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Transcriber's Office

Floor Debate  
February 04, 2009

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[LB5 LB10 LB24 LB75 LB85 LB89 LB99 LB100 LB101 LB105 LB110 LB120 LB123  
LB158 LB166 LB177 LB192 LB219 LB251 LB261 LB306 LB377 LB432 LB499 LB614  
LB660 LB675 LB676 LR18]

SPEAKER FLOOD PRESIDING []

SPEAKER FLOOD: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the twentieth day of the One Hundred First Legislature, First Session. Our pastor for today is Pastor Howard Jordan of the Bible Baptist Church in Beatrice, Nebraska, Senator Wallman's district. Please rise. []

PASTOR JORDAN: (Prayer offered.) []

SPEAKER FLOOD: Thank you, Pastor Jordan. I call to order the twentieth day of the One Hundred First Legislature, First Session. Senators, please record your presence. Members, please check in. []

PRESIDENT SHEEHY PRESIDING []

PRESIDENT SHEEHY: Please record, Mr. Clerk. []

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

PRESIDENT SHEEHY: Are there corrections for the Journal? []

CLERK: I have no corrections, Mr. President. []

PRESIDENT SHEEHY: Messages, reports, or announcements? []

CLERK: Enrollment and Review reports LB158 to Select File. I have a notice of hearing from the Judiciary Committee, signed by Senator Ashford; amendment to be printed to LB105 by Senator Langemeier; two gubernatorial appointments to be referred to Reference for referral to standing committee for confirmation hearing; a Reference report referring two gubernatorial appointees and a rereferral of LB660. That's all that I have at this time, Mr. President. (Legislative Journal pages 361-363.) [LB158 LB105 LB660]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We will move to the first item under motion to withdraw. []

CLERK: Mr. President, Senator Howard would move to withdraw LB614. [LB614]

PRESIDENT SHEEHY: Senator Howard, you're recognized to open on your motion to

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withdraw LB614. [LB614]

SENATOR HOWARD: Thank you, Mr. President and members of the body. Good morning. I put in this motion to withdraw. The issue that this bill pertains to was brought to me by the National Association of Social Workers. It's regarding licensing. This issue is with the review process right now and won't be resolved or through that process prior to a hearing date. So that's the reason I'm requesting to withdraw this, and I appreciate your support. Thank you. [LB614]

PRESIDENT SHEEHY: Thank you, Senator Howard. You've heard the opening on the motion to withdraw LB614. Are there members requesting to speak? Seeing none, Senator Howard, you're recognized to close. Senator Howard waives closing. The question before the body is on the motion to withdraw LB614. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB614]

CLERK: 30 ayes, 0 nays, Mr. President, on the motion to withdraw the bill. [LB614]

PRESIDENT SHEEHY: LB614 is withdrawn. (Doctor of the day introduced.) We will now proceed to the first agenda item under Select File. Mr. Clerk. [LB614]

CLERK: Mr. President, LB99. Senator Nordquist, I have E&R amendments, first of all. (ER8007, Legislative Journal page 307.) [LB99]

PRESIDENT SHEEHY: Senator Nordquist. [LB99]

SENATOR NORDQUIST: Mr. President, I move the E&R amendments to LB99. [LB99]

PRESIDENT SHEEHY: You have heard the motion on the adoption of E&R amendments. All those in favor say aye. Opposed, nay. They are adopted. [LB99]

CLERK: Senator Carlson would move to amend, AM116. (Legislative Journal page 337.) [LB99]

PRESIDENT SHEEHY: Senator Carlson, you're recognized to open on AM116 to LB99. [LB99]

SENATOR CARLSON: Mr. President and members of the Legislature, the amendment is brought forth in response to discussion that took place on the floor with Senator Loudon during the General File consideration of this bill. And Senator Loudon raised a concern with Section 17. This section expressly limits the liability of the department for costs that producers might incur in the course of the Department of Agriculture's enforcement of the Anthrax Control Act that LB99 would put in place. And in Section 17, on page 11, currently reads, "The department is not liable for actual or incidental costs

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incurred by any person due to departmental actions in enforcing the Anthrax Control Act." Senator Louden's concern was that the current language in the bill would allow the department to impose unreasonable or unfrugal expenses and would allow the department to escape accountability for causing a producer to incur expenses unnecessarily out of negligence, mistake, or incompetence. And so the amendment, on page 11, line 6, before the period we would insert, "unless such costs are clearly unreasonable or result from the gross or willful negligence of the department or its employees or agents." I believe that amendment, and I'll let Senator Louden speak for himself, I believe that addresses the question, and I would ask for your support. Thank you. [LB99]

PRESIDENT SHEEHY: Thank you, Senator Carlson. You have heard the opening of AM116 to LB99. Members requesting to speak are Senator Louden. [LB99]

SENATOR LOUDEN: Yes, thank you, Mr. President and members of the body. I wish to thank Senator Carlson and the committee for going ahead and putting this amendment in there. And I think it's a clarification that needed to be done and I appreciate what they did to get this bill moved forwards. Thank you. [LB99]

PRESIDENT SHEEHY: Thank you, Senator Louden. Are there additional members requesting to speak? Seeing none, Senator Carlson, you are recognized to close. Senator Carlson waives closing. The question before the body is on the adoption of AM116 to LB99. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB99]

CLERK: 37 ayes, 0 nays, Mr. President, on the adoption of the amendment. [LB99]

PRESIDENT SHEEHY: AM116 is adopted. [LB99]

CLERK: Senator Nordquist, I have nothing further on the bill, Senator. [LB99]

PRESIDENT SHEEHY: Senator Nordquist. [LB99]

SENATOR NORDQUIST: Mr. President, I move LB99 to E&R for engrossing. [LB99]

PRESIDENT SHEEHY: You have heard the motion for advancement of LB99. All those in favor say aye. Opposed, nay. LB99 advances. We'll move now with LB100. Mr. Clerk. [LB99]

CLERK: LB100, Mr. President. I have no Enrollment and Review. Senator Council would move to amend with FA5. (Legislative Journal page 364.) [LB100]

PRESIDENT SHEEHY: Senator Council, you're recognized to open with FA5. [LB100]

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SENATOR COUNCIL: Yes, good morning, Mr. President. The amendment to LB100 is found on page 10 of the bill, and the amendment is to reinstate language that would permit the licensee, who is the subject of a complaint being filed, the same opportunity as a department would have to observe within reasonable hours the property he or she is alleged to have damaged by virtue of the use of the pesticide. After the bill was voted out of committee, the committee reviewed the matter and realized that by eliminating this language we were denying the licensee certain fundamental due process, and that is the right to, basically, face the accuser. And the accuser in this instance is the landowner and the property alleged to be damaged. If we're going to hold the licensee to liability for damage alleged to have been caused to the property, he or she should have an opportunity, within reasonable hours with the permission of the landowner, to come onto the land and observe, take photos, whatever he or she needs to present their defense to a claim that could result in not only the loss of their license but a fine. Again, all this does is, just as the department shall be permitted within reasonable hours to come onto the land and observe, it grants that same right to the licensee who is being charged with damaging said property. And with that, I would urge the body to approve the amendment to LB100. [LB100]

PRESIDENT SHEEHY: Thank you, Senator Council. You have heard the opening of FA5 to LB100. Members requesting to speak? Senator Carlson. [LB100]

SENATOR CARLSON: Mr. President and members of the Legislature, I appreciate Senator Council bringing forth this amendment. And she was unable to attend the hearing that we had on the bill. Had she been able to be there, that would have been brought out during the hearing. We would have taken care of it before the bill reached the floor. But this is the right process and the right way to address a concern. I believe it does. I support the amendment and would ask for the support of the rest of the body. Thank you. [LB100]

PRESIDENT SHEEHY: Thank you, Senator Carlson. Are there additional members requesting to speak? Seeing none, Senator Council, you're recognized to close. Senator Council waives closing. The question before the body is on the adoption of FA5 to LB100. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB100]

CLERK: 36 ayes, 0 nays, Mr. President, on the adoption of Senator Council's amendment. [LB100]

PRESIDENT SHEEHY: FA5 is adopted. [LB100]

CLERK: I have nothing further on the bill, Senator. [LB100]

PRESIDENT SHEEHY: Senator Nordquist. [LB100]

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SENATOR NORDQUIST: Mr. President, I move LB100 to E&R for engrossing. [LB100]

PRESIDENT SHEEHY: You have heard the motion for the advancement of LB100. All those in favor say aye. Opposed, nay. LB100 does advance. We will proceed to LB101. [LB100 LB101]

CLERK: LB101, Mr. President. Senator Nordquist, I have no amendments to the bill. [LB101]

PRESIDENT SHEEHY: Senator Nordquist. [LB101]

SENATOR NORDQUIST: Mr. President, I move LB101 to E&R for engrossing. [LB101]

PRESIDENT SHEEHY: You have heard the motion on the advancement of LB101. All those in favor say aye. Opposed, nay. LB101 advances. Mr. Clerk, we'll move to LB24. [LB101 LB24]

CLERK: LB24, Senator. Once again, I have no amendments to the bill. [LB24]

PRESIDENT SHEEHY: Senator Nordquist. [LB24]

SENATOR NORDQUIST: Mr. President, I move LB24 to E&R for engrossing. [LB24]

PRESIDENT SHEEHY: You have heard the motion on the advancement of LB24. All those in favor say aye. Opposed, nay. LB24 advances. We will proceed to LB85. [LB24 LB85]

CLERK: LB85, Senator. I have no E&Rs. I do have other amendments. The first amendment to the bill, Senator Utter, AM57. (Legislative Journal page 305.) [LB85]

PRESIDENT SHEEHY: Senator Utter, you're recognized to open on AM57 to LB85. [LB85]

SENATOR UTTER: Thank you, Mr. President, and good morning, colleagues. My amendment to LB85 is simply an amendment that says that a vote of the people is to be required for the urban development district to issue the bonds. The reason that I think this is important is, is as I read this bill and look at the implications, particularly the implication that is in the very last sentence of the bill, and I'd like to just read that to you. It says: Any municipality which issues urban growth bonds under the authority of this section shall levy property taxes upon all the taxable property in the municipality at such rate or rates with (sic) any applicable charter, statutory, or constitutional limitations as will provide funds which, together with urban growth local option sales taxes and use tax

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revenue pledged to the payment of such bonds and any other such money available and used for that purpose, will be sufficient to pay the principal and interest of the bonds. Essentially, I think that this sentence makes these bonds a general obligation bond and so what we're really doing is asking to issue, asking under this bill, to issue a pseudogeneral obligation bond without the vote of the people. I think it's important that people vote on these types of issues. I noted with interest, by the way, just a day or two after the bonds were issued, that the city of Lincoln is suffering from a decline in sales tax revenues already, and in the article it indicated that the sales tax revenues to the city of Lincoln are very important, that they provide approximately 42 percent of the city's general operating revenues to meet their general operating expenses. And so we issue the bonds of an urban growth district and designate a part of these, a part of these sales tax revenues, to the payment of these bonds. Seems to me like we have to generate some other revenues then to meet the general operating expenses. So it seems like already this may call for a general property increase for all of the city of Lincoln. So I am, I am...I just really question the advisability of passing a piece of legislation that all of a sudden becomes a general obligation of all of the taxpayers of a city or municipality without their vote. Thank you very much. [LB85]

PRESIDENT SHEEHY: Thank you, Senator Utter. You've heard the opening of AM57 to LB85. Members requesting to speak are Senator McGill, followed by Senator Friend, and Senator Hadley. Senator McGill. [LB85]

SENATOR MCGILL: Thank you, Mr. President, members of the body. As the introducer of this bill, I cannot support an amendment that includes a vote of the people. It totally...it changes the bill in a way that I cannot support and the city of Lincoln does not support. I have been working between General File and Select File on a few amendments that...one of them is already filed that follows this one. But we won't even get to it if this amendment passes. I will bracket the bill if this amendment passes because it essentially guts the bill. Between the last two rounds of debate, I've had a chance to think over the intentions of this bill just as many of you have. And I have a new perspective I would like to share on why I feel that this method is a justifiable way to help cities pay for their roads. The opposition of this discussion has focused on the need to provide a vote of the people, comparing this proposal in this bill to general obligation bonds that generally require a vote of the people. First, this bill deals with sales tax and not property taxes and that is the key. Those property taxes in the line that Senator Utter just read, that's the backstop measure. That's the last resort and it's language that's included in bonding legislation to better improve the rates on the bonds. When it comes to sales taxes, there's already been a vote of the people in order to have a sales tax in that city. Imposition of the local option sales tax by a city requires that the voters of the city approve the levy of the sales tax. In essence, the voters of the city have already given their approval to the city council to appropriate and spend sales tax revenue as it sees fit, subject to state law and city needs and priorities. The underlying argument for the vote of the people with regard to a general obligation bond is that it will

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raise property taxes as a portion of the levy is dedicated to the financing of the bond issue. That is not the case with LB85. The city cannot raise the sales tax without a vote of the people. All LB85 does is authorize a mechanism for a new form of bond finance, not a means to raise new revenue. It authorizes a municipality which already has a voter approved sales tax to dedicate a portion of that sales tax to finance bonds aimed at providing for certain infrastructure improvements. State law does not require a vote of the people with regard to how property tax and sales tax revenue are spent. This is the duty and function of the city council. They must weigh alternative uses of the funds, determine priorities, and make appropriations. LB85 is just one more budget item, admittedly a large one, which is most appropriately left to the discretion of the city council that knows what else must be removed from the budget or scaled back. This bill would set a bad precedent if amended to require a vote of the people because it would establish that all major appropriations by a city council should be subject to voter approval regardless of funding source simply because of their size. I'd be happy to talk either on the mike or off the mike a little bit more about this thought process, but when we don't have other options to be helping a city like Lincoln fund their roads, they're going to have to raise taxes eventually anyway to help fund these necessary projects. This is a way that they can, hopefully, avoid having to raise taxes, and the city can just appropriate the money where they feel it will be best used for planning and development for the city, and to help the infrastructure within the city. Thank you, Mr. President.  
[LB85]

