

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 09, 2015

[LB36 LB132 LB141 LB152 LB227A LB230 LB243 LB320 LB343 LB355 LB379 LB414
LB449 LB450 LB519 LB554 LB561 LB569 LB591 LB642 LR7CA LR175 LR176 LR177]

SPEAKER HADLEY PRESIDING

SPEAKER HADLEY: GOOD MORNING, LADIES AND GENTLEMEN. WELCOME TO THE GEORGE W. NORRIS LEGISLATIVE CHAMBER FOR THE SIXTIETH DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, FIRST SESSION. OUR CHAPLAIN FOR TODAY IS SENATOR LINDSTROM. PLEASE RISE.

SENATOR LINDSTROM: (PRAYER OFFERED.)

SPEAKER HADLEY: THANK YOU. I CALL TO ORDER THE SIXTIETH DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, FIRST SESSION. SENATORS, PLEASE RECORD YOUR PRESENCE. ROLL CALL. RECORD, MR. CLERK.

ASSISTANT CLERK: THERE IS A QUORUM PRESENT, MR. PRESIDENT.

SPEAKER HADLEY: CORRECTIONS FOR THE JOURNAL?

ASSISTANT CLERK: I HAVE NO CORRECTIONS THIS MORNING.

SPEAKER HADLEY: MESSAGES, REPORTS, AND ANNOUNCEMENTS?

ASSISTANT CLERK: MR. PRESIDENT, THE ONLY ANNOUNCEMENT, THAT REVENUE COMMITTEE WILL HOLD AN EXECUTIVE SESSION AT 10:00 A.M. UNDER THE NORTH BALCONY.

SPEAKER HADLEY: WE WILL RETURN TO THE AGENDA. MR. CLERK.

ASSISTANT CLERK: MR. PRESIDENT, FIRST BILL THIS MORNING, LB414 BY SENATOR HARR. (READ LB414 BY TITLE.) THE BILL WAS REFERRED TO THE REVENUE COMMITTEE, PLACED ON GENERAL FILE, AND HAS BEEN PREVIOUSLY CONSIDERED THE LAST TWO DAYS. CURRENTLY PENDING IS A MOTION TO INDEFINITELY POSTPONE FROM SENATOR CHAMBERS. [LB414]

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SPEAKER HADLEY: SENATOR HARR, YOU'RE RECOGNIZED TO GIVE US A BRIEF UPDATE ON LB414. [LB414]

SENATOR HARR: THANK YOU, MR. SPEAKER, MEMBERS OF THE BODY. THIS IS THE SAME BILL WE DEBATED YESTERDAY MORNING AND THE DAY BEFORE THAT IN THE AFTERNOON. THIS IS ABOUT TAX FAIRNESS EQUITY. FRATERNAL BENEFIT ORDERS IN CERTAIN COUNTIES ARE TREATED DIFFERENTLY IN DIFFERENT COUNTIES. WE'RE PROVIDING CLARITY. I WOULD ASK FOR YOUR SUPPORT ON LB414. THANK YOU. [LB414]

SPEAKER HADLEY: SENATOR CHAMBERS, YOU'RE RECOGNIZED TO GIVE US A BRIEF REPORT ON YOUR MOTION TO INDEFINITELY POSTPONE. [LB414]

SENATOR CHAMBERS: THANK YOU. AND MR. PRESIDENT, SINCE THIS IS NOT ONE OF MY TIMES TO SPEAK, I'LL BE VERY BRIEF. I FILED A MOTION TO INDEFINITELY POSTPONE THIS BILL BECAUSE I THINK IT'S BAD POLICY AND THAT'S THE REASON FOR THE MOTION. THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR HUGHES, YOU'RE RECOGNIZED. [LB414]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. I, TOO, AM OPPOSED TO THIS BILL. I WILL SUPPORT THE CHAMBERS' AMENDMENT TO INDEFINITELY, OR CHAMBERS' MOTION TO INDEFINITELY POSTPONE. THIS IS BAD POLICY. GIVING TAX BREAKS TO INDIVIDUAL COMPANIES JUST BECAUSE THEY THREATEN THE STATE OF NEBRASKA OR THE CITY OF OMAHA IS A VERY BAD PRECEDENT TO SET. SO I WOULD APPRECIATE MY COLLEAGUES' SUPPORT OF THE MOTION TO INDEFINITELY POSTPONE. THANK YOU. [LB414]

SPEAKER HADLEY: SENATOR HARR, YOU'RE RECOGNIZED. [LB414]

SENATOR HARR: THANK YOU. AND I WILL NOW ADDRESS THE IPP MOTION, AND TALK ABOUT WHAT THIS BILL IS, AND WHAT THIS BILL IS NOT. YOU HEARD SENATOR HUGHES SAY THIS IS BAD TAX POLICY, THAT THIS IS A GIVEAWAY TO ONE TYPE OF BUSINESS. NOT ONE TYPE, BUT ONE INDIVIDUAL BUSINESS. AND NOTHING COULD BE FARTHER FROM THE TRUTH. YESTERDAY, YOU HEARD THERE IS NO GUIDANCE PROVIDED BY THE DEPARTMENT OF REVENUE ON HOW TO TREAT 501(c)(8). THERE IS GUIDANCE ON HOW TO DEAL WITH 501(c)'s, BUT IT DOESN'T DIRECTLY DEAL WITH 501(c)(8)'s AND AS A RESULT, YOU HAVE A

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SITUATION IN DOUGLAS COUNTY WHERE YOU HAD ONE FRATERNAL BENEFIT ORDER BEING TREATED ONE WAY, AND ANOTHER, ANOTHER. SINCE THEN WE TREAT IT ONE WAY, BUT THE WAY DOUGLAS COUNTY TREATS IT IS NOT THE SAME AS HOW OTHERS, INCLUDING LANCASTER COUNTY, TREAT THESE FRATERNAL BENEFIT ORDERS. WHAT WE'RE TRYING TO DO HERE IS SAY WHAT IS A FRATERNAL BENEFIT...EXCUSE ME. WE ARE NOT TRYING TO SAY WHAT IS THE FRATERNAL BENEFIT SOCIETY. WHAT WE ARE TRYING TO DO IS TO CREATE TAX POLICY ON HOW THESE SHOULD BE TREATED. AND, YOU KNOW, THESE ENTITIES ARE FORMED BY FEDERAL STATUTE. SO HOW DOES FEDERAL STATUTE TREAT THESE ENTITIES? AND THE WAY THEY TREAT THEM IS THEY SAY THEY'RE EXEMPT FROM TAXES. NO IFS, ANDS, BUTS, OR EXCEPTIONS. THAT'S WHAT WE'RE DOING HERE, FOLKS, IS WE'RE TAKING WHAT IS A FEDERAL POLICY THAT CREATED THESE ENTITIES AND APPLYING THEM ON THE STATE LEVEL. IN THE EARLY '90s CONGRESS ASKED THEIR FISCAL OFFICE TO LOOK AT THESE TYPE OF ENTITIES TO SAY, HEY, ARE THESE TYPE OF ENTITIES OUTDATED? SHOULD WE CHANGE THEM? WHAT SHOULD WE DO? AND AFTER STUDYING IT, IT WAS DETERMINED THAT THESE, IN FACT, 501(c)(8)'s DO SERVE A PURPOSE AND THAT PURPOSE IS GOOD, AND THAT, IN FACT, THEY SHOULD REMAIN ON THE FEDERAL LEVEL. AND SO, WE ON THE STATE LEVEL FOLLOW THAT. AND SO I THINK IT'S ONLY GOOD AND RIGHT THAT WE FOLLOW THEIR POLICY AND THAT WE FOLLOW...THAT THE EXEMPTIONS FOR TAXES. THAT'S ALL THIS BILL DOES. IT WILL APPLY ACROSS THE BOARD TO ABOUT THIRTY-ONE FRATERNAL BENEFIT SOCIETIES. SO THIS ISN'T JUST ONE HANDOUT FOR ONE COMPANY. THANK YOU. I WOULD ASK YOU TO PLEASE OPPOSE THE IPP. [LB414]

SPEAKER HADLEY: SENATOR CHAMBERS, YOU'RE RECOGNIZED. [LB414]

SENATOR CHAMBERS: THANK YOU. MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE, WHEN ONE OF OUR COLLEAGUES PRESENTS A BILL SUCH AS THIS ONE AND IT'S CLEAR FROM EVERYTHING THAT WAS IN THE NEWSPAPERS, THAT EVERYBODY WHO HAS FOLLOWED THE ISSUE IS AWARE OF, IT'S TO HELP WOODMEN OF THE WORLD. AND FOR A BILL TO BE PRESENTED LIKE THIS UNDER THE GUISE OF FORMULATING A POLICY THAT IS STATEWIDE AND TO RESOLVE DIFFERENCES IS DISINGENUOUS AT BEST AND AT WORST. THE ONLY REASON SENATOR HARR BROUGHT THIS BILL WAS TO HELP WOODMEN OF THE WORLD, AND I WOULD LIKE TO ASK HIM A QUESTION OR TWO IF HE WOULD YIELD. [LB414]

SPEAKER HADLEY: SENATOR HARR, WILL YOU YIELD? [LB414]

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SENATOR HARR: OF COURSE. [LB414]

SENATOR CHAMBERS: SENATOR HARR, WASN'T IT WOODMEN OF THE WORLD AND THEIR SITUATION THAT LED TO YOU BRINGING THIS BILL? [LB414]

SENATOR HARR: BY THEIR SITUATION, YES, THE FACT THAT IN DOUGLAS COUNTY THEY WERE BEING TREATED DIFFERENTLY THAN OTHER FRATERNAL BENEFIT SOCIETIES. [LB414]

SENATOR CHAMBERS: BUT IT WAS WOODMEN OF THE WORLD AND NOT ALL THESE OTHER ENTITIES THROUGHOUT THE STATE THAT LED YOU TO BRING THIS BILL. ISN'T THAT TRUE? [LB414]

SENATOR HARR: AGAIN, I THINK I ANSWERED IT. IT WAS THAT THERE WAS AN INCONSISTENCY WITHIN DOUGLAS COUNTY AND SO I'M TRYING TO CREATE CONSISTENCY. [LB414]

SENATOR CHAMBERS: ALL RIGHT. WHEN YOU SAY THAT THERE IS AN INCONSISTENCY, WE'VE BEEN TOLD THAT THERE IS LEGAL ACTION PENDING ON THAT VERY ISSUE. IS THAT TRUE OR FALSE? [LB414]

SENATOR HARR: IT IS MY UNDERSTANDING, THAT IS CORRECT. [LB414]

SENATOR CHAMBERS: AND YOU WANT TO DERAIL THE COURT ACTION BY THE LEGISLATURE CHANGING A POLICY BY WAY OF STATUTE? [LB414]

SENATOR HARR: I WOULD DISAGREE WITH YOUR USE OF THE VERB, OR WORD, DERAIL. WHEN I SAY IS THAT WE ARE THE POLICYMAKING BODY, THERE IS AN ISSUE AS TO HOW THESE ENTITIES SHOULD BE TREATED AND BECAUSE...SO THERE IS A LAWSUIT DEALING WITH THAT. AND SO ONE WAY IS TO WAIT FOR THE COURTS. ANOTHER WAY IS TO SAY, HEY, WHY DON'T WE AS A POLICYMAKING BODY CLARIFY THIS OURSELVES SO THAT WE ARE IN CONTROL OF WHAT WE MEAN OR WHAT WE DON'T MEAN. [LB414]

SENATOR CHAMBERS: SENATOR, ANY ACTION IN ANY COURT IN THIS STATE COULD BE THEORETICALLY ADDRESSED BY THE LEGISLATURE THROUGH LEGISLATION IN A WAY THAT WOULD MAKE THE CASE TURN OUT...THAT WOULD SETTLE THE CASE. WOULD YOU AGREE WITH THAT? CAN YOU THINK OF ANY

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ISSUE BEFORE THE COURTS, ANY COURT, WHERE ACTION BY THE LEGISLATURE COULD NOT RESOLVE THE ISSUE? [LB414]

SENATOR HARR: I'VE NEVER PONDERED THAT. WELL, IF YOU COMMIT A CRIME, I DON'T KNOW IF WE COULD COME IN EX POST FACTO AND...AFTER THE FACT AND CHANGE THAT. AND THIS WOULDN'T EITHER, BY THE WAY. IF THEY OWE BACK TAXES, THEY OWE BACK TAXES. THIS DOESN'T FORGIVE ANY BACK TAXES. THIS IS ABOUT GOING FORWARD. [LB414]

SENATOR CHAMBERS: I'M NOT TALKING...I'M NOT TALKING ABOUT BACK TAXES. I'M TALKING ABOUT AN ISSUE IN LITIGATION. IF THE LEGISLATURE ACTED, IT COULD ANSWER THE QUESTION THAT IS BEING LITIGATED BY THE COURT, COULDN'T IT? [LB414]

SENATOR HARR: YOU KNOW, I DON'T THINK I CAN ANSWER THAT. I HAVEN'T...LIKE I SAY, I HAVEN'T THOUGHT ABOUT THAT. [LB414]

SENATOR CHAMBERS: OKAY. THANK YOU. MEMBERS OF THE LEGISLATURE, I DO THINK ABOUT THINGS, YET I DON'T GET ANY RESPECT AROUND HERE. I'M LIKE RODNEY DANGERFIELD. AND HERE IS THE ANSWER WHICH SENATOR HARR WOULD ARRIVE AT IF HE PONDERED FOR THIRTY SECONDS. THE LEGISLATURE HAS PLENARY AUTHORITY TO LEGISLATE ON ANY ISSUE THAT IT IS NOT PROHIBITED BY THE CONSTITUTION FROM LEGISLATING ON. [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR CHAMBERS: THE STATE CONSTITUTION IS A LIMITATION ON THE POWER OF THE LEGISLATURE. THE COURTS WILL NOT OFFER ADVISORY OPINIONS. THERE MUST BE TWO PARTIES AT LEAST WHO HAVE A GENUINE CONTROVERSY BETWEEN THEMSELVES. THERE CANNOT BE A CONTRIVED ISSUE BECAUSE ALL THE COURT WILL DO IS EITHER STATE THAT IT'S CONTRIVED, OR THE COURT WILL REALIGN THE PARTIES AND IF THEY ALL WINDUP ON THE SAME SIDE OF THE ISSUE, THERE IS NO LITIGABLE ISSUE BEFORE THE COURT AND THEY WILL SAY, WE DO NOT GIVE IN NEBRASKA, ADVISORY OPINIONS. AN ADVISORY OPINION IS ONE WHICH IS GIVEN WHERE THERE IS NO GENUINE CONTROVERSY TO BE SETTLED. BUT AN ADVISORY OPINION MAY NOT HAVE THE STATUS OF PRECEDENT BECAUSE THERE IS NO ISSUE BEFORE THE COURT. [LB414]

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SPEAKER HADLEY: TIME, SENATOR. [LB414]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR JOHNSON, YOU'RE RECOGNIZED. [LB414]

SENATOR JOHNSON: THANK YOU, MR. SPEAKER. I NEED TO KIND OF GET MY MEMORY REFRESHED A LITTLE BIT. I'LL DO A LITTLE BIT OF COMMENTING AND THEN I'LL ASK SENATOR HARR IF HE WOULD YIELD. I BELIEVE IT'S THE CITY THAT HAS AGREED THAT THEY WOULD LOSE SOME TAX REVENUE FROM THIS AND THEY ARE OKAY WITH THAT. IT'S IN COURT NOW, TYPE OF THING. MY QUESTION, IF SENATOR HARR WOULD YIELD? [LB414]

SPEAKER HADLEY: SENATOR HARR, WILL YOU YIELD? [LB414]

SENATOR HARR: YES. [LB414]

SENATOR JOHNSON: DOUGLAS COUNTY COULD ACT ON THIS. IS THAT CORRECT, AND MAKE THAT EXEMPTION? [LB414]

SENATOR HARR: NO. NO, THEY COULD NOT. [LB414]

SENATOR JOHNSON: SO IF...SO WE HAVE THE INCONSISTENCY, SO THE INCONSISTENCY IS TOTALLY AT THE STATE LEVEL NOT WITHIN ANY PARTICULAR COUNTY? [LB414]

SENATOR HARR: WELL, WHAT YOU HAVE IS THE DOUGLAS COUNTY ATTORNEY'S OFFICE WAS ASKED TO INTERPRET THE STATUTE AND BASED ON THAT INTERPRETATION OF THE STATUTE, THEY SAID AS THE LAW IS CURRENTLY WRITTEN, WOODMEN WOULD HAVE TO PAY TAXES. SO THAT'S THEIR INTERPRETATION. THEY SHOULD FOLLOW THEIR LEGAL COUNSEL. WHAT HAPPENED IS THERE ARE OTHER COUNTIES, AND I CAN'T SPEAK AS TO WHY THEY WOULD OR WOULD NOT INTERPRET THE STATUTE IN THE SAME WAY, I'VE READ THE STATUTE. MY...I THINK IT'S PRETTY CLEAR THAT UNDER THE CURRENT SITUATION, THEY PROBABLY WOULD HAVE TO PAY TAXES. BUT THERE IS THIS UNCERTAINTY. AND SO WHAT WE'RE DOING IS COMING THROUGH AND SAYING, HEY, FOLKS, THEY HAVEN'T PAID IN THE PAST, THESE TYPE OF ENTITIES DON'T PAY IN THE PAST, THEY HAVEN'T PAID IT IN SOME COUNTIES, MOST

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COUNTIES, LET'S JUST MAKE WHAT IS ALREADY HAPPENING CONSISTENT ACROSS THE STATE. [LB414]

SENATOR JOHNSON: OKAY, THANK YOU. SO, IT IS A STATE ISSUE. I THINK RIGHT NOW WE'VE GOT THE EMOTION IN IT AS, YOU KNOW, THE BIG COMPANY MAY BE MOVING AND I THINK THAT'S WHAT'S CLOUDING MAYBE AT LEAST MY THINKING A LITTLE BIT. ARE WE DOING THIS FOR ONE ENTITY THAT'S THREATENING TO MOVE, OR DO WE NEED TO TAKE IT ON AS A STATEWIDE ISSUE? I THINK IT WOULD BE A LOT BETTER IF WE DIDN'T HAVE THE WOODMEN OF THE WORLD SITUATION IN OUR DISCUSSION AND BEING ABLE TO ACT WITH MORE OF AN OPEN MIND INSTEAD OF HAVING THAT THREAT OVER US. SO, AT THIS POINT, IF THERE WAS A WAY THAT WE COULD DROP THE DISCUSSION AND THEN LATER ON, NEXT YEAR OR SOMETHING, COME BACK AND LOOK AT IT AGAIN. YEAH, WOODMEN OF THE WORLD'S NAME WOULD PROBABLY COME UP IN IT AGAIN, BUT IT WOULD BE NICE IF WE COULD LOOK AT IT WITHOUT ANY SITUATION JUST LIKE WE'RE DEALING WITH WOODMEN OF THE WORLD RIGHT NOW. THANK YOU. [LB414]

SPEAKER HADLEY: SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB414]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I FIND THE DISCUSSION RATHER INTERESTING, YOU KNOW, AS WE GO FORWARD. WE'VE ALL BEEN LOOKING FOR PROPERTY TAX RELIEF AND HERE WE HAVE AN OPPORTUNITY TO GRANT SOME, IT'S JUST A LITTLE BIT TOO SPECIFIC. SO, IF MAYBE AGRICULTURE AS A BUSINESS, WE THREATEN TO MOVE OUT OF THE STATE, WE SAY WE'RE GOING TO LEAVE, I HAVE A LITTLE TROUBLE PACKING UP MY STUFF, BUT MAYBE WE'D JUST BE GRANTED AN EXEMPTION. LET'S JUST BYPASS IT BECAUSE WE MIGHT WANT TO LEAVE THE STATE. I THINK THE POLICIES ARE SET OUT THERE AND I THINK THEY CAN BE INTERPRETED DIFFERENTLY IN DIFFERENT COUNTIES, OBVIOUSLY, SO IT SHOULD BE LEFT TO THE COURTS TO DECIDE. OBVIOUSLY, SOME AREAS TREAT BUILDINGS LIKE THIS DIFFERENTLY AND FOR US TO STEP INTO IT NOW, IT SEEMS A LITTLE BIT PREMATURE WHEN IT'S ALREADY TRYING TO BE DECIDED SOMEWHERE ELSE. AND WE START GRANTING EXEMPTIONS TO ONE BUSINESS OR ANOTHER THAT THEY THREATEN TO LEAVE THE STATE, WE GIVE PLENTY OF TAX CREDITS AND OTHER THINGS TO GET PEOPLE HERE, BUT IF WE HAVE TO START GRANTING CREDITS OR EXEMPTIONS TO KEEP PEOPLE HERE, WE'RE HEADED IN THE WRONG DIRECTION. JUST LIKE THE OTHER DAY WHEN I DIDN'T WANT TO GIVE UP THE SALES TAX REVENUE FROM THE OMAHA ZOO. I LOOK AT THIS AS IN OMAHA, THEY'RE PUSHING THIS PROPERTY TAX BILL ON TO THE HOMEOWNERS WHO ARE JUST AS UPSET AS I AM

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ABOUT PROPERTY TAXES. THEY THINK THEY'RE TOO HIGH. AND SO HERE AT THE SAME TIME WE WANT TO EXEMPT SOME, PUSH THAT BILL OFF ON TO OTHERS WHO CAN LEAST AFFORD IT AND MOVE FORWARD LIKE THAT. AND THE NEXT COMPANY WILL COME ALONG AND WANT THE SAME THING. ARE WE GOING TO GRANT THEM JUST BECAUSE THEY WANTED TO MOVE, TOO, OR THREATEN TO? I DON'T THINK SO. I THINK WE NEED TO JUST SIT BACK, WATCH, SEE WHAT HAPPENS, SEE WHAT THE COURTS DECIDE, AND THEN WE CAN STEP IN IF WE DECIDE TO CHANGE THINGS. I KNOW IN THE PAST I THINK THERE HAS BEEN TALK OF LOOKING AT OTHER TAX EXEMPT ENTITIES AND ADDING THEM BACK IN. I THINK EVEN SENATOR CHAMBERS HAS TALKED ABOUT ADDING CHURCHES BACK IN. WE'VE HAD THAT DISCUSSION AND NOW WE'RE STARTING TO EXEMPT SOME MORE. SO I RISE IN SUPPORT OF INDEFINITELY POSTPONING AND LET'S LOOK AT THIS IN THE FUTURE. THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR CHAMBERS, YOU'RE RECOGNIZED. [LB414]

SENATOR CHAMBERS: THANK YOU. MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE, I'M GOING TO TRY TO GET SENATOR HARR TO RUMMAGE THROUGH HIS BRAIN, THE ORGAN WHICH I REFER TO AS A TOOL BOX, EVERYBODY'S, AND SEE IF WE CAN GET INTO A COLLOQUY RATHER THAN A SOLILOQUY. IF SENATOR HARR WOULD YIELD, I'D LIKE TO ASK HIM A QUESTION OR TWO. [LB414]

SPEAKER HADLEY: SENATOR HARR, WILL YOU YIELD? [LB414]

SENATOR HARR: YES. [LB414]

SENATOR CHAMBERS: SENATOR HARR, ARE YOU FAMILIAR WITH THE ISSUE BEFORE THE COURT IN THE LITIGATION WHICH YOU ARE AWARE OF, WHICH IS BEFORE THE COURT? [LB414]

SENATOR HARR: IT'S BEFORE TERC, THE TAX EQUALIZATION, BUT YES. I'M AWARE OF THE LITIGATION, IS PROBABLY A BETTER TERM TO USE. [LB414]

SENATOR CHAMBERS: LITIGATION. IF THAT DECISION IS RENDERED, WHAT WILL BE THE SWEEP OR THE REACH OF THAT DECISION? WILL IT BE STATEWIDE OR IS IT DEALING WITH ONE ENTITY? [LB414]

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SENATOR HARR: WELL, IF IT STOPS AT TERC, IT WOULD ONLY DEAL WITH ONE ENTITY. [LB414]

SENATOR CHAMBERS: AND THAT'S THE ONLY LITIGATION THAT IS CURRENTLY IN EFFECT. IS THAT CORRECT? [LB414]

SENATOR HARR: THAT, I CAN'T ANSWER. I DON'T KNOW THE ANSWER TO THAT. [LB414]

SENATOR CHAMBERS: WHAT IS THE ENTITY, IF YOU KNOW, THAT TERC IS LOOKING AT? [LB414]

SENATOR HARR: WOODMEN OF THE WORLD. [LB414]

SENATOR CHAMBERS: SO THERE IS SOME LITIGATION ADDRESSING THIS ENTITY WHICH IS TRYING TO CONVERT THE LEGISLATURE INTO 49 LACKEYS, AND YOU CAN CHANGE THE TERMINOLOGY IF YOU PLEASE. [LB414]

SENATOR HARR: WELL, I MEAN, IF THE QUESTION IS, THERE'S LITIGATION, YES. [LB414]

SENATOR CHAMBERS: AND IF TERC RULED THAT WOODMEN OF THE WORLD HAS TO PAY SALES TAX...PROPERTY TAX, WHAT WILL BE THE SIGNIFICANCE OF THAT RULING? [LB414]

SENATOR HARR: THEY WOULD HAVE TO PAY PROPERTY TAXES. [LB414]

SENATOR CHAMBERS: AND IS IT YOUR CONTENTION THAT IF THEY HAD TO PAY EIGHT HUNDRED THOUSAND DOLLARS IN PROPERTY TAX, THEY WOULD PICK UP AND LEAVE THIS STATE FOR THAT AMOUNT OF MONEY? IS THAT YOUR CONTENTION? [LB414]

SENATOR HARR: NO, MY CONTENTION IS THAT THIS IS A BILL ABOUT CLARITY, ABOUT MAKING SURE THAT WE ARE CONSISTENT ACROSS THE STATE IN ENFORCEMENT TO MAKE SURE THAT HOW THE MAJORITY OF THESE ARE TREATED, WE CONTINUE TO DO THAT, BECAUSE IT SEEMS TO BE THAT IS THE

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WILL OF THE PEOPLE BECAUSE THAT IS WHAT'S GOING ON, THE MAJORITY ARE NOT TAXED. AND SO, I'M TRYING TO KEEP IT THAT WAY. [LB414]

SENATOR CHAMBERS: SENATOR, ARE THERE OTHER ENTITIES OF THIS KIND WHICH ARE TAXED IN THE WAY THAT WOODMEN OF THE WORLD IS? [LB414]

SENATOR HARR: NOW THERE IS. THERE IS THE KNIGHTS OF COLUMBUS IN OMAHA WHICH WERE NOT TAXED BEFORE. [LB414]

SENATOR CHAMBERS: AND YOU NEVER SAW THE NEED TO BRING LEGISLATION OF THIS KIND TO SOLVE THEIR ISSUE SO THAT EVERYBODY ALL OVER THE STATE WOULD BE TREATED THE SAME WAY. YOU NEVER BROUGHT LEGISLATION TO DO THAT, DID YOU? [LB414]

