR McDONALD: And so you're telling me that right at this point in time the opportunity zone is not west of Lincoln, right?

SENATOR BROWN: The opportunity...the concept of an opportunity zone, the template of an opportunity zone, is set out in this bill, what they might do. This creates one region in eastern Nebraska. As I said in my opening, this is an area that I knew. I know that there are a lot of other places that things are going on. But if we're really going to have incentives, whatever those are, follow it, the composition of those regions is going to be very...I mean, it's not going to be something that we just do. There's got to be a lot of thought put into it. And I put a certain amount of thought into the innovation zone. But I don't know that I knew about all the other regions

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well enough to say what the economic patterns of...you know, areas of development are, and what the transportation issues are, and all the kinds of things that would go into the development of each one of these regional zones.

SENATOR McDONALD: Looking at the innovative commission that you're putting together--and I have no problem with that when we're looking at issues between Lincoln and Omaha as the opportunity zone. But concerned that when that opportunity zone moves west--and hopefully it will at some point in time go from Lincoln even to Grand Island and Kearney and on out west--that we don't have any representation, or at least at this point there is no representation from anything or anyone west of Lincoln. And would hope at some point in time that we would consider someone or some communities from that area to be a part of this process.

SENATOR BROWN: Well, this zone is about a particular geographic region.

SENATOR CUDABACK: One minute.

SENATOR BROWN: And so in the future an opportunity zone would probably be considered for the area, maybe, Grand Island, Kearney, Hastings, because that tri-city area is...just makes sense for that kind of a zone. There may be the consideration for a zone along the interstate west from Lincoln. But at this point in time, what is being created is the broader template of what an opportunity zone is, and then one regional area.

SENATOR McDONALD: So in the future, then, we could look at doing an opportunity zone for that particular...

SENATOR BROWN: Absolutely. And I have...

SENATOR McDONALD: ...areas, with later legislation.

SENATOR BROWN: ...yeah, I have offered my staff and what expertise that we have developed over looking at all the different regional authorization across the country. And anything that we could offer, we would be glad to...

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SENATOR CUDABACK: Time.

SENATOR BROWN: ...help do that.

SENATOR McDONALD: Thank you.

SENATOR CUDABACK: Thank you, Senator McDonald. Senator Aguilar, on FA72.

SENATOR AGUILAR: Thank you, Mr. President, members. I also would like to weigh in on my support for LB 546, as well as the underlying amendment. I'd have to concur with what Senator Johnson spoke to when he was talking about the tri-cities, how well they work together on specific issues and how beneficial that's been for our area. A lot of major projects have happened that wouldn't have happened without the cooperation between the cities. Most recently, of course, is a helicopter facility. In this situation, you know, competition is good, but cooperation is better. We were in cooperation with Kearney for this facility, and we were fortunate enough to have land the facility and get it in Grand Island. Right after that, bids were let to build it and a company from Kearney was awarded the bid. You know, these kind of projects don't happen unless cities are working together in cooperation, you know. And I'd like to thank Senator Brown for bringing this forward. And hopefully you'll see the same kind of cooperation between Omaha and Lincoln for this...after this kind of legislation is passed. Yield the rest of my time to Senator Brown, if she'd like it; otherwise, back to the Chair.

SENATOR CUDABACK: Thank you, Senator Aguilar. Senator Brown, would you like to utilize Senator Aguilar's time?

SENATOR BROWN: Thank you, Mr. President. I would make a comment. The...I have...I think many people know that I have been involved with the chamber in Omaha. I have worked now quite a bit with the chamber in Lincoln around the development of this bill. And this summer, I had the opportunity spend some time with the chamber from Grand Island, was all the members of the...not all the members, all of the staff from the chamber in

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Grand Island came and spent a day with the Omaha chamber, and I got to spend some time with them. And there is such a receptivity within the economic development community for these kind of new ideas and I just appreciated that. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown and Senator Aguilar. Senator Beutler, on the Brown amendment to LB 546. Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, Senator Brown, as I was looking at the structure of the bill and listening to some sense of vagary that people have about the geographic parameters of the opportunity zone, I notice in Section 4 there are certain things that the commission shall do, right off the bat, and then in Section 5 there are other things that they may do. One of those things that they may do is make recommendations as deemed necessary by the majority. And I assume, under that provision, they could, for example, simply define the first enterprise zone. But would you have any objection to clarifying that a little bit, and shifting that job into Section 4, which says they shall do it? Because I would think that it would be helpful to be pretty much up-front with what the initial space is that we're talking. I'd yield to Senator Brown.