PRESIDENT SHEEHY: Thank you, Senator McGill. Senator Friend. [LB85]

SENATOR FRIEND: Thank you, Mr. President and members of the Legislature. I think on General File, I think we're in a place that this discussion is appropriate and we said, I guess as the people who were responsible for having this bill on Select File, we pledged to the body and we said that we were going to have this discussion and it's appropriate, it could take a while. I think Senator McGill summed it up really, really well. And I want to... I'm not going to repeat what she said, but I think it's really, really important to understand the difference between...this is general obligation bonding, but the difference between what we're asking the Legislature to consider right now, the difference between this and what a school might have to do out in Sheridan County or any other county. The bonds secured by a pledge of a portion of the city's local option sales tax, the urban growth option and sales...sales and use tax revenue, this is defined as the total local option sales tax revenue multiplied by the ratio of the area within the growth district to the area of the whole municipality. It's good that this bill is out here because there's going to be more bonding ideas. My thought process from the very beginning is that bonding will make all...bonding ideas and bonding discussion will make all of our eyes glass over, and we're going to get so bored we're going to have to scream. But if we can bear with this a second and understand exactly what Senator McGill just said, the reason this bill is out here is because it's not like another form of bonding. You can't say, well, you know what, that school out in western Nebraska has to

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go to the people and ask for bonding. Why shouldn't this particular city? Apples and oranges, folks. This is a totally different discussion. If a form of bonding fails, then you fall back with the general obligation portion of it and go to local...go to local property taxes. You're not even going to get there. If they can't sell these bonds...I think the point is, if you put AM57 on there, and I haven't talked to Senator Utter except for some discussion in a meeting before this, if you put AM57 on to this bill, the reason Senator McGill is going to pull the bill is because you're going back to a vote of the people twice to get bonding, two times, not once. They've already asked for this approval. The money is already there. They're looking to actually...this is a financing mechanism. That's all this is. Now if you don't like the idea of the financing mechanism, that's understandable. But, members of the Legislature, I challenge you. If you say, let's put this on here because we have to have a vote of the people, then we're all dropping the ball because there's already been a vote of the people in regard to this. There has not been a vote of the people in regard to the financing mechanism. That's what we're asking for. Okay, let's adopt AM57. Guess what happens? You...it's worthless to any municipality in this state. Why would they use it? We've already gone to the people to ask for this authority. Now we're going to go to a vote of the people again to ask for the bonding, the financing mechanism. It's understandable... [LB85]

PRESIDENT SHEEHY: One minute. [LB85]

SENATOR FRIEND: ...that we're confusing this issue, but we need to have a long discussion because we can't have it confused. If you adopt this amendment, she's going to pull the bill. Fine. Go ahead. But if you adopt the amendment, all you're doing is killing it. Why don't we just throw a bracket motion on this thing and have it over with? If we all don't like this idea, throw a bracket motion up there, throw an IPP and let's have it over with. But don't put this amendment on because you think it will make the bill better, because it's apples and oranges. They have the authority. They just need the authority for the financing mechanism. We can continue this discussion and we can dig into the intangibles, but I think that some questions are pertinent here, I mean, I just do. And I would argue, vote against AM57 and if you don't like the bill, vote against the bill. [LB85]

PRESIDENT SHEEHY: Time, Senator. [LB85]

SENATOR FRIEND: Thank you, Mr. President. [LB85]

PRESIDENT SHEEHY: Members requesting to speak, we have Senator Hadley, followed by Senator Haar, Senator Louden, Senator Ashford, and Senator Adams. Senator Hadley. [LB85]

SENATOR HADLEY: Mr. President, members of the body, when I first saw this bill I thought, wow, we're going to use a type of TIF financing to help with infrastructure and roads, in essence, a part of a new subdivision where you're going to use the additional



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monies in that subdivision. Well, it's for the entire city that the money will be used for. And I would rise in favor of AM57, because ultimately the reason...you do have the sales tax and the money can be used for that. But what's going to sell the bonds is the fact that you have the full credit authority general obligation of the city behind them. And that is exactly what's going to sell the bonds. It's not going to be the sales tax part of the bond issue. So what we're doing, in my idea, and I disagree with Senator Friend, is that we're circumventing the people, because we're asking them...we're telling them through our vote is that we will allow a city to go out and issue, or to have this urban development, and we will allow them then to use general obligation bonds without allowing you to vote on whether or not you want those bonds to be issued. So I rise in opposition...or in favor of AM57, because if it's a good idea, if it's a good idea the people will vote for it. And they will understand the issue, and by voting for it the people will say, yes, let's use sales tax that we have available, but if we don't, we understand that you will issue general obligation bonds and we will pay for it with the general obligation bonds. But it's a vote of the people that should be doing this. To me, it's a little bit of a backdoor way of getting a general obligation bond through. Thank you, Mr. President. [LB85]

PRESIDENT SHEEHY: Thank you, Senator Hadley. Senator Haar. [LB85]

SENATOR HAAR: Mr. President and members of the house, thank you. I would like to talk about this amendment, opposing the amendment. And I would like to talk as a city...as a former city council member of Lincoln, Nebraska. I was on the Lincoln City Council from 1989 through 1997. And the good news about being on a city council, as some of you will know, is that everybody can get to you, and it's also the bad news. A very local job, people know your phone number, are contacting you all the time, and the other part of the good news, of course, is the constituents do get to know their city council members. And by the way, in Lincoln there's an upcoming city council election in April and May. And I'm sure that if this bill passes, it's going to be part of the discussion and the people of Lincoln will have something to say about it. The reason I would oppose this is, I believe the way I see this language and knowing the city of Lincoln, for example, that this will be used for smaller projects, for smaller areas. And about the worst thing you can do as a public official is to keep peppering voters out there with special issues. Not only is it expensive for the city, but it's also almost a recipe for defeat if you keep hitting people with bond issues and bond issues and bond issues. If this is used properly and in a targeted way, I think it can be an important tool for the larger cities. Obviously, the cities who don't have sales taxes, this is not an issue. The other thing about passing bond issues is that when you have a bond issue before the people, there has to be something for everyone. For example, to pass a bond issue to, for example, fix Northwest 48th Street, which is in my district and should be fixed, if you simply put that bond issue before the people of Lincoln, they would defeat it guaranteed, because they don't see anything for their area. And so really the only way to pass bonds effectively in Lincoln is you have to have something in that bond issue for everyone, for

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all parts of the city, for south Lincoln, for the core of Lincoln. The core of Lincoln people say, well, why should I invest money out there if you're not investing in my part of the city. So I see this as a use for a smaller project targeted. And I can guarantee you that in Lincoln, Nebraska, if it's misused, there are elections every two years, on one coming up in April and May there will be the at-large elections, three at-large seats, and...no, I'm sorry, I think it's the district seats this time, and then in two other years there will be the at-large seats. So every two years, the people of Lincoln get to speak out about how their city council is operating. And so again, I would speak in opposition to this because I think, if properly used, it's a marvelous tool for cities. It has to be used judiciously, but this is why we have city councils elected by the citizens. Thank you very much. [LB85]

PRESIDENT SHEEHY: Thank you, Senator Haar. (Visitors introduced.) Resuming floor discussion on AM57 to LB85. Members requesting to speak are Senator Louden, followed by Senator Ashford, Senator Adams, and Senator Haar. Senator Louden. [LB85]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. I rise in support of Senator Utter's AM57. I think if this is a...if this bill is such a good idea, then this amendment would help enhance it. Because it would put something before the people and if it's something needs to be done, why, they would certainly be willing to vote for it. Nowhere in this bill do I see that it's going to be used just for roads. And as I read down through it, there's a...it can be used for...there's no limit. I think on page 3, there's no statutory limitations to the amount of indebtedness that can be used here. Now, you're going to have to use your sales tax to service those bonds. And we found out when they did the bonding with that Republican River NRDs down there, they were trying to sell bonds and they couldn't sell the bonds unless you have a property tax to back them up. That's all there is to it. That's the way of the world. And this is where you got to have bonding in here to make this work. Now, consequently, if you have the money and you're using the sales tax, you can use the sales tax, the council can anyway they want to. And if they want to do infrastructure, repair roads and that sort of thing, why, they have a revenue stream to do that. Nowhere in here that I can see that would keep them from building your sports arena with these bonds, because there's no limit to the indebtedness or anything. So I very well could see that this is something that could be used for something like that. And I think they need to have a vote of the people whenever you're going to have property tax. The...all municipalities, and as they've mentioned that those people are voted in every two years, but I tell you what. Once something like this is done and the bonds have already been sold, you can drag the people out forcibly, you can haul them out or kick them out, do whatever you want to, but that bond has already went through and if there's a bond of indebtedness, the city is going to pay for it and it will be on the property tax whether you have the same people in office or not. It will be a done deal. So I think you have to be very careful with this, and I think Senator Utter has come up with a very good amendment here to help this thing along. And if that's something that will kill the deal, I think they would be very...they

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would have to think that out very carefully if they want to kill this bill just because that amendment is put on there. So I support that amendment. I think this is something that needs to be on there. There's no time when we should be allowing people to put a bonding issue on a property tax without some type of a vote or an election in there somewhere along the line to do that. And this is just one case here where it's being tried. I don't think it's what we need to do. I think the amendment helps the bill and I, therefore, will support it. I will vote for the bill if the amendment is on there. Thank you. [LB85]

PRESIDENT SHEEHY: Thank you, Senator Louden. Senator Ashford. [LB85]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. I stand in strong support of Senator McGill's bill, and opposition to Senator Utter's amendments. For the life of me, I can't see the reason to amend the bill in any significant way. There are, as I think Senator Haar rightly suggests, many...there's a process in place to put these bonds out there. This is...there can't be a better time to think about bonding as a way to address the issues that the cities have, whether it's roads or other infrastructure costs. Not only does a project like this create jobs, needed jobs in our communities, which are good paying construction jobs, number two, we have the opportunity, potentially, for stimulus package coming to our state that can be used in conjunction with these bonds to really do some significant work in our cities. The fact of the matter is, in my city in Omaha, in the surrounding metro area, there are significant roads issues. And I would also agree with Senator Haar's comments. We cannot...we have to think, and Senator Friend, we have to think now about what is the best way to address these issues. What is the best way to address the issue of infrastructure in our communities? We can't just sit there and hope and wait for these things to happen. We have to become proactive. This is an excellent tool to get there. Bonding, as Senator Friend rightly suggests, is a financing tool that will be in front of us throughout this session. We have to come to grips with it. We have to understand it. There are many benefits to bonding, if it's properly constructed. There are...there's the lower interest rates that we have in today's interest rate environment. There is a demand for municipal bonds right now. There's a demand for tax-free municipal bonds. There's a need for...there's a need for jobs. There are able workers out there that could...that could, if put to work on our infrastructure, could make things happen. I trust the city councils of this state to do the right thing. These are...this is a very...in my view, in fact, when I first read this bill the other day, I thought, you know, this is something I should have thought of. This is really an excellent idea. It's an excellent idea. We don't...if we left this to a vote of the people every time we wanted to do a roads project, we'd have Balkanization, as Senator Haar suggests. We'd have people in the other parts of the city of Lincoln, saying, well, I want my road done, so I'm going to vote against this. We really have to think beyond that at this point. We're in somewhat of a crisis in our infrastructure, and I would literally say it's a crisis in infrastructure. Senator McGill has brought us a thoughtful option here. It does not, and I think Senator Friend rightly suggests, it does not obviate the public's participation in the

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process. It enhances the public's participation in the process. There are city council public hearings that the public has an opportunity to come to and think about and the issue with their city council members. There are, there are...there are the sellers of the bonds, the investment houses, that have to take a look at these bonds and determine, in consultation with the city of Lincoln, whether these bonds are appropriately placed. There are numbers of steps that must be gone through. This reminds me...and this is not LB775 and I'm not suggesting that it is, but this reminds me a teeny bit of LB775 in 1987 when we were striking out to try to save our economy. We had corporations leaving Nebraska and there was a just crazy idea of LB775. [LB85]

PRESIDENT SHEEHY: One minute. [LB85]

SENATOR ASHFORD: And the same kind of we can't do this, we can't do this, because if we do this something else will happen and then this will happen and all sorts of horrible things will happen. But we're sort of at that point here in 2009. We have a crisis in our economy, we have a crisis in our infrastructure. Senator McGill has brought us, in my view, a very conservative approach to the problem and I think we should pass it. I think we should pass it. It makes a lot of sense. We're at a critical point. It's a good idea. The public is protected. I would strongly urge we...in all respect to Senator Utter, that we vote down AM57, we pass this bill, we get people working, we get our roads fixed, and let's start going after this stuff now. Thank you very much. [LB85]

PRESIDENT SHEEHY: Thank you, Senator Ashford. Senator Adams. [LB85]

SENATOR ADAMS: Thank you, Mr. President, members of the body. As I rise, I'm still, one week later, struggling with this bill. And Senator McGill and I have had lengthy conversations, constructive conversations, about why I'm struggling. Like Senator Ashford, I want to give options to communities to do what they need to do. My concern is the peripheral effect of what we're trying to do in this particular bill. So if you'll try to follow me for a moment, I'm going to try to follow myself here for just a second, I'm going to think out loud. Senator McGill, you indicated in your remarks, and rightly so and appropriately, that those communities that have local option sales tax, that sales tax was voted in by the voters. It was. It was put on the ballot and the citizens of that community had an opportunity to vote for it. And those communities all now have that additional revenue stream. And communities, I might add, have the option to use that revenue stream in the way in which they choose unless, when they put the local option on the ballot, the ballot question committed portions of it to parks or police or infrastructure, whatever it may be. But if it wasn't earmarked on the ballot, then in effect the citizens said, we're okay with the local option sales tax and we do expect our city council to use it and use it appropriately and they are our elected people. There's no denying any of that. So that, to me, begs a question: Why can't this very thing happen then through the regular budgeting process of any city who chooses to exercise this authority? If they have the local option sales tax, it is part of their regular revenue