SENATOR HARR: NO, BECAUSE IT HAD NEVER BEEN BROUGHT TO MY ATTENTION BEFORE. [LB414]

SENATOR CHAMBERS: AND NOW THAT IT'S BEEN BROUGHT TO YOUR ATTENTION, YOU FEEL THAT THE WHOLE STATE OUGHT TO BE EMBRACED BY LEGISLATION? [LB414]

SENATOR HARR: WELL, I THINK WE SHOULD TREAT THEM EQUALLY ACROSS THE STATE, YES. [LB414]

SENATOR CHAMBERS: SO EITHER THEY SHOULD ALL BE TAXED OR NONE BE TAXED. THAT'S YOUR CONTENTION, CORRECT? [LB414]

SENATOR HARR: WELL, NO, MY CONTENTION IS THEY SHOULD NOT BE TAXED. [LB414]

SENATOR CHAMBERS: WELL, YOU SAID THEY SHOULD BE TREATED EQUALLY. THAT DOESN'T ALLOW OF JUST ONE DIRECTION, THAT ALLOWS OF BOTH DIRECTIONS. SO WOULD THEY BE TREATED EQUALLY IF ALL HAVE THEIR PROPERTY TAXED? WOULD THEY ALL BE TREATED EQUALLY IN THAT SCENARIO? [LB414]

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SENATOR HARR: WELL, YOU ASKED WHAT MY CONTENTION WAS. MY CONTENTION IS THEY SHOULD ALL BE TREATED EQUALLY AND THAT THEY SHOULD BE EXEMPT FROM TAX SO THEY ARE TREATED ON THE SAME WAY ON THE STATE LEVEL AS THEY ARE ON THE FEDERAL LEVEL. [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR CHAMBERS: WELL, YOU ADDED...THANK YOU. THAT'S ALL I'LL ASK BECAUSE MY TIME IS RUNNING. MR. PRESIDENT, IS THIS MY THIRD TIME SPEAKING? [LB414]

SPEAKER HADLEY: THIS IS YOUR SECOND TIME, SENATOR CHAMBERS. [LB414]

SENATOR CHAMBERS: OKAY. AND HOW MUCH TIME DO I HAVE LEFT ON THIS ONE? [LB414]

SPEAKER HADLEY: FORTY-FIVE SECONDS. [LB414]

SENATOR CHAMBERS: I'LL JUST SAY A WORD OR TWO. IT'S CLEAR THAT SENATOR HARR IS NOT GOING TO ANSWER QUESTIONS DIRECTLY. HE KNOWS AND I KNOW AND EVERYBODY ON THIS FLOOR KNOWS THAT THE ONLY REASON HE BROUGHT THIS BILL WAS FOR WOODMEN OF THE WORLD, AND THE ONLY REASON HE BROUGHT IT FOR WOODMEN OF THE WORLD IS BECAUSE IT'S LOCATED IN OMAHA, AND THE ONES WHO ARE INTERESTED IN OBTAINING THIS RESULT FELT SENATOR HARR WOULD BE THE ONE TO CARRY THEIR WATER. AND I'LL SPEAK ON THE GUNGA DIN PRINCIPLE A LITTLE FURTHER WHEN I'M RECOGNIZED AGAIN. THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR DAVIS, YOU ARE RECOGNIZED. [LB414]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. GOOD MORNING, COLLEAGUES. I JUST WANT TO SAY A FEW THINGS. YOU KNOW HOW I FEEL ABOUT THIS. THIS IS A TAX EXEMPTION FOR ONE ENTITY LOCATED IN OMAHA. IT'S TAKEN THE CASE TO ITS COUNTY. IT'S TAKEN ITS CASE TO THE TERC BOARD. AND I THINK IT'S AFRAID THAT IT'S NOT GOING TO GET THE DECISION IT WANTS. SO NOW IT HAS COME TO THE LEGISLATURE TO GET A TAX BREAK, ANOTHER TAX BREAK. YOU KNOW, EVERYBODY IN THE STATE OF NEBRASKA PARTICIPATES IN THIS. THIS IS NOT JUST AN OMAHA MATTER. WE ALL PARTICIPATE BECAUSE THE

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STATE ONLY HAS A FINITE AMOUNT OF RESOURCES AVAILABLE TO SPEND. AND IF WE EXEMPT ANOTHER PIECE OF PROPERTY IN OMAHA, IT'S GOING TO REQUIRE MORE TEEOSA FUNDING AND SO THAT'S GOING TO UNEQUALIZE ONE MORE SCHOOL SOMEWHERE ACROSS THE STATE. IS THAT REALLY GOOD PUBLIC POLICY? SO SENATOR HARR TALKS ABOUT ENTITIES IN LANCASTER COUNTY AND I THINK WHAT WE'RE TALKING ABOUT HERE MAY BE A KNIGHTS OF COLUMBUS HALL THAT PROBABLY IS USED FOR WEDDING RECEPTIONS AND THOSE KIND OF FUNCTIONS. AND THAT'S ALL WELL AND GOOD, BUT THAT PART OF THEIR BUSINESS IS TAXED, IS RECOGNIZED AS A PROFIT-GENERATING ENTITY AND IT'S TAXED. THIS OFFICE BUILDING IN OMAHA WHERE THEY DO THEIR BUSINESS SHOULD NOT BE TREATED ANY DIFFERENTLY THAN ANY OTHER PROPERTY IN THE STATE OF NEBRASKA. AND BY DOING SO, I THINK THIS IS JUST TERRIBLE PUBLIC POLICY, TERRIBLE PUBLIC POLICY. SO I WOULD REALLY URGE THE BODY STRONGLY TO SUPPORT SENATOR CHAMBERS ON THIS MOTION. I'LL YIELD THE REST OF MY TIME TO SENATOR CHAMBERS. [LB414]

SPEAKER HADLEY: SENATOR CHAMBERS, YOU'RE YIELDED 3 MINUTES AND 24 SECONDS. [LB414]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT AND THANK YOU, SENATOR DAVIS. MEMBERS OF THE LEGISLATURE, I STATED YESTERDAY AND I WILL SAY IT AGAIN, I HAVE NOT BEEN ENGAGED IN THE DISCUSSION OR THE PROMISES RELATIVE TO ALLEVIATING OR CUTTING PROPERTY TAXES BECAUSE THAT HAS BEEN A DEAD END, A BLIND ALLEY FOR ALL THE YEARS I'VE BEEN HERE. IT'S BARKING UP THE WRONG TREE, KNOCKING ON THE WRONG DOOR, AND CREATING AN ILLUSORY IDEA OR NOTION IN THE MINDS OF THE PUBLIC THAT THE LEGISLATURE IS GOING TO BE ABLE TO RESOLVE WHAT EVERYBODY'S CONCERN IS ABOUT PROPERTY TAXES. BUT AS WITH ANY COMPLEX ISSUE, THERE ARE PEOPLE FACING DIFFERING CIRCUMSTANCES WITHIN THE PROBLEM AREA THAT YOU'RE ADDRESSING. IT'S LIKE A TEETERTOTTER. WHEN YOU BRING ONE END DOWN, THE OTHER ONE GOES UP. I DON'T KNOW WHETHER WE SHOULD CONSIDER WHAT SENATOR HARR IS ASKING US AS RAISING THE TEETERTOTTER END UP OR PUSHING IT DOWN. BUT AT ANY RATE, THERE IS NO EQUILIBRIUM CREATED BY WHAT HE'S TALKING ABOUT. IT DOES NOT ADVANCE EVEN THE ARGUMENT ABOUT PROPERTY TAXES AND WHETHER THEY ARE TOO HIGH, TOO LOW, OR JUST ABOUT RIGHT. ALL IT INDICATES IS THAT THE ONE WHO HAS POWER AND CLOUT IS ABLE TO GET WHAT IT WANTS FROM THIS LEGISLATURE, AND IF YOU GO THROUGH THE LISTING OF EXEMPTIONS, YOU WILL SEE THAT THAT BY AND LARGE IS THE BASIS FOR EVERY EXEMPTION THERE. SO LET ME SAY BY AND LARGE AGAIN, AND MODIFY IT FURTHER BY SAYING, PRACTICALLY.

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THERE MAY BE ONE OR TWO WHICH INCIDENTALLY TAILGATED ON ONE OF THESE BIGGER ACTIVITIES, BUT THIS THAT WE'RE BEING ASKED TO DO CAN FURTHER SKEW THE WHOLE PROBLEM THAT THE REST OF YOU HAVE TOLD PEOPLE THIS SESSION OF THE LEGISLATURE IS GOING TO RESOLVE. WHAT DO THEY OFTEN SAY? IF YOU'RE IN A HOLE, STOP DIGGING. IS THIS BILL, IF YOU PASS IT, GOING TO BE ADDITIONAL DIGGING AS FAR AS MAKING THE PROBLEM WORSE, OR IS IT GOING TO BE SCRAPING DIRT FROM THE SIDES OF THE EVACUATION AND BUILDING A PLATFORM TO RAISE THE BOTTOM OF THE HOLE HIGHER SO YOU'RE CLOSER TO GETTING OUT? THIS IS BAD LEGISLATION. AND I DON'T THINK THAT THIS COMPANY THAT HAS BEEN IN OMAHA FOR ONE HUNDRED TWENTY-FIVE YEARS IS GOING TO SAY FOR WANT OF EIGHTY THOUSAND DOLLARS, WE'RE GOING TO PICK UP EVERYTHING AND GO SOMEPLACE ELSE AND REESTABLISH WHATEVER THEY'VE ESTABLISHED IN OMAHA. SO I HOPE YOU WILL VOTE AGAINST THIS BILL BY ACCEPTING THIS MOTION. REMEMBER... [LB414]

SPEAKER HADLEY: TIME, SENATOR. [LB414]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: YOU WERE NEXT IN THE QUEUE BUT WE TOOK YOU OUT SINCE THAT WOULD HAVE BEEN YOUR CLOSING AND WE HAVE OTHER PEOPLE IN THE QUEUE. SENATOR CRAWFORD, YOU'RE NEXT. [LB414]

SENATOR CRAWFORD: THANK YOU, MR. PRESIDENT. I STAND IN SUPPORT OF THE IPP MOTION ON THIS BILL AND I JUST WANTED TO ADD INFORMATION TO THE RECORD AND THE DEBATE. IT'S IMPORTANT TO KNOW THAT OUR CONSTITUTION FORBIDS CITIES AND COUNTIES FROM CRAFTING SPECIAL DEALS FOR INDIVIDUAL ENTITIES. SO THAT ACTUALLY IS ONE OF THE INTERESTING ECONOMIC DEVELOPMENT POLICIES THAT WE HAVE IN OUR CONSTITUTION IS THAT...SO IN THIS CASE, IT'S NOT THE CASE OF THE CITY OF OMAHA AND DOUGLAS COUNTY COULD NECESSARILY JUST MAKE A DEAL WITH WOODMEN OF THE WORLD BECAUSE WE CANNOT TREAT PEOPLE DIFFERENTLY IN TERMS OF THEIR PROPERTY TAXATION. WE HAVE TO TREAT PEOPLE EQUALLY ACCORDING TO OUR CONSTITUTION. SO IN ORDER TO...IF THEY'RE WANTING TO MAKE A DEAL WITH WOODMEN OF THE WORLD, WE HAVE TO MAKE IT APPLY TO A WHOLE CLASS OF ENTITIES ACROSS THE STATE BECAUSE WE MUST TREAT PEOPLE EQUALLY. AND SO I GUESS I'M OPPOSED TO LB414 MORE ON THE OPPOSITE SIDE, NOT BECAUSE IT'S A SPECIAL DEAL FOR WOODMEN OF THE

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WORLD, BUT BECAUSE IT IS NOT JUST A SPECIAL DEAL FOR WOODMEN OF THE WORLD, BUT IT APPLIES TO ANY FRATERNAL ORGANIZATION. AND AS A SENATOR FROM A HIGH-PROPERTY VALUATION, FAST-GROWING COUNTY, VERY NEAR URBAN CENTERS, I WOULD SEE OUR COUNTY AS ONE OF THE COUNTIES THAT WOULD BE A HIGHEST RISK FOR LOSING PROPERTY VALUATION DUE TO BEING A SELECTED SITE BY FRATERNAL ORGANIZATIONS THAT MAY WISH TO EXPAND OR BUILD. AND I DON'T...FRANKLY, I DON'T KNOW WHETHER SARPY...HOW SARPY COUNTY TREATS THOSE, BUT I GUESS I WOULD RATHER ALLOW SARPY COUNTY TO MAKE THAT DECISION, OR IF THEY ARE CURRENTLY TAXING THEM TO BE ABLE TO KEEP THAT TAXATION. THE FARMERS I'VE TALKED TO IN SARPY COUNTY ARE VERY CONCERNED WITH SOME DEVELOPMENTS IN SARPY COUNTY THAT ARE PULLING PROPERTY VALUE OFF THE PROPERTY VALUATION WHICH THEY FEAR IS GOING TO INCREASE THEIR PROPERTY TAXES. SO I STAND IN OPPOSITION TO LB414 AND FOR THE IPP MOTION, AND I WILL YIELD ANY OF MY REMAINING TIME TO SENATOR CHAMBERS. [LB414]

SPEAKER HADLEY: SENATOR CHAMBERS, YOU'RE YIELDED 2 MINUTES AND 53 SECONDS. [LB414]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. THANK YOU, SENATOR CRAWFORD. MEMBERS OF THE LEGISLATURE, I HAVE TO KEEP REMINDING MYSELF THAT A LOT OF YOU ARE NEW AND EVEN THOSE WHO ARE NOT NEW WERE NOT HERE WHEN THE LEARNING COMMUNITY WAS CREATED. PART OF THE IMPETUS WAS THE FACT THAT BUSINESSES DESERTED THE AREA THAT COMPRISES OPS. SO, THE PROPERTY TAX BASIS MOVED WESTWARD. AND WHEN YOU TAKE AWAY THE PROPERTY TAX BASE AND YOU HAVE SCHOOLS, THEN SOMEBODY IS GOING TO MAKE UP SOME DIFFERENCE. I'D LIKE TO ASK SENATOR BLOOMFIELD...NOT, NO, I'M NOT GOING TO TAKE THE TIME. I'VE ONLY GOT TWO MINUTES. BUT SOME PEOPLE SAY, AND I'M GOING TO DO LIKE SENATOR HARR NOW, PROTECT MYSELF. SOME PEOPLE SAY AND I CANNOT VOUCH FOR THE TRUTH OF IT, BUT THEY SAY THAT WHEN YOU GIVE AWAY YOUR PROPERTY TAX BASE, THEN THE SCHOOLS ARE GOING TO LOOK FOR MORE STATE AID BECAUSE THEY NEED MONEY TO TAKE CARE OF THE SCHOOLS. NOW, THAT'S WHAT I'VE HEARD. I'VE HEARD THAT WHEN YOU GIVE TAX BREAKS WHEN IT COMES TO PROPERTY, THEN THE SCHOOLS ARE GOING TO COME TO THE STATE TO HAVE SOME OF THAT MADE UP. AND IF WHAT I'M SAYING, GENERALLY SPEAKING, IS INCORRECT, I STAND TO BE CORRECTED. BUT IT WAS ACKNOWLEDGED THAT OPS OR THE SCHOOLS WILL BE ONE OF THE ENTITIES BENEFITING FROM THE PROPERTY TAX PAID BY WOODMEN OF THE WORLD. SO, IF WOODMEN OF THE

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WORLD IS GRANTED A TAX EXEMPTION, THE SCHOOLS WILL BE DIMINISHED TO THAT EXTENT... [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR CHAMBERS: ...IN TERMS OF WHAT THEY CAN DERIVE TO CARRY OUT THEIR FUNCTIONS. SENATOR CRAWFORD RAISED A GOOD POINT. AND BASED ON WHAT APPEARED IN AN ARTICLE, THERE ARE THIRTY ENTITIES, AT LEAST, THROUGHOUT THE STATE WHO WOULD BE GRANTED THIS PROPERTY TAX EXEMPTION AND THEY HAVE NOT COME TO THE LEGISLATURE TO ASK FOR IT. THERE ARE COUNTIES, AS SENATOR CRAWFORD POINTED OUT, WHICH BANK ON THAT PROPERTY TAX AS A PART OF, I GUESS, THEIR BUDGET BUILDING PROCESS. SO, THERE WOULD BE A MULTITUDE OF REASONS THAT COULD BE OFFERED FOR KILLING THIS BILL, BUT THE MAIN ONE IS THAT IT'S BAD POLICY ON ITS FACE. THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB414]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. HAS ANYBODY EVER HEARD OF THE TERM PERCEPTION IS REALITY? WELL, THE PERCEPTION IS THAT WE'RE GIVING BREAKS TO THE BIG COMPANIES. WE HAD IT...I DON'T KNOW WHAT DAY IT WAS, DAY BEFORE YESTERDAY, WHERE THE ZOO GOT A BIG BREAK. AND THAT'S NOT JUST IN OMAHA. BUT ZOOS AND AQUARIUMS GOT A BIG TAX BREAK. AND NOW THE PERCEPTION IS THAT THIS...WE'RE GIVING ANOTHER TAX BREAK TO ANOTHER BIG COMPANY, AND THIS IS MORE NARROWLY DEFINED. SO, WE'VE TALKED ABOUT THE URBAN AND RURAL SPLIT AND I'M SURPRISED HOW BIG IT IS, BUT IT'S ACTUALLY THERE. BUT THE PERCEPTION BY THE RURAL AREA IS THAT THE BIG BUSINESSES ARE GETTING THE BREAKS AND THE RURAL TAXPAYER, AND JUST THE COMMON PERSON THAT PAYS THE TAXES FOR THE STATE, DON'T. THEY HAVE TO PAY MORE. SO THAT'S THE REALITY OF ALL THIS. SO I AM OPPOSED TO LB414. I'M IN FAVOR OF SENATOR CHAMBERS' AMENDMENT TO IPP IT. AND IF HE WOULD LIKE, I WILL YIELD HIM THE REST OF MY TIME. [LB414]

SPEAKER HADLEY: THREE MINUTES AND 40 SECONDS, SENATOR CHAMBERS. [LB414]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. THANK YOU, SENATOR SCHNOOR. THIS IS AN ISSUE THAT GOES TO THE LEGISLATURE AS AN

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INSTITUTION. IT GOES INTO...TO THE QUESTION OF THE INTEGRITY OF HOW WE FORMULATE POLICY AND THE INTEGRITY IS DEPENDENT ON OUR BEING DELIBERATIVE, THOUGHTFUL, CAREFUL, AND WHAT IT IS THAT WE DO, AND NOT MAKE HASTE TO DO SOMETHING THAT CAN MAKE VERY DIFFICULT THE BIGGER JOB THAT IS BEFORE US. AND SENATOR SCHNOOR IS CORRECT IN STATING THAT PSYCHOLOGICAL PRINCIPLE, OR THAT PRINCIPLE OF PSYCHOLOGY, IF A PERSON PERCEIVES SOMETHING AS REAL, IT IS REAL TO THAT PERSON IN ITS CONSEQUENCES. THAT'S WHY PROPAGANDISTS, OTHERWISE KNOWN AS ADVERTISERS OR AD PERSONS, MAKE SO MUCH MONEY BECAUSE THEY WANT TO CREATE AN IMAGE OR A PERCEPTION IN THE PUBLIC MIND RELATIVE TO WHATEVER IT IS THAT THEY'VE BEEN HIRED TO PROMOTE. THE LEGISLATURE DOES NOT DO ANYTHING TO PROMOTE ITS IMAGE AS A TRULY DELIBERATIVE BODY LOOKING AT A BROAD PROBLEM AND ISSUE FROM A BROAD PERSPECTIVE. SO, THE FIRST MAJOR BILL...I SAY, MAJOR BILL THAT RELATES TO PROPERTY TAX RELIEF, YOU CAN CALL IT THAT, IS ONE BEING GRANTED TO A COMPANY WHICH NOBODY ON THE CAMPAIGN TRAIL WOULD HAVE INVOKED AS WHAT THEY HAD REFERENCE TO WHEN THEY TALKED ABOUT PROPERTY TAX RELIEF. SOMETIMES THE LEGISLATURE IS ITS OWN WORST ENEMY. IF YOU HAVE A GNAT SITTING ON YOUR FOREHEAD AND YOU HAVE A BALL-PEEN HAMMER IN YOUR HAND...FIRST OF ALL, A BALL-PEEN HAMMER IS TOO HEAVY IN INSTRUMENTALITY TO DEAL WITH A GNAT, BUT IF YOU DON'T KNOW THAT AND THE GNAT IS ANNOYING YOU AND YOU TAKE THAT BALL-PEEN HAMMER AND SWING IT AS HARD AS YOU CAN TO THE SPOT WHERE THE GNAT IS, FIRST OF ALL, THE GNAT IS SMARTER THAN YOU... [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR CHAMBERS: ...THE GNAT IS GOING TO BUZZ OFF AND YOU'RE GOING TO BUST YOURSELF IN THE HEAD AND MAKE IT EASIER FOR THE GNAT TO HAVE A BANQUET UNDISTURBED WHILE YOU LIE THERE UNCONSCIOUS OR DYING. THIS IS NOT THE THING FOR THE LEGISLATURE TO DO, AND IF IT WERE THE THING TO DO, THIS IS NOT THE TIME TO DO IT. WE ARE NOT EVEN DEALING WITH A SITUATION WHERE WOODMEN OF THE WORLD IS DENIED RECOURSE, IS DENIED A REMEDY. WOODMEN OF THE WORLD WITH THEIR HOUSE COUNSEL, OR EMPLOYED COUNSEL, SPECIALIZING IN THIS AREA HAS CHOSEN THE FORUM THEY THINK IS BEST FOR THEM TO APPROACH TO HAVE THEIR ISSUE RESOLVED. THAT'S WHERE THEY WENT BY CHOICE. THEY KNEW THAT THE LEGISLATURE RECONVENES EVERY JANUARY, BUT THEY DIDN'T HAVE ANYBODY... [LB414]

SPEAKER HADLEY: TIME, SENATOR. [LB414]

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SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: (VISITORS INTRODUCED.) SENATOR GROENE, YOU'RE RECOGNIZED. [LB414]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. FIRST, I'D LIKE TO MAKE A POINT THAT, YOU KNOW, SOMETIMES NAMES GET DROPPED AND THINGS ARE SAID, BUT I UNDERSTAND THAT WOODMEN OF THE WORLD AND MUTUAL OF OMAHA, THOSE ARE GOOD, GOOD CORPORATE CITIZENS OF THIS STATE. THEY'VE GIVEN THIS STATE A GOOD NAME WITH ACTIVITIES THEY HAVE DONE. SO ANYTHING I'VE SAID, AND HOPE THE REST OF US, WE DON'T SMIRK THEIR GOOD NAME. THIS IS A...AND SENATOR HARR IS TRYING TO DO WHAT HE THINKS IS BEST FOR A VERY GOOD CORPORATION. BUT THAT SAID, I STAND AGAINST LB414 AND I SUPPORT SENATOR CHAMBERS' MOTION. I'LL REPEAT WHAT I SAID THE OTHER DAY. PROPERTY TAXES HAVE A REASON. WE ALL PAY THEM FOR A REASON. WE WANT OUR GOOD SCHOOLS, WE WANT GOOD ROADS, WE WANT COMMUNITY COLLEGES. WE'RE ALL IN THIS TOGETHER AND WE ALL ARE PAYING TOO MANY TAXES. JUST GIVING ONE ENTITY A TAX BREAK JUST ADDS TO THE BURDEN OF THE REST OF US. IT CREATES MORE PROBLEMS, CREATES MORE BURDEN FOR THE REST OF US. AND I FIND IT FUNNY THAT THE FISCAL OFFICE DIDN'T FIND A FISCAL NOTE ON THIS BECAUSE AS SENATOR CHAMBERS SAID AND I SAID YESTERDAY, OPS IS FULLY EQUALIZED ON TEEOSA. SO IF YOU TAKE...AND I HEARD SENATOR...WE'VE HEARD A NUMBER PASSED AROUND HOW MUCH PROPERTY TAXES WILL BE FORGIVEN TO WOODMEN, BUT THE CITY SAID THEY WOULD LOSE \$309,000. WELL, MOST CITY TAXES ARE ABOUT 25, 30 PERCENT, SO YOU TAKE THAT TIMES FOUR. I WOULD ASSUME IT'S MORE LIKE 1.2 MILLION WE'RE LOSING IN PROPERTY TAXES, DOUGLAS COUNTY AND THE SCHOOLS AND THE CITY, AND HALF OF THAT IS NORMALLY OR A LITTLE MORE TO THE SCHOOLS. SO THEY'RE GOING TO...THE SCHOOLS ARE GOING TO LOSE OPS \$600,000 OR SO OF PROPERTY TAXES, WHICH IN THE FORMULA, TEEOSA FORMULA, IS A DIRECT RELATIONSHIP RESOURCES TO FUND TO NEEDS, YOU TAKE \$600,000 OF PROPERTY TAXES OUT, THIS BODY HAS TO FILL IN \$600,000, OR NEARLY THAT MUCH IN TEEOSA FUNDS. SO IT DOES AFFECT THE BUDGET AND THE APPROPRIATIONS OF THIS UNICAMERAL. I'D LIKE TO ADD AGAIN THAT 8 PERCENT OF THE OPS'S VALUATION IS OFF THE BOOKS BECAUSE OF TAX INCREMENT FINANCING. I WOULDN'T EVEN WANT TO GUESS HOW MUCH THAT IS. TWO AND A HALF, THREE, FOUR MILLION WE'RE ADDING IN BECAUSE THAT MONEY HAS BEEN TAKEN OFF THE PROPERTY TAX VALUATIONS. AND WHY IS THIS...WHY IS THIS HAPPENING? MAYBE IT'S A GOOD INDICATION THAT THE TEAPOT OF PROPERTY TAX IS BOILING OVER. IT'S STEAMING. IT'S LOOKING FOR