SENATOR CUDABACK: Senator Brown.

SENATOR BROWN: Yes, I would be glad to consider that, some change in that, between now and Select File. Or we could even...we could do it right now, if you...

SENATOR BEUTLER: No.

SENATOR BROWN: Okay.

SENATOR BEUTLER: Thank you.

SENATOR BROWN: Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. Senator Beutler, did you wish to...thank you. Senator Brown, there are no

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further lights on. You're recognized to close on FA72.

SENATOR BROWN: Well, I would just remind the body that this is an amendment that deals with allowing representation from cities of the first class and cities of the second class, and clarifies the language on zoning so that it's clear that this...that there's no either additional power on the part of the opportunity zone for changing zoning; the power rests, as it should, with the elected bodies, but there will be recommendations for some consistency in that zoning. And I would urge the adoption of the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. You've heard the closing on FA72. The question before the body is, shall FA72 be adopted? All in favor vote aye; opposed, nay. We're voting on the amendment to LB 546. Have you all voted on the amendment who wish to? Record please, Mr. Clerk.

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

SENATOR CUDABACK: The amendment is adopted. Further discussion on the advancement? Mr. Clerk, do you have a...have another amendment, Mr. Clerk? You're recognized.

CLERK: Mr. President, Senator Schimek would move to amend with FA73. (Legislative Journal page 676.)

SENATOR CUDABACK: Senator Schimek, to open on your amendment, FA73.

SENATOR SCHIMEK: Thank you, Mr. President and members. This is a very simple amendment. It is one that Senator Brown and I discussed on the mike. And it would, very simply, terminate the provisions of this act as of December 31, 2010. The reason that I offer the amendment is, we have been regularly looking at boards and commissions as we establish new ones. We've been, pretty regularly anyway, trying to put sunset provisions on those boards and commissions. And I mentioned earlier on the mike that I think, after halfheartedly going along with it for a time, I've become a true believer. And I believe that we need

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to be careful about how we establish boards or commissions and then never get rid of them. And you know that the Government Committee has spent a lot of time and effort in looking into different boards and commissions. And I feel that we've got a pretty good system in place now, but we should do it up front. And I think that it makes those boards and commissions much more accountable back to the Legislature to do a good job and to justify their existence. I think that it keeps them on their toes. And, Senator Brown, I'd be happy to yield to you the rest of my time, if you would like to comment on the amendment.

SENATOR CUDABACK: Senator Brown, would you like...?

SENATOR BROWN: I would just agree with everything that Senator Schimek has said. If we are creating something, we better make sure that it's worth creating. And I think that I support this amendment.

SENATOR CUDABACK: Thank you, Senator Brown. Further discussion on the Schimek amendment? Seeing no lights on, Senator Schimek, did you wish to close? She waives closing. The question before the body is, shall FA73, offered by Senator Schimek, be adopted to LB 546? All in favor vote aye; opposed, nay. The question before the body is adoption of the Schimek amendment. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 29 ayes, 0 nays, Mr. President, on the adoption of Senator Schimek's amendment.

SENATOR CUDABACK: The amendment has been adopted. Mr. Clerk, anything further on the bill?

CLERK: Nothing further, Mr. President.

SENATOR CUDABACK: Thank you. Discussion of the advancement of LB 546 to E & R Initial? Seeing no lights on, Senator Brown, you're recognized to close.

SENATOR BROWN: Thank you, Mr. President and members. I think that we've had good discussion. And the...several people have