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stream. And they have issues, whether it be swimming pools or parks or roads, they budget for it, and they use that tax base. But that's not what the bill is calling for. It's calling for bonding authority using that tax base. Granted, the bill calls for identifying a growth area, and estimating, projecting the revenue from that growth area and pledging that to sales tax. But that begs another question: What happens if the sales tax trends down and that growth area doesn't then supply that revenue stream? Then, in essence, is the city going to have to fall back on its general tax base, be it sales tax, be it property tax? I think so. And that brings us right back to the vote issue. Senator McGill brought up the issue again, and I'm kind of being repetitive, of how we use city sales tax as city councils choose to use it. She's right. But I thought of at least one exception--LB840, economic development money. It is clear in statute that if a city chooses to earmark portions of its sales tax dollars for economic development, the city has to develop a plan of how it will be spent, present it to the voters, and have a vote as to whether sales tax money can be committed for that purpose. So we can look at sales tax... [LB85]

PRESIDENT SHEEHY: One minute. [LB85]

SENATOR ADAMS: ...as a general obligation, but there are also is some precedent where if we're going to use sales tax for something other than what we said it was going to be used for, we have to ask the people again. So in conclusion, I'm still wrestling with this. I don't know if I'm going to support the amendment. I'd rather have an up or down vote on the bill. I realize that if the amendment passes you have, in effect, ruined the bill, which in my mind begs yet another question. Thank you, Mr. President. [LB85]

SPEAKER FLOOD PRESIDING []

SPEAKER FLOOD: Thank you, Senator Adams. Senator Haar, you are recognized. [LB85]

SENATOR HAAR: Mr. President, members of the body, I again rise to oppose the amendment. And I think it's very clear that if you pass this amendment, you've killed the bill. It's like taking the hammer out of my hand and cutting off the head. It's no longer useful. Again, to stress, this will be used in Lincoln in terms of smaller projects that don't benefit all parts of the city equally. In fact, that's part of this tool is that you can target a certain area in a city to be used. This kind of vote would...a bonding issue of this nature would not pass in the whole city if it's aimed at only one part of the city. It simply won't. So voting for the amendment kills the bill. Senator Friend, I would like a lot more education on bonding during the session. I'm going to need that. And again, I would...I think the main discussion should go back to the bill itself. I would really urge you, if you think there's any possibility of keeping this bill alive, to vote against this amendment. And I'd like to yield my time to Senator McGill. [LB85]

SPEAKER FLOOD: Senator McGill, you have 3 minutes and 40 seconds. [LB85]

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SENATOR MCGILL: Thank you, Mr. President. Thank you, Senator Haar. I'd like to respond to a few of the comments that have been made during debate. I'd like to acknowledge, like I did on General File, that this is a new concept. Senator Friend talked about that. This is a different sort of bonding, so I totally understand why some people still have that uneasy feeling about what exactly we're doing. And I just ask you to really think about why it is we take bonding to a vote of the people, and what kinds of situations that's appropriate, because this is a different scenario than we've used before. And so just because it's bonding, I don't think that, in and of itself, means that it should automatically go to a vote of the people, but we need to be looking at why and what revenues and what money is being used for that. The second thing I would like to bring up is that I do have an amendment that's been filed that will limit the bill and how...or how the bonding can be used. I was going to wait until then, but I think that since it's kind of come up in debate I should address it now, and that would strike language in terms of parks and other public infrastructure, so that leaves the bill only applicable to roads, streets, streetscapes, bridges, and related structures. So that should take away any fears that the city of Lincoln will try to use this for an arena or that Omaha may try to use it for a ballpark or something along those lines. That is something that we were willing to do and we worked out in between General File and Select File to make the bill sit a little better with some of the members. I know Senator McCoy and Senator Pirsch in the first round asked questions about that infrastructure language, and so we cleaned that up for them. Because really what we want to get at is the roads issue. I'd like to remind the body as well that Lincoln has grown 40 percent in the last 20 years. How many of your...how many other communities across Lincoln have grown 40 percent? We are desperately behind. Yeah, there are a couple, (laugh) but we are desperately behind when it comes to making sure our infrastructure needs are being met. And the city of Lincoln isn't coming, just looking for a General Fund amount of money to help pay for roads. They're coming and asking for a new financing tool to use their existing sales tax so they don't just have to go project by project on a year-by-year basis, which they can admittedly do with their sales tax revenue, but they can make it go farther and plan better if they're allowed to bond with that sales tax revenue that they have right now. If we aren't allowing... [LB85]

SPEAKER FLOOD: One minute. [LB85]

SENATOR MCGILL: ...the city council to be doing something innovative like this, then we're forcing the city to rely more on property taxes to fix the infrastructure. Regardless, these roads need to be fixed. They need to be built, and Lincoln is getting in the hole so badly because we've been growing so much that it's going on fall on the taxpayers one way or the other. And this is a way to try to get around having to raise property taxes and get around having to rely on other fees to help fund things. It's a new tool. I would really appreciate if the body would vote down LB...or AM57 so we could go back to debate just on the bill, up or down vote, and it would allow me to offer my amendment to

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the bill. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. Senator McGill, you are next. Senator McGill waives her opportunity to go. Senator Campbell, you are recognized. [LB85]

SENATOR CAMPBELL: Thank you, Mr. President and members of the body. Just a couple of points, and I really appreciate Senator Friend's discussion of this as a funding mechanism. There are lots of tools that we put into place for cities and counties across the state, and I think it's important to realize that that is exactly what we're trying to do here, is look at another tool, another funding mechanism. Cities use those mechanisms of TIFs and highway bonds, which again do not require a vote of the people. I would also like to remind all of my colleagues that we have given a very valuable tool to counties across the state by allowing them to build jails and to make improvements to courthouses without a vote of the people. Again, it's a very important funding mechanism that we put into the hands of local control. To some extent, the public has a lot of input and I'm pleased to see that Senator McGill will narrow this. But on the roads, each of our cities and counties have a one and five road program. The public has the ability to make comments on it, on the city budget. I would assume that any city council across the state who might use this would carefully talk to this with the public, and know very clearly what they're going to use it for. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Campbell. Senator Friend, you are recognized. [LB85]

SENATOR FRIEND: Thank you, Mr. President, members of the Legislature. I try to make it an art not to be condescending, and I don't think this is. I mean, bonding is...bonding is convoluted. But I think that there's some misconceptions that I wanted to clear up and if I am condescending, come up and tell me. That's not the intent. Members of the Legislature, a bond is debt security. There's never a bond out there that's unsecured debt. There's a theory or there's a feeling out there...and I'm going to talk pretty high-level here, there's a feeling out there that our credit industry went south about four or five months ago, six months ago. Remember when the Bear Stearns stuff was happening? I mean, after that the credit industry bottomed out. But let's talk pretty high-level. It's all unsecured debt, folks--credit card companies and organizations throughout this country that were providing people with debt, and it was all unsecured. The user, within a bond situation, the user owes the holder a debt and it is obliged to pay interest and to repay the principal at a later date. A bond is a loan. Now everybody...we're all out here going, well, this is a bad time to bond; our economy is tanking; this is not a good argument to have right now. I've heard that 20 times. That's ridiculous. It's a good time to bond if you do it right. How many school bonds have failed in this state? Oh, but you say, Senator Friend, they all had to go to the vote of the people to ask for it. Yes, they did, and you have to here too. The money is in. The cities just can't access it. The people have already been taxed. They've asked for the

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taxing...the city has asked for the taxing authority, they got it; the money is in a big pot and the city can't access it. Fair enough? That's what we're talking about. Now we're asking them to go back and get another vote of the people. Changing the way we do business, I said that a week and a half ago, that's what this is and that's fine. What I really have a problem with and what I will not accept is this idea that bonding is risky. Loans are risky. Loans are risky if they're unsecured. You guys want to argue about risky loans? Go to Congress, ask them about it--Fannie Mae and Freddie Mac. The questions is, where are we going? We have an attitude right now, and I've heard it over and over again, about bonding in general, and I think that attitude needs to change a little bit. And there are pockets of folks out here and pockets of folks in our community that are fighting it. Let me make something really clear. I don't see this...and let's call it like it is. This is a nonpartisan Legislature. La-di-da, blah-blah-blah, yada-yada-yada. You know what? If you're thinking that this is a Democrat issue because Senator McGill is standing up there driving this issue and Senator Beutler...or Mayor Beutler is behind her, what am I, chopped liver? Why am I standing here? I'll fight nine things that Senator McGill wants to do and she knows it. This is not one of them. This is not a Republican-Democratic fight. So if we want to bring that in here, and I know nobody said that, but let's call it what it is. [LB85]

SPEAKER FLOOD: One minute. [LB85]

SENATOR FRIEND: Are we afraid of what Senator McGill is going to do because Mayor Beutler is going to get what he wants? Am I bringing up taboo discussion? I know Chris Beutler. I've known him for eight years. I used to fight his stuff out here. This is not one of them. This is changing our attitude about the thought process in regard to financing bonds. Now, I say we have a vote on AM57. And I think if you understand that AM57 is nonfunctional, that it's not necessary on a bill like this, then I think that we've made some ground. I say vote against AM57 if you like the bill. If you don't like the bill and you want it killed, I guess the amendment is up there, vote for the amendment. Because that's what Senator McGill is going to do; she's going to yank this thing off the floor right after that happens. So as far as I'm concerned, this is a placeholder. It might as well be a bracket motion, but it's an amendment. If you don't like the bill and you don't like the idea, I'm asking folks to open their mind about the thought process and don't come back and tell me... [LB85]

SPEAKER FLOOD: Time. [LB85]

SENATOR FRIEND: ...that we need a vote of the people to do this, because I... [LB85]

SPEAKER FLOOD: Time. [LB85]

SENATOR FRIEND: Thank you, Mr. President. [LB85]



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SPEAKER FLOOD: Thank you, Senator Friend. Senator Janssen, followed by Senators Pirsch, Nantkes, and Haar. Senator Janssen, you're recognized. [LB85]

SENATOR JANSSEN: Thank you, Mr. President, members of the body. I actually had an amendment to...I'm not speaking...I guess I'll speak to the amendment first. I really haven't decided how I'm going to come down on that. I do oppose the overriding bill. And I had an amendment and I agreed not to place it on this. I talked to Senator McGill and said I would not put it forward. But it...the amendment essentially said, if the local community is at 90 percent of their mill levy, then I'd be in favor of this bonding. I think what everybody is forgetting is we're talking about Lincoln. I didn't get back with my LA, but the approximate numbers is their mill levy is currently at 29 and, depending on where you live, it could be between 45 and 50. The city council, Mayor Beutler, they have tools right now. They're choosing not to use those tools, whether it be political, personal. I don't know, but they have those tools. I sat on a city council. If there was truly a crisis, as I've heard there's a crisis in infrastructure, I've heard that, I say, no, there's not. If there is, do something about it. You've got a mill levy. You've got a city council. The bonding...the people have voted, they voted for a city council. That city council needs to use the tools they have before they come back looking for a different tool. To me, they're trying to drive a nail, they have a hammer, they're looking for a sledgehammer on this. That is why I oppose this bill. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Janssen. (Visitors introduced.) Continuing with discussion on AM57 on LB85, Senator Pirsch, you're recognized. [LB85]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. I wonder if Senator McGill might yield to a question or two. [LB85]

SPEAKER FLOOD: Senator McGill, will you yield to a question from Senator Pirsch? [LB85]

SENATOR MCGILL: Yes, I will. [LB85]

SENATOR PIRSCH: Thank you, Senator McGill, and I'm trying to kind of wrap my hand behind some of the...my arms around some of the concepts here in the bill. But forgive me if I'm wrong, let me know if I'm wrong, but the underlying premise regarding this bill is that for fast-growing cities, new additions, new areas require infrastructure needs, additional costs, especially when they're fast-growing districts, and that that's why we're considering this new funding mechanism that has not previously existed. Is that correct? [LB85]

SENATOR MCGILL: Yes. [LB85]

SENATOR PIRSCH: Okay. And this is kind of a new topic that I'm broaching upon, and

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with respect then to page 2, specifically line 19, we're defining basically what constitutes an urban growth district, which to my mind, as we're discussing it here on the floor, indicates there's new areas, new growth. But the date, there's a hard date set in stone on line 19, "January 1, 1988," and according to the statute then any additional growth after that date would be classified urban growth district. Even if a 100 years passes, we'd still be looking back to that date and saying it's new growth. Would it be...so I guess what I'm saying is, what went into the decision not to have sort of a rolling date? So to speak, every 20 years we'll look back and say whatever has been added then has been...could be classified as new growth, or 10 years, or 5 years, as opposed to...you know, the city of Lincoln if it grows the same amount, the exact same amount that it has grown the last 20 years in the next 20 years, virtually all of the city of Lincoln would be thereby classified as an urban growth district in 20 years from now. If you would like to respond to that. [LB85]

SENATOR MCGILL: Well, Senator Pirsch, that's a really good question and I don't know the answer to that. I know that they came up with the 1988 initially because it's just a good chunk of time to define growth by. And I'm not sure we even discussed that rolling date aspect and so that's something that I'd be willing to talk to folks about and...or, if nothing else, I do agree that in the future they should go back and amend that date. [LB85]

SENATOR PIRSCH: Right. I mean, that's the question there, is just... [LB85]

SENATOR MCGILL: It's a good point that I hadn't thought of. [LB85]

SENATOR PIRSCH: ...if in fact the purpose is, and that's why I wanted to just clarify, that we're...you're trying to capture with this bill, trying to create a new structured mechanism for funding with the idea that there's certain new additions or whatnot that have caused increased costs to the city infrastructurewise. It would be, you know...I mean, when we set this bill, it's set in stone and it will be, unless it's somehow changed by a Legislature in the future, it will be the same law that will govern in 100, 200 years from now, in which case could be 99.9 percent of the city would be considered a new urban growth district. So something to, I guess, think about and something that concerned me about the bill. So I'll yield the balance of my time to Senator McGill if she'd like to take it. [LB85]