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RELIEF. SO COMPANIES WHO...CORPORATIONS AND COMPANIES WHO BUILD IN OMAHA LOOKING FOR PROPERTY TAX RELIEF, SO THEY GO TO TAX INCREMENT FINANCING. WOODMEN OF THE WORLD LOOKING FOR RELIEF FROM HIGH PROPERTY TAXES, SO THEY GO TO SENATOR HARR. WE HAVE A PROPERTY TAX PROBLEM THAT'S FOR EVERYBODY STATEWIDE. IT ISN'T RURAL VERSUS URBAN. I TALKED TO FOLKS THAT I KNOW AND RELATIVES IN THE OMAHA AREA, THEIR PROPERTY TAXES ARE A BURDEN. WE HAVE A STATEWIDE PROBLEM. AND WHAT WE HAVE HERE IS THE TITANIC'S...GETTING HIT IN AN ICEBERG AND THERE AIN'T ENOUGH LIFE BOATS. WOODMEN WANTS ONE. THEY'VE GOT ENOUGH MONEY TO MAKE SURE THEY CAN GET ON ONE. SOME OF THE BIG CORPORATIONS CAN MAKE SURE THEY CAN HAVE THE RIGHT POLITICIANS GET THEM TAX INCREMENT FINANCES. THEY'RE GETTING ON THAT LIFE BOAT. THE HOMEOWNER IS SITTING THERE PAYING MORE, BAILING. THESE SPECIAL DEALS HAVE TO STOP IN THE LEGISLATURE. WE NEED TO TELL THE LOBBY TO WORK TOGETHER FOR PROPERTY TAX RELIEF FOR EVERYBODY, NOT JUST FOR ONE HERE AND ONE THERE. THAT'S AGRICULTURE, THAT'S THE HOMEOWNER, THAT'S THE SMALL BUSINESSMAN. THEY'RE THE PEOPLE WHO NEED THE HELP. [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR GROENE: SO ANYWAY, WE HAVE A PROPERTY TAX PROBLEM AND THEN I BELIEVE THESE TYPES OF BILLS ARE AN INDICATION THAT WE DO HAVE A PROBLEM. PEOPLE ARE LOOKING FOR RELIEF FROM THE HIGH TAXATION. IF WE WORK TOGETHER WITH CONTROL AND SPENDING IN THIS BODY, AND WE WORK TOGETHER THAT EVERYBODY GETS PROPERTY TAX RELIEF, THE CITIZENS WILL BE WELL-SERVED. SO, THANK YOU, AND I STAND AGAINST LB414 AND I, HOPEFULLY, WE VOTE FOR SENATOR CHAMBERS' MOTION. THANK YOU. [LB414]

SPEAKER HADLEY: SENATOR HARR, YOU'RE RECOGNIZED. [LB414]

SENATOR HARR: THANK YOU, MR. SPEAKER. YOU KNOW, FOLKS, YOU ARE ENTITLED TO MAKE ANY ARGUMENT YOU WANT ON THE FLOOR AND THAT'S FINE, BUT YOU AREN'T ENTITLED TO YOUR OWN FACTS. WE HAVE TWO HUNDRED AND TEN BILLION, BILLION DOLLARS WORTH OF PROPERTY TAXES IN THIS STATE. THAT'S A LOT. AND IF YOU THINK TWENTY MILLION DOLLARS IS A MAJOR TAX POLICY, IF YOU THINK TWENTY MILLION DOLLARS ADDS UP TO A HILL OF BEANS, WELL, I'LL MAKE MY OWN ARGUMENT. YOU'RE PROBABLY NOT UNDERSTANDING HOW GOVERNMENT WORKS. THIS IS NOT ABOUT PROPERTY TAX RELIEF. WE'RE GOING TO HAVE THAT DEBATE AND WE NEED TO HAVE THAT

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DEBATE. WE ALREADY TREAT DIFFERENT TYPES OF PROPERTY DIFFERENTLY. SENATOR CRAWFORD HAS A LARGE FEDERAL INSTALLATION IN HER DISTRICT. THEY DON'T PAY PROPERTY TAXES, FOLKS. ARE WE GOING TO COMPLAIN ABOUT THAT? CHURCHES DON'T PAY PROPERTY TAXES. THE LIST GOES ON AND ON AND ON. WHAT WE ARE HERE TO TALK ABOUT TODAY IS SIMPLE. THIS IS ABOUT FRATERNAL BENEFIT SOCIETIES WHICH HAVE BEEN IN EXISTENCE FOR OVER 150 YEARS. THIS COMPANY ITSELF HAS BEEN A GREAT CORPORATE CITIZEN IN OMAHA FOR THE LAST 150 YEARS. THE BUILDING THAT SEEMS TO BE WHAT'S GIVING EVERYONE HEARTBURN IS THE BUILDING THAT RESURRECTED DOWNTOWN. YOU WANT TO KNOW WHERE THE MOST VALUABLE REAL ESTATE IS IN THE STATE? I'LL TELL YOU. IT'S NOT \$15,000 AN ACRE, IT'S \$15 MILLION A SQUARE BLOCK IN DOWNTOWN OMAHA. WHY IS THAT SO VALUABLE? BECAUSE OF CORPORATE CITIZENS LIKE WOODMEN. BUT THAT'S NOT WHAT THIS BILL IS ABOUT. THIS BILL IS ABOUT FRATERNAL BENEFIT SOCIETIES. HOW DO WE WANT TO TREAT THEM? DOUGLAS COUNTY READ THE STATUTE. DARE I SAY, MAYBE WE SHOULD READ THE STATUTE AND LOOK AT LB414 AND WHAT IT DOES. READING IT, I THINK IT'S CLEAR UNDER THE CURRENT STATUTE THEY PROBABLY SHOULD PAY TAXES. HOWEVER, THE ASSESSORS IN BOONE, BUFFALO, BUTLER, CEDAR, COLFAX, LANCASTER, OTOE, SARPY, AND SCOTTS BLUFF DON'T AGREE WITH THAT INTERPRETATION. THEY THINK THAT WE SHOULD BE DOING WHAT THIS BILL DOES, PROVIDING CLARITY TO SAY THIS ORGANIZATION, THIS TYPE OF ENTITY, FRATERNAL BENEFITS SOCIETIES, SHOULD NOT HAVE TO PAY PROPERTY TAXES. THAT'S ALL THIS BILL IS. WE CAN BLOW IT UP AND WE CAN MAKE IT ABOUT PROPERTY TAXES AT LARGE, THE FACT THAT WE TREAT, YOU KNOW, SOME ENTITIES HAVE TO PAY AT A HUNDRED CENTS ON THE DOLLAR, SOME HAVE TO PAY AT SEVENTY-FIVE, AND SOME HAVE TO PAY AT ZERO. WE CAN MAKE IT ABOUT THAT. THAT'S FINE. THAT'S YOUR RIGHT. BUT THAT'S NOT WHAT THE BILL IS ABOUT. WE CAN DEBATE THAT. THIS BILL IS ABOUT, HOW DO WE WANT TO TREAT 501(c)(8)'s? NOTHING MORE, NOTHING LESS. AND SO... [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR HARR. THANK YOU, MR. SPEAKER. WE HAVE VERY LEARNED DEBATERS IN HERE AND THEY'RE VERY GOOD. SOME CALL THEM MASTER DEBATERS. THAT'S NOT THE ISSUE HERE. THIS IS ABOUT LB414 AND PROVIDING TAX EXEMPTIONS AND TREATING THESE 501(c)(8)'s THE SAME WAY ON THE STATE LEVEL AS WE DO ON THE FEDERAL LEVEL, TREATING THEM THE SAME WAY IN DOUGLAS COUNTY AS WE DO IN BOONE, BUFFALO, BUTLER, CEDAR, COLFAX, LANCASTER, OTOE, SARPY, SCOTTS BLUFF AND PROBABLY MORE. THANK YOU, MR. PRESIDENT. [LB414]

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SPEAKER HADLEY: SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB414]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I THINK I WILL TAKE THIS TIME TO JUST PROBABLY EXPAND A LITTLE BIT ON PROPERTY TAX ISSUE. I THINK, YOU KNOW, IT'S BEEN PHRASED VERY WELL HERE. I AGREE, WE'RE TALKING ABOUT ONE CLASS OF PROPERTY RIGHT NOW. SO, I'M JUST GOING TO...I'LL JUST THROW IN MY TWO CENTS WORTH ON ANOTHER CLASS PROPERTY AND THAT'S AG LAND AND NEBRASKA'S LARGEST INDUSTRY. WHEN YOU LOOK AT SOME OF THE DIFFERENT COUNTIES, AND I'LL PICK OUT JUST A COUPLE OF RANDOM COUNTIES, AND I LOOK AT THE VALUE OF LANCASTER COUNTY HERE. AND I THINK 5.22 PERCENT OF PROPERTY TAXES COME FROM AG IN LANCASTER COUNTY. DOUGLAS COUNTY, WE GOT .55 PERCENT OF THEIR...BASICALLY THEIR TAX COMES FROM AG LAND. YOU GET TO HAMILTON COUNTY WHERE I FARM, AND 63 PERCENT OF PROPERTY TAXES COMES FROM AG LAND. THE DISPARITY ACROSS THE STATE, OBVIOUSLY IN SOME COUNTIES, IT'S GOING TO BE MORE IMPORTANT THAN IN OTHERS WHEN WE TALK ABOUT AG LAND. THE STATE TOTAL SHOWS THAT AG BASICALLY CONTRIBUTES 29 PERCENT OF THE VALUE OF THE TAXES LEVIED COMPARED TO WHAT YOU WOULD CALL COMMERCIAL AND INDUSTRIAL AT 20.68 PERCENT. WHEN I LOOK AT WHAT PROPERTY TAXES HAVE DONE IN THE PAST TEN YEARS, CURRENTLY I'VE TRACKED FOUR PARTICULAR PIECES OF PROPERTY THAT I OWN, AND I'VE OWNED THEM FOR OVER TEN YEARS. AND SO REGARDLESS OF THE PROPERTY TAX CREDIT WHICH IS ADDED...SUBTRACTS FROM MY BILL, AND I DO LOOK AT THOSE NUMBERS. MOST PEOPLE DON'T EVEN NOTICE THAT NUMBER ON THEIR PROPERTY TAX STATEMENT. BUT EVEN TAKING THOSE INTO CONSIDERATION, WHAT I LOOK AT, I REALLY DON'T CARE WHAT THE VALUATION DOES OR WHAT THE LEVY DOES, I CARE ABOUT THE AMOUNT OF MONEY OR THE SIZE OF THE CHECK I WRITE TO PAY MY PROPERTY TAX BILL. ON THOSE FOUR PIECES OF PROPERTY IT HAS INCREASED 180 PERCENT, ON THOSE FOUR PIECES OF PROPERTY OVER A TEN-YEAR PERIOD, THAT AVERAGING AT 18 PERCENT A YEAR INCREASE IN THE AMOUNT I HAVE TO PAY. THAT HAS NOTHING TO DO WITH THE TAX CREDIT THAT'S BEEN THROWN IN, THAT WILL NOT AFFECT THAT. OUR VALUES I PROJECT... YOU KNOW, AND I'VE NOT SEEN ANY OFFICIAL, BUT I'D SAY WE'RE GOING TO SEE A 10 TO 15 PERCENT INCREASE IN VALUATION AGAIN THIS YEAR. AND SO THE DISPARITY IS GROWING AND IT'S NOT STOPPING. THE NEXT TWO TO THREE YEARS IF THE COMMODITIES ARE PROJECTED, THE PRICES WILL HEAD WHERE THEY'RE PROJECTED, WE'RE GOING TO BE OPERATING AT BREAK EVEN OR AT A LOSS. AND YET OUR PROPERTY TAXES WILL CONTINUE TO CLIMB. OUR VALUATIONS WILL CONTINUE TO CLIMB FOR THE NEXT YEAR, POSSIBLY TWO, DUE TO THE THREE-YEAR ROLLING AVERAGE THAT THEY USE TO FIX THOSE

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VALUATIONS. SO, I SEE A REAL COLLISION COMING DOWN THE ROAD. AND THEN AS AG LAND VALUES COLLAPSE OR DECLINE, LET'S NOT SAY COLLAPSE JUST YET. THERE'S A LOT OF DISCUSSION THERE ABOUT WHETHER OR NOT WE'LL GO BACK TO THE '80S AND SEE A COLLAPSE IN AG LAND VALUES. I'M CAUTIOUSLY OPTIMISTIC THAT THAT WON'T HAPPEN. WHEN YOU TALK TO THE AG LENDERS, THE REALTY PEOPLE, WE'VE SEEN A DECLINE A LITTLE BIT, BUT IT'S BEEN SMALL YET. BUT IF INTEREST RATES WOULD SUDDENLY RISE, I THINK WE COULD SEE THAT ACCELERATE IN A DOWNWARD FASHION. SO, NOW YOU'VE GOT SCHOOL DISTRICTS WHO ARE SOMEWHERE NEAR THEIR LID LIMIT. THEY RECEIVE NO EQUALIZATION MONEY AND WILL NOT IN THE NEAR FUTURE. [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR FRIESEN: AND THEY'RE GOING TO BE HITTING THEIR LID LIMIT AND SOMEONE IS GOING TO COME TO US AND EITHER ASK RAISE THE LID LIMIT, OR THEY'RE GOING TO ASK FOR MORE STATE AID THAT'S SENT OUT OTHER THAN THROUGH THE EQUALIZATION FORMULA THAT CURRENTLY EXISTS BECAUSE THE WAY THE TEEOSA FORMULA IS CURRENTLY SET, THERE IS NOT ONE SINGLE SCHOOL DISTRICT IN MY DISTRICT THAT RECEIVES ANY EQUALIZATION MONEY. THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR KOLOWSKI, YOU'RE RECOGNIZED. [LB414]

SENATOR KOLOWSKI: THANK YOU, MR. CHAIRMAN AND ALSO GOOD MORNING. FELLOW SENATORS, I STAND IN SUPPORT OF LB414 AND AGAINST THE IPP MOTION. I AM ALWAYS AMAZED AT THE HISTORY OF THIS BODY AND SOME OF THE THINGS THAT HAVE TAKEN PLACE IN THE PAST WHEN WE'RE TALKING ABOUT A SUBJECT SUCH AS THIS ONE THIS MORNING. IF WE GO BACK IN OUR HISTORY TO LB775 AND WHAT TOOK PLACE AROUND THE ENTIRE STATE AND TO MANY BUSINESSES IN THE OMAHA AND LINCOLN AREA, AND THE REPERCUSSIONS OF SOME OF THAT AS FAR AS LACK OF REPORTING DETAIL, LACK OF ACCOUNTABILITY, LACK OF TRANSPARENCY THAT WAS INVOLVED IN THE THINGS THAT TOOK PLACE WITH LB775, WE KNEW THAT THAT WAS SOMETHING VERY CONTROVERSIAL AT THE TIME AND THERE HASN'T BEEN MANY RIPPLES ON THAT SINCE THAT TIME. BUT THAT WAS SOMETHING THAT SENATOR CHAMBERS AND PROBABLY OTHERS AT THE TIME FOUGHT FOR AND WENT AROUND ON AS THEY WERE DEALING WITH THAT PARTICULAR TOPIC. I

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HOPE WE CAN FIND OUR WAY CLEAR TO MOVE ON THIS AND I GIVE THE REST OF MY TIME TO SENATOR HARR. THANK YOU VERY MUCH. [LB414]

SPEAKER HADLEY: SENATOR HARR, YOU'RE YIELDED 3 MINUTES AND 40 SECONDS. [LB414]

SENATOR HARR: THANK YOU, SENATOR KLOWSKI (PHONETICALLY) AND...OR KOLOWSKI, SORRY. AND THANK YOU, MR. SPEAKER. YOU KNOW, I'VE GOT TO CLARIFY THE RECORD. I'VE BEEN UP HERE HOOTING AND HOLLERING ABOUT 150 YEARS. IT TURNS OUT, WOODMEN'S ONLY BEEN 125, 1890. SO, 125, YEAH, THE EQUIVALENT OF SENATOR CHAMBERS AGE, OR AT LEAST HOW LONG HE'S BEEN IN THE CHAMBERS HERE. YOU KNOW, FOLKS, AGAIN, I GET THAT THERE'S A LOT OF ATTENTION ABOUT PROPERTY TAXES. I DID MY TAXES YESTERDAY AND WHEN I WAS LOOKING AT IT, I FINALLY SAW THE PROPERTY TAX CREDIT ON THERE. SO IT'S KIND OF EXCITING BECAUSE NOW I KNOW WHAT WE DID. SO, I GET THE FRUSTRATION. THERE'S...IT'S VALID. NO ONE LIKES TO PAY TAXES. AGAIN, I JUST PAID THE FEDERAL GOVERNMENT. MAYBE NOT AS MUCH AS I HAD HOPED BECAUSE I DIDN'T MAKE AS MUCH AS I HAD HOPED, BUT I STILL PAID MY TAXES. THAT'S PART OF BEING A GOOD CORPORATE...OR BEING A GOOD CITIZEN. THAT'S PART OF HAVING THE GOOD EDUCATION THAT WE ALL WANT FOR OUR CHILDREN AND OUR GRANDCHILDREN. THE ROADS TO GET US HERE AND THERE, SO WE CAN HAVE ECONOMIC DEVELOPMENT. I UNDERSTAND THE FRUSTRATION. BUT, AGAIN, \$20 MILLION OUT OF \$210 BILLION. ALL RIGHT? THIS IS ABOUT TREATING AN ENTITY THE SAME THROUGHOUT THE STATE. YOU HAVE DIFFERENT COUNTY ASSESSORS TREATING THIS DIFFERENTLY. THE SAME TYPE OF ENTITY, 501(c)(8). PROBABLY YOU'VE HEARD IT ENOUGH TIMES FROM ME, YOU CAN RECITE IT YOURSELF. THAT'S WHAT THIS IS ABOUT. THAT'S WHAT I'M TRYING TO DO HERE TODAY. IT'S NOT A HUGE, MASSIVE CHANGE. YOU KNOW, WE ALL LIKE TO SAY WE DON'T AGREE WITH THE FISCAL OFFICE. AND THERE ARE TIMES WE DON'T BECAUSE IT DOESN'T TAKE INTO ACCOUNT, IT'S STATIC. IT'S NOT DYNAMIC ACCOUNTING BECAUSE IT DOESN'T SHOW THE ECONOMIC DEVELOPMENT THAT OCCURS WITH WE DO SOMETHING. IT ONLY SHOWS THE LOSS IN REVENUE. SO, WHAT IS THE LOSS OF REVENUE IN THIS? ZERO. ZERO. ZERO. NUNCA NADA, NOTHING. I COULD CONTINUE IN A NUMBER OF DIFFERENT LANGUAGES, BUT I WON'T. THIS HAS NO FISCAL IMPACT. YOU MAY SIT UP HERE AND ARGUE THAT IT DOES, BUT THE NUMBERS WOULD TELL YOU OTHERWISE. THIS HAS ZERO EFFECT ON STATE GOVERNMENT. [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

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SENATOR HARR. THANK YOU. ZERO EFFECT ON TEEOSA. DE MINIMUS, ZERO. WHATEVER YOU WANT TO CALL IT, BUT IT'S NOT ENOUGH TO BE ABLE TO PUT A FISCAL NOTE ON. DOES IT HAVE EFFECT ON THE CITY? YES. SENATOR GLOOR WAS UPSET THAT THERE WASN'T MORE CITY BUY-IN. WELL, THERE IS CITY BUY-IN. THE CITY OF OMAHA, THE MAYOR HAS SAID, WE LIKE THESE PEOPLE, WE WANT THEM TO STAY, WE UNDERSTAND WE'RE GOING TO HAVE TO FORGO SOME MONEY AND THEY HAVE. DOUGLAS COUNTY HASN'T TAKEN A STANCE ON THIS. NOW, THERE'S A REASON. IT'S BECAUSE THEY'RE SOMEWHAT AT THE CENTER OF THIS CONTROVERSY, THEIR INTERPRETATION. AND I RESPECT THEM FOR THAT. BUT, FOLKS, LET'S NOT MAKE THIS INTO MORE THAN WHAT IT IS. THIS IS A SIMPLE LITTLE BILL AND THAT'S IT. THE EFFECT ON THE STATE IS LESS THAN THE ZOO THAT EVERYONE KEEPS TALKING ABOUT THAT WE PASSED. LESS THAN THE COST OF ANGEL INVESTMENT, LESS THAN... [LB414]

SPEAKER HADLEY: TIME. [LB414]

SENATOR HARR: THANK YOU. [LB414]

SPEAKER HADLEY: SENATOR BLOOMFIELD. [LB414]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I WONDER IF SENATOR HARR WOULD YIELD TO A QUESTION. [LB414]

SPEAKER HADLEY: SENATOR HARR, WILL YOU YIELD? [LB414]

SENATOR HARR: OF COURSE. [LB414]

SENATOR BLOOMFIELD: THANK YOU, SENATOR HARR. TWO HUNDRED AND TEN BILLION IS WHAT THE STATE TAKES IN, IN PROPERTY TAXES, IS THAT WHAT I UNDERSTOOD YOU TO SAY? [LB414]

SENATOR HARR: SORRY, THAT'S THE VALUE OF THE PROPERTY IN THE STATE OF NEBRASKA. [LB414]

SENATOR BLOOMFIELD: OKAY. DO YOU KNOW WHAT WE TAKE IN, IN PROPERTY TAX? [LB414]

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SENATOR HARR: I DON'T. AND LET ME CLARIFY THAT TWO HUNDRED AND TEN. THERE ARE A LOT OF, FOR INSTANCE, CHURCHES, WHERE BECAUSE IT'S TAX EXEMPT, WE DON'T EVEN TRY TO DETERMINE WHAT THE VALUE IS BECAUSE IT'S A WASTE OF TIME AND TAXPAYER DOLLARS. SO THE ACTUAL VALUE IS PROBABLY HIGHER, BUT THAT'S THE VALUE OF TAXABLE PROPERTY IN THE STATE OF NEBRASKA. [LB414]

SENATOR BLOOMFIELD: OKAY, THANK YOU. STAYING WITH SENATOR HARR, IF HE WOULD. HOW MANY...YOU KNOW, WE COUCH THIS AND DEBATE IT SEEMS LIKE ABOUT WOODMEN OF THE WORLD, HOW MANY EMPLOYEES DO THEY HAVE? [LB414]

SENATOR HARR: THEY HAVE A LITTLE OVER 550 EMPLOYEES. [LB414]

SENATOR BLOOMFIELD: DO YOU KNOW WHAT PERCENTAGE OF THOSE LIVE IN NEBRASKA? [LB414]

SENATOR HARR: I DON'T, BUT I THINK IT'S PRETTY SAFE TO ASSUME OVER 90 PERCENT DO. [LB414]

SENATOR BLOOMFIELD: YEAH, I WAS JUST WONDERING IF WE TOOK THE NUMBER OF FAMILIES THAT MAKE THEIR LIVING AND THE PEOPLE THAT WORK AT WOODMEN'S, HOW MUCH VALUE DECREASE WE WOULD SEE IF THEY WERE TO LEAVE. YOU KNOW, I'M INCLINED TO AGREE WITH SENATOR CHAMBERS, THEY'RE PROBABLY NOT GOING TO LEAVE. BUT, COLLEAGUES, WE HAVE GONE OUT OF OUR WAY TO GIVE TAX BREAKS TO PEOPLE THAT MAY BRING IN 50 OR 100 EMPLOYEES. WE HAVE HERE A GREAT CORPORATE SPONSOR FOR THE STATE OF NEBRASKA. THEY DONATE FREELY. THEY PROVIDE GOOD JOBS AND SHOULD WE GIVE THEM A TAX BREAK? I THINK MAYBE WE SHOULD. SHOULD WE GIVE AGRICULTURE A TAX BREAK FROM WHERE WE'RE AT NOW? ABSOLUTELY. BUT, I THINK MAYBE THIS IS THE CASE OF WHERE IF WE CAN'T GET OURS, BY GOD, NOBODY ELSE IS GOING TO GET THEIRS EITHER. SO, IF WE CAN GIVE A LITTLE BREAK, MAYBE HELP KEEP A COUPLE HUNDRED FAMILIES FED IN NEBRASKA, KEEP THEM PAYING PROPERTY TAX, MAYBE WE OUGHT TO LOOK PRETTY SERIOUS AT DOING THAT. I'D YIELD THE REST OF MY TIME TO SENATOR HARR IF HE HAS ANY USE OF IT. [LB414]

SPEAKER HADLEY: SENATOR HARR, YOU'RE YIELDED 2 MINUTES AND 8 SECONDS. [LB414]

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SENATOR HARR: THANK YOU, SENATOR BLOOMFIELD. THANK YOU, MR. SPEAKER. YOU KNOW, I KEEP TALKING ABOUT THERE ARE 31 OTHER, SO 32 TOTAL FRATERNALS LICENSED TO TRANSACT BUSINESS IN NEBRASKA, WITH A TOTAL OF A 160,000 MEMBERS, 160,000 MEMBERS. AND OVER 1,200 WHO ARE...INDIVIDUALS WHO ARE LICENSED TO SELL INSURANCE THROUGH THE DEPARTMENT OF INSURANCE THAT REPRESENT THOSE FRATERNALS. LB414 IS ABOUT SEEKING PARITY FOR EQUAL TREATMENT. IT WOULD PROVIDE A TAX EXEMPTION PARITY AMONG FRATERNALS WITHIN A COUNTY, PARITY FOR FRATERNALS AMONGST THE DIFFERENT COUNTIES WITHIN NEBRASKA, AND PARITY FOR FRATERNALS WITH OTHER CHARITABLE ORGANIZATIONS WHO ALREADY ENJOY THIS SAME PROPERTY TAX EXEMPTION. THAT'S IT. WE'LL HAVE A CHANCE, AGAIN, TO TALK ABOUT HOW WE CAN LOWER OUR PROPERTY TAXES. I HAVE SOME IDEAS. I'D LIKE TO LOWER THEM. BUT WHEN WE SIT UP HERE AND SAY... [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR HARR: ...THAT WE NEED TO CUT THE SIZE OF STATE GOVERNMENT, KNOW THAT THAT HAS AN EFFECT ON THE SIZE OF OTHER GOVERNMENTS, WHETHER THOSE ARE SCHOOLS, ESUs, COMMUNITY COLLEGES, CITIES, AND COUNTIES. AND WE'VE DONE A VERY GOOD JOB ON THE STATE LEVEL OF PUSHING DOWN A LOT OF THE EXPENSES. AND THESE POLITICAL SUBDIVISIONS, THE ONLY WAY THEY HAVE TO COLLECT REVENUE IS A LITTLE BIT IN SALES, BUT THE MAJORITY IS PROPERTY TAX. SO, IF WE WANT TO DEAL WITH PROPERTY TAXES, WE HAVE TO DEAL WITH THAT ON THAT ISSUE. BUT LB414 WILL NOT DO ONE THING TO SOLVE OUR PROPERTY TAX PROBLEM THAT WE HAVE. IT WON'T. BUT LET'S ADDRESS THAT AND LET'S DO IT IN THE RIGHT WAY AT THE RIGHT TIME, AND NOT PICK JUST SOME SYMBOLIC VICTORY OUT THERE. [LB414]

SPEAKER HADLEY: TIME, SENATOR. [LB414]

SENATOR HARR: THANK YOU. [LB414]

SPEAKER HADLEY: SENATOR McCOLLISTER, YOU'RE RECOGNIZED. YOU ARE LAST IN THE QUEUE, SO I WILL ASK...AND NO ONE ELSE IS THERE, SENATOR CHAMBERS, I WILL ASK YOU TO CLOSE ON YOUR MOTION TO INDEFINITELY POSTPONE. [LB414]