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echoed what one of Senator Flood's constituents, R.J. Baker, who is a local economic development official, said in support of this bill, that we are long past the time where we can continue to struggle against one another for economic opportunities. And that is certainly the spirit of this bill. And we're also long past the point where we can let opportunities go. It was 80 years ago, it was 1927, that Dallas first approached Fort Worth about the idea of a regional airport. Finally took the federal government to say that they would get...that neither one of the communities would get any more money if they didn't start working together to get something to happen, and another 20 years after that for the airport to actually get constructed. Each and every day, there are opportunities, there are choices that we make, opportunities, to move towards either a targeted group of development that is consistent with what we want, that is attractive, or jobs that are highly technical, a way to add...do more value-added to agriculture, which was the substance of Dr. McDonald's testimony, from the Med Center. It was really interesting how the Med Center was working with some of the biotech ideas that have come out of agriculture, to utilize them for human use other than food. And so we can't let opportunities slip by us. We have to dream of what we want and then make it happen. And in the very best of worlds, that's what I hope this bill can do. And I want that not just for the area in eastern Nebraska, but I want that for the whole state. Senator Redfield referenced demographics and the age of individuals. And I would point to the growth in Sarpy County, which...much of which has taken place...I mean, it's taken place in all of Sarpy County, but a lot of it has taken place along the interstate in Sarpy County. In Sarpy County, between 1980 and 2000, they had a 70 percent growth in that county. But the even more interesting fact is that they have the highest percentage of individuals under the age of 18. If we want to grow, development is a part of what we have to support. And I felt very sad when Senator...how sad Senator Wehrbein looked. But I do know that he has land that is much less developed further out. And so maybe he can always have a place that will be...where he can be an individual and not feel so much a part of the world. But I do think that the future of our state is in development, and I would urge the adoption of this bill. Thank you.

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SENATOR CUDABACK: Thank you, Senator Brown. You've heard the closing on the advancement of LB 546. The question before the body is, shall LB 546 advance to E & R Initial? All in favor vote aye; opposed, nay. The question before the body is advancement of LB 546. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 28 ayes, 0 nays, Mr. President, on the advancement of LB 546.

SENATOR CUDABACK: LB 546 does advance. (Visitors introduced.) Mr. Clerk, LB 546A.

CLERK: LB 546A, by Senator Brown. (Read title.)

SENATOR CUDABACK: Senator Brown, to open.

SENATOR BROWN: Mr. President, members, this...the A bill is for one staff with the Department of Economic Development. And I would probably be a little bit more fussy about whether we really require a position, but the Department of Economic Development has just established a policy for this year, for any bill that requires anything of them, that they're going to ask for a staff position. And this is one of the agencies that we have really cut to the bone over the last few years. And so, even though I'm pretty sure that the activities of the innovation zone are going to be fairly limited, I do think that the...having an additional staff person is justified overall for the agency, and so I would urge the adoption of this bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. You've heard the opening on the advancement of LB 546A. Open for discussion. Seeing no lights on, Senator Brown. She waives closing. The question before the body is advancement of LB 546A. All in favor of the motion vote aye; those opposed to the motion vote nay. Voting on the advancement of LB 546A. Have you all voted on the question who care to? Record please, Mr. Clerk.

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

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LB 546A.

SENATOR CUDABACK: LB 546A does advance. Mr. Clerk, LB 44.

CLERK: LB 44, introduced by Senator Redfield. (Read title.) Introduced on January 6 of this year, referred to the Revenue Committee. The bill was advanced to General File. I do have committee amendments, Mr. President. (AM0248, Legislative Journal page 440.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Redfield, to open on LB 44.

SENATOR REDFIELD: Thank you, Senator Cudaback, members of the body. I appreciate the fact that people are on the floor, because in fact there are some technical pieces of this bill which I would like to take time to explain. LB 44 creates a new homestead exemption. We currently have a homestead exemption, but in order to qualify, you have to be over 65, and you have to be of a low-income, and in fact the value of your house has to be comparable to the median value in your county. So there are some qualifiers for those people who can apply and receive this relief. LB 44 would create a homestead exemption that would be available to every single homeowner in the state of Nebraska. This would not interfere with the other program, which would continue. But it would provide some relief to the homeowner. We have tried through the years to provide property tax relief to the citizens of Nebraska. I'm sure that all of you have heard, as I have, over and over, from your citizens, that when compared to other states, we are extremely high on the property tax burden. And they are asking us for relief. We have tried through a number of mechanisms to provide that relief. We have funnelled monies through the K through 12 schools, we have funnelled money through the community college systems, but in fact the homeowners do not see that on their statements. They don't realize the work that the Legislature has done in trying to keep the cost down on their property tax bills. Now one of the reasons is because in fact valuations have been increasing. It's also because bond issues have passed, overrides have passed, and in fact the Legislature has been known to go back, in a budget crisis, and ask property taxes to pick up part of