SPEAKER FLOOD: Senator McGill, you have 1 minute and 40 seconds. [LB85]

SENATOR MCGILL: Yeah, I'll go ahead and take that time. Thank you, Senator Pirsch. I guess I'll just chat for a minute about why the city...why this is an appropriate mechanism for the city. I know, Senator Janssen said, oh, city of Lincoln already has means to do this. And we've been using highway allocation bonds, which don't require a vote of the people and, you know, the city has been trying to lay ground, if you will, as

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far as trying to make up for this deficit that they have when it comes to roads funding. And the city could just go and try to increase property taxes to pay for this on a year-by-year budgetary means, but they're trying to avoid raising taxes, and I think that's a noble effort, by giving them this tool to try to do some of those projects. And we're talking, as Senator Haar did, about some smaller projects in different parts of town. And it's not sensible to go to the vote of the people when it's a small project in one area, here and there, which needs some help with either with infrastructure needs that are in an older part of town or a newer part of town. I'm really excited that this bill could be used in parts of Lincoln that are a little older, like my district. And so I would just hope that you take that into consideration as we're discussing this bill. And again, I hope that you vote no on AM57. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. Senator Nantkes, you're recognized. [LB85]

SENATOR NANTKES: Thank you, Mr. President. Good morning, members. I rise in support of LB85 and the proposal brought forward by Senator McGill, and I want to talk a little bit more generally about her intent with this legislation. As many of you know, returning members and hopefully new members who may have been watching this debate, in the past few years we as a body have spent a great deal of time on issues involving infrastructure financing, most notably with changes to the fuel tax. And as many of you know, I've been a strong proponent of ensuring that we have additional resources available to ensure that we have a strong infrastructure. And the reasons I've been such a strong proponent of that, in the face of extreme political pressure surrounding the gas tax, was because it's about creating good jobs in how we build those roads, and having good roads is important to our overall economic development. So all of us, who are returning members and who made those difficult decisions regarding infrastructure financing in that regard, should be equally supportive of LB85 because the same general principles apply. We fielded a lot of very emotional, difficult e-mails and calls from our district about people who were upset about fuel taxes and why in the heck would we be moving forward. Well, we have to move forward because it's important to our economic development. Those same principles apply to LB85. Additionally, I think, you know, Senator Janssen talked a little bit about his experience on the Fremont City Council, and we all come with a different background into this body and I think that that's an important perspective that he brings. And while we welcome him to Lincoln now to serve in this capacity, we ask that you allow us in Lincoln to chart our own destiny. We've come together as a community, Republicans, Democrats, etcetera, saying, just because we do have some tools available, why not enhance those tools and try something creative, try an elegant targeted approach like Senator McGill has brought forth in LB85 and, as she has indicated, is willing to target even further to address those needs. Local government has to be our partner in helping to keep the line on property taxes. This is a very responsible mechanism to accomplish those goals. In closing, I'd just like to reiterate, those of us who took the heat and worked hard in terms

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of infrastructure financing issues over the last couple sessions, those same folks should be working hard to support this legislation today. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Nantkes. Senator Haar, you are recognized, and this is your third time. [LB85]

SENATOR HAAR: I don't know what it is about me but...Mr. President, members of the body, there are some times, I think, when we in the Legislature need to be the big brother or the big sister for city councils. I suggest in this case we shouldn't. The Lincoln City Council, working with the mayor, have come up with this proposal. I think we need to trust them to try it out. I don't know if this is possible, but can a bill like this...I have a question for Senator McGill. [LB85]

SPEAKER FLOOD: Senator McGill, will you yield to a question from Senator Haar? [LB85]

SENATOR MCGILL: Yes. [LB85]

SENATOR HAAR: Do you know, can this be limited to Lincoln with a sunset clause so they could try it out? [LB85]

SENATOR MCGILL: I actually have an amendment drafted to limit it to Omaha and Lincoln if the body felt that was a good idea. I wasn't sure if some of the other communities in the state would want to use it or not. I wanted to leave that option open to other growing parts of the state. But I do have an amendment drafted to limit it to Omaha and Lincoln right now. [LB85]

SENATOR HAAR: Thank you. This is not a setup. I didn't know the answer to that question. But I would suggest then that you defeat the amendment, to give some of these other opportunities. And again, the two might be limited to Lincoln or Lincoln and Omaha, whatever, and to put a sunset on this so that we know whether this new tool works. And sometimes new tools are appropriate. I don't know how many of you know this, but Senator Price has a patent on an improvement in garden tools that he's told me about, and it's an old tool but what he has invented is an improvement on that tool. And I would suggest as well that we give the Lincoln City Council and the mayor of Lincoln the opportunity to use this new tool in a different way, try it out, and come back and tell us in several years. If it hasn't worked, we can get rid of it. Thank you. And, Senator Price, I would like to see your invention. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Haar. Senator Wightman, you're recognized. [LB85]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I'm a little

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torn on this bill. I think I might be able to support it if we did limit to cities of the primary and metropolitan class. And I think at this time, I would support it. I realize the argument that if it's bad law for Lincoln and Omaha, it's probably a bad law for the whole state. But I guess I would be willing to give them this tool without subjecting the entire state to the provisions of the act. I do have a couple of questions, if Senator McGill would yield to a question. [LB85]

SPEAKER FLOOD: Senator McGill, will you answer a question from Senator Wightman? [LB85]

SENATOR MCGILL: I will. [LB85]

SENATOR WIGHTMAN: Senator McGill, I think Senator Janssen brought up a point that is worthy of consideration, and that is that the city of Lincoln is nowhere near its levy limit. It's my understanding that they can levy up to 45 cents and, with some exceptions, could go up to 50 cents. And I think he said that you were at 29, but I think his figures that he has received since then indicate about 30 to 31 percent...or cents is the current mill levy. Is that correct, or do you know? [LB85]

SENATOR MCGILL: I think it is. I don't exactly, but that sounds about right. [LB85]

SENATOR WIGHTMAN: Can you tell me how much 1 cent would raise, 1 cent on property tax in the city of Lincoln? [LB85]

SENATOR MCGILL: I can't, but I can try to find that information for you. [LB85]

SENATOR WIGHTMAN: I would be interested in that information because I have some feeling that the tools are there, as Senator Janssen suggested, to do this, but I also understand that it might raise the property tax to a higher level... [LB85]

SENATOR MCGILL: Uh-huh. [LB85]

SENATOR WIGHTMAN: ...than the residents of Lincoln would be willing to see in one year. So it does allow you to spread that over a period of time, but we also are maybe making an exception that you can pledge the...and, in effect, I know you're pledging the stream of revenue from the sales tax rather than the property tax. But I think the argument has been certainly made here that that's going to affect property tax; that when you take that out of the stream of the revenue from the sales tax that you're going to have to make it up somewhere, and you're probably going to have to make it up out of property taxes. Would you agree with that? [LB85]

SENATOR MCGILL: Not necessarily. It just depends on where the city is taking that money from, what other projects, what budgets they decide to decrease if they're going

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to be funding bonds, a bonding project. And so it's not that they suddenly have to replace that money. It means reallocating it. [LB85]

SENATOR WIGHTMAN: Well, I would still be very interested in knowing exactly what 1 cent would raise. I know a lot of school districts, for example, in our school district out at Lexington, Nebraska, has in the last two or three years had significant improvements and additions to one elementary school and the other one the high school, which they did out of a sinking fund, which they levied the taxes ahead of time so that the taxes were already levied to pay for those additions without bonding them. And I think that possibility surely exists when you do have 30 cents out of 45 cents presently being used. So some of it has to do with the will of the council, people on the council, rather than really being a problem in raising the money. You could do that, probably; you could probably do any building project you wanted to do if you were willing to raise that property tax by 5 cents or 10 cents. I don't know the answer to that if you... [LB85]

SENATOR MCGILL: Well, it's just that the city is trying to avoid raising taxes. I mean, that's the whole point or one of the main points of this bill, is they're trying to avoid that. And this is a new financing tool to try to avoid that. [LB85]

SPEAKER FLOOD: One minute. [LB85]

SENATOR WIGHTMAN: And I understand that, but I also believe that you could probably do this and do it in a sinking fund without doing the bonding. But as I said, if it were to be limited to cities of primary class and metropolitan class, I probably will support the bill. I'm not sure where I'll vote on the amendment yet. Thank you, Senator McGill. Thank you, Mr. Speaker. [LB85]

SPEAKER FLOOD: Thank you, Senator Wightman. Senator Harms, you are recognized. [LB85]

SENATOR HARMS: Thank you, Mr. President, for that electricity, colleagues. Senator McGill, would you yield to a question? I'd like to have just a short conversation with you, if I can. [LB85]

SPEAKER FLOOD: Senator McGill, will you yield to a question from Senator Harms? [LB85]

SENATOR MCGILL: Yes. Yes, I would. [LB85]

SENATOR HARMS: Senator McGill, if AM57 passed, we put it in the bill and the bill passes, do you think the people of Lincoln, Nebraska, will vote for these bonds? Because that's really what we're talking about here, and... [LB85]

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SENATOR MCGILL: It is, and it's hard to say. The last time the city tried to bond for something like this, it did not pass. [LB85]

SENATOR HARMS: Well, I think we'd be honest here to say they probably aren't going to vote for that and so this is a way around that. Okay? Now, let's say that we pass this bill, people vote for it, and they, all of a sudden, can't make the payments. How will that be covered? [LB85]

SENATOR MCGILL: Well, it's backed up by the full faith of the city, and so the property... [LB85]

SENATOR HARMS: But how will it be financially taken care of? [LB85]

SENATOR MCGILL: Either through the other sales tax revenue or property tax. [LB85]

SENATOR HARMS: See, and the very thing you're trying to prevent, okay, is you don't want to have... [LB85]

SENATOR MCGILL: Well, either way (inaudible). [LB85]

SENATOR HARMS: ...you don't want to raise the taxes, you don't want to increase property taxes, you don't want to increase sales taxes. Let me give you an example now, okay? Indiana built a toll road. They bonded it. And this was during times that financially we had a crisis came upon the nation. They were unable to meet their bonds, and guess what happened. They had to sell that toll road. Probably over 100 to 120, maybe 150 miles they had to sell. And guess who purchased that. A group of people of wealthy nations outside of the United States purchased that. So in the heart of Indiana they have a toll road they don't own. That's the fear that I would tell you that you need to really think about because that can happen in Lincoln, Nebraska. We can continue in a crisis. I'm not arguing against or in favor of it. I just want to point out the shortfall of this. You have to be prepared for that because, I'll tell you what, this economy is a long ways from being over. And if I wasn't on the Appropriations Committee, I don't think I'd have a full understanding. I see where that light is and it's down the road. So you could get this started, you could do what you want to do. And I drive these roads every morning down 14th Avenue. Six-thirty in the morning, I think, my gosh, I wish they'd fix these roads. I understand where you're coming. I understand the infrastructure. I understand the growth. But there is a pitfall to this and there's some problems with it, because if this economy does not get better, you will then have to deal with that issue. Their taxes are going up and the people need to know that. And the only reason we're not doing this is because we know in our own hearts the people of Lincoln are not going to vote for that bond, period. They don't want to pay for anything anymore, any higher. That's what this is about. We're just going to circumvent that and we're going to go into...we can argue that they have approved the sales tax. Yeah, I'll argue that. But that's the problem, and I

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would just hope that we've thought through this carefully and hope that you don't carry this burden sometime when it does hit. Because I think it's "riskful." It's a risk for Lincoln and Omaha and other cities. So that's all I have to say, and thank you for the conversation. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Harms. Senator Council, you're recognized. [LB85]

SENATOR COUNCIL: Thank you, Mr. President. I rise in opposition to AM57, and I'm going to direct my comments principally to the reasons why I support the bill introduced by Senator McGill in its original form. And I want to address the issue from a little different perspective than any that I've heard discussed this morning. Looking at the intent of the bill, the bill is designed to address what is described as urban growth, but for some of us the better description is urban sprawl. And that term "urban sprawl" is not a term that is generally viewed in a positive context. Rather, it references the spreading of limited governmental resources to areas outside of its normal responsibility area. And when this sprawl occurs, all of the residents of that city ultimately end up bearing the cost and expense associated with providing the infrastructure to these growth areas. When that occurs, this results in even a smaller amount of that city's revenue being made available to the older portions of town, the portions of the city that are deteriorating and in need of more infrastructure dollars. What is fair about this bill and positive about this bill is that it provides that the sales tax revenue generated in that growth area is the first source of funds to retire debt associated with providing that infrastructure, rather than ultimately looking to the broader property tax base of the residents of that city when they are receiving fewer services in order to provide necessary services to these growth areas. In addition to the fact that the primary objective of this bill, at least in my opinion, is to generate revenue and have the area of the cities that are directly and primarily benefiting from this new infrastructure development, is the potential that exists under the bill as originally drafted to use some of this increased sales tax revenue in those portions of the city that normally suffer as a result of urban sprawl. It allows for some of that revenue to be applied to projects that in many instances have been ignored for years, areas of the cities that have suffered from benign neglect because the city is trying to meet its obligations to all of the residents in the area falling within their governmental control by providing these necessary infrastructure services. So by passing the bill in its original form, we provide these municipalities with an additional tool to address a very serious issue of meeting their obligation to provide basic infrastructure services to all of its residents. And through this measure, we're basically doing an allocation. Those principally benefiting are those principally bearing the cost of it by virtue of the sales tax revenues generated in those new areas. And needless to say, ladies and gentlemen, if we're talking about... [LB85]

SPEAKER FLOOD: One minute. [LB85]



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SENATOR COUNCIL: ...new developments, we're talking about people who have higher incomes than those who normally reside in the core of the city. Individuals with higher income spend more. Consequently, they generate more sales tax revenue for the cities. So the likelihood is that this greater sales tax revenue is going to enable these cities to pay for this infrastructure development without the necessity of having to go to their general fund, and in which case they'd have to look at property taxes. But the greater likelihood is that these increased sales tax revenue would provide the income stream necessary to retire the debt on these bonds, and I think that we as a body should look at it in that context, oppose AM57, and support the bill in its original form. [LB85]