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SENATOR CHAMBERS: THANK YOU. MR. PRESIDENT, MEMBERS OF THE LEGISLATURE, IT SEEMED THAT SENATOR BLOOMFIELD WAS SUGGESTING THAT THIS MIGHT BE A WAY FOR THE RURAL PEOPLE TO PRIME THE PUMP. NO, IT'S NOT PRIMING THE PUMP, IT'S SHUTTING OFF EVERYTHING. AND THE REASON THEY DON'T GIVE THE RURAL PEOPLE ANYTHING, BECAUSE THEY DON'T HAVE TO. YOU'RE SO WILLING TO GIVE IN. WHEN SENATOR HARR...HARR WANTS...THAT WASN'T AN IMITATION OF A LAUGH, WHEN SENATOR HARR WANTS TO SAY THIS THAT YOU'RE DOING FOR WOODMEN OF THE WORLD IS WHAT'S BEING DONE FOR OTHER SIMILAR ENTITIES, IT'S LIKE THE DIFFERENCE BETWEEN A TUNA FISH AND A MINNOW. SOME OF YOU ALL KNOW HOW HUGE A TUNA FISH IS AND ALL OF YOU KNOW HOW TINY A MINNOW IS. EVERY OTHER ONE LIKE THIS IN THE STATE COULD BE ANALOGIZED TO A MINNOW. AND HERE IS WOODMEN OF THE WORLD, THE TUNA FISH, WHICH DOESN'T NEED YOU TO PANDER. WOODMEN OF THE WORLD CHOSE THE FORUM THAT THEY WANTED TO RESOLVE THIS MATTER IN. THEY CHOSE TERC. NOBODY MADE THEM. THEIR LAWYERS TOLD THEM, THAT'S THE PLACE TO GO. THEN THEY FOUND GUNGA DIN, ALIAS, SENATOR HARR, OR SENATOR HARR ALIAS GUNGA DIN. HE WAS THIS WATER CARRIER FOR THE BRITISH THAT RUDYARD KIPLING WROTE ABOUT. AND AT THE END, I GUESS TO ASSUAGE HIS CONSCIENCE FOR HOW THEY MISUSE THIS GUY, RUDYARD KIPLING HAD THESE BRITISH PEOPLE TO DIE AND THEY WENT TO HEAVEN; GUNGA DIN DIED, HE WENT TO HEAVEN, AND HE'S STILL A WATER CARRIER FOR THEM. BUT WHAT KIPLING SAID, THOUGH I BELTED YOU AND FLAYED YOU, BY THE LIVING GOD THAT MADE YOU, YOU'RE A BETTER MAN THAN I AM, GUNGA DIN. THAT'S THE CONSOLATION. AND THEN TO ADD THE CROWNING INSULT, AND FOR ALL HIS DIRTY IDE (PHONETICALLY)...HIS DIRTY HIDE. THEY TALK FUNNY IN BRITAIN. FOR ALL HIS DIRTY HIDE, HE WAS WHITE, CLEAR WHITE, WHITE, CLEAR WHITE INSIDE WHEN HE WENT TO TEND THE BRITISH UNDER FIRE. WHAT MADE THIS BLACK PERSON FROM INDIA WHITE INSIDE WAS WHEN HE RISKED HIS LIFE TO CARRY WATER FOR AND TO THE BRITISH. THAT'S HOW THEY INSULT US, BUT THEY'RE SUPPOSED TO BE ELEVATING US. BUT ANYWAY, SENATOR HARR BECAME A WATER CARRIER FOR WOODMEN OF THE WORLD AND NOW WOODMEN OF THE WORLD REALIZES THAT MAYBE THEY SHOULDN'T HAVE GONE TO TERC BECAUSE THINGS MAY NOT GO THE WAY THEY WANT THEM TO GO THERE, EVEN THOUGH THEIR HIGH-PRICED, HIGH-POWERED LAWYER SAID, THAT'S THE PLACE TO GO. SENATOR HARR IS SAYING, NO, THE LEGISLATURE COMPRISES FLUNKIES AND LACKEYS AND LAP DOGS FOR BIG COMPANIES AND THEY'LL GO FOR IT. WHEN LB775 WAS BEFORE THIS BODY, I FOUGHT IT TOOTH AND NAIL. AND YOU KNOW WHY THEY WENT FOR LB775? IT WAS THE CONAGRA BILL. AND CONAGRA CONVINCED THEN-GOVERNOR ORR THAT THEY WOULD LEAVE OMAHA AND NEBRASKA IF THEY DIDN'T GET THOSE BREAKS. THEY

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WANTED PROPERTY TAX BREAKS, BREAKS FOR THEIR COMPUTERS, THEIR AIRPLANES, AND I WROTE NUMEROUS RIDICULING AMENDMENTS. ONE WOULD HAVE EVEN PUT A BANNER SAYING CONAGRA ON THE SHOULDER OF THE SOWER ON TOP OF THIS CAPITOL BUILDING BECAUSE THE STATE HAD BEEN SOLD OUT TO CONAGRA. SO I'VE BEEN FIGHTING THESE KIND OF THINGS EVER SINCE I'VE BEEN IN THE LEGISLATURE. [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR CHAMBERS: THE LEARNING COMMUNITY, I TOUCHED ON. WHEN THOSE BUSINESSES LEFT OPS'S AREA AND TOOK THE TAX BASE WITH THEM, THAT LED TO THE CREATION WITH THE COMPLICITY AND AGREEMENT OF THE SUBURBAN DISTRICTS, WHO NOW WANT TO RENEGE ON THE BARGAIN, WHERE THE MONEY TO MAKE IT UP TO OPS WOULD GO INTO A COMMON POT. AND THAT'S WHERE THE COMMON LEVY CAME IN. THEY ALL CONTRIBUTE, THEN AN AMOUNT IS TAKEN OUT TO ADDRESS THE SPECIFIC AND PARTICULAR PROBLEMS FOUND IN OPS. BOUNDARIES WERE SETTLED, AND OTHER THINGS, AND NOW THOSE SUBURBAN DISTRICTS WANT TO GO BACK ON THE DEAL. AND THEIR REPRESENTATIVES DOWN HERE HAVE NO MORE INTEGRITY THAN THAT. BUT WHEN THEY TRY IT, I'M GOING BE HERE BECAUSE I WAS HERE WHEN THAT HAPPENED. MR. PRESIDENT, I WILL ASK FOR A CALL OF THE HOUSE AND IN MY FINAL SECONDS, NOBODY IS GOING TO BE HURT WHEN WE KILL THIS BILL, BUT THE INSTITUTION AND WHAT WE'RE TRYING TO DO, OR WILL TRY TO DO ON PROPERTY TAXES, CAN BE DONE WITH A CLEAR FIELD IN FRONT OF US. THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: THERE HAS BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB414]

ASSISTANT CLERK: 31 AYES, 0 NAYS TO GO UNDER CALL, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED 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 CRAIGHEAD, IF YOU WOULD, CHECK IN. SENATOR WATERMEIER, SENATOR HOWARD, SENATOR BOLZ, SENATOR KRIST, SENATOR LARSON, SENATOR KINTNER, SENATOR GROENE, THE HOUSE IS UNDER CALL. SENATOR

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BOLZ, SENATOR HOWARD, THE HOUSE IS UNDER CALL. SENATOR BOLZ, THE HOUSE IS UNDER CALL, PLEASE REPORT TO THE CHAMBER. SENATOR CHAMBERS, HOW WOULD YOU WISH TO PROCEED? [LB414]

SENATOR CHAMBERS: WHEN SENATOR BOLZ GETS HERE. [LB414]

SPEAKER HADLEY: SHE IS HERE. [LB414]

SENATOR CHAMBERS: I WILL TAKE A MACHINE VOTE, BUT I WANT IT TO BE A RECORD VOTE. [LB414]

SPEAKER HADLEY: MACHINE VOTE, RECORD VOTE. ALL THOSE IN FAVOR SIGNIFY BY SAYING AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL THOSE VOTED THAT WISH TO? RECORD, MR. CLERK. [LB414]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1101-1102.) THE VOTE IS 12 AYES, 20 NAYS, MR. PRESIDENT, ON THE MOTION TO INDEFINITELY POSTPONE. [LB414]

SPEAKER HADLEY: THE MOTION IS DEFEATED. MR. CLERK, FOR AN ANNOUNCEMENT. RAISE THE CALL. (VISITORS INTRODUCED.) WE RETURN TO DEBATE ON LB414. SENATOR CHAMBERS, YOU'RE RECOGNIZED. [LB414]

SENATOR CHAMBERS: MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE, I DON'T KNOW IF ANYBODY HAS NOTICED, BUT I HAVEN'T GOTTEN WORKED UP ABOUT THIS BILL LIKE I DO ON ISSUES THAT REALLY TOUCH ME AND MY CONSTITUENCY. THERE ARE A LOT OF PEOPLE ON THIS FLOOR WHO SAY THAT THEY'RE INTERESTED IN THE PROPERTY TAX ISSUE. AND I'VE REPEATED IT AND I'LL REPEAT IT AGAIN, THAT'S YOU ALL'S ISSUE, AND IF YOU CHOOSE TO GIVE IN ON THIS BILL, THEN I DON'T GET ANY HEARTBURN FROM IT. YOU CAN GIVE EVERYTHING YOU WANT TO, TO EVERY COMPANY THAT COMES HERE, BUT I WANT THE RECORD TO BEAR WITNESS TO THE ISSUES THAT I RAISED, AND HOW FOOLISH AS A POLICY MOVE I'VE TRIED TO MAKE CLEAR THAT I THINK IT IS. I'M NOT GOING TO CARRY THIS TO A CLOTURE VOTE. THEY WOULDN'T HAVE 33 VOTES. SO IF THIS WAS ONE OF THOSE ISSUES THAT MEANS TO ME WHAT CERTAIN ISSUES DO, THEN I WOULD DO THAT ON MY OWN AND I COULD OFFER MOTIONS AND AMENDMENTS SUFFICIENT TO GIVE ME THE TIME TO ACCOMPLISH THAT. BUT IF IT MEANS NO MORE TO MY COLLEAGUES THAN IT

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APPARENTLY MEANS, IT'S POINTLESS FOR ME TO JUMP INTO THIS ISSUE WHICH IS NOT, QUOTE, MY, UNQUOTE, ISSUE. I'VE NEVER TALKED ABOUT SOLVING THE PROPERTY TAX QUESTION. AND IT IS NOT A SINGULAR, QUESTIONS, ISSUES, EXEMPTIONS, AND SO FORTH. YOU CANNOT EVEN ACQUIT YOURSELF PROPERLY ON THIS BILL. HOW IN THE WORLD ARE YOU GOING TO CONVINCING THE PUBLIC, WHOM YOU ALL HAVE MISLED, INTO THINKING YOU ARE CAPABLE OF DEALING WITH THE OVERALL ISSUE OF PROPERTY TAXATION IN THIS STATE? YOU CANNOT EVEN DEAL WITH THIS ONE ISSUE AS YOU SHOULD. AND AS FOR YOU RURAL PEOPLE WHO ARE BEING SUCKERED AGAIN, WHAT DO YOU THINK YOU'RE GOING TO GET WHEN YOU SUPPORT THIS BILL? THEY SHOULDN'T GIVE YOU ANYTHING. THERE WAS ONE OF THOSE GUYS WHO SAID, A SUCKER IS BORN EVERY MINUTE. AND ANOTHER ONE WHO IS IN THE SAME CATEGORY AS HE, STATED, THAT WHEN YOU FIND A FOOL, BUMP HIS HEAD. I'M NOT GOING TO CHARACTERIZE ANYBODY THIS MORNING BECAUSE OUR VOTE WILL DO THAT. I DID NOT ASK FOR A ROLL CALL VOTE BECAUSE IT MAKES ME NO DIFFERENCE. BUT WHEN TIME COMES TO VOTE FOR THE BILL ITSELF, I AM GOING TO ASK FOR A ROLL CALL VOTE. AND I WANT EVERYBODY ON RECORD TO SHOW THAT THEY GAVE WOODMEN OF THE WORLD THIS BIG BREAK. AND I'M GOING TO HAVE FUN, AND FOR THE REST OF THE SESSION I'M GOING TO REFER TO SENATOR BLOOMFIELD AS SENATOR BLOOMQUIST TO PUNISH HIM, TO REMIND HIM, BUT HE KNOWS I WON'T DO THAT. BUT EVERYBODY THEN WILL BE ON RECORD. THE VOTE ON THE ZOO WAS NOT AN INDICATION OF ANYTHING, BUT THIS VOTE IS. AND I DON'T KNOW WHAT PEOPLE HAVE SWALLOWED THAT SENATOR HARR AND WOW, WOODMEN OF THE WORLD, HAS GIVEN YOU. SO I'M GOING TO REPEAT AGAIN... [LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR CHAMBERS: YOU SAID TIME? DID YOU SAY TIME, MR. PRESIDENT?
[LB414]

SPEAKER HADLEY: ONE MINUTE. [LB414]

SENATOR CHAMBERS: OH, THANK YOU. I'M GOING TO SAY IT AGAIN. WOODMEN OF THE WORLD CHOSE TO TAKE THEIR ISSUE TO TERC. THEY CHOSE TO DO THAT. THEY FELT THAT THAT WAS WHERE THEY SHOULD GO TO RESOLVE THE ISSUE. THEN UP POPPED SENATOR HARR. AND THEY SAID, WE DON'T HAVE TO DO THAT. WE FORGOT ALL ABOUT HOW EASY THE LEGISLATURE IS. PUSHOVERS. AND THAT'S WHAT THIS IS GOING TO INDICATE. BUT ONCE AGAIN, YOU ALL ARE THE

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ONES WHO PROMISED TO HANDLE PROPERTY TAX AND YOU CAN'T EVEN HANDLE THIS ISSUE, AND FOR YOU RURAL PEOPLE WHO ARE HOPING AGAINST HOPE THAT THEY'RE NOT GOING TO TREAT YOU LIKE FOOLISH PERSONS. [LB414]

SPEAKER HADLEY: TIME, SENATOR. [LB414]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB414]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I GUESS I WILL STATE FOR THE RECORD THAT I'M NOT PASSIONATE ABOUT THIS BILL. I'M OPPOSED TO IT. I WILL VOTE AGAINST IT. I DON'T THINK IT'S THE RIGHT POLICY TO GO WITH RIGHT NOW. I THINK THIS WILL GET SETTLED IN THE COURTS. WE DON'T NEED TO DEFINE IT. OBVIOUSLY, THERE'S DIFFERENT TREATMENT AMONG DIFFERENT ENTITIES, BUT I THINK THEY CAN SETTLE IT IN A DIFFERENT WAY THAN TO BRING IT TO THE LEGISLATURE. BUT I WILL PUT EVERYBODY ON NOTICE THAT WHEN IT COMES TO DOING SOMETHING WITH PROPERTY TAXES, AT SOME POINT I WILL BE PASSIONATE ABOUT IT AND WE WILL HAVE THE DISCUSSION. AND IT WON'T BE THIS EASY TO LET A BILL GO PASSED. THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR CAMPBELL, YOU'RE RECOGNIZED. [LB414]

SENATOR CAMPBELL: THANK YOU, MR. PRESIDENT. COLLEAGUES, I'M NOT NECESSARILY GOING TO SAY THAT I SUPPORT LB414 OR THAT I'M OPPOSED TO LB414. BUT I WANT TO GIVE A LITTLE EXPLANATION IN TERMS OF WHAT IT IS TO SERVE ON THE COUNTY BOARD OF EQUALIZATION. WHEN I WAS ELECTED TO THE COUNTY BOARD IN LANCASTER COUNTY, ONE OF THE DEPUTY COUNTY ATTORNEYS CAME DOWN TO GIVE AN ORIENTATION TO THE BOARD ABOUT THE BOARD OF EQUALIZATION BECAUSE ACTUALLY YOU HOLD TWO DIFFERENT MEETINGS AND YOU HAVE TWO DIFFERENT RESPONSIBILITIES, ONE AS THE COUNTY BOARD AND ONE AS THE COUNTY BOARD OF EQUALIZATION. AND HIS ADMONITION TO THE COUNTY BOARD WAS, YOU CAN PLAY ALL THE POLITICS YOU WANT TO ON THE COUNTY BOARD, BUT WHEN YOU SIT AS THE COUNTY BOARD OF EQUALIZATION, YOU ARE THERE TO FOLLOW THE LAW, AND IF YOU DO NOT, OR APPEAR ARBITRARY OR CAPRICIOUS, YOU ARE PERSONALLY LIABLE. AND I CAN TELL YOU AS A FRESHMAN COUNTY COMMISSIONER, THAT MADE A LOT OF DIFFERENCE TO ME. SO THIS IS NOT JUST AN ISSUE THAT THE

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DOUGLAS COUNTY BOARD WOULD HAVE TAKEN LIGHTLY. THEY WOULD HAVE HAD TO SIT AS THE BOARD OF EQUALIZATION, AND I HAD AN OPPORTUNITY TO VISIT WITH THEM YESTERDAY. I THINK IT'S IMPORTANT TO UNDERSTAND IN THIS CASE, YES, OTHER COUNTIES ARE GIVING A BREAK TO FRATERNAL ORGANIZATIONS ON AN EXEMPTION. IN ALL SITUATIONS IN THOSE COUNTIES, I'VE BEEN ABLE TO FIND, AND IN MY OWN COUNTY, IT IS WHERE THEY HAVE A LODGE OR A BUILDING, AND PORTIONS OF THAT ARE EXEMPT. THIS IS THE ONLY FRATERNAL ORGANIZATION THAT LOCATES ITS INSURANCE COMPANY HERE. IT IS IN FRONT OF TERC. TERC IS NOT THE DEFINING ISSUE. AND I AGREE WITH THE PEOPLE WHO SAY THAT THIS PROBABLY WILL GO TO COURT DEPENDING ON EITHER SIDE. BUT I DO WANT YOU TO KNOW THAT WHEN YOU SIT AS THE BOARD OF EQUALIZATION IN A COUNTY, THIS IS NOT A POLITICAL ISSUE. THIS HAS TO DO WITH WHAT THE COUNTY BOARD FEELS IS THE INTERPRETATION OF THE STATUTE. AND IF SOMEONE DISAGREES WITH THAT, THEY CAN GO TO TERC AND THEY CAN GO TO COURT. AND I THINK SENATOR HARR HAS BEEN PRETTY EXPLICIT ABOUT THAT. BUT I WANTED TO ONCE AGAIN REMIND YOU THAT THERE IS A DIFFERENCE HERE BETWEEN THE TWO BODIES. THANK YOU, MR. PRESIDENT. [LB414]

SPEAKER HADLEY: SENATOR CHAMBERS, YOU'RE RECOGNIZED. [LB414]

SENATOR CHAMBERS: THANK YOU. MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE, I SAY AGAIN, IF YOU ARE GOING TO PAY ATTENTION TO WHAT SENATOR HARR HAS TOLD YOU, HE'S SAYING THAT YOU CAN DRAW A COMPARISON BETWEEN A MINNOW AND A TUNA. THERE WOULD NOT BE A COMPARISON, THERE WOULD BE A CONTRAST. THINGS THAT DISPARATE IN NATURE ALLOW OF NO COMPARISON. THERE IS NO COMPARISON. HE CANNOT TELL YOU A SIMILAR ENTITY IN THIS STATE WHERE SOME COUNTY BOARD HAS DECIDED THAT THEY ARE NOT GOING TO HAVE TO PAY ANY PROPERTY TAX. WOODMEN OF THE WORLD IS ONE OF A KIND. AND THIS IS WHAT MAKES THE LEGISLATURE LOOK FOOLISH. I'M GOING TO TELL IT TO YOU BECAUSE YOU FORGET IT. WHEN THIS BILL STARTED, IT WAS FOR WOODMEN OF THE WORLD. IT'S BEEN DISCUSSED AS WOODMEN OF THE WORLD. WHEN THE WORLD-HERALD WRITES ARTICLES ABOUT IT, IT'S NOT IN THE GENERAL NEWS SECTION. IT'S NOT IN THE MIDLANDS NEWS SECTION. IT'S IN THE MONEY SECTION. AND IT IS HEADLINED, WOODMEN OF THE WORLD. EVERYBODY KNOWS WHAT IT IS EXCEPT THESE SENATORS WHO THINK THAT BY DUMMYING UP AND LOOKING AWAY FROM IT, THE PUBLIC IS GOING TO BE EQUALLY UNAWARE OF WHAT THE LEGISLATURE IS PRETENDING TO BE UNAWARE OF. THIS BILL IS A WOODMEN OF THE WORLD BILL. THAT'S THE ONLY REASON IT IS HERE. JUST LIKE THE ONLY

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REASON I WAS ATTACKED FOR WHAT I SAID IN THE JUDICIARY COMMITTEE WAS BECAUSE FOX NEWS PICKED IT UP. THEN IT CAME BACK TO NEBRASKA AND PEOPLE WERE MISQUOTING FROM THAT AND SAYING THAT I SPEAK AGAINST THE VETERANS, WHICH I HAVE NEVER DONE. AND THEY HAVE LISTENED TO ME. BUT THEY TOOK WHAT FOX NEWS TOLD THEM AND RAN WITH IT. BUT I EXPECT THAT. I'M ACCUSTOMED TO IT. AND, IN FACT, I THRIVE ON IT. I THRIVE ON IT. NOT ME AND YOU...OR NOT YOU AND ME AGAINST THE WORLD, BUT ME AGAINST THE WORLD OR THE WORLD AGAINST ME. AND I'M IN MY ELEMENT. BUT WHEN IT COMES TO THIS, IT TRANSCENDS EVEN THAT SILLINESS ON THE PART OF THESE IGNORANT PEOPLE IN AND OUT OF THE LEGISLATURE WHO DID NOT READ A TRANSCRIPT, WHO DOES NOT KNOW, OR PRETENDS NOT TO KNOW WHAT AN ANALOGY IS. BUT YOU CAN'T GET AWAY WITH THAT ON THIS ONE. OH, YOU ALL DID WAS SHOWN...YOU SHOWED EVERYBODY HOW UNPOPULAR I AM IN THIS BODY AND THAT WAS KNOWN. BUT NOW, THIS IS YOUR PEOPLE'S ISSUE. YOU HAVE PROMISED YOUR PEOPLE WHAT YOU WERE GOING TO DO. AND IF I WANT TO, I CAN MAKE YOU ALL SO ANGRY THIS MORNING THAT YOU'LL VOTE FOR THIS BILL FOR SURE IN OVERWHELMING NUMBERS AND GO AGAINST EVERYTHING YOU SAID. BUT WHAT YOU OUGHT TO ASK YOURSELF, ALL YOU RURAL PEOPLE, WHO WILL GIVE A QUID WITHOUT GETTING THE PRO QUO, WHAT BILL IS OUT HERE ADDRESSING YOUR CONCERNS ABOUT PROPERTY TAX? I COULD GO DOWN THE LIST IF I WANT TO PUT ON MY SPECS AND READ IT OFF AND NOT LOOK FOR AN ANSWER. LET SOMEBODY IN THE TIME REMAINING ON THIS BILL TELL ME, FOR MY EDIFICATION AND ENLIGHTENMENT, WHAT BILL IS ON THIS FLOOR--OUT OF COMMITTEE IS WHAT I MEAN BY ON THIS FLOOR--THAT ADDRESSES THE CONCERNS OF RURAL PEOPLE WITH RELATION TO PROPERTY TAXATION? [LB414]

SENATOR KRIST PRESIDING

SENATOR KRIST: ONE MINUTE. [LB414]

SENATOR CHAMBERS: DOWN THROUGH THE YEARS, THEY SEEN YOU GIVE THE CITY PEOPLE EVERYTHING THEY WANT. YOU TALK ABOUT A RURAL-URBAN SPLIT, YOU ALL ARE LARGELY RESPONSIBLE FOR IT. YOU DON'T GET ANYTHING AND YOU GIVE THEM WHAT THEY WANT. WHY SHOULD THEY GIVE YOU ANYTHING? WHY SHOULD ANY COMPANY REFRAIN FROM COMING HERE TO GET YOU TO GIVE THEM MORE BECAUSE THAT'S WHAT YOU'LL DO. AND THEY'RE INTERESTED IN GETTING ALL THEY CAN. AND IF YOU FIND AN UNGUARDED NUT TREE AND YOU LIKE NUTS, THAT'S WHERE YOU GO. AND THAT'S WHAT THE LEGISLATURE IS, AN UNGUARDED NUT TREE. SO THAT'S WHY THEY COME HERE

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AND THEY GET WHAT THEY WANT, AND SOME OF YOU WILL GET WHAT YOU DESERVE. IF IT DIDN'T INVOLVE A PRINCIPLE THAT GOES TO HOW THE LEGISLATURE IS GOING TO FUNCTION AS AN INSTITUTION, I MIGHT NOT HAVE HAD ANYTHING AT ALL TO SAY ON THIS BILL. IF I'VE RAISED MY VOICE IT'S BECAUSE I WAS BEING HUMOROUS OR GOT CARRIED AWAY WITH AN IDEA, BUT I CERTAINLY...THANK YOU, MR. PRESIDENT. [LB414]

SENATOR KRIST: TIME, SENATOR CHAMBERS, BUT YOU ARE NEXT IN THE QUEUE, GO AHEAD. [LB414]

SENATOR CHAMBERS: THANK YOU. I CERTAINLY DON'T FEEL THIS DEEP DOWN INSIDE. THE ONE ISSUE THAT I OFFERED AN AMENDMENT TO ADDRESS DEALT WITH DISCRIMINATION AGAINST PEOPLE BASED ON SEXUAL ORIENTATION. NOW THAT IS SOMETHING THAT I FEEL VERY STRONGLY ABOUT. AND THOSE KIND OF ISSUES, I RAISE MY VOICE IF NECESSARY. I MIGHT POUND THIS LITTLE TABLE. AND I FOUND OUT IT'S MADE OUT OF WOOD. NOW, YOU KNOW, IF YOU STRIKE A PIECE OF WOOD IN THE RIGHT WAY GOING WITH THE GRAIN, YOU COULD SPLIT THIS. WHAT WOULD THEY SAY ABOUT ME IF ONE OF THESE TIMES I CAME HERE AT 77-YEARS-OLD, AND PEOPLE THINK I'M AS WEAK AS CREAM, AND I SPLIT THIS LITTLE THING WE GOT SITTING...LOOK IT. YOU SEE HOW FLIMSY IT IS, BUT ALL THEY WOULD SEE IS WOOD FLYING EVERYWHERE. THEY'D SAY, WOW, THAT OLD GUY IS STRONG, THOUGH. THAT OLD GUY UNDERSTANDS PEOPLE. HE UNDERSTANDS ILLUSIONS. BUT I'M NOT GOING TO SPLIT IT BECAUSE I...WELL, I DON'T HAVE ANY INTENTIONS AT THIS TIME OF SPLITTING IT. BUT HERE'S THE POINT I'M TRYING TO MAKE. DO WHAT YOU WANT TO ON THIS BILL, BUT WHEN I DECIDE TO USE IT AS AN ENTREE FOR ME TO ENTER THE HOUSE OF MOCKERY, RIDICULE, CONDEMNATION, AND ALL THE REST OF IT, YOU'RE GIVING IT TO ME. AND AT THE SAME TIME, YOU'RE BETRAYING THE PROMISES YOU MADE ON THE CAMPAIGN TRAIL AND THEY'LL SAY, NEXT TIME AROUND, YOU'RE JUST LIKE ALL THE REST OF THEM. YOU SAY SOMETHING WHEN YOU WANT TO VOTE, THEN YOU DON'T DO IT. SO I'M GOING TO ENJOY WATCHING THIS VOTE WHEN WE GET TO A VOTE ON THE BILL, AND I AM GOING TO ASK FOR A ROLL CALL VOTE. AND I WANT TO SEE THEM ALL STAND UP, PUT UP, OR SHUT UP. AND IT'S GOING BE ENJOYABLE FOR ME BECAUSE, FRANKLY, I DON'T CARE HOW THIS THING TURNS OUT. IT'S NOT MY ISSUE. BUT I THINK IT IS A LEGISLATIVE ISSUE BECAUSE IT DOES TOUCH ON HOW WE DO BUSINESS HERE, WHETHER THE PROMISES MADE TO THE PUBLIC ARE GOING TO BE KEPT, AND IT WILL BE CLEAR THAT PROMISES WERE MADE WHICH THE PROMISORS KNEW COULD NOT BE KEPT. THEY'RE NOT DOING ANYTHING THIS SESSION TO KEEP IT. THEY'RE WHINING, THEY'RE COMPLAINING, THEY'RE SQUABBLING, BUT THEY'RE NOT DOING ANYTHING. THE