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the burden for K through 12 schools that we had promised under our lid system. LB 44 would provide direct property tax relief that the homeowner can see and value. It creates a mechanism that in the future, when the Legislature has funds, by the mere changing of the number on that homestead exemption, we can increase property tax relief to every homeowner in the state. Now I think that's a laudable goal. And I don't suspect that anyone on the floor would vote against that bill. The problem, of course, is the fact that there's a cost, and the cost is about \$50 million. And we don't have an extra \$50 million. Regardless of what the newspapers would say about the Economic Forecasting Board, we don't have a lot of cash just laying around. And so LB 44 creates a mechanism which is to create tax neutrality. I am always amazed that there are some people who prefer the steady monthly payment plan. That's not my preference. I would prefer to pay the higher bill for the electric bill in the summer, and have the break during the winter, and the reverse on the natural gas bill. But I find that for budgeting purposes, especially people who are living check to check, as many Nebraskans are, they like the budgeting process that gives them predictability. Under our current system, we do give a break to homeowners, but only, actually, homeowners in certain circumstances. And our records actually show that that's only 23 percent of our homeowners; 23 percent of our homeowners are actually taking advantage of the mortgage interest deduction when they complete their income taxes in the state of Nebraska. I don't know why more don't take advantage of it. It may be in fact they don't have enough items to really value the process of itemizing. Maybe it's just too much work. Maybe the standard deduction is more valuable to them. But one thing we do know for sure, and that is that the Department of Revenue tells me that, out of 786,100 filings in the state of Nebraska, only 184,592 took advantage of the mortgage interest deduction. It's not about their income level, because in fact we know that those who are making over \$500,000 a year--remember, this is taxable income after you've written off all your deductions--out of that number of 1,952, 1,157 did have a mortgage deduction, but the others did not. When we get down to the \$25,000 to \$30,000 taxable income bracket, we see that out of 54,584 filings, only 6,764 took advantage of that filing. Did you say time, Senator?

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SENATOR CUDABACK: I did not, Senator.

SENATOR REDFIELD: Oh, thank you. I heard someone in the back. So what we know is, actually, in that bracket, only one out of nine people are taking advantage of some tax relief that we are offering in the state of Nebraska. And we know that the mortgages are out there. Your neighbors have mortgages. You may have mortgages. The banks certainly tell us that people are coming to them. We know the statistics, that people have mortgages. And yet, for some reason, that deduction does not...is not being utilized in Nebraska. Maybe it's just not valuable enough. And actually, I have distributed to you a comparison of why you might see that. I have given you an example in Emerson, Nebraska, Thurston County, how, in fact, LB 44 might work. The median home value there is \$50,000. This is U.S. Census data. And I have been around, and I have visited with you about the median home value in your districts and some of the towns and cities. And in Emerson, it's \$50,000. After the down payment on a standard commercial loan, you have a \$40,000 mortgage. And the first year, at the most recent interest rate, you have \$2,240 in interest, the first year. And that translates into only \$86 of tax relief under the mortgage interest deduction. Under LB 44, as amended--and Senator Connealy, I believe, will be introducing the committee amendment--it would actually provide \$107.89 in tax relief the very first year. The middle of your loan, as you pay faithfully through your mortgage years and make your payments, you see that halfway through you're only getting a value of \$43 in tax relief under the mortgage interest deduction. But under LB 44, you would continue to receive \$107.89 if in fact the levy remains exactly the same. One thing we know about Nebraska property taxes is that it is far more likely that that levy is going to increase than that it's going to decrease. So what we have here currently in our system is a declining value of tax relief, which we have the opportunity, under LB 44, to replace with either this continuing perpetual value, or perhaps even an increase in value as the levies for bonds or overrides or legislative action might increase those levies. So I think the chart speaks for itself. I...on the back side you'll see Dakota City. This is actually in Dakota County. And I took

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these two from Senator Engel's district. This was actually the town that had the highest median house value. And even at the very highest, we see that the first year of the mortgage...

SENATOR CUDABACK: One minute.