SPEAKER FLOOD: Thank you, Senator Council. Continuing with discussion, we have Senator Price, followed by Senators Coash, Loudon, Ashford, Friend, and Rogert. Senator Price, you are recognized. [LB85]

SENATOR PRICE: Thank you, Mr. President, members of the body. Mr. Clerk, I am observing your request of not pulling the mike to the other side, so all of you all can look at the back of my head. Senator McGill, I have question for you, if you would yield. [LB85]

SPEAKER FLOOD: Senator McGill, will you answer a question from Senator Price? [LB85]

SENATOR MCGILL: Yes. [LB85]

SENATOR PRICE: Senator McGill, I appreciate the opportunity to learn more about the statutes of the state that you've afforded me. So I would like to ask you, do you know of any situations, this is rhetorical in nature, but do you know of any situations where general obligation bonds can be let without a vote of the people? [LB85]

SENATOR MCGILL: Not that I'm aware of, but I'll admit that I am not the bonding expert either. [LB85]

SENATOR PRICE: I would let you know there are. [LB85]

SENATOR MCGILL: Okay. [LB85]

SENATOR PRICE: You can bond for a prison without asking the vote of the people. You can put in sewers without asking for a vote of the people. I just wanted the body to know that. I just wanted to bring that forward, not to show any prowess of my part, mainly of my staff. But we do have precedent where this can happen today. Thank you. [LB85]

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SPEAKER FLOOD: Thank you, Senator Price. Senator Coash, you're recognized. [LB85]

SENATOR COASH: Thank you, Mr. President, members of the body. I just want to speak real briefly about some concerns that I've heard about this bill. Many people have brought up the lack of public input that happens should this bill pass, but I wanted to give another perspective that in a lot of ways the public does have some input on this. This bill goes through and a city such as Lincoln wants to bond this separate from the budget, they have to do a bond ordinance. That requires the city council to have a separate hearing on that bond. At that hearing, citizens of that city do have the opportunity to come in and give their input on this. So, while not through a vote, the public does have an opportunity to talk about this bonding, to give their input to the city council, and to hold them accountable for how they'd like to see this move through. So again, people who have concerns about the public having input, while not a vote, this does give the opportunity for that input. And with that, I will close and yield any of my remaining time to Senator McGill. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Coash. Senator Louden, you are recognized. Prior to Senator Louden, Senator McGill, you have the remainder of Senator Coash's time. [LB85]

SENATOR MCGILL: What do I have? [LB85]

SPEAKER FLOOD: Three minutes. [LB85]

SENATOR MCGILL: Three minutes? Just really quick, Senator Haar came up and wanted me to reiterate, since his time is up, that, you know, to make a bond issue successful it has to be something that allows for everyone in a city. And it doesn't really allow for the targeted projects that I think would be really beneficial to many of our communities. And I appreciate Senator Price's question or his point that reiterates that we do have bonding without the vote of the people in many different circumstances in our state, and so I would really, really hope that we're getting to the end of this debate so we can go up and down on this and move on to whatever is next on the agenda. Please vote against LB57...or AM57. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. Senator Louden, you are now recognized. [LB85]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. As there was some discussion about they wanted this bill brought forward so that they wouldn't have to raise taxes, well, whenever you spend any money in any kind of a government entity, you're going to have to have revenue to pay it back, and most generally it's always been taxes to pay it back, unless you have found some real golden fleece here that would

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generate revenue without taxes. I would be surprised. But I think that has to be mentioned, that if you have a bond, you're going to have to service that bond. If you use your sales tax revenue to service that bond, then you have less sales tax revenue for other issues. So no matter how you cut it, you're going to have to spend some money and it's going to have to be sales tax or property tax, and eventually it can be on the property tax if you don't generate enough revenue out of your sales tax. Some of these areas that do need some infrastructure work, that's up to the city council to see to it that that infrastructure was taken care of. If you can't trust the city council to improve the infrastructure, then how do you expect them to trust the city council to what you want this bonding issue used for? So I think you have to be very careful on some of these issues there. I don't think the bill describes quite well enough where they can and can't go. I think the amendment probably would take care of some of that. But as the bill has been written before, it looked like to me a wide-open checkbook for a city council. And as I've stated before, once the city council puts that in effect, it's done in stone. You sell those bonds and they're there, why, they could be for 20 years, so you could have four or five city councils come and go before those bonds are ever taken care of and you would be saddling yourself with future debt. This is what it's all about, is borrowing money. It isn't about doing anything to save taxes or anything. It's all about borrowing money from the future in order to do some work that needs to be done now. I commend Senator McGill for coming forward with something like this and trying to help out some of these cities. But I think it gets down to it, like anybody else they have problems, they've made mistakes, and I think they have to address them. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Louden. Senator Ashford, you are recognized. [LB85]

SENATOR ASHFORD: I'm going to give most of my time to Senator Friend because I enjoy listening to him and I know he's got some great things to talk about. I just wanted to just reiterate again what I recall about 1987 when we were in dire need of jobs, our economy was coming out of a recession, and this Legislature made a significant leap forward and created hundreds and thousands of jobs in this state. I think we're sort of at the same point again, and I don't want to reemphasize that too much, but I think it's something we have to think about. We have to rely upon, to some extent, as we do in here a lot, the experts who tell us about...none of us that I know of are bond financing people. I think we have to listen to those who are and who tell us this is an excellent and prudent way to raise funds to get people working again and to get them working so that they can pay the higher fees that they will be paying to go to our parks as we increase our fees. It all goes together: A healthy economy puts more money into our economy, we all grow whether we're in rural Nebraska or in the metropolitan area. To my colleagues in Sarpy County, I had a meeting a month ago or so with Ed Babbitt, the mayor of Bellevue, and I said to Ed, you know, what is that you need in Bellevue and in Sarpy County. And he said, well, first of all, we need to work together. All the mayors

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need to come together in Sarpy County. But the biggest problem we have is roads, the ability to finish the roads that we have to make them work effectively for our citizens. Sarpy County is a growing area of the state. This type of legislation would be a significant benefit to Sarpy County. And I know mayors like Ed Babbitt across the state have the same needs and desires. So with that, Mr. Speaker, I would with some trepidation give the remainder of my time to Senator Friend. [LB85]

SPEAKER FLOOD: Senator Friend, you have 2 minutes and 30 seconds. [LB85]

SENATOR FRIEND: Thank you, Mr. President and members of the Legislature. I enjoy listening to Senator Ashford. I was enthralled. A couple of times...there is no other comment. I was enthralled. A couple of times I've heard from Senator Janssen, Senator Wightman alluded to it, the supporters of the vote of the people kind of come into this idea that, well, let's go to the property tax and let's go to bonds later. Why? Senator Loudon pointed it out, what does it matter? It's all coming out...it's all going to end up coming out of pot 1, pot 2, pot 3, or pot 4. So their contention is, as Senator Janssen's contention is, let's go ahead and force these people to raise individuals' property taxes in these communities. Why, because it's a fairer way to go? Because it's more creative than bonding? We're going to pay for this one way there. That's nonsensical. And I'm not being disrespectful to Senator Janssen. I'm saying the money is coming out of pot A, B, C, or D. We're trying to get creative. We're trying to provide a mechanism to say, let's go with D instead of A. Under these difficult economic times we would rather do what? We'd rather raise everybody's property taxes or we'd rather get creative about how we approach... [LB85]

SPEAKER FLOOD: One minute. [LB85]

SENATOR FRIEND: ...the fiscal situation? Which one do we want? We're trying to avoid raising property taxes. That's part of the point of this bill. We're not trying to hide anything from anybody. The burden right now is on everybody in this state. And bonding is a well-understood, common way, secured way, not unsecured, secured way of providing funding. That's it. So I don't want to hear this, well, they've got all kinds of choices. Really, if they had all kinds of choices, do you think they'd be messing with us? Do you think people out there would bother? They don't want to be behind that glass pressing their face up against it. They want to get things done for their taxpayers, and I think that this is not trying to hide. [LB85]

SPEAKER FLOOD: Time, Senator, but you may continue. Your light is next and this is your third time. [LB85]

SENATOR FRIEND: Mr. President, I call the question. [LB85]

SPEAKER FLOOD: The question has been called. Do I see five hands? I see five

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hands. The question is, shall debate cease? All those in favor vote yea; all those opposed vote nay. Have all those voted who wish to? Mr. Clerk, please record. [LB85]

CLERK: 33 ayes, 3 nays, Mr. President, to cease debate. [LB85]

SPEAKER FLOOD: Debate does cease. Senator Utter, you are recognized to close on AM57. [LB85]

SENATOR UTTER: Thank you, Mr. President. We've had a prolonged debate this morning and talked about an awful lot of issues, and certainly they all represent very valid viewpoints on this proposed legislation. Let me just say to you in closing that I understand full well the importance of giving municipalities a tool to use to develop their infrastructure. And I also understand the importance, I think, of voter-taxpayer input into these issues. And in my opinion, this obligation of the bonds in the urban development districts, where the city, the municipality, the county, whatever it might be puts their full faith and credit on the line for the ultimate payment of these bonds, in fact makes it a pseudogeneral obligation bond that I think deserves a vote of the people. And I want you to remember, as you're thinking about voting on this amendment, that we're not talking about just a one-year expenditure of funds, a one-year designation of a portion of the sales tax proceeds. We're talking about for maybe up to 15 years making that designation and saying for the next 15 years that if those sales tax proceeds are not sufficient to cover the obligations of principal and interest under those bonds, why, then we will go to the property tax, to the...more than likely end up at the property tax. So I think it's very important. And actually, folks, in a sense we are saying, with the passage of this legislation, that in Lincoln's situation...and we've talked an awful lot about Lincoln this morning where they are obligating the full amount of their sales tax revenues to their general obligations to the city, now they're going to cut back a portion of those to pay for the urban development district bonds, that it may immediately become an obligation of the taxpayers in this city, of the property taxpayers in this city. Because somehow or another they have to make up those revenues so that they can...so that they can continue to pay their bills or they have to cut back expenses somewhere. So I think this amendment offers an important part to this bill. I think taxpayer approval, property taxpayers, citizens of a municipality, I think their approval of this legislation is important. So I urge you to vote for AM57. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Utter. Members, you've heard the closing on AM57. The question is, should AM57 be adopted? All those in favor vote yea; all those opposed vote nay. Have all those voted who care to? Mr. Clerk, please record. [LB85]

CLERK: 15 ayes, 24 nays, Mr. President, on the amendment. [LB85]

SPEAKER FLOOD: AM57 is not adopted. Mr. Clerk. [LB85]

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CLERK: Mr. President, Senator McGill would move to amend, AM104. (Legislative Journal page 335.) [LB85]

SPEAKER FLOOD: Senator McGill, you are recognized to open on AM104. [LB85]

SENATOR MCGILL: Mr. President, members of the body, this is a relatively simple amendment that just limits how these bonds can be used. I'll go ahead and restate it even though I said it on the mike a little bit ago. It strikes "parks" and "other public infrastructure," so the language will not be vague anymore. The bonds can only be used for the construction or improvement of roads, streets, streetscapes, bridges, and related structures within the urban growth district and in any other area of the municipality. I did also draft an amendment that would limit the bill just to the Omaha and Lincoln areas. I'm not sold on introducing that because I think some other areas of the state may benefit too. But if it seems that the body so wishes to just limit it to those areas, I would be open to that. And with that, thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. There are no other senators wishing to speak on AM104. Senator McGill, you are recognized to close. Senator McGill waives closing. The question before the body is, should AM104 be adopted? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB85]

CLERK: 40 ayes, 2 nays, Mr. President, on adoption of Senator McGill's amendment. [LB85]

SPEAKER FLOOD: AM104 is adopted. Mr. Clerk. [LB85]

CLERK: Mr. President, Senator Pirsch would offer FA7. (Legislative Journal pages 364-365.) [LB85]

SPEAKER FLOOD: Senator Pirsch, just a quick note here. Your floor amendment is being transcribed into the system. Bill Drafters is working on a more formal form for the amendment. As soon as we receive that, we'll substitute it in, with your consent. You are recognized to open on FA7. [LB85]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. And I'll orally inform then, until such time as Bill Drafters has the ability to put on-line the exact wordage of the amendment, but it's a simple concept and it was the one that I had brought up on the floor just minutes ago in corresponding with Senator McGill. I don't think that proponents of the underlying bill, LB85, have an objection to this amendment, and I'll let Senator McGill give her official position to that. But essentially the bill, if you look on page 2, line 19, that's the line in question by my amendment. The concept, as Senator McGill testified to earlier on the floor, is that there are certain new areas of growth on the outlying areas of the city that, as the city grows and becomes bigger and

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absorbs these areas, it incurs infrastructure costs to, you know, bring these into the city. And so given that that is the principal core idea behind this bill, I was somewhat concerned about the language. In line 19, it sets a hard date, "January 1, 1988," into statute. The statute would then...that date would remain in perpetuity unless some future Legislature, which could be 40, 50, 100 years or more down the line, would change that hard date. Being that the idea is that we're trying to address new urban growth districts, new districts that are springing up, as the testimony was already that in the last 20 years, 40 percent of the Lincoln...if we go back to the year January 1, 1988, 40 percent of the city of Lincoln was not part of the city of Lincoln as of that date. If we extrapolate that to the next 20 years into the future to the current rate of growth, 80 percent of the city of Lincoln would be called, in just 20 years from now, an urban growth district. So it essentially...it isn't capturing these new areas of the city. I've proposed through this amendment instead to use a rolling date to have a look-back period of rather than just a hard date in history so that 200 years down the line when you look back in statute and use 1988, virtually 100 percent of the city would be termed a new growth district. I don't think that that is what was intended. And so I'm instead proposing a look-back period of 20 years. That essentially is what's going into effect now, about a 20-year look-back period to '88. And so in the year 2060, it'll go back to what was the city limits in 2040; and in the year 2100, it'll go back to 2080. I think that more fairly captures the concept of a growth...the growth district it was intended to capture. I don't think there's any opposition to that. The language would read something to the effect, and I don't have the exact amendment in front of me but it should come up on the monitor soon, in subsection (b), which is in line 18, would start "outside the municipality's corporate limits as they existed on" and then "January 1, 1988" would be struck, and then inserted instead language that says something to the effect "as of the date 20 years prior to the issuance of any urban growth bonds by a municipality under the authority of this section." So that would...that's a little bit about the concept behind the amendment and the verbiage that would be struck and replaced. And so with that, I'll cease my remarks. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Pirsch. Members, you've heard the opening on FA7. Senator McGill, you are recognized. [LB85]