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FIRST THING THEY'RE GOING TO DO WILL GO AGAINST ALL THAT. AND MR. PRESIDENT, I FEEL SO COLLEGIAL I'M NOT EVEN GOING TO TAKE ALL THE SECONDS THAT I MAY HAVE LEFT. THANK YOU. [LB414]

SENATOR KRIST: THANK YOU, SENATOR CHAMBERS. THOSE STILL WISHING TO SPEAK, SENATOR CAMPBELL AND SENATOR GROENE. SENATOR CAMPBELL, YOU'RE RECOGNIZED. [LB414]

SENATOR CAMPBELL: THANK YOU, MR. PRESIDENT. AND I DON'T SEE SENATOR HARR ON THE FLOOR. SENATOR SCHUMACHER, WOULD YOU ENTERTAIN A QUESTION, PLEASE? [LB414]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB414]

SENATOR SCHUMACHER: SO LONG AS IT DOESN'T PUT ME IN A PICKLE. YES. [LB414]

SENATOR CAMPBELL: YOU KNOW, I'M TOTALLY OUT OF QUOTES AND PUNS, I'M SORRY. SENATOR SCHUMACHER, IN THE FIRST PARAGRAPH OF THE BILL, AND I JUST GOT AN E-MAIL ASKING THIS QUESTION AND I'M NOT QUITE SURE HOW I SHOULD ANSWER IT. IN THE FIRST PARAGRAPH OF THE BILL, THE PERSON ASKING THE QUESTION WANTS TO KNOW THAT IF WOODMEN SHOULD LEAVE OMAHA BUT RETAIN OWNERSHIP OF THE PROPERTY, BECAUSE ADDED HERE, "AND PROPERTY," WOULD THEY STILL HAVE THAT EXEMPTION? [LB414]

SENATOR SCHUMACHER: SENATOR HARR CAN CLARIFY THIS, BUT IT'S MY IMPRESSION THAT THE PART OF THE BUILDING THEY ARE SEEKING THE EXEMPTION FROM IS THAT PART THAT IS OCCUPIED BY THEM FOR THEIR INSURANCE...MAY WE CALL IT, FRATERNAL PURPOSES. THAT IF THEY SPLIT AND VACATE THAT, AND THAT JUST BECOMES COMMERCIAL PROPERTY, THEN IT'S TAXED. I THINK THAT'S HOW IT IS. [LB414]

SENATOR CAMPBELL: OKAY. SO AT THAT POINT, WE WOULD REVERT TO THE FACT THAT YOU CAN ASK FOR AN EXEMPTION ON PROPERTY BUT THAT...IF YOU'RE CHARITABLE, FRATERNAL, RELIGIOUS, BUT IT ALSO HAS TO BE THE USE OF THAT PROPERTY. [LB414]

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SENATOR SCHUMACHER: RIGHT. IT HAS TO BE FOR A FRATERNAL PURPOSE AND SOME OF THE RUB IN THIS BILL, I THINK, COMES FROM THE FACT THAT THE FRATERNAL PURPOSE IN THIS PARTICULAR CASE IS TO SELL INSURANCE. AT LEAST THAT'S THE BASIC FRATERNAL PURPOSE. THERE MIGHT BE A CLUBHOUSE LOCATED SOMEPLACE OR SOMETHING ELSE, BUT IT'S AN INSURANCE COMPANY. SO PART OF THE RUB IS, ARE WE REALLY GIVING EXEMPTIONS TO FRATERNAL ORGANIZATIONS OR SOME INSURANCE COMPANIES? [LB414]

SENATOR CAMPBELL: THANK YOU, SENATOR SCHUMACHER. THAT REALLY GOES TO THE POINT AND I WILL...I'M SURE SENATOR HARR WILL HAVE AN OPPORTUNITY TO ANSWER THAT QUESTION IF HE FEELS THAT IT SHOULD BE ANSWERED DIFFERENTLY. BUT, COLLEAGUES, ONCE YOU SIT AS THE BOARD OF EQUALIZATION, WHAT THE POINT THAT WE'RE DISCUSSING HERE IS THAT WHEN YOU CHOOSE TO GRANT SOMEONE AN EXEMPTION, THEY HAVE TO FIT A CERTAIN CATEGORY, CHARITABLE, RELIGIOUS. FRATERNAL IS OBVIOUSLY THE ISSUE IN SOME OF THIS. AND AT THE SAME TIME, YOU HAVE TO THEN DETERMINE WHEN YOU SIT AS THE BOARD OF EQUALIZATION WHETHER THE USE FITS THAT. SO A CHURCH, FOR INSTANCE, CAN HAVE A PRESCHOOL WITHIN THAT. THEY CAN ALLOW A COMPANY TO COME IN. THE CHURCH WILL HAVE TO PAY PROPERTY TAXES ON THAT PORTION THAT IS USED FOR THAT PRESCHOOL. SO, IT ALSO...IT'S NOT JUST THE CATEGORY THAT YOU HAVE TO LOOK AT AS A MEMBER OF THE BOARD, BUT YOU HAVE TO LOOK AT ITS USE. AND SOMETIMES THAT'S...BECOMES MORE OF A CONUNDRUM THAN ACTUALLY WHETHER THEY FIT A CATEGORY. THANK YOU, MR. PRESIDENT, AND I APPRECIATE THE CLARIFICATION. [LB414]

SENATOR KRIST: THANK YOU, SENATOR CAMPBELL AND SENATOR SCHUMACHER. SENATOR GROENE, YOU'RE RECOGNIZED. [LB414]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. BEFORE WE TAKE A FINAL VOTE ON THIS, I'M FEELING POSITIVE TODAY SO I'M TRYING TO SAY POSITIVE THINGS, EVEN WITH THE OVERCAST SKIES. I WOULD LIKE TO GET A SHOUT OUT TO EVERY BUSINESS IN THIS STATE THAT PAYS ITS PROPERTY TAXES, COMPLAINS, BUT AS GOOD CITIZENS THEY SUPPORT THE SCHOOLS, THE COUNTIES, THE COMMUNITY COLLEGES, THE NRDs, THEY DON'T JUMP ON THE LIFEBOAT AND ABANDON EVERYBODY ELSE. THEY'RE IN THE FIGHT FOR EVERYBODY. THEY PAY THEIR TAXES. ALL THE SMALL BUSINESSES, ALL THE CORPORATIONS THAT EMPLOY A LOT OF PEOPLE THAT DON'T LOOK FOR TAX BREAKS, THEY'VE BEEN GOOD CITIZENS FOR YEARS. THEY DON'T BLACKMAIL THE STATE. THERE'S A LOT OF THEM OUT THERE. AND I WANT TO GIVE A SHOUT

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OUT TO THOSE FOLKS BECAUSE I'M THERE FOR YOU AND I THINK WE CAN TURN THE SHIP HERE THAT MAYBE WE CAN STOP THESE KIND OF THINGS AND GET EVERYBODY TAX RELIEF IN THE FUTURE. SO, HOWEVER THIS GOES, I STAND AGAINST LB414 BECAUSE I WANT EVERYBODY TO GET A TAX BREAK. THANK YOU. [LB414]

SENATOR KRIST: THANK YOU, SENATOR GROENE. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB414]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. IT'S TRUE, WE MAY BE GIVING AWAY A LITTLE VALUATION HERE. BUT, COLLEAGUES, I WOULD ASK YOU TO GO BACK AND LOOK AT HOW MUCH WE GIVE AWAY TO GAME AND PARKS FOR LAND THEY DON'T USE PROPERLY. IF YOU WANT TO SEE A TRUE VALUATION ESCAPE, TAKE A LOOK THERE. SEE HOW MANY ACRES OF GROUND WE DON'T COLLECT TAX ON BECAUSE IT'S OWNED BY THE GAME AND PARKS SYSTEM AND NOT UTILIZED AND NOT UTILIZED PROPERLY. IT GROWS TO WEEDS BECAUSE THEY CLAIM THEY CAN'T AFFORD TO TAKE CARE OF IT. SO WHEN WE'RE LOOKING AT WHIPPING BOYS, LET'S TAKE A LOOK WITHIN OUR OWN FINANCED ENTITIES. THANK YOU, MR. PRESIDENT. [LB414]

SENATOR KRIST: THANK YOU, SENATOR BLOOMFIELD. SEEING NO ONE WISHING TO SPEAK, SENATOR HARR, YOU ARE RECOGNIZED TO CLOSE ON LB414. [LB414]

SENATOR HARR: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. I THINK EVERYTHING THAT COULD BE SAID ABOUT THIS BILL HAS BEEN SAID ABOUT THIS BILL. FRATERNAL BENEFIT SOCIETIES ARE A TYPE OF ENTITY THAT WERE CARVED OUT IN FEDERAL STATUTE, SPECIFICALLY, 501(c)(8). THEY SERVE A CHARITABLE PURPOSE. IN ORDER TO DONATE MONEY TO CHARITIES, THEY SELL INSURANCE. THE FEDERAL GOVERNMENT HAS REVIEWED THIS TO SEE IF THIS TYPE OF ENTITY SHOULD STILL EXIST. AND THE ANSWER WAS YES. AND THEY STILL EXIST. SO ON A FEDERAL LEVEL, THEY DON'T PAY TAXES. ON THE STATE LEVEL, THERE'S A DIFFERENCE RIGHT NOW IN THE STATUTE. BUT THE PROBLEM IS, EVEN THOUGH THE STATUTE, I THINK, IS PRETTY CLEAR, THERE IS INCONTINUITY, THERE IS IMPARITY. IN SOME CITIES, IN SOME COUNTIES, THESE TYPE OF ENTITIES PAY TAXES, IN OTHERS, THEY DON'T. AND THE ONE WHO PAYS THE LARGEST PERCENTAGE OF TAXES IS WOODMEN OF THE WORLD. NOW I'M GOING TO TALK ABOUT WOODMEN FOR A SECOND SO THAT WE CAN UNDERSTAND AND MAKE THE RECORD CLEAR. THE PORTION OF THAT BUILDING IN DOWNTOWN OMAHA THAT WOULD BE EXEMPT IS NOT THE ENTIRETY OF THE

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BUILDING, BUT ONLY THE PORTION OF THAT BUILDING THAT IS USED IN FURTHERANCE OF THEIR CHARITABLE PURPOSE. SO IT WOULD BE, IN THIS CASE, WHERE THEIR INSURANCE COMPANY IS. THERE MAY BE A LAW FIRM IN THAT BUILDING. IT WOULD NOT BE EXEMPT. THERE MAY BE ANOTHER NONPROFIT IN THAT BUILDING, THAT WOULD BE EXEMPT, BUT THAT WOULD BE BASED ON THEIR EXEMPTION. OKAY? THERE MAY BE A BANK. THAT BANK HAS TO PAY PROPERTY TAXES. THIS IS A SIMPLE BILL. THE PORTION OF THE BUILDING THAT IS USED IS ABOUT \$20 MILLION, \$20 MILLION OUT OF THE ASSESSED PROPERTY IN THE WHOLE STATE, \$210 BILLION. THAT DOESN'T TAKE INTO ACCOUNT OUR HOSPITALS, WHICH ARE TAX EXEMPT. THEY'RE NOT VALUATED. DOES NOT TAKE INTO ACCOUNT OUR UNIVERSITIES, OUR FEDERAL PARKS, OUR FEDERAL MILITARY INSTALLATIONS, OUR CHURCHES, OUR SCHOOLS. ALL OF THOSE ITEMS ARE NOT INCLUDED IN THE \$210 BILLION VALUATION THAT WE HAVE. FISCAL OFFICE HAS LOOKED AT THIS. SAID THE IMPACT TO THE STATE? NONE. IT WILL HAVE SOME EFFECT ON THE CITY OF OMAHA, AND IT SHOULD. AND THE CITY OF OMAHA WHO RECEIVES THE BENEFIT OF HAVING SUCH A GOOD CORPORATE CLIENT HAS SAID, WE'RE OKAY WITH THAT, WE SEE THE ADVANTAGE OF THIS. THIS COMPANY CREATES...WOODMEN OF THE WORLD CREATED 550-PLUS JOBS. EXEMPTING THE KEY EMPLOYEES WHO MAKE THE MOST, THE AVERAGE SALARY IS OVER \$62,500. THEY PAY THEIR WORKERS WELL. A COUPLE OF YEARS AGO WE SAID, WE WANT TO CHANGE THE WAY WE DO ECONOMIC DEVELOPMENT FROM BEING HUNTERS TO GATHERERS. WHAT THAT MEANS IS, LET'S FIND WAYS TO GROW THE BUSINESSES THAT ALREADY EXIST. THEY'RE HERE. LET'S MAKE SURE THEY STAY HERE AND LET'S MAKE SURE THEY GROW HERE. NOW THERE IS A TAX RAMIFICATION, I WILL CONCEDE THAT, OF ABOUT \$800,000. IF I TOLD YOU WE COULD GO GET A COMPANY... [LB414]

SENATOR KRIST: ONE MINUTE. [LB414]

SENATOR HARR: THANK YOU...550 EMPLOYEES FOR \$800,000 A YEAR, YOU WOULD SAY YES. YOU WOULDN'T EVEN THINK TWICE. AND YET, YOU KNOW, SOMETIMES THE CHILD THAT'S THERE, THE PRODIGAL SON GETS THE FATTED LAMB, AND THE SON WHO'S BEEN THERE WORKING THE FARM ALL ALONG GETS NOTHING. THAT'S KIND OF THE SITUATION WE HAVE HERE. FOLKS, I'LL ASK FOR YOUR SUPPORT ON LB414 BECAUSE...NOT BECAUSE IT'S A CORPORATE GIVEAWAY, BECAUSE IT'S THE RIGHT THING AND IT'S ABOUT PARITY AND IT'S ABOUT CONSISTENCY IN OUR TAX CODE. THAT'S GOOD TAX POLICY. THANK YOU. [LB414]

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SENATOR KRIST: THANK YOU, SENATOR HARR. YOU'VE HEARD THE CLOSING ON LB414. THE QUESTION IS THE ADVANCEMENT OF LB414 TO E&R INITIAL. ALL THOSE IN FAVOR VOTE...THERE'S BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE. OPPOSED, NAY. PLEASE RECORD, MR. CLERK. [LB414]

ASSISTANT CLERK: 42 AYES, 0 NAYS TO GO UNDER CALL, MR. PRESIDENT. [LB414]

SENATOR KRIST: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR KINTNER, WOULD YOU CHECK IN FOR US? THANK YOU. SENATOR KEN HAAR, SENATOR KOLOWSKI, PLEASE COME BACK TO THE CHAMBER. THE HOUSE IS UNDER CALL. SENATOR KEN HAAR, SENATOR KOLOWSKI, PLEASE RETURN TO THE CHAMBER. THE HOUSE IS UNDER CALL. WOULD YOU LIKE TO PROCEED, SENATOR, OR WAIT FOR SENATOR KOLOWSKI? OKAY, THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE. MR. CLERK. [LB414]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGES 1102-1103.) THE VOTE IS 29 AYES, 14 NAYS, MR. PRESIDENT, ON THE VOTE TO ADVANCE. [LB414]

SENATOR KRIST: LB414 ADVANCES. ITEMS FOR THE RECORD. LIFT THE CALL, PLEASE. [LB414]

ASSISTANT CLERK: MR. PRESIDENT, THANK YOU. AMENDMENTS TO BE PRINTED: SENATOR SCHUMACHER TO LR7CA; SENATOR BOLZ TO LB320. (LEGISLATIVE JOURNAL PAGES 1103-1109.)([LR7CA LB320]

SENATOR KRIST: NEXT ITEM.

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT BILL, LB141, INTRODUCED BY SENATOR SCHILZ. (READ TITLE.) THE BILL WAS READ FOR THE FIRST TIME ON JANUARY 9, REFERRED TO THE NATURAL RESOURCES COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH NO COMMITTEE AMENDMENTS. [LB141]

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SENATOR KRIST: THANK YOU. GOOD MORNING. SENATOR SCHILZ, YOU'RE RECOGNIZED TO OPEN ON YOUR BILL. [LB141]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. GOOD MORNING, EVERYONE. AND TODAY I BRING YOU LB141 AND THAT BILL WOULD MAKE CHANGES TO THE PUBLIC ENTITIES MANDATED PROJECT CHARGES ACT FOR THE PURPOSE OF SECURING BETTER BOND RATINGS FROM AGENCIES THAT ISSUE BONDS TO FINANCE CAPITAL PROJECTS MANDATED BY FEDERAL OR STATE LAW. IN 2006, THE LEGISLATURE PASSED LB336, A BILL THAT CREATED THE PUBLIC ENTITIES MANDATED PROJECT CHARGES ACT. IT ALLOWED PUBLIC POWER ENTITIES AN ADDITIONAL FINANCING OPTION FOR POWER FACILITY PROJECTS MANDATED BY FEDERAL OR STATE LAW. THE GOVERNING BOARDS OF PUBLIC POWER ENTITIES WERE AUTHORIZED TO FINANCE AND PAY FOR MANDATED PROJECTS BY AUTHORIZING A SEPARATE CHARGE ON EACH CUSTOMER'S ELECTRIC BILL, WHICH WAS TO REPRESENT THE CUSTOMER'S PORTION OF THE PROJECT CHARGE. IT ALSO AUTHORIZED THE PUBLIC POWER ENTITY TO ISSUE BONDS FOR SUCH PROJECTS WITH PAYMENTS SECURED BY A FIRST LIEN ON THE REVENUE FROM THE SEPARATE CUSTOMER CHARGE. THE REVENUE GENERATED FROM THE SEPARATE CUSTOMER CHARGE WAS TO BE DEDICATED SOLELY TO PAYING FOR THE PROJECT AND FINANCING COSTS UNTIL FULLY PAID. THE INTENT OF THE LAW WAS TO ENABLE PUBLIC POWER ENTITIES TO GET FAVORABLE FINANCING TO PAY FOR MANDATED PROJECTS, PROVIDE A SECURE SOURCE OF PAYMENT FOR BONDS, AND ALLOW PUBLIC POWER ENTITIES TO SECURE FAVORABLE BOND TERMS. SINCE PASSAGE OF THAT BILL, THE CONDITIONS THAT BOND RATING AGENCIES CONSIDER WERE DETERMINING THE HIGHEST BOND RATINGS HAVE CHANGED. THE PURPOSE OF THIS BILL IS TO PUT MECHANISMS INTO THE CURRENT LAW SO THAT THE BONDS ISSUED BY PUBLIC ENTITIES TO FINANCE CAPITAL PROJECTS MANDATED BY FEDERAL OR STATE LAW WILL HAVE THE ELEMENTS THAT RATING AGENCIES REQUIRE TO GET AAA RATINGS FOR THIS TYPE OF BOND. THE PROVISIONS THAT NEED TO BE ADDRESSED IN ORDER TO GET POSITIVE BOND RATINGS INCLUDE THAT THERE'S NO DISTINCT ENTITY THAT SEPARATES THE PUBLIC ENTITY IMPOSING THE FEE AND THAT THE ENTITY THAT COLLECTS THE GENERAL REVENUES, AND THERE'S NO THIRD PARTY OR SUCCESSOR SERVICES IF THE PUBLIC ENTITY GOES BANKRUPT. THIS BILL ALLOWS PUBLIC ENTITIES TO CREATE A SEPARATE SPECIAL PURPOSE ENTITY CALLED THE MANDATED PROJECT BOND ISSUER. THIS SPECIAL PURPOSE ENTITY WOULD BE CREATED BY THE PUBLIC ENTITIES BOARD AND WOULD BE PROTECTED FROM THAT PUBLIC ENTITY'S GENERAL DEBTS. THE BILL WOULD ALSO REQUIRE THE PUBLIC ENTITY TO PLEDGE THE PROCEEDS FROM THE MANDATED PROJECT CHARGE TO SECURE

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THE BONDS ISSUED BY THE SPECIAL PURPOSE ENTITY. FINALLY, THE BILL STATES THAT THE MANDATED PROJECT CHARGES ARE VESTED PROPERTY RIGHTS TO SHOW THAT THE CHARGES ARE SECURE. AGAIN, THESE CHANGES ARE TO THE MANDATED PROJECT CHARGES ACT WHICH ALREADY ALLOWS THE ISSUANCE OF BONDS TO FINANCE CAPITAL MANDATED PROJECTS. THIS BILL ADJUSTS SOME OF THE STRUCTURE OF THAT LAW FOR THE PURPOSE OF GETTING BETTER BOND RATINGS WHICH WILL RESULT IN LOWER MANDATED PROJECT COSTS. THE COMMITTEE ADVANCED THE BILL UNANIMOUSLY OUT OF COMMITTEE AND WE WOULD APPRECIATE YOUR SUPPORT. I WOULD ALSO LIKE TO JUST BRING UP A COUPLE OF THINGS THAT WE'VE BEEN LOOKING AT AND HAVE HAD SOME QUESTIONS ABOUT. SOME PEOPLE HAVE ASKED WHAT EXACTLY...WHO CAN USE THIS, AND HOW CAN THEY...HOW CAN THEY MOVE FORWARD WITH IT? AND I JUST PULLED UP THE ACT ITSELF THAT WAS PASSED IN 2006 TO SHOW YOU WHERE THIS FITS INTO THIS. PUBLIC ENTITY MEANS A MUNICIPALITY, A REGISTERED GROUP OF MUNICIPALITIES, A PUBLIC POWER DISTRICT, A PUBLIC POWER AND IRRIGATION DISTRICT, AN ELECTRIC COOPERATIVE, AN ELECTRIC MEMBERSHIP ASSOCIATION, A JOINT ENTITY FORMED UNDER THE INTERLOCAL COOPERATION ACT, A JOINT PUBLIC AGENCY FORMED UNDER THE JOINT PUBLIC AGENCY ACT, AN AGENCY FORMED UNDER THE MUNICIPAL COOPERATIVE FINANCING ACT, OR ANY OTHER GOVERNMENTAL ENTITY. NOW LET'S TALK ABOUT WHAT A MANDATE IS ACCORDING TO THE LAW. A MANDATE MEANS A REQUIREMENT IMPOSED BY A STATUTE OF THE UNITED STATES OR THE STATE OF NEBRASKA, A RULE, A REGULATION, AN ADMINISTRATIVE OR JUDICIAL ORDER, A LICENSING REQUIREMENT, OR CONDITION, ANY AGREEMENT WITH OR REQUIREMENT OF A REGIONAL TRANSMISSION ORGANIZATION, OR ANY CONSENT ORDER OR AGREEMENT BETWEEN THE UNITED STATES OR THE STATE OF NEBRASKA OR ANY AGENCY THEREOF, AND THE PUBLIC ENTITY. AND THEN WE'LL GO TO WHAT IS...WHAT IS DEFINED AS A MANDATED PROJECT. AND THIS IS HOW ALL OF THIS KIND OF TIES TOGETHER TO MAKE IT MUCH MORE NARROWER THAN IT MAY SOUND FROM THE OFFSET. A MANDATED PROJECT MEANS THE CONSTRUCTION, RETROFITTING, REBUILDING, ACQUISITION, OR INSTALLATION OF ANY EQUIPMENT, DEVICE, STRUCTURE, IMPROVEMENT, PROCESS, FACILITY, TECHNOLOGY, OR OTHER PROPERTY OWNED, LICENSED, OR CONTROLLED BY A PUBLIC ENTITY, OR OPERATED FOR THE BENEFIT OF A PUBLIC ENTITY THROUGH A POWER PARTICIPATION OR PURCHASE AGREEMENT EITHER WITHIN OR OUTSIDE THE STATE OF NEBRASKA AND USED IN CONNECTION WITH NEW OR EXISTING FACILITY RELATED TO ELECTRICAL POWER GENERATION, TRANSMISSION, OR DISTRIBUTION WHICH CONSTRUCTION, RETROFITTING, REBUILDING, ACQUISITION, OR INSTALLATION IS UNDERTAKEN TO SATISFY A

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MANDATE, INCLUDING, BUT NOT LIMITED TO, ANY EQUIPMENT, DEVICE, STRUCTURE, IMPROVEMENT PROCESS, FACILITY, TECHNOLOGY, OR OTHER PROPERTY RELATED TO ENVIRONMENTAL POLLUTION CONTROL, SAFETY, OR USEFUL LIFE EXTENSION OF AN EXISTING PLANT OR FACILITY. SO, AS WE LOOK AT THIS, IT...THE LAW WAS FIRST PUT INTO PLACE TO MAKE SURE THAT AS THE FEDERAL GOVERNMENT OR THE STATE COMES DOWN WITH MANDATES ON OUR PUBLIC POWER ENTITIES, OR ANY UTILITY FOR THAT MATTER, THAT THEY WOULD HAVE A TOOL TO BE ABLE TO USE THAT. AND WHAT WE'VE DONE HERE...WHAT WE'VE DONE HERE WITH THIS BILL AND IT IS KIND OF A...IT'S A PRETTY TECHNICAL THING, BUT WHAT WE'VE DONE IS WE'VE LOOKED AROUND...LOOKED AROUND THE COUNTRY AND SEEN OTHER STATES WHERE THEY'VE PUT THIS IN PLACE, AND SEEN THAT IT HAS BEEN EFFECTIVE IN LOWERING THE INTEREST, OR RAISING THE BOND RATING FOR THOSE ENTITIES AND FOR THOSE SPECIFIC BONDS. AND SO, THAT'S WHY I BRING THIS BILL HERE TODAY. THAT'S WHY I'M LOOKING FOR YOUR SUPPORT AND I HOPE I CAN GET IT. THANK YOU VERY MUCH, MR. PRESIDENT. [LB141]