SENATOR REDFIELD: ...interest deduction...thank you, Senator...there is actually a greater benefit. It's \$152. But it quickly decreases, halfway through the loan, to \$78. And under the levy in Dakota City, you see that the savings there is \$114.35. It's a steady payment plan. It's something that people could plan on. They could plan their monthly payments. Because, in fact, when you go out to purchase a home, there's one question you want to know: What is the monthly payment going to be, because I have to know whether I can afford it? We do have committee amendments, and I will speak to those after they're introduced. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Redfield. (Visitors introduced.) As stated by the Clerk, there are Revenue Committee amendments. As Vice Chair of the committee, you're recognized to open, Senator Connealy.

SENATOR CONNEALY: Thank you, Mr. President. The committee amendments decrease the homestead exemption from \$6,000, in the original bill, to \$5,500, and delay the income tax add-back of mortgage interest until the tax year 2007. This delay serves to match the income tax to the same year as the property tax reductions that would be realized to the taxpayers. The homestead exemption for 2006 would actually reduce the taxes for the year 2007, thus, matching that time that the income tax deduction in this amendment gives. The reduction in the homestead exemption to be adopted by the committee amendment would almost exactly balance the state revenue increase from income taxes, due to the disallowance of mortgage interest, as is itemized deduction. So the bill is essentially revenue neutral if the committee amendment is adopted. You know, many of you probably have gotten e-mails that said that this is a tax increase, and reality is it's a shift. With the committee amendment, it allows that that first year of an increase would go away. And it would present the bill in a form, as Senator

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Redfield intended, as being revenue neutral.

SENATOR CUDABACK: Thank you, Senator Connealy. You've heard the opening on committee amendments, offered by the Revenue Committee. Open for discussion. Senator Smith, followed by Senator Kopplin and seven others.

SENATOR SMITH: To the bill.

SENATOR CUDABACK: Thank you, Senator Smith; will speak to the bill. Senator Kopplin. Senator.

SENATOR KOPPLIN: Thank you, Mr. President. I looked carefully at this chart that has...that was given to us, about homes and what the effect of this bill has on homes. You know, when I first glanced at this bill, I read "homestead exemption" and, man, I was a proponent. And then I saw the term "reduce deductions," and I became neutral. Well, my little mind always gets a little curious about numbers, especially when those numbers affect District 3. District 3 is a suburban area--house after house after house. There are areas of older homes, there are areas of older citizens, but mostly my community is made up of young families, often in their first home. A starter home begins around \$150,000. Most of us live in 200,000-or-more-dollar homes. There's nothing really special about these homes; that's what it costs. I look at three scenarios as I try and understand this bill. The tax levy for me is \$2.21. So my tax saving--and excuse me, I use \$6,000, but I'm going to continue with that--my tax saving exemption is \$132.62. If my house is paid for, I gain \$136.62. But my house isn't paid for. I have a small mortgage on it. When I give up my interest deduction, my Nebraska tax increases by \$209. Whoops. Neutrality is slipping. My neighbors aren't so fortunate as I. They're younger. They haven't had time to build their resources. They have a mortgage of \$150,000. The homestead exemption gives them a break of \$132.62. Their loss of the interest deduction raises their Nebraska tax burden to...by \$1,035. I've now lost neutrality. I'm in opposition to this bill. This is a tax shift. It's shifted to our youngest homeowners, who simply cannot afford to pay for someone else's homestead. Thank you very much, Mr. President.

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SENATOR CUDABACK: Thank you, Senator Kopplin. Senator Stuthman.

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I have some real concerns with this bill, as to who we are really targeting this bill for, who is going to be the real beneficiaries of this bill, and what is it really trying to do. Some of the things that I'm concerned about, in looking at some of the examples in part of the bill, it looks to me like an individual that has a home, owns a home, it's all paid for, he can get that \$6,000. That is the older people in the communities in the state of Nebraska, the ones that have accumulated some wealth through their lifetime. We are going to give them a little bit of a...more of a relief on taxes. But as Senator Kopplin just said, younger people, you know, in homes, maybe their first home, have, you know, 80 percent debt on them, their tax bill...I mean their interest bill, which will not be allowed, you cannot utilize that if this bill is passed. So that, you know, they have a large interest bill that they're paying. They won't be able to utilize that, so they're going to be paying more taxes to the state. Do we want the younger people, the ones that are trying to build new homes, trying to acquire some wealth, do we want to penalize these people some more? I don't think so. Another issue that I have, in the bill it states that all homesteads, you know, will be assessed at their same taxation as other property. But with this bill, \$5,500 is going to be taken off of the value of their home. Senator Redfield says this is going to be tax relief, property tax relief. I've come through the county system. The only way you can get tax relief is if you have some entity that you're...that is receiving the tax dollars takes less dollars. Otherwise, if you have property valued at \$200,000 and you take \$6,000 off of it, that is \$194,000. But the amount of dollars needed to run the services in the community, the counties, is the same. So the levy is going to go up a little bit. I don't see how you're going to tell the people this is property tax relief, because you're still going to take that many dollars to provide the services. If the services provided are cut and they take less dollars, your mill levy could be lowered, the value could stay the same, then that is property tax relief. But when