SENATOR MCGILL: Mr. Speaker, members of the body, I simply rise to say that I don't have a problem with this amendment. I think it does make pretty good sense to not have that locked-in date so that in 30 years from now we're not looking at 50 years of an urban growth district. So I rise in support of this amendment. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. There are no other...Senator Friend, you are recognized. [LB85]

SENATOR FRIEND: Mr. President, members of the Legislature, you know, I can look at this one of two ways. I think I understand exactly what Senator Pirsch's amendment

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would do, but I also understand that it could create some confusion in regard to the service debt, the bonding. Now, strategically, I mean, maybe...I think the question is, what...if you go back 20 years and you try to figure out where growth was in any of the particular towns that could utilize this statutory language, what are you going to come up with? I mean, let me sum this up. You'd almost need a hearing to figure out exactly what this is going to do. I think this significantly changes the bill. Now, if you don't like the bill, that's fine. I mean, adopt this amendment and then it becomes more and more convoluted. I think people are weary of this discussion today. It's almost 11:00, but I guess my point of view is I just read it. I think he understands what he's trying to do, but I think we need another hour to discuss exactly what the impact of this would be on a particular piece of legislation like this. So here's what I'd say. I'm not going to support this amendment because I haven't had enough time to research it. Now, if we want to talk...I don't think the Speaker will like this, but if we want to talk and analyze this for another hour, great. Maybe I'll come to a conclusion that would be different. Maybe Senator McGill is that much smarter than me that she's okay with it and she knows what's going to happen. I'm reticent. If you guys are looking to me for guidance, that was your first mistake. But the second mistake is, I think, adopting FA7 without enough, to use a popular term lately, enough vetting. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Friend. Senator Pirsch, you are recognized. [LB85]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. I appreciate the comments by Senator Friend. He indicates that there would be confusion perhaps as far as bonding purposes. How could you look back 20 years and know where the city limits were 20 years ago at the time that you're proposing the bond? Well, to the same extent that you can figure where the city limits were in 1988, which you're going to have to do under the underlying part of the bill, you can easily do that at any point in time and determine in the year 2014 the city limits of the city of Lincoln were...included this but not this. And that's what you have to do if you use what the bill is currently default, which is '88. So there's no...some sort of tricky kind of geometry involved here. It's very easy. As a matter of fact, looking back to 1988...when you're in the year 2070, looking back to the year 2050 and looking what the city limits were then is certainly going to be a lot easier than looking back, clear back to the year 1988 and seeing what the city limits were then. And so it certainly doesn't create any more burden. It's, in my estimation, it's much easier to look back a shorter period and look back, at the most, 20 years as opposed to, perhaps in 100 years from now, looking back 120 years and trying to figure out what the year, you know, what the year 1988 was. So there's no new geometry that's been added by that nor confusion. The city annexes subdivisions and land all the time, and it's a matter of record what land they annex, what's in the city, what isn't in the city. People in the city of Elkhorn knew that, you know, it wasn't...I mean, you know, it was a matter of public record that they were annexed. And so it isn't going to be a...I mean, it's a matter of official public record so I don't see that as even a



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slight issue or a confusing issue. I think that's much easier actually. But there is some question as to whether or not...what this language does. Again, this does not affect where the money can be spent, and I thank Senator Howard for that question. How a city spends the money is not affected in any way, shape, or form by my bill. If they want to spend it, under this bill you can spend it anywhere, in older sections of the city. Under LB85, you can send it wherever in the city you want, as long as it's for infrastructure. There's no limitation. It doesn't have to be in a new growth area. That's just...the growth area just sets the formula to determine how much is a percentage of the sales tax you can glean through this tax. But it doesn't in any form regulate where a city can spend it, so if they want to spend it in older sections of the city or newer sections, that was available under the original LB85. It's still available. This isn't limiting that. This just says, in determining that percentage and saying where there's this growth district contains, if the concept is a growth district and that's why we need to create this additional funding, then we should only...I mean, what the bill is suggesting is we should look at growth districts. If the year is 2100 and you're looking back to 1988, virtually 99.9 percent of the city then will be designated a growth district, which isn't, I don't think, consistent with the spirit of that. What we want to do instead is have a reasonable look-back period, and right now the look-back period of the bill is approximately 20 years. It's 2009, goes back to '88, about 20 years. And so it just maintains that same look-back period that would come with the bill today and maintains that on a rolling basis with the bill in perpetuity, and that's the only effect that my amendment would be. [LB85]

SPEAKER FLOOD: One minute. [LB85]

SENATOR PIRSCH: It is now on your monitor, and the language...amendment to LB85 would say...would strike "on January 1, 1988," and insert "as of the date 20 years prior to the issuance of any urban growth bonds by a municipality under the authority of this section." Again, this is not something that's opposed by Senator McGill, proponents of the bill, or Mayor Beutler of Lincoln, my understanding, and for that reason I think it is extremely commonsensical. It certainly, if anything, eases confusion, does not cause confusion. And I'd be happy to respond to any questions anyone might have. [LB85]

SPEAKER FLOOD: Thank you, Senator Pirsch. Senator Pirsch, it is my understanding, based upon prior conversation, that you want to substitute AM193 in place of FA7, and subsequently withdraw FA7 at this time. Is that your understanding? (Legislative Journal page 365.) [LB85]

SENATOR PIRSCH: That is correct, Mr. Speaker. [LB85]

SPEAKER FLOOD: Without objections, so ordered. Continuing on discussion of AM193. Seeing no other lights on, Senator Pirsch, you're recognized to close on AM193. [LB85]

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SENATOR PIRSCH: Very good. I just urge you to vote green on this measure. It is a amendment that I think is not viewed as opposite the intentions of the sponsor of this bill nor the mayor. I think they are in agreement with this amendment. I think it's commonsensical. It is not opposed and I think it makes sense, so very good. I'll urge you to vote green. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Pirsch. Members, you've heard the closing on AM193. The question is, should AM193 be adopted? All those in favor vote aye; all those opposed vote nay. Have all those voted to who care to? Mr. Clerk, please record. [LB85]

CLERK: 33 ayes, 3 nays, Mr. President, on the adoption of Senator Pirsch's amendment. [LB85]

SPEAKER FLOOD: AM193 is adopted. Mr. Clerk, items for the record? [LB85]

CLERK: Thank you, Mr. President. Revenue Committee, chaired by Senator Cornett, reports LB89 to General File with amendments. Banking, chaired by Senator Pahls, reports LB177 to General File with amendments and LB377 to General File. Transportation Committee, chaired by Senator Fischer, reports LB219 to General File; LB110, General File with amendments; LB261 to General File with amendments; LB10, indefinitely postponed. And finally a new resolution, Senator Gay, LR18; that will be laid over, Mr. President. (Legislative Journal pages 365-369.) [LB89 LB177 LB377 LB219 LB110 LB261 LB10 LR18]

SPEAKER FLOOD: Thank you, Mr. Clerk. Continuing on discussion, LB85, we proceed now, Mr. Clerk, amendment. [LB85]

CLERK: Senator McGill would move to amend with AM66, Mr. President. (Legislative Journal page 370.) [LB85]

SPEAKER FLOOD: Senator McGill, you're recognized to open on AM66. [LB85]

SENATOR MCGILL: Mr. President, members of the body, this is the other amendment that I was alluding to earlier that would limit the bill to just Omaha and Lincoln. It reads, "For the purpose of this section, municipality means a city of the primary or metropolitan class." I introduce this not because I'm 100 percent sold on it, but because I think there is some will in the body to limit it just to Omaha and Lincoln. And if that makes people feel a little better about the bill, without maybe disillusioning some folks from some parts of the state that might be interested in using it, then I'm willing to debate this and have a discussion on taking the rest of the state out of this bill. I see it as good tool that I stand behind and think other areas of the state should be able to use it. We're talking only

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about cities that have been growing and who have sales tax revenue, sales tax base, a local one. And so I would think people would want to use this tool and leave it up to their city councils. But if the body feels best to limit it just to Omaha and Lincoln, then I've offered this amendment to do that. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. Senator Carlson, followed by Senators Friend and Harms. Senator Carlson, you are recognized. [LB85]

SENATOR CARLSON: Mr. President and members of the Legislature, I would like to thank Senator McGill for putting forth this amendment and I would like to address a question or two in her direction. [LB85]

SPEAKER FLOOD: Senator McGill, will you take a question from Senator Carlson? [LB85]

SENATOR MCGILL: Yes. [LB85]

SENATOR CARLSON: Senator McGill, just completely for clarification for all of us because most, I think, understand, but the terminology there, the metropolitan class is Omaha, and the primary would be Lincoln. [LB85]

SENATOR MCGILL: Yes. [LB85]

SENATOR CARLSON: Okay. Thank you. One of the strengths of the Unicameral is the fact that we must schedule a hearing for every bill, and that's the public's opportunity to come and testify and be heard on a bill that they believe affects them. I think sometimes bills are looked at and as though really this is strictly for Lincoln or this is maybe strictly for Omaha, and so there's not as much attention paid to it as perhaps should be paid by other areas of the state. Perhaps that's the case with this bill. I've been uncomfortable with listening to the discussion and trying to determine what my vote would be on this bill. This amendment makes it easy for me to support it. And if this becomes a part of the bill and in the future we have other cities throughout the state that want to utilize this, they'll come back to the Legislature, there will be another hearing, and their views will be heard and perhaps they'd become a part of this. I think this would be a good decision. I think this is a good part of this bill. I support it, and then I would support the underlying bill, LB85. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Carlson. Senator Friend, you are recognized. [LB85]

SENATOR FRIEND: Thank you, Mr. President and members of the Legislature. There is precedence for doing things like this. My time on Urban Affairs, and that's where I've spent all of my time since I've been here, there was all kinds of statutory authority that

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primary class cities and metropolitan class cities have that first class, second class, and villages don't have. So under these circumstances, you know, I don't know. I'm going to vote no. Because I think what we've run into out here a little bit today, and we'll run into it again: Is bonding a good thing? Is bonding in the form that we're asking for it a good thing in the way that we're asking to have it authorized? Is it a good thing? That's where the question lies. And if you're securing that bonding in a city like Kearney, why isn't it good for them too? York? Grand Island? Scottsbluff? If it's a good idea, it's a good idea. If it's a bad idea under these circumstances, it's probably a bad idea, right? So even though we've done this and there is precedence...and I don't think that it's a bad vote to go ahead and adopt AM66 nor would I preface it by that saying you're making a mistake. I just think what we have to focus on is whether this whole idea, LB85, is a halfway decent idea. If it's not and you're going to...let me rephrase. If you're going to vote for AM66 and then vote for the bill, the message you're sending to me, the rest of the Urban Affairs Committee and then Senator McGill is, that's an okay bill, we understand, we know what it's going to do and we accept it. But if you vote for AM66 and you're going to vote against this bill because you don't like it because it screws the bill up, I think that's inappropriate under these circumstances, because I said two hours ago that I think it was appropriate if you don't like the idea to throw a dang bracket motion on it. We have another amendment following this one that talks about property tax. Fair enough, we can have that discussion. I guess I just want to make my point that AM66 narrows this focus so much that a growing community like Kearney or a growing community like Grand Island, to a degree, the growth that's happening in McCook if there is any, and that's not tongue-in-cheek. I'm not making a joke. Some of these communities would like to grow. They would like these type of tools, and we're just saying, no, you can't handle it, or we're saying not in my backyard. Amanda, Mike, you guys like this, it's yours, you keep it. We don't like the idea. It's bad. Get it out of my...we're being provincial. Is that what we want to do? So look, I'm not going to vote for it. I don't like it. I think that there are first-class cities and some second-class cities that could utilize this, and they can do good work with it, and they can do responsible work, and that they're still, the representatives, are being held accountable by their voters. I'm not going to vote for the amendment. I don't think it's a horrible idea, but I may just get a record vote and I may find out what happens to AM66 and I may find out what you do on the bill after that. Because then it's scorched earth time. [LB85]

SPEAKER FLOOD: One minute. [LB85]

SENATOR FRIEND: That worries me. That bothers me. If you want this bill killed, please, by all means stand up and say, I want this bill dead. But if you vote for this amendment and then don't vote for the bill...thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Friend. Senator Harms, you are recognized. [LB85]