SENATOR KRIST: THANK YOU, SENATOR SCHILZ. THOSE WISHING TO SPEAK: SENATOR CRAWFORD, GLOOR, FRIESEN, BRASCH, JOHNSON AND McCOLLISTER. SENATOR CRAWFORD, YOU ARE RECOGNIZED. [LB141]

SENATOR CRAWFORD: THANK YOU, MR. PRESIDENT. AND THANK YOU, SENATOR SCHILZ, FOR THAT INTRODUCTION. I THINK THIS IS A VERY IMPORTANT POLICY DEBATE FOR US TO HAVE, COLLEAGUES, SO I URGE YOU TO BE ENGAGED IN THIS DISCUSSION. WE HAVE TWO BILLS ON OUR AGENDA RIGHT NOW WHICH ARE BILLS THAT ARE BEING BROUGHT TO US WITH FINANCIERS ASKING FOR US TO PASS POLICIES THAT REDUCE THEIR RISK. AND SO, THERE ARE PLUSES AND MINUSES ON THE ONE HAND. IT WOULD GIVE ENTITIES LOWER FINANCING COSTS. ON THE OTHER HAND, WE HAVE TO REALLY ASK CAREFUL QUESTIONS ABOUT WHAT WE'RE BEING ASKED TO DO IN TERMS OF REDUCING THEIR RISK. SO, I DON'T KNOW WHERE I STAND YET ON LB141. I JUST HAVE QUESTIONS. I WANT TO MAKE SURE THAT WE TAKE THIS SERIOUSLY AND HAVE A LOT OF QUESTIONS AND MAKE SURE WE'RE RIGOROUSLY EXAMINING WHETHER OR NOT THIS IS A MOVE THAT WE WANT TO MAKE. SO I'D ASK IF SENATOR SCHILZ WOULD YIELD TO SOME QUESTIONS. [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: I SURE WILL, THANK YOU. [LB141]

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SENATOR CRAWFORD: THANK YOU. WELL, FIRST, I WAS LOOKING AT JUST THE COMMITTEE STATEMENT AND SO WHAT IT TALKS ABOUT IN THE COMMITTEE STATEMENT ABOUT WHAT THE BILL IS DOING. IT TALKS ABOUT PROVIDING FOR A THIRD PARTY OR SUCCESSOR SERVICES IF THE PUBLIC ENTITY IS GONE OR GOES BANKRUPT. SO, IF I UNDERSTAND IT CORRECTLY, WE ARE ALLOWING THE PUBLIC POWER ENTITIES TO CREATE A SEPARATE ENTITY AND SO IF THE PUBLIC POWER ENTITY GOES BANKRUPT, THE SEPARATE ENTITY CONTINUES. IS THAT CORRECT? [LB141]

SENATOR SCHILZ: THAT IS CORRECT, YES. [LB141]

SENATOR CRAWFORD: OKAY. SO, THIS SEPARATE ENTITY EXISTS AND CONTINUES TO EXIST EVEN IF OPPD GOES BANKRUPT AND THAT'S PART OF HOW WE'RE REDUCING RISK IS THAT THIS OTHER ENTITY CONTINUES TO EXIST. AND THEN THE NEXT LINE IT SAYS THAT THE MANDATED PROJECT CHARGES ARE A VESTED PROPERTY RIGHT FOR SECURITIZATION PURPOSES. NOW, IF WE GIVE SOMEONE A VESTED PROPERTY RIGHT, SOMEONE ELSE HAS TO HAVE THE DUTY TO DO THAT. SO IN THIS CASE BY GIVING THEM A VESTED PROPERTY RIGHT, WHO HAS THE DUTY? WHO IS ACCEPTING THE RISK? [LB141]

SENATOR SCHILZ: THANK YOU FOR THE QUESTION, AND I'LL TRY TO ANSWER IT AS BEST I CAN. I WOULD...WITH THAT VESTED PROPERTY RIGHT, THERE ARE CONTRACTS THAT GO BACK AND FORTH BETWEEN...LET'S SAY OPPD AND THIS SPECIAL ENTITY THAT'S BEING CREATED TO MAKE SURE THAT, FIRST OF ALL, THE WORK GETS DONE THAT'S SUPPOSED TO. ACCORDING TO THE RISK, OBVIOUSLY, BECAUSE YOU'RE SETTING IT ASIDE AND MOVING IT OUTSIDE OF OPPD ITSELF INTO THIS OTHER ENTITY, THOSE...IF I UNDERSTAND IT RIGHT AND PEOPLE CAN CORRECT ME, BUT I WOULD SAY THAT THAT RISK FALLS UPON THOSE BOND PAYERS. I CAN'T SEE THAT IT'S... [LB141]

SENATOR CRAWFORD: I DISAGREE, AND SO WE CAN DEBATE THIS. AS I UNDERSTAND IT, THE PEOPLE WHO HOLD THE RISK ARE THE CUSTOMERS. SO THE ACT ALREADY GIVES PUBLIC POWER ENTITIES THE RIGHT TO PUT MANDATED CHARGES ON THE BILL. AND WHAT WE DO WITH LB141, AS I UNDERSTAND IT, IS IF OPPD OR THE POWER ENTITY GOES BANKRUPT, THIS OTHER ENTITY EXISTS TO CONTINUE SENDING THE BILLS TO THE CUSTOMER, AND IT'S THE CUSTOMERS THAT BEAR THAT RISK. AND WE SAY IF PUBLIC ENTITIES GO BANKRUPT, WE WANT TO MAKE SURE THOSE CUSTOMERS KEEP PAYING UNTIL THOSE BOND OWNERS GET PAID OFF. THAT'S MY UNDERSTANDING

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OF WHAT THAT VESTED PROPERTY RIGHT MEANS. SO IT IS ULTIMATELY THE CUSTOMERS WHO WE ARE PUTTING THAT RISK ON. AND SAYING IN ADDITION TO THE OTHER BANKRUPTCY PROTECTIONS THAT WE HAVE ALL AROUND OUR PUBLIC ENTITIES, WE'RE CREATING THIS SEPARATE ENTITY THAT WILL BE ABLE TO BORROW, YOU KNOW, TO HAVE BONDS AND THAT ENTITY WILL BE ABLE TO GET BETTER RATES BECAUSE BASICALLY WE'RE... [LB141]

SENATOR KRIST: ONE MINUTE. [LB141]

SENATOR CRAWFORD: ...GUARANTEEING THAT THOSE CUSTOMERS WILL KEEP PAYING UNTIL THE BONDS ARE PAID OFF. BASICALLY, IT LOOKS LIKE TO ME, ABSOLUTELY REDUCING ANY RISK THAT THE BOND OWNER WOULD HAVE. SO, I CAN UNDERSTAND WHY THEY WOULD GIVE YOU A GOOD RATE ON THAT. THANK YOU, MR. PRESIDENT. [LB141]

SENATOR KRIST: THANK YOU, SENATOR CRAWFORD AND SENATOR SCHILZ. SENATOR GLOOR, YOU'RE RECOGNIZED. [LB141]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. GOOD MORNING, MEMBERS. I WONDER IF SENATOR SCHILZ WOULD YIELD FOR SOME FURTHER QUESTIONS. [LB141]

SENATOR KRIST: SENATOR SCHILZ, SENATOR GLOOR WOULD LIKE YOU TO YIELD FOR SOME QUESTIONS. WOULD YOU YIELD? [LB141]

SENATOR SCHILZ: I WILL SURE TRY, YES. [LB141]

SENATOR GLOOR: THANK YOU, SENATOR SCHILZ. WHEN I FIRST BEGAN THUMBING THROUGH THIS KNOWING THAT I HAVE A POWER ENTITY, A CITY POWER ENTITY IN MY COMMUNITY, I THOUGHT THIS MIGHT BE SOMETHING THAT IS...THAT WOULD BE HELPFUL TO THEM. I'VE NOT HEARD FROM THEM SPECIFICALLY AS RELATES TO IT, BUT THEN I GOT TO LOOKING FOR UNINTENDED CONSEQUENCES. AND I GUESS SOME OF IT HAS TO DO WITH DEFINITIONS WHICH I DON'T...I KNOW ARE REFERENCED IN PROBABLY OTHER PARTS OF THE STATUTE. SO I HAVEN'T HAD A CHANCE TO RESEARCH THAT AND I APOLOGIZE IF SOME OF THIS IS INFORMATION THAT HAS TO BE LOOKED UP. BUT, YOU KNOW, MY DEFINITION OF PUBLIC ENTITY IS...WOULD INCLUDE, AT LEAST IN MY WORK EXPERIENCE, HOSPITAL...COUNTY HOSPITALS AND HOSPITAL

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DISTRICTS. I THINK THAT WOULD BE A SAFE ASSUMPTION, WOULD IT NOT?
[LB141]

SENATOR SCHILZ: IT WOULD BE...IT WOULD BE IF THE TERM PUBLIC ENTITY WAS NOT DEFINED WITHIN THE STATUTE ITSELF, WHICH IT IS. AND IF YOU'LL GIVE ME A SECOND. A PUBLIC ENTITY AS DEFINED IN SECTION 70-1809, PUBLIC ENTITY MEANS A MUNICIPALITY, REGISTERED GROUP OF MUNICIPALITIES, A PUBLIC POWER DISTRICT, PUBLIC POWER AND IRRIGATION DISTRICT, ELECTRIC COOPERATIVE, ELECTRIC MEMBERSHIP ASSOCIATION, A JOINT ENTITY FORMED UNDER THE INTERLOCAL COOPERATION ACT, A JOINT ENTITY AGENCY FORMED UNDER THE JOINT PUBLIC AGENCY ACT, OR AN AGENCY FORMED UNDER THE MUNICIPAL COOPERATIVE FINANCING ACT OR OTHER GOVERNMENTAL ENTITY. AND I THINK, TOO, THAT WHEN YOU TAKE THAT DEFINITION INTO CONSIDERATION AND THEN YOU LOOK AT WHAT IS A MANDATED PROJECT, AND THEN IT TELLS YOU THAT BASICALLY THAT CAN BE USED FOR ELECTRICAL RETROFITTING AND THINGS LIKE THAT. IT REALLY DOES START TO NARROW THAT UP QUITE A BIT AS TO WHO CAN QUALIFY FOR THIS AND WHAT IT CAN BE USED FOR. [LB141]

SENATOR GLOOR: SO THE DEFINITIONS THAT YOU GAVE TO ME TOWARDS THE END ARE FOREIGN TO ME, BUT YOU'RE SAYING THAT WOULD NOT NECESSARILY INCLUDE AN ENTITY THAT WAS FORMED UNDER CURRENT STATUTES FOR A HOSPITAL DISTRICT OR A COUNTY HOSPITAL, AS FAR AS YOU KNOW? [LB141]

SENATOR SCHILZ: ONLY...ONLY IN THE SENSE THAT THEY COULD USE THIS BONDING AUTHORITY AND THIS ACT BEFORE, IF THEY'RE USING ELECTRICAL SERVICE OR ANYTHING LIKE THAT. THEN THEY COULD USE THAT TO RETROFIT OR TO BRING UP TO CODE OR TO DATE ANY ELECTRICAL GENERATION FACILITY OR THINGS LIKE THAT. SO...BUT I WOULD THINK THAT THEY WOULD HAVE TO DO THAT IN CONJUNCTION WITH SOMEBODY ELSE TO QUALIFY. [LB141]

SENATOR GLOOR: I DON'T...ACTUALLY, I DON'T THINK SO. AS I READ THE MANDATE...AS I READ MANDATE, CERTAINLY THERE ARE GOVERNMENTAL ENTITIES BOTH FARM AND HEALTH AND HUMAN SERVICES AND STATE DEPARTMENT OF LICENSURE. THEY CAN GET INVOLVED IN REQUIREMENTS WHICH I READ AS MANDATES THAT CLEANER POWER EMERGENCY GENERATORS, AS AN EXAMPLE, HAVE TO BE INSTALLED IN HEALTHCARE INSTITUTIONS, BOTH LONG-TERM CARE FACILITIES AND HOSPITALS TO MAKE SURE THAT THEY'RE PROVIDING ADEQUATE EMERGENCY POWER. THE SAME

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WOULD BE TRUE, I THINK, BY A NUMBER OF THE TRANSFORMERS THAT ARE POSITIONED AROUND THOSE ENTITIES BECAUSE YOU CERTAINLY DON'T WANT ANY KIND OF SURGES WHEN PEOPLE ARE WORKING WITH LASERS OR OTHER ELECTRONIC MEDICAL EQUIPMENT. IT WOULD SEEM TO ME...I DON'T KNOW THAT IT'S A BIG ENOUGH EXPENSE THAT ANYBODY WOULD GO THROUGH BONDING, ALTHOUGH... [LB141]

SENATOR KRIST: ONE MINUTE. [LB141]

SENATOR GLOOR: ...THE COST OF EMERGENCY GENERATORS MIGHT MAKE THAT SOMETHING THAT WOULD HAVE TO BE LOOKED AT FOR SOME OF THE SMALLER HOSPITALS. MIGHT THAT FIT UNDER THE DEFINITION OF WHAT WE COULD BE TALKING ABOUT HERE? [LB141]

SENATOR SCHILZ: IT MAY FIT UNDER THE DEFINITION OF PUBLIC ENTITY. BUT AS IT LOOKS TO...AND MAYBE WHAT YOU'RE SAYING, WE CAN ASK THAT QUESTION BUT THERE'S A CHANCE THAT IT COULD, BUT I THINK THAT IT WOULD BE...LET ME JUST SAY THAT THERE COULD BE AND I'LL FIND OUT FOR YOU. [LB141]

SENATOR GLOOR: OKAY, THANK YOU. THANK YOU, MR. PRESIDENT. [LB141]

SENATOR KRIST: THANK YOU, SENATOR GLOOR AND SENATOR SCHILZ. SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB141]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. THIS BILL WHEN WE HEARD IT IN COMMITTEE AND THE WAY I INTERPRET IT, TO ANSWER MAYBE SENATOR GLOOR'S QUESTION THERE, I DO BELIEVE THAT A HOSPITAL COULD USE IT. BUT WE WERE LOOKING MORE...IF THE LARGER CHARGES THAT OUR POWER INDUSTRY MIGHT BE FACING BECAUSE OF THE EPA MANDATES FOR CO2 REDUCTION AND NUMEROUS OTHER EMISSIONS REQUIREMENTS. AND THERE WE'RE TALKING TENS OF MILLIONS, MAYBE HUNDREDS OF MILLIONS OF DOLLARS IN COSTS DOWN THE ROAD. AND IT IS A VERY UNKNOWN COST THAT WE'RE LOOKING AT. I DON'T THINK, AND I COULD BE WRONG, BUT I DON'T THINK A HOSPITAL OR SOMEBODY THAT WANTS TO PUT IN SOME EXTRA POWER GENERATION WOULD WANT TO GO TO THE EXPENSE OF CREATING THIS BOARD AND DOING ALL THOSE THINGS FOR THE SMALL SAVINGS THAT IT WOULD ACHIEVE ON THAT SMALL OF AN EXPENDITURE. WHAT WE WERE GENERALLY LOOKING AT, IT COULD BE IN THE HUNDREDS OF MILLIONS OF DOLLARS TO UPGRADE OR RETROFIT PLANTS IN THE FUTURE. AND I THINK PART OF THE

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UNCERTAINTY FROM THE BONDHOLDERS IS THAT THESE COSTS ARE UNKNOWN AND YOU CAN...THERE ARE CURRENTLY HAVE PLANTS THAT HAVE SPENT TENS OF MILLIONS OF DOLLARS AND THEN THE EPA COMES ALONG AND ADDS MORE MANDATES ON TOP OF THOSE SAYING THAT WAS NO LONGER GOOD ENOUGH. SO IT IS A VERY FLEXIBLE...IT SEEMS TO BE A VERY FLEXIBLE PART ON THE EPA. THEY KEEP INCREASING THEIR MANDATES AND POWER INDUSTRY HAS TO KEEP LOOKING AT WHETHER OR NOT IT CAN CONTINUE TO MEET THOSE...THE COSTS INVOLVED WITH THAT AND WHETHER IT'S WORTH RETROFITTING A PLANT OR CLOSING IT DOWN. SO THERE ARE A LOT OF UNKNOWNNS IN THE POWER INDUSTRY AS FAR AS THE FUTURE WITH THE EPA AND REGULATION OF COAL-FIRED POWER PLANTS. SO, THIS IS AN ATTEMPT TO DEAL WITH THAT AND GIVE MORE SURETY TO THE BONDHOLDERS THAT THEY WILL BE REPAID. THANK YOU, MR. PRESIDENT. [LB141]

SENATOR KRIST: THANK YOU, SENATOR FRIESEN. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB141]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT, AND GOOD MORNING, COLLEAGUES. I RISE WITH CONCERNS ON LB141. I DID GET CONCERNED CONSTITUENTS. BONDS HAVE BEEN A CONCERN BECAUSE OUR CONSTITUENTS AND THE TAXPAYERS ARE THE PAYEES. AT THE END OF THE DAY, THIS WILL COME OUT OF THEIR POCKET. AND MY UNDERSTANDING IS THAT THIS IS FOR MAJOR PROJECTS, SIGNIFICANT PROJECTS THAT ARE A HUGE IMPACT NOT JUST TO THE DISTRICT THAT THIS IS LOCATED. AND I SEE THAT OMAHA PUBLIC..IS IT OPS WAS WHO TESTIFIED HERE? OMAHA PUBLIC POWER DISTRICT WAS THE PROPONENT. I WAS WONDERING IF SENATOR SCHILZ WILL YIELD TO A QUESTION, PLEASE. [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: YES, I WILL. [LB141]

SENATOR BRASCH: I WAS TRYING TO GIVE YOU A LITTLE TIME TO FINISH YOUR CONVERSATION. I APOLOGIZE FOR DISRUPTING IT, BUT, THIS AGAIN IS ANOTHER MANDATE. YOU KNOW, I DO UNDERSTAND FROM READING THE BILL AND THE NOTES HERE THAT PUBLIC ENTITIES, THEY WERE AUTHORIZED TO PLACE A CHARGE ON CUSTOMERS' BILLS TO PAY THE BONDHOLDERS. AND I'M WONDERING, WHAT KIND OF PROJECTS ARE...ARE YOU LOOKING AT NOW?

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WHAT...HOW MUCH MONEY ARE WE SPEAKING OF ON THIS BOND? CAN YOU GIVE US SOME IDEA OF MILLIONS OF DOLLARS, YOU KNOW? [LB141]

SENATOR SCHILZ: YEAH. YEAH, THANK YOU, SENATOR BRASCH. AND I CAN AND WE CAN JUST TAKE ONE EXAMPLE GOING FORWARD TODAY. WE KNOW...WE KNOW THAT THE EPA IS WORKING ON SOME NEW REGULATIONS ON COAL-FIRED PLANTS, AND ON THINGS LIKE THAT. AND SO I'LL JUST READ HERE, IF YOU DON'T MIND. I DON'T MEAN TO TAKE UP YOUR TIME, BUT IT IS POSSIBLE THE FEDERAL REGULATIONS COULD GO INTO EFFECT THIS SUMMER THAT WOULD REQUIRE RETROFITTING OF COAL PLANTS. SAY THAT THE COST OF RETROFITTING IS AROUND \$400 MILLION. BY HAVING THE BETTER RATE ON THE BOND, THE SAVINGS OVER THE LIFE OF THE PROJECT REFLECTING PAYING LESS INTEREST IN COVERAGE COSTS WOULD BE SUBSTANTIAL. AND WE'RE USING THE EXAMPLE OF THE INTEREST RATES ABOVE FOR A 30-YEAR TERM WOULD BE AROUND \$484 MILLION. OKAY? IT WOULD BE...IT WOULD BE \$1.3 BILLION WITH AA RATING, AND \$847 MILLION WITH AAA RATING. SO IT REALLY IS A COST SAVINGS FOR EXACTLY THOSE RATEPAYERS THAT SENATOR CRAWFORD WAS TALKING ABOUT. SO THOSE ARE THE KIND OF NUMBERS THAT WE'RE TALKING ABOUT. [LB141]

SENATOR BRASCH: SO THIS IS A MAYBE PROJECT OR A ABSOLUTE PROJECT? IS THIS...WE'RE STARTING THIS JUST IN CASE, OR HAVE WE BEEN GIVEN OFFICIAL NOTICE BY THE EPA THAT THIS IS MANDATED? [LB141]

SENATOR SCHILZ: WE KNOW THIS, THAT WE HAVE TO HAVE A PLAN IN PLACE BY 2016 AND WE HAVE TO BE WORKING TOWARDS THAT AND MAKING SUBSTANTIAL PROGRESS AND HAVE IT FINISHED AND IN PLACE BY 2020. [LB141]

SENATOR BRASCH: AND WHAT IS THE LEVEL OF TRANSPARENCY AND ACCOUNTABILITY TO THE TAXPAYER, ALSO THE PAYEE, BECAUSE I UNDERSTAND THAT THERE WILL BE A SELF-APPOINTED BOARD THAT IS FISCALLY...FISCALLY MAKING DECISIONS FOR THE TAXPAYERS. IS THAT CORRECT? [LB141]

SENATOR SCHILZ: YEAH, HERE'S HOW THIS WORKS. WHAT WOULD HAPPEN IS IF THEY DECIDE TO DO THIS LIKE THEY DO IN THE ACT HERE, AND ONCE AGAIN, THERE'S...THERE HAS TO BE PUBLIC HEARINGS ON THIS BONDING, THERE HAS TO BE THOSE KIND OF PROCEDURES IN DUE PROCESS THAT GO FORWARD. BUT WHAT HAPPENS IS... [LB141]

SENATOR KRIST: ONE MINUTE. [LB141]

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SENATOR SCHILZ: SORRY, SENATOR BRASCH...BUT WHAT HAPPENS IS, YES, THE ENTITY THAT'S DOING THIS WOULD PICK FROM ITS OWN BOARD A THREE-MEMBER BOARD TO RUN THIS SPECIAL ENTITY. AND THEY WOULD BE THERE DOING THAT AND, YES, AND THAT'S HOW YOU...THAT'S HOW YOU GET A BETTER BOND RATING IS THAT YOU SPLIT THIS OFF FROM THE PARENT ENTITY, SO TO SPEAK, TO MAKE SURE THAT IT IS LESS RISKY, AND THAT'S HOW IT WORKS. [LB141]

SENATOR BRASCH: THANK YOU, SENATOR SCHILZ. I HAVE TURNED MY LIGHT ON. I HAVE FURTHER QUESTIONS. THANK YOU, MR. PRESIDENT. [LB141]

SENATOR KRIST: THANK YOU, SENATOR BRASCH AND SENATOR SCHILZ. SENATOR JOHNSON, YOU ARE RECOGNIZED. [LB141]

SENATOR JOHNSON: THANK YOU, MR. PRESIDENT, AND WELCOME...OR GOOD MORNING, COLLEAGUES. I SAT ON THE NATURAL RESOURCES COMMITTEE AND MAYBE DIDN'T ASK ENOUGH QUESTIONS, AND I'M GOING TO SWITCH A LITTLE BIT FROM THE POWER COMPANIES TO IRRIGATION DISTRICTS. AND I WOULD ASK IF SENATOR SCHILZ WOULD RESPOND TO A QUESTION. [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU RESPOND TO A QUESTION FROM SENATOR JOHNSON? [LB141]

SENATOR SCHILZ: YES. [LB141]

SENATOR JOHNSON: THANK YOU. IRRIGATION DISTRICTS IS ONE OF THE ITEMS THAT WAS LISTED IN YOUR OPENING AND I UNDERSTAND WHAT IRRIGATION DISTRICTS ARE, BUT IF THERE'S A MANDATE OUT THERE BECAUSE OF THE WATER SUSTAINABILITY ACT WHERE WE NEED TO BUILD A SUPER SOMETHING DEALING WITH IRRIGATION, WOULD THAT...LET'S SAY IT'S TOO BIG FOR THREE NRD DISTRICTS, WOULD THEY BE ABLE TO USE THIS AS A SPECIAL ENTITY AND COLLECTIVELY BOND? WE DO HAVE A BILL THAT'S STILL IN COMMITTEE THAT WE'VE NOT MOVED OUT YET DEALING WITH BONDING ABILITY FOR NRDs, BUT WOULD THEY BE ABLE TO COME TOGETHER AND UTILIZE THIS? [LB141]

SENATOR SCHILZ: SENATOR JOHNSON, THANK YOU FOR THE QUESTION. AND THE ONLY WAY...THE ONLY WAY THAT IRRIGATION DISTRICTS WOULD BE ABLE TO USE THIS, IS IN THOSE THINGS THAT I TALKED ABOUT WHERE WE TALK ABOUT

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FACILITIES, TECHNOLOGY, AND THINGS THAT ARE...THAT ARE UNDER CONTROL BY A PUBLIC ENTITY OR OPERATED FOR THE BENEFIT OF A PUBLIC ENTITY THROUGH A POWER PARTICIPATION OR PURCHASE AGREEMENT. SO IF THAT IRRIGATION DISTRICT IS DOING SOMETHING THAT HAS TO PERTAIN WITH ELECTRICITY THAT THEY'RE GENERATING, OR THEY'RE INVOLVED IN A POWER PURCHASE AGREEMENT SOMEWHERE, THEN POSSIBLY THEY COULD USE THIS DEPENDING ON WHAT THAT PROJECT IS. BUT REMEMBER, THAT PROJECT, LIKE YOU SAID, HAS TO BE MANDATED FROM THE FEDERAL GOVERNMENT OR THE STATE. AND IT REALLY...ONCE WE NARROW IT DOWN UNDER THE QUESTION OF WHAT ARE MANDATED PROJECTS, IT REALLY DOES NARROW THAT UP QUITE A BIT AND IT REALLY, TRULY, IS FOR ELECTRICAL GENERATION AND ELECTRICAL TRANSMISSION ISSUES. [LB141]

SENATOR JOHNSON: THANK YOU, THAT ANSWERED MY QUESTION. I FIGURED IT WAS CLOSER. IF THERE WAS AN IRRIGATION DISTRICT THAT WAS FOR POWER PURPOSES, AND IT WOULD MEET THIS OTHER CRITERIA, THAT WOULD QUALIFY. THANK YOU. [LB141]

SENATOR KRIST: THANK YOU, SENATOR JOHNSON AND SENATOR SCHILZ. SENATOR McCOLLISTER, YOU ARE RECOGNIZED. [LB141]

SENATOR McCOLLISTER: THANK YOU, MR. PRESIDENT, AND GOOD MORNING, COLLEAGUES. THE QUESTION OF SCOPE IS DEFINITELY A CONCERN TO MANY OF US HERE. WOULD SENATOR SCHILZ YIELD TO A QUESTION? [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: YES. [LB141]

SENATOR McCOLLISTER: I THINK IN THE OPENING THAT YOU GAVE INCLUDED MANY GOVERNMENTAL BODIES, BUT IN THE MANDATED SECTION OF THE BILL IT LIMITS IT PRETTY MUCH, I THINK, TO ELECTRIC UTILITIES. ISN'T THAT THE CASE? [LB141]