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you take dollars off of the value, off of the base of your taxation, and if you don't cut the other part of it, it is no property tax relief. On the surface, it seems like a property tax relief. But the bottom line, what people are concerned with on their tax statements, is, is my tax dollars more this year than it was last year? That's what they're concerned about. Values go up; levies stay the same. Levies go up; values stay the same. It's a stepladder approach, is what happens. I've seen this continually happen in the counties. So the only way that you can get property tax relief is through cutting of services, combining of services, or just eliminating some services that taxpayers are willing to give up. So that is a real concern of mine. In part of the bill,...

SENATOR CUDABACK: One minute.

SENATOR STUTHMAN: ...it states where subdivisions are going to be reinstated. I mean, they'll be held neutral on it, that they'll get some money back to replace that. But I'm really concerned about, what are we trying to set here? Who are we targeting this for? And it's a real concern of mine. I'm going to work, you know, to try to create an atmosphere here as to, what people are we realistically targeting this bill for? So with that, I'll return the balance of my seconds back to the Chair.

SENATOR CUDABACK: Thank you, Senator Stuthman. Senator Schimek, on the Revenue Committee amendments.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. First of all, I'd like to commend Senator Redfield for bringing the bill. I mean, it is looking at our tax system in a new light, and trying to address the property tax question. And indeed, I do believe this does relieve property taxes. And actually, for two or three years, I've had surveys that have gone out to my district, and particularly in the times of tight budgets I was wondering what my constituents preferred, if there had to be taxes. And without question, they always prefer anything but property taxes. Now, they also, I have to be candid, they prefer sales tax over income tax. But property tax is the most hated tax in this state. And, Senator Redfield, if

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I might ask you a question or two, just so that everybody understands here, and so that I understand, most of all.

SENATOR CUDABACK: Senator Redfield.

SENATOR SCHIMEK: Thank you.

SENATOR REDFIELD: Yes, thank you.

SENATOR SCHIMEK: Senator Redfield, there would still be an exemption at the federal level on your income taxes, right, a mortgage exemption?

SENATOR REDFIELD: There would be a deduction on your federal income taxes. That's...

SENATOR SCHIMEK: A deduction. Okay.

SENATOR REDFIELD: ...true.

SENATOR SCHIMEK: So we're just talking about the state impact here.

SENATOR REDFIELD: Yes, we are.

SENATOR SCHIMEK: Would you tell us in your own words--and I'll give you the rest of my time if you'd like--who this impacts most negatively, and who this affects most positively?

SENATOR REDFIELD: All right. Thank you,...

SENATOR SCHIMEK: Thank you.

SENATOR REDFIELD: ...Senator. I appreciate the time. I have a chart which I had waited to pass out because I thought that we would end up continuing discussion next week. But I can tell you that as we break down income groups, I told you, in the over \$500,000 income category, out of 1,900 filers, 1,100 take this. So even within an income group we can't say that, well, this affects this income group more than this income group. Because within the income group, some utilize the mortgage interest

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deduction in Nebraska and some don't. So we can't really say it picks on a particular income group. What I do think that, in honesty, we would have to say is that for anyone who moved into Nebraska and stayed a short time, they would be negatively impacted, because they would not have the opportunity of living in a home for 50 years, as many of our citizens do, and seeing those years when they could get the value of the homestead exemption. So I would say as a group that would be the only group I could universally say would be impacted negatively, would be short-term Nebraskans. I would say that those that would be helped the most could likely be, in fact, people at the lower income levels, because, in fact, the income tax deduction is not a refundable credit, which means, if you don't owe the tax, there's no offset; you just lose the value of that deduction. So I would say, anyone who has enough deductions or a low enough income that they couldn't offset that tax...have enough tax burden to offset the deduction, would probably be the ones who would benefit the most.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Louden.