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SENATOR HARMS: Thank you, Mr. President and colleagues. Senator McGill, thank you very much for the amendment. I rise in opposition of this amendment because, quite frankly, I think what's good for urban America should be good for rural America. And I know that there are places in rural America that have growth and will have growth and will do well in the future. They need to have the same opportunity that we have right here. They need to have the opportunity, if they choose to bond, they ought to be able to do the bonding. Even though I'm not real excited about bonding, as I said earlier, Senator McGill, I do think that it ought to be across the state of Nebraska. Everyone should have the same right and the same opportunity as urban America. So I would ask my colleagues to not support AM66. Thank you very much, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Harms. Senator Wightman. [LB85]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I rise in support of AM66. I better, because I've suggested all the way along that perhaps we should have such an amendment. And right now it seems to me the immediate need, if there is an immediate need, is in Omaha and Lincoln. We may have that need down the road. Certainly this law, if it passes, could be amended to include cities of the first class and perhaps cities of the second class. But it seems to me the immediate need is in Lincoln and perhaps Omaha. In answer to one of the questions that I had earlier, I'll answer my own question in that I have spoken to someone who did tell me how much 1-cent property tax would raise in the city of Lincoln. That figure is \$1.5 million. I'm sure that's quite a ways from being absolutely accurate. I've also spoken to Senator McGill about what she believes the size of these bonded indebtednesses might be to cover infrastructure area or roads and streets in the city of Lincoln, and she said they're talking in the nature of \$1.5 million, \$2 million, \$3 million. That would be 2 cents. I guess if the city of Lincoln thinks they need to spread \$3 million out over ten years rather than one year, there would be less increase in the property taxes during that period of time and might be more palatable to the residents of the city of Lincoln. I, too, think that down the road cities of the first class may, and maybe second class, may want this same provision. A lot of them wouldn't meet the growth requirements, but several of them in my district would meet the growth, that they experienced growth after, I think it was, January 1, 1988, by having a new subdivision. I think, frankly...and I don't necessarily think that it's bad law. Maybe there ought to be a limit on the size of...it would have to be...it couldn't be a dollar amount, it would have to be what so many cents of property tax would raise. I do think Lincoln could do the same thing if they had the political will to do it by...if it only amounts to 2 or 3 cents of property tax, they certainly could vote that in. But if they think that it would be more palatable with their residents to spread that out over as much as ten years, I don't think it substantially impairs the taxing authority or their taxable property within the city of Lincoln. So I probably would like to see an amendment that maybe would limit it to so many cents of property tax that they could raise. But if they had several bond issues, perhaps it would be exceeding that anyway. So it would be my thought that I will support the amendment, I will support the

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underlying bill. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Wightman. Senator Council, you are recognized. [LB85]

SENATOR COUNCIL: Yes, thank you, Mr. President. I rise in opposition to the amendment. I believe that this tool should be available to any class of city in this state that the operation of this piece of legislation will benefit their communities in terms of providing the infrastructure necessary. And with regard to the issue of the public hearing, my recollection is that there was nothing in the notice of hearing to the public on this bill that was limiting it in its application. And so if we're doing a disservice to the public, the disservice to the public that we would be doing by passing this amendment is passing an amendment that they had no opportunity to be heard as to whether it should be limited in its application. And for those reasons, I oppose this amendment and I hope that the body will vote no. [LB85]

SPEAKER FLOOD: Thank you, Senator Council. Senator Friend, you're recognized. [LB85]

SENATOR FRIEND: Thank you, Mr. President, members of the Legislature. Real quickly, AM66 I understand. I get it. We've done it before. You can do what you want here. I don't like it. I don't think we ought to do it under these circumstances. I am offering an amendment that actually comes up after Senator Janssen's, and I don't know if it's on our gadgets yet, but which would require a supermajority of any city council that could actually utilize this legislation because of their urban growth. It would require a supermajority of the city council to issue these bonds. I have no idea what the lobby thinks of this, you guys, members of the Legislature. I have no clue. As a matter of fact, Lincoln may hate it, Omaha may hate it, the league may hate it, everybody might hate it. I don't know. You all may hate it. That's okay too. But I think it's either/or. If you amend AM66, if you take AM66 and drop this into LB85, you don't need my amendment, I don't believe. You can still do it, but I'm going to pull the amendment if this gets adopted. So I think that that's strategically or fundamentally where we're at right now. Again, this amendment would limit it to Lincoln and Omaha. There's only one primary-class city in this state. It's Lincoln. There's only one metropolitan-class city. It's Omaha. We've done things for them before. Probably under these circumstances, I believe not a great idea. But if we do choose to do this, you know, I'll pull my amendment off and we'll go to Senator Janssen's amendment next and talk about that. But I think the better idea, so you're putting yourself at risk because I have no idea what the rest of the state thinks of it, is a supermajority of a city council in a respective municipality. That's coming up. I don't know if it's out there on our systems yet. I guess I would just say I'm going to vote against this. You all do what you want. I understand the logic behind this, I just don't necessarily agree with it. Thank you, Mr. President. [LB85]

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SPEAKER FLOOD: Thank you, Senator Friend. There are no other lights on. Senator McGill, you are recognized to close on AM66. [LB85]

SENATOR MCGILL: Mr. President, members of the body, I threw this bill up here for a bit of discussion, and I plan to not vote on it actually. I do support Senator Friend's amendment to require two-thirds votes of the city council, and I hope that puts some of the thoughts of some of the members at ease knowing that it will take that supermajority in order to get these bonds approved. I'm interested to see how this vote turns out. Like I said, I plan to not vote because I do believe the whole state should have access to this new financing mechanism that I'm proposing here in LB85. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. Members, you've heard the closing on AM66. The question is, shall AM66 be adopted? All those in favor vote yea; all those opposed vote nay. Have all those voted who care to? Have all those members who wish to vote done so? Mr. Clerk, please record. [LB85]

CLERK: 13 ayes, 24 nays, Mr. President, on the amendment. [LB85]

SPEAKER FLOOD: AM66 is not adopted. Mr. Clerk. [LB85]

CLERK: Senator Janssen would move to amend, AM67. (Legislative Journal page 370.) [LB85]

SPEAKER FLOOD: Senator Janssen, you are recognized to open on AM67. [LB85]

SENATOR JANSSEN: Thank you, Mr. President, members of the body. I offer AM67, which essentially on page 3, line 3, after "district" insert "and that levied at least 90 percent of the maximum levy pursuant to section 77-3442 in the prior fiscal year," which means to the city councils or to the governing bodies, if you want to use this special new tool that you need so badly, show me that you have demonstrated your local control that you always say you want, that we always say we want to give them local control and use your levy ability to do this. I listened to Senator Friend, agreed with a lot, in fact, do like the amendment. I haven't read it all yet. But to me, we keep talking about, oh, that would raise property taxes, well, money is going to be money in this case. We're not talking about this bill today to decrease what the taxpayers are paying. In fact, it was brought up to me by Senator Lautenbaugh that people are watching us worldwide. He said there's tens of people watching this worldwide right now, tens of them all over the place. And if you're one of the tens watching right now and you're a resident that will be affected by this, this bill is not being offered as tax relief. It's not being offered to keep your property taxes lower. It might be hiding that, but they're asking for money. They want to spend your money. They are looking for a creative tool in which to spend your money and say that they didn't raise your property taxes. They're looking for a way to

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spend your money. What my amendment does is at least throws it back to the local control that we all want. You get your local control. The city council, governing body gets to sit down, they get to 90 percent of their lid levy, which if it is \$1.5 million as Senator Wightman was saying, Lincoln is currently at 30, they could be at 50. That's a lot of money. That's a lot that they're leaving on the table right now before they're coming to us looking for this new tool. And I do like my amendment. I want you to support my amendment. And just in hearing Senator Friend's proposed amendment, I like that too. Once you get to 90 percent, then you need two-thirds supermajority of the city council to bond. I have no problem with the bonding issue once you get to 90 percent and you have the two-thirds. So I like that amendment as well. I would encourage you to support AM67. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Janssen. Members, you've heard the opening on AM67. We now return to discussion on the amendment. Senator McGill, you are recognized. [LB85]

SENATOR MCGILL: Mr. Speaker, members of the body, I just rise to oppose this amendment. We've been through this already in the hours that we've been debating this bill. And so I won't rearticulate everything I've already said, just that I do not support this amendment. I hope we can move on quickly to Senator Friend's amendment so we can vote on that before the lunch hour. And I would like to yield the rest of my time to Senator Nantkes. [LB85]

SPEAKER FLOOD: Senator Nantkes, you have 4 minutes and 30 seconds. [LB85]

SENATOR NANTKES: Thank you, Mr. President. Thank you, Senator McGill. Senator Janssen, I was hoping that you would yield to some questions. [LB85]

SPEAKER FLOOD: Senator Janssen, will you yield to a question from Senator Nantkes? [LB85]

SENATOR JANSSEN: Yes. [LB85]

SENATOR NANTKES: Thank you, Senator Janssen. I was wondering if you were aware that we have a variety of different state aid programs here in Nebraska where we send direct appropriations to municipalities, counties, NRDs, etcetera. Were you aware of those programs? [LB85]

SENATOR JANSSEN: Not specific programs. I am aware of programs available that are pushed down to the city level from my time in Fremont. [LB85]

SENATOR NANTKES: Uh-huh. I was just wondering, if we adopted the logic as put forth in AM67 if we should have the same limitation on those direct aid programs as



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what you're trying to forward in regards to this financing mechanism. [LB85]

SENATOR JANSSEN: I prefer to answer questions to LB85 and not theorize on questions that aren't before us. [LB85]

SENATOR NANTKES: Okay. Well, I think that the point that you were trying to make though, it's my understanding, through AM67, was that we shouldn't offer help to any local governments that don't fully utilize their taxing authority. Is that right? [LB85]

SENATOR JANSSEN: I say we should offer help to people that have already helped themselves, and in this case they clearly aren't helping themselves with the tools they have available, Senator Nantkes. [LB85]

SENATOR NANTKES: So I guess the point, I just wanted to (a) make sure that you were aware of those other programs wherein literally millions and millions of state General Fund dollars go out to cities, counties, NRDs, and local governments, and not all of them are fully utilizing their local taxing authority. So I'm wondering if you would be willing to support an amendment similar to the ideas that you've proposed in this regard. [LB85]

SENATOR JANSSEN: Again, I can't speak without a specific program being in front of me. [LB85]

SENATOR NANTKES: Okay. Thanks so much. [LB85]

SPEAKER FLOOD: Thank you, Senator Nantkes. Senator White, you are recognized. [LB85]

SENATOR WHITE: Thank you, Mr. President. I rise in opposition to this particular amendment and would urge the body to consider basic economic rules. The larger a tax base, usually the more services that can be provided at a lower per person cost. What Senator McGill's underlying bill would provide is the flexibility for a city to estimate past growth, to evaluate what's necessary to see continued growth, and to leverage the continued growth without raising current taxes. This actually is not a hidden tax increase, just the opposite. What it does is allow a company, a city using debt, using leverage to grow without the burdens being placed today on the taxpayers. Now, does it always work out in every case? No, not always. But generally can these types of laws be used safely to reduce property taxes? And the answer is, yes, they can. If, for example, you have a city with more stores selling more goods to more residents, you actually have a healthier tax structure that can have a lower impact on the individual residents of the city. One of the overriding challenges Nebraska faces is that we have to provide full services of a state and yet we have a population of 1.7 million. We are regularly hamstrung by our lack of growth, by our lack of population, but our needs for

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good, first-rate universities, first-rate hospitals, first-rate police forces. This is a bill that makes perfect economic sense. It does not require an immediate property tax increase, but allows for future growth. I find the amendment to be perverse in that it says, your efforts to avoid property tax increases must first, before you can use bonding, you must first raise all the property taxes so you can have more growth. But one of the larger impediments to growth are higher property taxes. So I think the amendment is counterproductive to both the underlying goals of the bill, but also our continued economic health as a state. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator White. Senator Friend. [LB85]

SENATOR FRIEND: Thank you, Mr. President. Members of the Legislature, again, actually I wanted to thank Senator Janssen for bringing the amendment forward because I think it's valuable discussion. I just think it's discussion that we can partition and, I mean, he's right. Remember the four buckets I talked about. He's absolutely right. But I think Senator White is correct as well. There is no...I don't think there's anybody trying to hide anything here. I think that there are city councils--and my amendment behind tells you that the city councils will be more restricted--the city councils are saying, we've got a bunch of people out in our community that say, do not raise our property taxes, period! Don't do it! If you do, we're going to throw you out of office. They're telling you the same thing: Don't raise my income taxes, don't raise my sales taxes, don't inadvertently raise my property taxes. Because that's what we can do in this Legislature. We can affect property taxes. It's what we're doing with bonding, we could with bonding. Nobody is trying to hide anything here, but I do think that what we want to do is make sure we partition this discussion. Nobody wants to use those property taxes because they're not going to be...because the citizens don't want them to do it, and they pay representatives to be halfway creative. You know what they're saying? Give us our roads. Give us our infrastructure. Give us all of these things. Make sure that at cop shows up when we need him to show up. Make sure that the EMS services show up when we need them to show up. Make sure that I get a good road to drive in and I don't bust my car when I drive over a pothole. They want all those things, but they don't want their property taxes raised. Fair enough. Fair enough. Here is an idea, do we agree...and that's LB85. Do we agree with the idea as a policymaking body or do we not? But I think the discussion is partitioned. I think it has to be. I respectfully would ask that you vote against AM67 because we will have this discussion 25 times this session, I'll guarantee it. And Senator Janssen, who has eloquently explained exactly what he wants to do, is going to get more chances. On this one, I just...I think we partitioned it. I don't think it's necessary. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Friend. Senator Adams, you are recognized. [LB85]

SENATOR ADAMS: Thank you, Mr. President. I'm going to keep my comments very

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short. But as Senator Janssen brought this amendment and, Senator Janssen, you can correct me if I'm wrong in the way I interpreted your amendment, but the essence of it is you're saying that this flexibility will be granted to municipalities, but not until you have--I'm going to use an interesting word--demonstrated a local effort rate. And then I heard Senator Nantkes' appropriate comments about state aid. And with that, I'm about to conclude. The amount of money we send to school districts in TEEOSA, the resource side is based first of all at a \$1 local effort rate of a school put up before we start to fund the gap. So in light of that premise, that philosophy, Senator Janssen's language, if I interpret it correct, has some value to me. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Adams. There are no other lights on. Senator Janssen, you are recognized to close on AM67. [LB85]

SENATOR JANSSEN: Thank you, Mr. President, members of the body. I would just like to say I have no problem with this bonding authority. I agree with Senator White. I think this is an opportunity for growth. Conversely, I agree with Senator Adams, and that's a great point. The local effort rate for our schools, we do hold them accountable. We go to the school boards, we go and we say, show us that you're making an effort. I think what Senator Adams was trying to say was put up or shut up, but he stopped just short of that, so I'll say it. And that's what I'm asking the city council people to do as well. And with that, I would encourage you to support this amendment, and I still do like the premise behind Senator Friend's amendment as well. And I hope this one passes and his amendment passes as well, and then we'll have a better bill, in my opinion. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Janssen. Members, you've heard the closing on AM67. The question is, should AM67 be adopted? All those in favor vote yea; all those opposed vote nay. Senator Janssen, for what purpose do you rise? [LB85]