SENATOR SCHILZ: THAT IS CORRECT AND THAT'S...SURE. [LB141]

SENATOR McCOLLISTER: SO, ESSENTIALLY, THAT LIMITS THE BILL TO OPPD AND NPPD THAT HAVE GENERATING FACILITIES. IS THAT CORRECT? [LB141]

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SENATOR SCHILZ: THERE COULD BE SOME QUESTION THERE BECAUSE THERE'S OTHER...YEAH, THOSE FOLKS THAT HAVE GENERATING FACILITIES, BUT IT COULD BE...WE HAVE TO REMEMBER THAT WE HAVE MUNICIPALITIES THAT OWN THEIR OWN ELECTRICAL GENERATION FACILITIES. WE HAVE IRRIGATION DISTRICTS AND POWER DISTRICTS THAT ARE TOGETHER, SAY LIKE CENTRAL NEBRASKA PUBLIC POWER THAT DOES THE SAME THING. SO THERE ARE A NUMBER OF THINGS OUT THERE. BUT THAT'S WHY...THAT'S WHY YOU SAW THAT LARGE NUMBER OF PARTIES THAT COULD BE INVOLVED IN THIS BECAUSE WE DO ELECTRICITY GENERATION AND TRANSMISSION DIFFERENTLY AROUND THE STATE. SO, ALL THOSE HAD TO BE INCLUDED IN THAT TO GET WHERE WE NEEDED TO BE. [LB141]

SENATOR McCOLLISTER: WE HAD A FAIRLY LIMITED NUMBER OF PROPONENTS IN THE BILL, AS I RECALL. I THINK THE ONLY TESTIFIER WAS NPPD, OR OPPD, EXCUSE ME. [LB141]

SENATOR SCHILZ: THAT'S CORRECT. [LB141]

SENATOR McCOLLISTER: WELL, THANK YOU, MR. PRESIDENT. AND THANK YOU, SENATOR, FOR YIELDING FOR QUESTIONS. [LB141]

SENATOR KRIST: THANK YOU, SENATOR McCOLLISTER AND SENATOR SCHILZ. SENATOR HILKEMANN, YOU ARE RECOGNIZED. [LB141]

SENATOR HILKEMANN: SORRY, MR. SPEAKER. I WONDER IF SENATOR SCHILZ WOULD ANSWER SEVERAL QUESTIONS FOR ME. [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: I'M HERE ALL WEEK, YES. [LB141]

SENATOR HILKEMANN: OKAY, AND SO AM I. I HAVE A CONSTITUENT THAT HAS SOME REAL CONCERNS ABOUT THIS BILL AND I'M TRYING TO GET MY ARMS AROUND THIS. I THINK THERE SEEMS TO BE A LITTLE BIT OF MISUNDERSTANDING EXACTLY WHAT'S GOING ON HERE. AND THE BIG QUESTION IS, IS THAT THIS SAYS ANY GOVERNMENT ENTITY WITH BONDING AUTHORITY, IS THAT CORRECT? [LB141]

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SENATOR SCHILZ: THAT IS CORRECT IN THAT...IN THE DEFINITION OF THOSE THINGS, BUT THEN YOU HAVE TO DIG FURTHER INTO THE STATUTE ITSELF, AND YOU'LL SEE WHAT THEY CAN USE THAT FOR. AND WHEN YOU SEE THE DEFINITION OF WHAT IS CONSIDERED A MANDATED PROJECT, THAT'S WHERE IT REALLY NARROWS STUFF UP. AND I CAN BRING EXAMPLES TO YOU TO SHOW YOU WHAT WE'RE TALKING ABOUT. [LB141]

SENATOR HILKEMANN: NOW, THIS WOULD ALSO THEN ALLOW THIS SEPARATE ENTITY TO HAVE SOMEWHAT OF AN OFF-BALANCE TYPE SHEET THAT THEY COULD RUN OTHER THAN WHAT THE UNDERLYING ENTITY IS, IS THAT CORRECT? [LB141]

SENATOR SCHILZ: THAT IS CORRECT, YES. [LB141]

SENATOR HILKEMANN: SO, THE POTENTIAL IS WE COULD HAVE ANOTHER ENRON HERE. [LB141]

SENATOR SCHILZ: I THINK THAT IS COMPLETELY IMPOSSIBLE TO HAVE BECAUSE OF HOW WE DO IT. [LB141]

SENATOR HILKEMANN: TELL ME WHY IT'S IMPOSSIBLE. [LB141]

SENATOR SCHILZ: YEAH, LET ME TELL YOU. THERE IS A PROCESS IN HERE TO WHERE THESE TYPES OF THINGS THAT ARE GOING TO HAPPEN HAVE TO GO THROUGH A PUBLIC HEARING, HAVE TO BE BROUGHT FORWARD TO THE PEOPLE, AND THEN THE PEOPLE HAVE THE OPPORTUNITY TO LEND THEIR IDEAS, THEIR PERCEPTIONS AND EVERYTHING ELSE TO IT, BEFORE THIS CAN ACTUALLY HAPPEN. SO, AND ANY OF THESE PROJECTS, WE HAVE TO UNDERSTAND THAT THESE PROJECTS ARE MANDATED MOSTLY BY THE FEDERAL GOVERNMENT, IS WHO WE'RE TALKING ABOUT. SO THEY'RE GOING TO HAVE TO BE DONE ONE WAY OR THE OTHER. AND AS I LOOK AT IT, WHEN YOU HAVE THE OPPORTUNITY TO PUT A MECHANISM IN PLACE AND INSTRUMENTALITY IN PLACE, THEY CAN ACTUALLY GET YOU A HIGHER BOND RATING, THUS CHEAPER PAYMENTS OVER TIME. THAT...THAT DOESN'T NECESSARILY TURN YOU INTO AN ENRON. WHAT THAT DOES IS THAT TAKES CARE OF YOUR FISCAL RESPONSIBILITY FOR THESE POWER COMPANIES TO BE ABLE TO DO THESE PROJECTS AS CHEAPLY AS POSSIBLE. [LB141]

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SENATOR HILKEMANN: BUT AT SOME POINT, WE COULD HAVE AN OPPD THAT HAS A GREAT FINANCIAL STATUS AND THAT COULD GO DOWN, BUT THESE BONDS WOULD STILL...WHO'S GOING TO...WHO'S ULTIMATELY ON THE HOOK FOR THE BONDS? [LB141]

SENATOR SCHILZ: WHETHER THIS GOES INTO PLACE TODAY OR NOT, THE RATEPAYER IS ULTIMATELY RESPONSIBLE FOR ANY BONDING THAT'S DONE BY THESE POWER COMPANIES BECAUSE THEY'RE THE ONES PAYING FOR IT. [LB141]

SENATOR HILKEMANN: BUT WHAT ABOUT AN ENTITY OTHER THAN OPPD? [LB141]

SENATOR SCHILZ: THEY'D HAVE TO FOLLOW THIS LAW THE SAME AS OPPD DOES. [LB141]

SENATOR HILKEMANN: FOR RIGHT NOW, I THINK THAT WILL BE...I GUESS, I JUST NEED TO GET MY HANDS AROUND THIS. I'M NOT THERE WITH IT YET, SO I NEED TO... [LB141]

SENATOR SCHILZ: I UNDERSTAND THAT AND I WILL SAY THIS IS A...THIS IS NOT A SIMPLE BILL. IT DOES SOME...IT DOES SOME THINGS THAT EVERYBODY NEEDS TO THINK ABOUT. SO WHEN SENATOR CRAWFORD SAID, WE NEED TO REALLY TALK ABOUT THIS, WE DO. BECAUSE IT IS...IT'S SOMETHING NEW...IT'S NOT NEW, BUT IT'S SOMETHING THAT THIS STATE HASN'T DONE BEFORE. OTHER STATES HAVE, BUT WE HAVEN'T. AND I DIDN'T MEAN TO TAKE UP YOUR TIME. [LB141]

SENATOR HILKEMANN: OKAY. THANK YOU FOR NOW. THANK YOU. [LB141]

SENATOR KRIST: THANK YOU, SENATOR HILKEMANN AND SENATOR SCHILZ. SENATOR GROENE, YOU ARE RECOGNIZED. [LB141]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. SENATOR SCHILZ, I'LL ASK YOU A QUESTION AFTER I SAY WHAT I'VE GOT TO SAY. I WANT...BASICALLY, I'M GOING TO ASK YOU IS EVERYTHING I SAY WAS CORRECT? ON THE DEFINITION OF WHEN THEY SAY MUNICIPALITY AND PUBLIC POWER DISTRICT, I THINK WE CLARIFIED IT PRETTY WELL. BUT THAT'S ONLY A MUNICIPALITY THAT OWNS ITS OWN POWER LIKE OMAHA. FREMONT, I BELIEVE, HAS THEIR OWN. AND THEN WHEN

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YOU SAY AN IRRIGATION DISTRICT, BASICALLY YOU'RE TALKING ABOUT CENTRAL. IS THAT CORRECT? [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: YES, AND THAT IS CORRECT, YES. [LB141]

SENATOR GROENE: THANK YOU, BECAUSE THEY OWN POWER AND IRRIGATION. ALSO AM I CORRECT TO SAY THAT THE ONLY WAY THEY CAN BILL FOR THIS IS ON THE ELECTRIC BILL, RIGHT? AND IT HAS TO BE A SEPARATE LINE ITEM? [LB141]

SENATOR SCHILZ: I BELIEVE THAT'S CORRECT, YES. [LB141]

SENATOR GROENE: SO THAT PRETTY MUCH CLARIFIES THAT THEY COULDN'T PUT A SEWER OR A SWIMMING POOL OR SOMETHING ELSE ON HERE, IT HAS TO BE ON THE ELECTRICAL BILL, AND THE CONSUMER HAS TO HAVE A SEPARATE LINE ITEM, IS THAT CORRECT? [LB141]

SENATOR SCHILZ: THAT IS CORRECT, YES. [LB141]

SENATOR GROENE: ALL RIGHT. OF COURSE, I HAVE CONCERNS, TOO, BECAUSE WE WOULD HOPE OUR PUBLIC ENTITIES HAVE A GOOD ENOUGH CREDIT RATING BECAUSE THEY'VE BEEN WELL-MANAGED, AND THEY ALREADY HAVE A AAA THAT WE DON'T NEED THIS. IT WAS NOT HEARTENING TO READ AN ARTICLE IN THE LOCAL NEWSPAPER THAT OUR PUBLIC POWER IS NOT AS CHEAP AS IT USED TO BE. IT'S REALLY A CONCERN THAT WE KEEP ADDING ANOTHER LINE ON TO OUR PUBLIC UTILITY BILLS WHEN WE ARE NOT APPARENTLY BEING AS EFFICIENT AS SOME OTHER POWER COMPANIES ACROSS THE NATION. BUT THAT'S ANOTHER ISSUE. I CAN UNDERSTAND WHY WE WOULD DO THIS BECAUSE IT'S BEING MANDATED FROM THE FEDERAL GOVERNMENT. I UNDERSTAND OPPD HAS PROBLEMS WITH A NUCLEAR POWER PLANT. WE HAVE IN LINCOLN COUNTY THE LARGEST ONE OF THE TOP FIFTY POWER PLANTS IN THE NATION, GERALD GENTLEMAN, A COAL-FIRED AND, OF COURSE, WE'RE GETTING PRESSURE. WE'RE ONLY TWO HUNDRED MILES FROM THE COAL FIELDS OF WYOMING, BUT WE'RE STILL GETTING PRESSURE TO CHANGE OUR CHEAP FUEL SOURCE AND THERE'S COSTS COMING DOWN THE LINE ON THAT FROM NPPD. SO I...UNLESS I HEAR SOMETHING DIFFERENTLY, I'LL PROBABLY END UP SUPPORTING LB141. I WOULD

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HOPE NEBRASKA PUBLIC POWER AND ALL THOSE WOULD GET THEIR CREDIT RATINGS IN SUCH GOOD SHAPE THAT THERE'S NO DIFFERENCE BETWEEN THE BOND RATINGS, THE ONES THEY DO FOR MANDATED PROJECTS, AND THE ONES THEY DO THROUGH THEIR GENERAL OBLIGATION BONDING. THANK YOU, MR. PRESIDENT. [LB141]

SENATOR KRIST: THANK YOU, SENATOR GROENE AND SENATOR SCHILZ. SENATOR SCHILZ, YOU'RE NEXT IN THE QUEUE. [LB141]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. I THINK...FIRST OF ALL, I WANT TO TELL EVERYONE THANK YOU FOR THE QUESTIONS. I THINK THEY ARE IMPORTANT. I THINK THAT...I THINK SENATOR GROENE IS CORRECT WHEN HE TALKS ABOUT OUR PUBLIC POWER ENTITIES, THE POWER GENERATION, AND THE INCREASES WE'VE SEEN IN OUR RATES. IT IS...IT IS CONCERNING. IT IS ALARMING, AND WE HAVE OTHER BILLS COMING UP TO...TO MAYBE TAKE A LOOK AT SOME OF THOSE THINGS IN ENERGY PLANNING AND THINGS LIKE THAT. BUT, I KNOW THIS, FOR A FACT, THAT IF WE WANT TO CONTINUE TO HAVE THE OPPORTUNITY FOR THOSE CHEAP RATES, WE'VE GOT TO KEEP OUR FACILITIES IN THE SHAPE THAT THEY NEED TO BE AND WHEN WE HAVE THESE MANDATES THAT COME DOWN, WE HAVE TO BE ABLE TO ADDRESS THOSE IN A MANNER AND A FASHION THAT TAKES CARE OF THE ISSUE WHILE NOT BREAKING THE BANK OF OUR RATEPAYERS. AND THAT'S...THAT'S ANOTHER SIDE OF THIS AS WELL. IF WE DON'T PUT THIS IN PLACE, THEN WE'LL HAVE TO GO THROUGH IT WITH THE BONDING OPPORTUNITIES THAT WE HAVE IN PLACE RIGHT NOW WHICH COULD, AND PROBABLY WILL, COST MORE THAN IF WE PUT THIS IN PLACE. SO THIS...THIS BILL ULTIMATELY...ULTIMATELY LOOKS OUT FOR THE RATEPAYERS. BUT WE GOT TO MAKE SURE...AND EVERY TIME WE DO THIS, WE HAVE TO MAKE SURE THAT WE AS THE PEOPLE OF THE STATE OF NEBRASKA, AS THE RATEPAYERS FOR THOSE POWER ENTITIES, KEEP OUR EYES ON THEM AND WHAT THEY'RE DOING AND MAKE SURE THAT THEY'RE DOING THINGS IN OUR BEST INTEREST. THANK YOU, MR. PRESIDENT. [LB141]

SENATOR KRIST: THANK YOU, SENATOR SCHILZ. THOSE STILL WISHING TO SPEAK: SENATOR CRAWFORD, SCHUMACHER, BRASCH, DAVIS, RIEPE, AND BLOOMFIELD. SENATOR CRAWFORD, YOU'RE RECOGNIZED. [LB141]

SENATOR CRAWFORD: THANK YOU, MR. PRESIDENT. AND THANK YOU, SENATOR SCHILZ, FOR YOUR QUESTIONS. I THINK MOST OF MY CONCERNS HAVE BEEN ADDRESSED AND I APPRECIATE THAT. AS I UNDERSTAND IT, THE MAIN ENTITY

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TAKING THE RISK IS THE RATEPAYER. AND THEY ARE ALSO THE MAIN PERSON, PERSONS, ENTITIES, THAT WILL HOPEFULLY BENEFIT FROM THE LOWER RATES. SO I THINK THE RISK IS BEING PUT ON THE ENTITY THAT WILL HOPEFULLY BENEFIT. AND I THINK ALSO THE FACT THAT WE'RE VERY CLEAR THAT THE MANDATED PROJECT'S DEFINITION LIMITS IT TO THOSE VERY SPECIFIC ELECTRIC GENERATING AND STORAGE AND SELLING ENTITIES THINK...MAKE SURE THAT IT IS CONTAINED IN THAT...IN THAT CASE. AND ONLY THOSE ENTITIES WILL BE ABLE TO USE IT. AND AS I UNDERSTAND IT, THE OTHER KEY QUESTION JUST ASKED, WELL, WHAT HAPPENS IF THERE IS A BANKRUPTCY, THE CONSEQUENCE WOULD BE THAT RATEPAYERS WOULD CONTINUE TO GET A BILL FOR THAT PART OF THE PROJECT. I HAVE TWO LAST QUESTIONS IF SENATOR SCHILZ COULD YIELD TO TWO OTHER QUESTIONS. [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: YES. [LB141]

SENATOR CRAWFORD: AS I UNDERSTAND IT ALSO, THE ONLY COSTS THAT CAN BE COVERED WITH THESE BONDS WOULD BE THOSE MANDATED PROJECT COSTS, CORRECT? [LB141]

SENATOR SCHILZ: THAT IS CORRECT. [LB141]

SENATOR CRAWFORD: RIGHT. SO YOU COULDN'T GIVE SALARIES OR ANYTHING ELSE, IT'S JUST THE MANDATED PROJECT? [LB141]

SENATOR SCHILZ: JUST THE COST FOR THE...THE COST FOR THE PROJECTS AND THE FINANCING COSTS. [LB141]

SENATOR CRAWFORD: AND THE FINANCING COSTS FOR THE PROJECT. [LB141]

SENATOR SCHILZ: THAT'S RIGHT. [LB141]

SENATOR CRAWFORD: GREAT. NOW THE OTHER ISSUE AND THIS...I MAY JUST BE MISREADING THIS. I WAS TRYING TO FIND A PLACE IN THE BILL THAT REALLY TALKS ABOUT THAT PROCESS WHEN THESE ARE GOING TO BE LET. AND I THOUGHT MAYBE IT'S THE TOP OF PAGE FIVE. THE TOP OF PAGE FIVE, SECTION F, SEEMS TO TALK ABOUT IF THEY'RE TO BE ISSUED, THAT THERE'S A STATEMENT,

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AND I'M NOT SURE WHAT HAPPENS THERE. IT LOOKS TO ME LIKE IT'S AN INCOMPLETE SENTENCE, MAYBE. AND SO MAYBE YOU TELL ME WHAT GOES ON IN TERMS OF THE PROCESS TO ISSUE THESE OR... [LB141]

SENATOR SCHILZ: RIGHT. AND I'M KNOCKING THAT DOWN, BUT THE PROCESS ITSELF TO BE ABLE TO GO THROUGH THIS WHOLE THING IS ALREADY IN STATUTE THAT WAS PUT INTO PLACE IN 2006. SO, ANY OF THOSE...I BELIEVE THAT ANY OF THOSE PROCESSES WOULD HAVE TO BE STILL PUT IN PLACE, PUBLIC HEARINGS, THOSE KIND OF THINGS AND I'LL GET THAT TO YOU. [LB141]

SENATOR CRAWFORD: SO WE ARE JUST...I MEAN, WE'RE ADDING THIS NEW ENTITY INTO THAT PROCESS EVERY PLACE. [LB141]

SENATOR SCHILZ: THAT IS CORRECT. [LB141]

SENATOR CRAWFORD: AND IF YOU DON'T MIND, JUST CHECK THE TOP OF PAGE FIVE AND SEE WHAT'S GOING ON THERE, NOT NECESSARILY RIGHT NOW, BUT BETWEEN GENERAL AND SELECT SO THAT IF THERE'S SOMETHING THAT NEEDS TO BE FIXED, WE CAN MAKE SURE THAT'S FIXED. [LB141]

SENATOR SCHILZ: ABSOLUTELY. [LB141]

SENATOR CRAWFORD: THANK YOU. AND I WILL SUPPORT LB141. THANK YOU. [LB141]

SENATOR KRIST: THANK YOU, SENATOR CRAWFORD AND SENATOR SCHILZ. SENATOR SCHUMACHER, YOU ARE RECOGNIZED. [LB141]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. THIS IS AS SOPHISTICATED PIECE OF LEGISLATION THAT I THINK I'VE SEEN SINCE I'VE BEEN HERE. IT IS TRULY WALL STREET FINANCING. I THINK THAT BECAUSE THIS CAN BE DONE THROUGH INTERLOCAL AGREEMENTS AND OUR INTERLOCAL AGREEMENT STATUTES SAY THAT IF ONE ENTITY WHO IS A MEMBER OF IT CAN DO IT, THEY ALL CAN DO IT. THAT BASICALLY, THIS IS SAYING ALMOST EVERY PUBLIC ENTITY CAN DO IT. SO IT BOILS DOWN TO DO WHAT? AND IT'S DO A MANDATED PROJECT. AND A MANDATED PROJECT, AGAIN GOING TO THAT STATUTE, MEANS A CONSTRUCTION OR INSTALLATION OF ANY EQUIPMENT, DEVICE, STRUCTURE, PROCESS, OWNED, LICENSED OR

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CONTROLLED BY A PUBLIC ENTITY OR OPERATED FOR THE BENEFIT OF A PUBLIC ENTITY THROUGH A POWER PARTICIPATION PURCHASE OR PURCHASE AGREEMENT, EITHER WITHIN OR WITHOUT THE STATE OF NEBRASKA AND USED IN CONNECTION WITH A FACILITY TO SATISFY A MANDATE. SO I THINK, READING IT TOGETHER, SOME OF THIS FINANCING COULD BE FOR FACILITIES EVEN OUTSIDE OF NEBRASKA. AS I UNDERSTAND IT, THE MOTHER SHIP, THE BIG ENTITY THAT SETS THIS UP, SETS UP A BABY OPERATION AND THEN LEVIES A FEE, IT TAKES ITS FEE ON A WATT OF ELECTRICITY OR WHATEVER FROM A DOLLAR TO A DOLLAR TWENTY, WHICH MAY BE ALL THE MARKET CAN BEAR, TELLS THE BABY CORPORATION, PLEDGES, SELLS THAT EXTRA TWENTY CENTS TO IT IN EXCHANGE FOR THAT PLEDGE OF FUTURE REVENUE WHICH NOW NO LONGER IS AVAILABLE FOR ITS OTHER FUNCTIONS. IN EXCHANGE FOR THAT PLEDGE, BONDS ARE SOLD, WHICH PAY INTEREST, AND THEN MONEY IS BROUGHT IN WHICH IS THEN TURNED OVER TO THE MOTHER COMPANY, WHICH IS COMPLETELY INDEPENDENT NOW FROM THE SECONDARY COMPANY, TO DO THIS PROJECT WITHIN OR WITHOUT THE STATE. THERE...WHAT'S BOTHERING ME IS, THERE'S NO FREE LUNCH. OUT OF THIS YOU HAVE THIS SUPER BOND CLASS THAT'S CONSTRUCTED. IT COMES AHEAD OF ALL THE OTHER DEBT NOW, OR IN THE FUTURE, OF THE MOTHER COMPANY, AHEAD OF ANY UNION OR PENSION OBLIGATIONS OF THE MOTHER COMPANY, AND THIS SUPER BOND CLASS IS PROTECTED BECAUSE THE BABY COMPANY CAN NEVER GO BANKRUPT UNTIL THEY'RE PAID OFF. AND, YES, YOU HAVE A HIGHER BOND RATING FOR THE BONDS OF THE BABY COMPANY, BUT YOU HAVE LESS ASSETS FOR THE FUTURE BOND RATING OF THE MOTHER COMPANY. THERE IS NO FREE LUNCH THERE. SO, SENATOR SCHILZ, HAS AN ANALYSIS BEEN DONE, HOW MUCH THE BOND RATING OF THE FIRST COMPANY WILL BE REDUCED BY THE ENHANCEMENT OF THE BOND RATING IN THE SECOND COMPANY? WOULD YOU YIELD TO A QUESTION TO ANSWER THAT? [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: I WILL...I WILL TRY, YES. HERE IS WHAT I CAN SAY. I DON'T KNOW IF THAT ANALYSIS IS OUT THERE, BUT WE WILL FIND OUT AND I WILL GET THAT TO YOU. [LB141]

SENATOR SCHUMACHER: ALSO, I DON'T SEE WHERE THERE'S ANY LIMITS TO THE NUMBER OF THESE BABY COMPANIES THAT MAMMA CAN HATCH. AND, NOR...AND I THINK AS A MATTER OF OUR RESPONSIBILITY IN CREATING THIS THING, WE SHOULD SET SOME PARAMETERS AS TO THE SIZE OF THE PROJECT... [LB141]

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SENATOR KRIST: ONE MINUTE. [LB141]

SENATOR SCHUMACHER: ...THE NATURE OF THE AGREEMENTS THAT CAN BE ENTERED IN BETWEEN THE MOTHER COMPANY AND THE BABY COMPANY. CAN THE BABY COMPANY SAY, MOM, IF WE NEED TO, YOU HAVE TO UP THE FEE OR WE HAVE A SECONDARY LIEN ON THE REST OF YOUR ASSETS? WHAT KIND OF BOND INDENTURE WITH THE BOND IS WHATEVER IS NEGOTIATED BETWEEN BABY COMPANY WHO REALLY HAS NOTHING AT STAKE FOR OPERATIONS AT THIS POINT, IT'S INDEPENDENT OF THE MOTHER, AND THE BONDHOLDERS? WHAT HAPPENS WHEN PUSH COMES TO SHOVE BETWEEN THE BONDHOLDERS OF THE MOTHER COMPANY AND THE BABY COMPANY? I THINK THE BABY COMPANY WINS. THE MOTHER COMPANY NO LONGER HAS ASSETS OR ACCESS TO THAT STREAM OF REVENUE OR THAT POTENTIAL STREAM OF REVENUE. HOW DO YOU VEST AN INTEREST IN REVENUE YOU HAVEN'T HAD AND CUSTOMERS WHO MAY NOT BE BORN YET? YOU KNOW, I THINK THAT THERE'S PROBABLY SOME MAGIC IN THIS, BUT IT'S SOMETHING WE OUGHT TO TAKE REALLY, REALLY CAUTIOUS, AND I DON'T KNOW IF WE'VE GIVEN ENOUGH GUIDELINES UNDER THE BILL SO FAR IN ORDER TO FEEL COMFORTABLE WITH IT. THANK YOU. [LB141]