SENATOR LOUDEN: Thank you, Senator Cudaback and members of the body. I admire Senator Redfield for bringing a proposal such as this forward. There's...always we need ideas on how we can reduce taxes for various people, especially the elderly that are homeowners that...on fixed incomes. We've found in a lot of places that their taxes is going up every year, and it's getting to where they can't afford to live in their homes. Some of these people have retired, had nice homes when they retired, and as time went on, why, the valuations have more than doubled in some areas, so that consequently they are in a terrible bind for paying their taxes and the upkeep on their homes. And I suppose this would probably help them. Some of it, on the new homeowners, I'm kind of concerned. If some of these younger folks go out here and buy some high-dollar homes--which about, nowadays, if you buy any home, it seems like to me it's a high-dollar home--they don't have that mortgage deduction. And I'm wondering, if they take the \$5,500 exemption off of there, if also the property tax deduction is affected that they take off of any of their homes, too. One other problem I have is, is these farm and ranch sites, nowadays, are valued separately from

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the ranch or farmland that they sit on, so that we have to value our farm and ranch sites where the house is similar if that house sat on main street. And consequently, when there's...somebody has purchased some farm or ranch or something like that, they have a huge mortgage on that, do they end up having to prorate that mortgage payment for that particular ranch site or farm site, home site? And then are they allowed to deduct that interest from their taxes, their income taxes, on their returns? So I think there's a lot of places in here where there's problems to arise. I don't know if this particular bill, the way it's written and what it does, is that much of a benefit to the people completely. This really isn't a way of saving any taxes. To me, it looks like it's more of a way of shifting tax from one place to the other. You'll probably...hopefully, you'll get more in your homestead exemption than what you would get for your deductions on your taxes. But nonetheless, if you're not saving any money, then somebody else is picking it up. That's what you always have to be careful about when we're shifting something. It's just somebody else picks up the tab; there is no savings there. And I think Senator Stuthman pointed some of that out. Until it's less money spent, there is no savings. So at the present time, I don't know as I can support this bill. And we'll see what amendments come on it and how it goes on. But I have several problems with how it may work. And I have a question that, this can be enacted with the counties, it makes everyone in the county, my observation, go and file a homestead exemption. And I don't know if some of the county clerks and some of the county assessors would be that happy with seeing everybody in the county come to them, that own homes, coming in to file for their homestead exemption. I'm sure there would be a ton of paperwork to go with that. So at the present time,...

SENATOR CUDABACK: One minute.

SENATOR LOUDEN: ...I think it's a good concept, but I feel there's too many problems that are developing with it. And I would like to see some other way, if we're going to do a \$5,500 exemption, than just put it up and let the devil take the hindmost. Thank you.

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

CLERK: Mr. President, new A bill. (Read LB 77A by title for the first time.) Education Committee, chaired by Senator Raikes, reports LB 583 indefinitely postponed. Government Committee, chaired by Senator Schimek, reports LB 519 to General File with committee amendments. Urban Affairs, chaired by Senator Friend, reports LB 48, LB 289, LB 748 to General File with amendments. General Affairs, chaired by Senator Janssen, reports LB 108, LB 530, LB 733 as indefinitely postponed. Transportation, chaired by Senator Baker, reports LB 343 to General File with amendments. An amendment by Senator Schrock to be printed to LB 121. A series of name adds: Senator Aguilar to LB 264; Senator Dwite Pedersen, LB 437, LB 558, LB 697; Senators Dwite Pedersen and Schimek to LB 760; Senator Pedersen to LR 15. (Legislative Journal pages 676-686.)

Mr. President, I do have a priority motion. Senator Preister would move to adjourn until Thursday morning, March 3, at 9:00 a.m.

SENATOR CUDABACK: You've heard the motion to adjourn until March 3, 9:00 a.m. All in favor of the motion say aye. Opposed to the motion say nay. We are adjourned till tomorrow morning at 9:00 a.m.

Proofed by: J. Hurlbut