SENATOR JANSSEN: Mr. Speaker, could I have a call of the house, roll call vote? [LB85]

SPEAKER FLOOD: A call of the house has been requested. All those who wish to place the house under call vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB85]

CLERK: 42 ayes, 1 nay, Mr. President, to place the house under call. [LB85]

SPEAKER FLOOD: Members, the house is under call. Senators, please record your presence. Those senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Cornett, would you please check in. All senators are present or otherwise accounted for. Mr. Clerk, a roll call vote has been requested. [LB85]

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CLERK: (Roll call vote taken, Legislative Journal page 370.) 16 ayes, 32 nays, Mr. President, on the motion. [LB85]

SPEAKER FLOOD: AM67 is not adopted. Mr. Clerk. [LB85]

CLERK: Senator Friend would move to amend, Mr. President, with FA8. (Legislative Journal page 371.) [LB85]

SPEAKER FLOOD: And I do raise the call. FA8. Senator Friend, you are recognized to open. [LB85]

SENATOR FRIEND: Thank you, Mr. President, members of the Legislature. I alluded to this earlier during the discussion on Senator Janssen's amendment. FA8, on page 3 in your green copy, line 3, after "ordinance" you insert "approved by a vote of two-thirds of the members of its governing body." This amendment is what it is. What we're asking for out of the Urban Affairs Committee and what Senator McGill is asking for is something fairly unique. And this is pretty unique. There are some things that governing bodies, municipal governing bodies have to have majority votes for. I think it's probably fair that this is one of them. And I also think that it changes the discussion a little bit. I mean, if there are people sitting on the fence going, well, this is just too easy to get this bonding, you ever try to get five members of a city council to agree on anything? It's a difficult task. It's probably not something that anybody from the league or anybody else out there really likes that much. My gut tells me that in order to take a unique situation, we're going to need a unique...another unique way to approach it. That's what this does. I'd be happy to answer any questions about this. More or less, you got four people on a city council somewhere, you're going to need three people to vote for it in order to provide the authority to do what we're asking in LB85. Again, I'd be happy to answer any questions. That's all the amendment does. I personally think it makes a unique bill better, but just my opinion. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Friend. Senator McGill, you're recognized, followed by Senators Wightman, Hadley, and Gay. Senator McGill. [LB85]

SENATOR MCGILL: Mr. President, members of the body, I think this is a great amendment. I really hope that it puts to ease some people's concerns about the voting issue, the vote of the people. You know, like Senator Friend said, how often is it that that many members of a city council agree with each other? You know, if a situation is that dire they will agree and they will use this authority when it's appropriate. So I really hope that puts folks at ease, and I also hope that the body can see the willingness that, you know, I've had and the city which brought this bill has had when it comes to taking new amendments and new suggestions to make this new idea, this new what we think is innovative concept and make it more palpable and more acceptable to those folks in

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other parts of the state who may have some concerns about it. You know, two-thirds majority I think is a great idea, and I would urge your support of FA8. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. Senator Wightman, you're recognized. [LB85]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I do rise in support of this amendment. I think maybe it cures some of the problems I see with the bill. I know that it's been argued that people are going to have to run on their record and in fact people of the city, councilmen for example, council persons are going to have to run on their record, but some of those may not run for three or four years. If it's supermajority, some of those are going to have to run on that record in a less period of time, a smaller period of time. I think that's good. I think we have other situations where a supermajority is required, even some on going beyond the lid limits. So I will support the amendment. If the amendment passes, I probably will go ahead and support the bill. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Wightman. Senator Hadley, you're recognized. [LB85]

SENATOR HADLEY: Mr. President, members of the body, I hope it's all right to use Senator Friend's microphone here for a moment. (Laughter) I rise in support of this amendment. I still am not sure that I like the underlying bill. But if the bill does pass, I do think that this does make it more difficult to get it passed. And I think the fact of people having to get a supermajority, I know, after having served on a city council as a mayor, that at times is not an easy thing to do. So I think it does strengthen the bill if it is passed. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Hadley. Senator Gay, you are recognized. [LB85]

SENATOR GAY: Thank you, Mr. President. I also rise in support of the amendment, and I didn't realize everyone else would as well, and that's great. But the reason I say that, I've been listening to the debate, not speaking a whole lot on it, but this, as I listen to the debate and look around the room, there are many of us who had come here and you had prior experience on a local government and you've made tough decisions. But every time we're talking local control, local control, well, there's also local responsibility. This is a good amendment. It's a good compromise, I think, and it will help the bill. But I do think we're forgetting that, by the way, these local people do stand for election to the voters, they take this very seriously, and this is a bar. It's a bar to achieve. You do not get everything you want when you go to these local boards and just say, oh, here's what we're going to do. So I think this is a good checks and balance to the bill. I believe we're

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allowing these people to utilize this concept in their local jurisdictions and watching the whole process. I think this will make it a much better bill. And I support not only the amendment, but I'm going to support the bill. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Gay. Senator Giese, you are recognized. [LB85]

SENATOR GIESE: Thank you, Mr. Speaker and members of the body. I rise in support of this amendment. Unfortunately, we had to take this step. We are saying basically that we trust our city councils, but do we really trust our city councils? And this will make them accountable for that. So I would ask Senator McGill a question, if I may. [LB85]

SPEAKER FLOOD: Senator McGill, will you respond to a question from Senator Giese? [LB85]

SENATOR MCGILL: I'd be happy to. [LB85]

SENATOR GIESE: Thank you. Senator McGill, do you trust your city council in Lincoln? [LB85]

SENATOR MCGILL: I do. [LB85]

SENATOR GIESE: And do you trust your mayor in Lincoln? [LB85]

SENATOR MCGILL: Yes, I do. And that's why this wasn't originally a part of the bill. [LB85]

SENATOR GIESE: Well, I appreciate that. And I think that we all do trust our city councils and mayors to make these decisions. And, therefore, I will support this amendment if that's what it takes to get this bill passed. I think it's a innovative way for our cities that are struggling to come up with ways to improve their communities to do so. So I rise in support of this amendment and will support the bill. [LB85]

SPEAKER FLOOD: Thank you, Senator Giese. Senator Janssen, you are recognized. [LB85]

SENATOR JANSSEN: Thank you, Mr. Speaker, members of the body. I do support this amendment. I still fear the bill will pass. I do not support the bill, and I want that to be very clear. I kind of see that it's going that way, that we are going to find a new way to tax the tens of people that are watching us worldwide right now, a creative way to use a tool that is unnecessary. The only reason that I'm supporting the amendment is now that we will have this unnecessary tool, if we so choose to vote for it, that it will become more difficult to pass at the local level, and local control will be there with the

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supermajority. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator Janssen. There are no other lights on. Senator Friend, you're recognized to close on FA8. [LB85]

SENATOR FRIEND: Thank you, Mr. President. Members of the Legislature, I would ask for the adoption--make this clear--I would ask for the adoption of FA8 and the advancement of LB85, not the adoption of FA8 and the destruction of LB85 because it's watered down. Thank you, Mr. President. [LB85]

SPEAKER FLOOD: Thank you, Senator Friend. Members, you've heard the closing on FA8. The question is, shall FA8 be adopted? All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Mr. Clerk, please record. [LB85]

CLERK: 46 ayes, 0 nays on adoption of the amendment. [LB85]

SPEAKER FLOOD: FA8 is adopted. Mr. Clerk. [LB85]

CLERK: I have nothing further on the bill, Mr. President. [LB85]

SPEAKER FLOOD: Returning to discussion on LB85. Seeing no lights on...Senator Price, you are recognized. [LB85]

SENATOR PRICE: Thank you, Mr. President, members of the body. I wonder if Senator McGill would yield to a question. [LB85]

SPEAKER FLOOD: Senator McGill, will you yield to a question from Senator Price? [LB85]

SENATOR MCGILL: Yes. [LB85]

SENATOR PRICE: Senator McGill, in reading the bill, I see that we've levied a limit to say that there should be no more bonding than what was available in the prior year, correct? [LB85]

SENATOR MCGILL: It's based on sales tax revenue from the previous year, yeah. [LB85]

SENATOR PRICE: From the previous year, right, and that...and then you forecast forward. Did we see a downturn in the economy in the fiscal year 2006 that we have in 2008-2009? [LB85]

SENATOR MCGILL: Well, we have recently, yes. [LB85]

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SENATOR PRICE: But did we see that...so if we had bonded...if this bill had been adopted, and 2008 based on 2007's projections, and here we are now, 2009, would we not be challenging the tax revenue basis? [LB85]

SENATOR MCGILL: The economy does go up and down and the city does have to deal with all the things that they fund as the economy goes up and down. [LB85]

SENATOR PRICE: Okay. Thank you very much, Senator. [LB85]

SPEAKER FLOOD: Thank you, Senator Price. Senator Harms. [LB85]

SENATOR HARMS: I call the question. [LB85]

SPEAKER FLOOD: Senator Harms, you are the last light on. If you would withdraw your light, we'll waive your opportunity to speak. I see no other lights on. Senator McGill, I will give you the opportunity to close, should you choose. [LB85]

SENATOR MCGILL: I would appreciate that, Mr. Speaker. Thank you very much. Members of the body, I think that we have an even better bill now than we did this morning. We've added several amendments that I think make the bill even stronger and, you know, ensure that you have support of the majority of the city council who can be held accountable to the public for their actions. And just getting that many people to agree on a city council is difficult. So I think there are some real safeguards here that we've added today. We've limited the number of ways that the city can use this bonding authority. So I really hope that we can see LB85 move on to Final Reading. Thank you. [LB85]

SPEAKER FLOOD: Thank you, Senator McGill. Senator Nordquist for a motion. [LB85]

SENATOR NORDQUIST: Mr. President, I move LB85 to E&R for engrossing. [LB85]

SPEAKER FLOOD: Thank you, Senator Nordquist. I've heard a request for a machine vote and a record vote. That request has been received and is so ordered. The question before the body is, should LB85 advance to E&R for engrossing? All those in favor vote yea; all those opposed vote nay. Record vote has already been ordered. You may be seated. Mr. Clerk, please record. [LB85]

CLERK: (Record vote read, Legislative Journal page 371.) 36 ayes, 10 nays, 2 present and not voting, 1 excused and not voting, Mr. President. [LB85]

SPEAKER FLOOD: LB85 advances to E&R for engrossing. Mr. Clerk. [LB85]



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CLERK: Mr. President, I do have a few bills without amendment. Senator Nordquist, LB120. I do have...or E&R amendments. Excuse me, Senator. (ER8006, Legislative Journal page 308.) [LB120]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB120]

SENATOR NORDQUIST: Mr. President, I move the E&R amendments to LB120. [LB120]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have; the E&R amendments are adopted. [LB120]

CLERK: I have nothing further on LB120, Senator. [LB120]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB120]

SENATOR NORDQUIST: Mr. President, I move LB120 to E&R for engrossing. [LB120]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. The ayes have it; LB120 advances to E&R for engrossing. Mr. Clerk. [LB120]

CLERK: LB251. Senator, I have no amendments to the bill. [LB251]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB251]

SENATOR NORDQUIST: Mr. President, I move LB251 to E&R for engrossing. [LB251]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it; LB251 advances to E&R for engrossing. Mr. Clerk. [LB251]

CLERK: LB166. Senator, it does have Enrollment and Review amendments. (ER8009, Legislative Journal page 321.) [LB166]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB166]

SENATOR NORDQUIST: Mr. President, I move the E&R amendments to LB166. [LB166]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it; the E&R amendments are adopted. [LB166]

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CLERK: I have nothing further on LB166, Senator. [LB166]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB166]

SENATOR NORDQUIST: Mr. President, I move LB166 to E&R for engrossing. [LB166]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it; LB166 is advanced to E&R for engrossing. Mr. Clerk. [LB166]

CLERK: LB123. Senator, it does have Enrollment and Review amendments. (ER8011, Legislative Journal page 330.) [LB123]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB123]

SENATOR NORDQUIST: Mr. President, I move the E&R amendments to LB123. [LB123]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. The ayes have it; the E&R amendments are adopted. Mr. Clerk. [LB123]

CLERK: I have nothing further on LB123, Senator. [LB123]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB123]

SENATOR NORDQUIST: Mr. President, I move LB123 to E&R for engrossing. [LB123]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. The ayes have it; LB123 advances to E&R for engrossing. Mr. Clerk. [LB123]

CLERK: LB75. Senator, there are E&R amendments. (ER8010, Legislative Journal page 330.) [LB75]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB75]

SENATOR NORDQUIST: Mr. President, I move the E&R amendments to LB75. [LB75]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. The ayes have it; LB75 is advanced...or the committee amendment...the amendments have been adopted. Mr. Clerk. [LB75]

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CLERK: I have nothing further on the bill, Mr. President. [LB75]

SPEAKER FLOOD: Senator Nordquist for a motion. [LB75]

SENATOR NORDQUIST: Mr. President, I move LB75 to E&R for engrossing. [LB75]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. LB75 advances to E&R for engrossing. Mr. Clerk, items for the record? [LB75]

CLERK: Mr. President, Banking, Commerce and Insurance Committee reports LB432 to General File with amendments. Senator Stuthman, an amendment to LB5 to be printed, and Senator Wightman to LB5, and Senator Lathrop to LB192. Mr. President, nine name adds: Senator Coash to LB306; Senator Haar to LB499; Senator Langemeier, LB675; Senator Pirsch, LB675; Senator Pirsch, LB676. (Legislative Journal pages 372-374.) [LB5 LB192 LB306 LB432 LB499 LB675 LB676]

And I do have a priority motion, Mr. President. Senator Nantkes would move to adjourn the body until Thursday morning, February 5, at 9:00 a.m. []

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. The ayes have it; we are adjourned. (Gavel) []