SENATOR KRIST: THANK YOU, SENATOR SCHUMACHER AND SENATOR SCHILZ. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB141]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT, AND THANK YOU ONCE AGAIN, COLLEAGUES. AND I BELIEVE SOME VALID CONCERNS ARE BEING RAISED. AND I WILL HAVE TO GIVE A SHOUT OUT TO SENATOR SCHUMACHER HERE. I LIKE THE TERM "SUPER" AND WAS IT, "MAMMA AND BABY." AND NOW I'M CONCERNED ABOUT SIBLINGS. YOU KNOW, OKAY, WE HAVE A LOT OF SUPER POWER ENTITIES POPPING UP ACROSS THE STATE, AND THEY ARE SUPER HUNGRY AS WELL. AND WE'RE TALKING ABOUT A SELF-APPOINTED ENTITY THAT IS GOING TO BE GIVEN TAXING AUTHORITY, NOT THROUGH THE LEGISLATURE, NOT THROUGH LOCAL TAXPAYER, BUT FOR A SUPERSIZED DEBT THAT IS BEING IMPOSED BY THE FEDERAL GOVERNMENT. I COULD SAY THAT AGAIN. A SUPERSIZED DEBT IMPOSED BY THE FEDERAL GOVERNMENT. THAT SOUNDS FAMILIAR, BUT THAT'S FOR ANOTHER DAY. NOW, THE QUESTIONS THAT I ALSO RAISE IS, IF THIS BILL DOES NOT PASS, WHAT IS THE RECOURSE THAT THE FEDERAL AGENCY, FEDERAL GOVERNMENT HAS? I WOULD LIKE TO ASK IF SENATOR SCHILZ WOULD YIELD TO A QUESTION, PLEASE. [LB141]

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SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD TO SENATOR BRASCH?
[LB141]

SENATOR SCHILZ: YES. [LB141]

SENATOR BRASCH: THANK YOU, SENATOR SCHILZ. IF THE BILL DOES NOT PASS, WHAT RECOURSE DOES THIS FEDERAL ENTITY HAVE BECAUSE WE WOULD NOT BOND A SUPER DEBT? WILL THEY TURN OFF OUR ELECTRICITY? I MEAN, DOES...DO WE GET KNOCKED OFF THE GRID? WHAT IS THE RECOURSE HERE?
[LB141]

SENATOR SCHILZ: THANK YOU, SENATOR BRASCH. AND WHAT'S GOING TO HAPPEN IS THIS WON'T CHANGE THE MANDATES THAT ARE COMING DOWN FROM EPA, OR WHOEVER, WHETHER WE DO THIS OR NOT. WE WILL STILL BE...IF WE DON'T DO THIS, WE'LL JUST HAVE TO GO THROUGH WHAT WE HAVE IN PLACE RIGHT NOW, TAKE THE BOND RATING THAT WE CAN GET, AND JUST MOVE FORWARD AND DEAL WITH THAT. AND RIGHT NOW WHAT THEY'RE TELLING ME IS THAT IF WE DID THIS, WE WOULD GET A AA BOND RATING. IF WE...EXCUSE ME, IF WE DON'T HAVE THIS. IF WE PUT THIS BILL INTO THE STATUTE AND ENACT IT INTO LAW, THEN WE HAVE THE OPPORTUNITY TO GET THAT AAA BOND RATING WHICH SAVES HUNDREDS OF MILLIONS OF DOLLARS OVER THE LIFE OF THE BOND. [LB141]

SENATOR BRASCH: THANK YOU, SENATOR SCHILZ. AND MY OTHER CONCERN IS NOTICE OF PUBLIC HEARING. WILL THIS BE A NOTICE AND HOW MUCH NOTICE WILL IT BE IN THEIR ELECTRIC BILL FROM THIS SELF-APPOINTED BODY? AND WHO REGULATES THE SELF-APPOINTED BODY? WE HAVE TIERS NOW OF GOVERNMENT THAT ARE HAPPENING AND THE PRACTICALITY IS, WELL, WE JUST SAW HERE AT A LOCAL ELECTION IN LINCOLN, ONLY WHAT, TWENTY-FOUR, TWENTY-SOME PERCENT OF THE PEOPLE SHOW UP. HOW WILL THE PEOPLE WHO PARTICIPATE KNOW THAT THIS WILL CHANGE? AND EVEN IS NOTICE NEEDED? THEY DON'T HAVE A CHOICE IS WHAT IT SOUNDS LIKE. YOU'RE JUST GOING TO BE TOLD THAT YOUR ELECTRICITY BILL WILL GO UP X-AMOUNT AND THEY DO NOT HAVE THE ABILITY TO PROTEST THIS RAISE, OR DO THEY HAVE THE ABILITY TO CONTEST THE RAISE OF FEES IN ELECTRICITY? [LB141]

SENATOR SCHILZ: SENATOR BRASCH, YOU'RE GETTING...AND I APPRECIATE THE QUESTION. I'LL TRY TO ANSWER IT AS WELL AS I CAN. WHEN WE TALK ABOUT TRANSPARENCY AND WHAT HAPPENS, I THINK EVERYBODY NEEDS TO KNOW

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THAT WHEN THESE TYPES OF THINGS ARE TALKED ABOUT AND DISCUSSED, THEY'RE ALL TALKED ABOUT IN OPEN MEETINGS. [LB141]

SENATOR KRIST: ONE MINUTE. [LB141]

SENATOR SCHILZ: AND UNDER THE OPEN MEETINGS LAWS, SO PEOPLE, RATEPAYERS, AND OTHER INTERESTED PARTIES HAVE THE OPPORTUNITY TO STATE THEIR CLAIM, TO STATE WHAT THEY BELIEVE ON THE ISSUE, AND EVEN WITH THIS NEW ENTITY THAT WOULD BE CREATED, THOSE STILL FALL UNDER ALL THE OPENING MEETINGS ACTS THAT ARE THERE. NOW, WILL WE HAVE TO DO THIS OR NOT? POSSIBLY. WE...AND I'M TAKING UP YOUR TIME SO IF YOU NEED ANYTHING ELSE, WE CAN... [LB141]

SENATOR BRASCH: I THINK WE ONLY HAVE A MINUTE NOW, SO. [LB141]

SENATOR SCHILZ: OKAY. WE CAN...AS WE LOOK AT...AS WE LOOK AT, HEY, WE'RE GOING TO HAVE TO DO THIS ANYWAY, YES, PROBABLY WE ARE, BUT THERE ARE WAYS AND THERE IS AN ITEMIZED LINE ON YOUR ELECTRIC BILL THAT SHOWS YOU HOW MUCH IS BEING CHARGED SPECIFICALLY FOR THESE TYPES OF...THESE TYPES OF BONDS, AND IT WILL BE THERE. [LB141]

SENATOR BRASCH: BUT THESE ARE BONDS WE MUST PAY, NOT MAY PAY. IS THAT CORRECT? [LB141]

SENATOR SCHILZ: THAT IS CORRECT, YES. [LB141]

SENATOR BRASCH: ALL RIGHT. THANK YOU, MR. PRESIDENT. I WILL ASK FURTHER QUESTIONS NEXT TIME. THANK YOU, COLLEAGUES. [LB141]

SENATOR KRIST: THANK YOU, SENATOR BRASCH AND SENATOR SCHILZ. SENATOR RIEPE, YOU ARE RECOGNIZED. [LB141]

SENATOR RIEPE: MR. PRESIDENT, THANK YOU, MEMBERS OF THIS CHAMBER AND NEBRASKANS. MY QUESTION IS, I'M TRYING...I'LL BE BRIEF, IS WITH THE CONCEPT OF THE PROJECT OF BOND ISSUES UNDER THIS NEW ARRANGEMENT IS...SEEMS TO BE A NEW CONCEPT TO THE STATE OF NEBRASKA, AND MY QUESTION IF SENATOR SCHILZ WOULD YIELD. [LB141]

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SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: YES. [LB141]

SENATOR RIEPE: MY QUESTION IS THIS, CAN OPPD'S ELECTED BOARD MEMBERS APPOINT OR DELEGATE ITS FIDUCIARY DUTIES TO AN UNELECTED THREE-PERSON BOARD? [LB141]

SENATOR SCHILZ: IF WE PASS THIS LAW, YES. I MEAN, AS YOU LOOK AT IT, THIS HAS...THIS HAS BEEN DONE IN OTHER PLACES IN OTHER THINGS AND IT'S AN INSTRUMENTALITY THAT IS OUT THERE THAT IS LOOKED AT AS COMPLETELY ABOVE BOARD. SO I THINK...SO I THINK THEY'RE ON SOLID GROUND THERE. [LB141]

SENATOR RIEPE: OKAY. I KNOW WE'VE BEEN PROUD OF THE FACT THAT WE DO HAVE PUBLIC UTILITIES IN THE STATE, BUT I GET CONCERNED WHEN IT GETS FARTHER AND FARTHER AWAY FROM THE ELECTED GIVEN THE FACT THAT WE DO HAVE THOSE ARRANGEMENTS. SO, THANK YOU SO MUCH. []

SENATOR SCHILZ: SURE. [LB141]

SENATOR RIEPE: THANK YOU. [LB141]

SENATOR KRIST: THANK YOU, SENATOR RIEPE AND SENATOR SCHILZ. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB141]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I WONDER IF SENATOR SCHILZ WOULD YIELD TO A QUESTION OR TWO. [LB141]

SENATOR KRIST: WE SHOULD JUST KEEP YOUR MIKE ON, SENATOR SCHILZ. [LB141]

SENATOR SCHILZ: I WOULD BE HAPPY TO. [LB141]

SENATOR BLOOMFIELD: THANK YOU, SENATOR SCHILZ. YOU AND I HAVE HAD A BRIEF DISCUSSION OFF THE MIKE ABOUT THIS AND MAYBE YOU TALKED ABOUT IT WHEN I WAS OUT ON THE OTHER SIDE OF THE GLASS TALKING ABOUT DOGS

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AND CATS, BUT IS THERE ANY WAY IF THIS BONDING ENTITY DOESN'T WORK OUT, THAT IT COMES BACK AND BECOMES A BURDEN ON NEBRASKA'S TAXPAYERS? [LB141]

SENATOR SCHILZ: THE ANSWER TO THAT IS, YES. I MEAN, THAT'S...THAT'S THE ISSUE WITH ANY OF THESE BONDS. IF WE BOND TODAY UNDER THE STATUTES THAT ARE IN PLACE TODAY, AND THE ENTITY WOULD GO BANKRUPT, THE RATEPAYERS OR THE TAXPAYERS WOULD BE ON THE HOOK FOR THAT JUST AS IF WE WOULD PASS THIS BILL, THE SAME THING WOULD HAPPEN. [LB141]

SENATOR BLOOMFIELD: YOU SAID THE RATEPAYERS AND THE TAXPAYERS, BUT IT DOES COME DOWN TO THE TAXPAYERS. [LB141]

SENATOR SCHILZ: IT WOULD, YEAH. BUT SINCE WE'RE PUBLIC POWER HERE...ONLY THE RATEPAYERS, EXCUSE ME. MY LA JUST TOLD ME THAT IT'S JUST THE RATEPAYERS THAT ARE AFFECTED. [LB141]

SENATOR BLOOMFIELD: I THOUGHT THAT'S WHAT YOU TOLD ME THE OTHER DAY OFF THE MIKE AND I WANTED TO CLARIFY THAT FOR SURE. SO YOU CANNOT COME BACK TO THE TAXPAYER? [LB141]

SENATOR SCHILZ: NO. [LB141]

SENATOR BLOOMFIELD: THANK YOU. MR. PRESIDENT, SENATOR SCHUMACHER'S LINE OF QUESTIONING INTRIGUES ME AND I'D LIKE TO YIELD THE REST OF MY TIME TO HIM. [LB141]

SENATOR KRIST: SENATOR BLOOMFIELD IS YIELDING SENATOR SCHUMACHER 3 MINUTES AND 30 SECONDS, IF YOU'D LIKE IT. [LB141]

SENATOR SCHUMACHER: YOU KNOW, PROBABLY THIS IS SOMETHING THAT'S GOING TO SAVE SOME INTEREST TO THE RATEPAYERS OF THE AFFECTED ENTITIES, BUT I'M BEGINNING TO WONDER WHETHER OR NOT TRYING TO STICK THIS CONCEPT IN THE CONTEXT OF THE OLD LAW IS SMART. SHOULDN'T...SHOULD WE BE THINKING ABOUT LIMITING THIS TO SOMETHING THAT WE KNOW AND CLEARLY IDENTIFY THE ENTITIES THAT ARE...OR THE CLASS OF ENTITIES THAT CAN USE THIS? SHOULD WE BE THINKING ALONG THE LINES OF SOME GUIDELINES OF WHAT SHOULD BE IN THE AGREEMENT? ARE WE

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GOING TO ALLOW THE MOTHER COMPANY TO ALLOW THE BABY COMPANY, FOR LACK OF A WORD, TO COMMIT TO RAISING WHATEVER FEES ARE NECESSARY, OR THE BABY COMPANY'S BONDHOLDERS FEEL ARE NECESSARY? HOW MUCH... THAT AGREEMENT BETWEEN THE MOTHER COMPANY AND THE BABY COMPANY AND THE BABY COMPANY AND ITS BONDHOLDERS ARE TREMENDOUSLY POWERFUL AGREEMENTS THAT HAVE UNDER THIS LAW AS WRITTEN, A GREAT DEAL OF IMPACT. AND I THINK WE HAVE SOME OBLIGATION SOMEWHERE BEFORE THIS THING BECOMES LAW, ASSUMING IT DOES, TO PUT SOME GUIDELINES ON THOSE AGREEMENTS AND ALSO TIGHTEN DOWN EXACTLY WHO CAN USE THIS BECAUSE I DON'T THINK WE INTEND, AS THE HEARING SAID, THEY SAID SUCH AS OPPD, MUNICIPALITIES AND OTHERS, I DON'T THINK WE SHOULD HAVE ANYTHING MORE THAN THAT THAN WE REALLY, REALLY MEAN SHOULD HAVE THIS AUTHORITY. IT IS THE IDEA THAT THIS SIDE BOARD, ELECTED BY NO ONE, IS... GOT AUTHORITY TO MAKE ALL THESE VERY, VERY POWERFUL DECISIONS AS TO NEGOTIATING THE INTEREST RATES AND DETERMINING MAYBE A CALL ON THE MOTHER COMPANY TO INCREASE THE FEES TO THE CONSUMER, MAYBE IMPACTING BANKRUPTCIES, RIGHTS OF OTHER BONDHOLDERS. WE NEED TO, I THINK, TIGHTEN THIS UP A WHOLE LOT TO ADDRESS THE SPECIFIC EMERGENCY AT HAND, AND I WOULD GUESS, IF YOU'RE LOOKING AT A \$400 MILLION BILL... [LB141]

SENATOR KRIST: ONE MINUTE. [LB141]

SENATOR SCHUMACHER: ...THAT'S AN EMERGENCY UNLESS YOU'RE TALKING MEDICAID AND THEN IT'S JUST A NOTHING. BUT I THINK WE NEED TO TIGHTEN THIS UP QUITE A BIT BEFORE WE PROCEED. IT'S COMPLICATED LEGISLATION. I'M NOT SURE THAT WE UNDERSTAND IT YET. I THINK WE HAVE A BETTER UNDERSTANDING THAN WE DID AN HOUR AGO. I FIND IT HARD TO FIGURE OUT HOW SOMEBODY IS GOING TO COMMIT THIS REVENUE STREAM FROM CUSTOMERS OF WHAT MIGHT BE A BANKRUPT UTILITY, AND WHO IS GOING TO SEND THEIR PAYMENT IN TO THE... WHEN THEY GET THIS BILL FROM BABY COMPANY. AND HOW ARE YOU GOING TO FORCE THAT ONE IN COURT OR THE COLLECTION AGENCIES? SO THERE IS A LOT OF... YOU KNOW, HOW YOU SECURITIZE THIS INCOME AND WHETHER OR NOT YOU COULD SELL THIS CHAIN OF INCOME TO A PURCHASER OF A COMPANY OUT OF BANKRUPTCY IF, SAY, A MIDAMERICA WAS IN A POSITION THAT HAD TO BUY OPPD. THESE ARE ALL BIG THINGS AND THE REASON THERE'S A DIFFERENCE IN BOND RATING BETWEEN MOTHER COMPANY AND BABY IS BECAUSE THERE'S A DIFFERENCE IN RISK AND WE'RE TALKING ABOUT SOME RISK HERE. SO I... WE'RE BEGINNING TO HAVE A

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FOGGY NOTION OF WHAT'S GOING ON HERE, BUT IT'S STILL PRETTY FOGGY IN MY MIND. THANK YOU. [LB141]

SENATOR KRIST: THANK YOU, SENATOR SCHUMACHER AND SENATOR BLOOMFIELD. SENATOR KEN HAAR, YOU'RE RECOGNIZED. [LB141]

SENATOR HAAR: MR. PRESIDENT AND MEMBERS OF THE BODY, I WOULD ALSO LIKE TO ASK SENATOR SCHILZ SOME QUESTIONS. [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: YES. [LB141]

SENATOR HAAR: SENATOR SCHILZ, I WILL..I WILL SUPPORT THIS BILL, BUT I DO HAVE A COUPLE OF QUESTIONS AND IT'S KIND OF JUMPED ON TO MY RADAR SCREEN AND SO, IT SOUNDS TO ME LIKE IF WE'RE PRETTY SURE THAT PUBLIC POWER IS NEVER GOING TO DECLARE BANKRUPTCY, IT'S A GOOD DEAL, RIGHT? [LB141]

SENATOR SCHILZ: OKAY, YES. [LB141]

SENATOR HAAR: YEAH, AND THAT'S WHAT I'M ASSUMING. NOW, RIGHT NOW, IT'S BEEN DISCUSSED A NUMBER OF TIMES THAT IF THE FEDERAL GOVERNMENT MANDATES CHANGES AND RIGHT NOW WE KNOW THAT THE EPA CLEAN POWER PLAN IS IN THE RULE MAKING STAGE, BUT THAT PLAN WILL GIVE STATES VARIOUS OPTIONS FOR, FOR EXAMPLE, COMPLYING WITH CO2 RESTRICTIONS. SO, HERE'S JUST KIND OF A HYPOTHETICAL THAT POPPED INTO MY MIND. IF NEBRASKA WERE TO BE REQUIRED TO REDUCE CO2 EMISSIONS, AND LET'S SAY THAT THE CHOICE WAS EITHER TO UPGRADE A COAL-FIRED POWER PLANT, OR TO GET MORE RENEWABLE ENERGY, COULD THIS BONDING BE USED FOR EITHER OF THOSE METHODS TO COMPLY, OR IS IT JUST WITH UPGRADING THAT POWER? [LB141]

SENATOR SCHILZ: THE WAY I READ IT, IS IF YOU'RE COMPLYING WITH A MANDATED...WITH A MANDATE THAT'S COMING FROM THE FEDS OR THE STATE, WE CAN CHOOSE HOW WE COMPLY WITH THAT IN THIS BILL, AS LONG AS WE GET TO WHERE WE NEED TO BE, THIS BONDING AUTHORITY COULD BE USED FOR THAT. [LB141]

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SENATOR HAAR: OKAY. WELL, THANKS. THAT'S MY QUESTION. I THINK THAT'S REALLY IMPORTANT IS THAT WHEN THESE RULES COME DOWN FROM THE EPA AND THERE'S ONE COMING UP THAT'S BEEN ACTUALLY DECLARED THAT IT'S CONSTITUTIONAL BY THE SUPREME COURT CALLED CASPER, WHICH IS ACROSS STATE AIR POLLUTION RULE THAT SAYS, FOR EXAMPLE, IF YOU CREATE POLLUTION IN NEBRASKA AND IT GOES INTO IOWA, THAT WE OWE SOMETHING TO IOWA. THAT'S ONE OF THE KINDS OF RULES COMING UP, BUT WHAT I WAS REALLY INTERESTED IN THAT THERE'S...THAT THE FEDERAL GOVERNMENT DOESN'T NECESSARILY MANDATE HOW YOU HAVE TO DEAL WITH THAT, BUT THAT YOU SIMPLY HAVE TO COMPLY. [LB141]

SENATOR SCHILZ: THAT'S CORRECT, YES. [LB141]

SENATOR HAAR: OKAY, THANKS. THAT'S A GOOD CLARIFICATION. [LB141]

SENATOR SCHILZ: THANK YOU. [LB141]

SENATOR HAAR: AND I DO STAND IN SUPPORT OF LB141. [LB141]

SENATOR KRIST: THANK YOU, SENATOR HAAR AND SENATOR SCHILZ. SENATOR SCHILZ, YOU'RE NEXT IN THE QUEUE. [LB141]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT AND EVERYONE. I REALLY DO APPRECIATE THE QUESTIONS, SENATOR CRAWFORD, SENATOR SCHUMACHER, SENATOR HAAR AND EVERYONE ELSE THAT HAS ASKED. IT IS IMPORTANT THAT WE DO THESE THINGS CORRECTLY. IT IS IMPORTANT THAT WE DO THEM WITH SOME REAL THOUGHT. AND WITH THAT, I WOULD SAY THAT IF I'M FORTUNATE ENOUGH TO GET THIS BILL THROUGH ON GENERAL FILE, WHICH I'M HOPING WILL HAPPEN, WE WILL SIT DOWN AND WORK WITH EVERYBODY SO THAT WE ALL UNDERSTAND AND WE'RE ALL COMFORTABLE WITH IT MOVING FORWARD FROM SELECT FILE ON. SO, I THINK THERE ARE SOME THINGS THAT WE NEED TO TAKE A LOOK AT. I THINK THAT CAN BE DONE IN-BETWEEN GENERAL AND SELECT BECAUSE I THINK IT'S IMPORTANT, NOT ONLY FOR OUR POWER ENTITIES AND TO BE ABLE TO COVER WHAT THEY NEED TO DO, BUT IT'S IMPORTANT FOR US TO BE MINDFUL THAT WE NEED TO MAKE SURE THAT THE VOTERS AND THE RATEPAYERS ARE PROTECTED AS WE MOVE FORWARD WITH THIS AS WELL. THANK YOU, MR. PRESIDENT. [LB141]

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SENATOR KRIST: THANK YOU, SENATOR SCHILZ. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB141]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. I WONDER IF SENATOR SCHILZ WOULD YIELD TO A COUPLE OF QUESTIONS. [LB141]

SENATOR KRIST: SENATOR SCHILZ, WILL YOU YIELD? [LB141]

SENATOR SCHILZ: YES. [LB141]

SENATOR DAVIS: SENATOR SCHILZ, IT'S GRILL DAY FOR YOU, SO YOU'RE UP THIS TIME AGAIN. SO, A LOT OF MY CONSTITUENTS ARE MEMBERS OF AN REA WHICH BUYS ITS POWER FROM ONE OF THESE ENTITIES LIKE NPPD. HOW ARE THOSE RATEPAYERS GOING TO BE AFFECTED? [LB141]

SENATOR SCHILZ: CAN YOU SAY THAT ONE MORE TIME? I DIDN'T QUITE HEAR YOU. [LB141]

SENATOR DAVIS: SO A LOT OF MY CONSTITUENTS, AND I THINK ALL ACROSS NEBRASKA ARE MEMBERS OF AN REA AND MOST OF THEM ARE RETAIL CUSTOMERS WHO BUY THEIR POWER WHOLESALE FROM ENTITIES LIKE NPPD, OPPD. WE HEAR THAT THERE'S GOING TO BE THIS LINE ON A BILL THAT SAYS, THIS IS YOUR SHARE OF THE COST. IS THAT GOING TO BE APPLIED TO THE REAs OR HOW IS THAT GOING TO WORK WITH THEM? [LB141]

SENATOR SCHILZ: I WOULD GUESS THAT IT WOULD BE. HOW THAT SPECIFICALLY WILL HAPPEN, I DON'T KNOW. I DON'T KNOW IF IT COMES DOWN TO WHERE THE REAs WOULD HAVE A LINE ITEM THAT THEY'D HAVE TO DO. I WILL FIND THAT OUT FOR YOU BECAUSE...BUT YEAH, I WOULD GUESS THAT IT WOULD GO DOWN TO THE REAs SINCE THEY'RE GOING TO BE PART OF THE FOLKS THAT ARE TAKING ADVANTAGE OF WHATEVER GETS PUT IN PLACE WITH THE BONDS. [LB141]

SENATOR DAVIS: SO, IN RURAL NEBRASKA THERE ARE, WITH THE DECLINING POPULATION, THERE ARE FEWER METERS AND FEWER METERS IN A LOT OF THE PARTS OF THE STATE. HOW IS THAT GOING TO AFFECT THOSE RATEPAYERS AS THE NUMBER OF METERS CONTRACTS? [LB141]

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SENATOR SCHILZ: I'M NOT SURE EXACTLY, BUT OBVIOUSLY IF YOU'VE GOT FEWER PEOPLE TO PAY FOR SOMETHING, IT'S GOING TO COST EACH INDIVIDUAL MORE AS YOU MOVE FORWARD. BUT THAT'S GOING TO BE THE CASE WITH ANYTHING. [LB141]

SENATOR DAVIS: AND SO THEN THE NEXT QUESTION WOULD BE, SUPPOSING THAT ONE OF MY REAS DECIDES IT WANTS TO REALLY DO SOME WORK WITH WIND DEVELOPMENT BUT IT HAS THIS AGREEMENT, THIS RATE CHARGE WOULD CONTINUE TO GO ON EVEN IF THEY MOVED AWAY FROM USE OF THE POWER THAT THEY PURCHASED FROM NPPD? [LB141]

SENATOR SCHILZ: I BELIEVE THAT'S CORRECT, YES. [LB141]

SENATOR DAVIS: THOSE QUESTIONS, I THINK ARE SOME THINGS THAT I'D LIKE TO GET SOME ANSWERS TO BEFORE WE GET TO SELECT FILE. I THINK THE BILL IS PROBABLY A GOOD BILL, BUT I DO HAVE SOME CONCERNS ABOUT IT. THE OTHER QUESTION I THINK I TALKED TO YOU A LITTLE EARLIER ABOUT THAT, WHAT ABOUT THE PENSION HOLDERS WHO ARE EMPLOYEES OF THE PUBLIC POWER ENTITY? DO THEY TAKE A SECOND POSITION BEHIND THIS BOND? [LB141]

SENATOR SCHILZ: IF THIS IS PUT IN PLACE, YES, THEY WOULD. [LB141]

SENATOR DAVIS: OKAY. THANK YOU, SENATOR SCHILZ. [LB141]

SENATOR KRIST: THANK YOU, SENATOR DAVIS AND SENATOR SCHILZ. SENATOR BRASCH, YOU'RE RECOGNIZED, AND THIS IS YOUR THIRD TIME. [LB141]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT AND COLLEAGUES. I BELIEVE THE CONVERSATION AND THE QUESTIONS THAT WE'VE RAISED TODAY ARE VERY IMPORTANT. I ALSO BELIEVE THAT SENATOR SCHUMACHER HAS RAISED SOME VERY VALID POINTS AND CONCERNS ABOUT WHERE...AND AS I UNDERSTAND IT, ITS LIMIT ON THIS. MAYBE I SHOULD YIELD SENATOR SCHUMACHER TO A QUESTION HERE. SENATOR SCHUMACHER, WOULD YOU YIELD? [LB141]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB141]

SENATOR SCHUMACHER: YES, I WILL. [LB141]

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SENATOR BRASCH: THE CONCERNS YOU EXPRESSED, CAN YOU REPHRASE THEM IN TWO MINUTES OR LESS? [LB141]

SENATOR SCHUMACHER: WELL, BASICALLY, MAYBE TURN IT ON ITS HEAD. IF...SENATOR HAAR SAYS, WELL, WE'RE NOT CONCERNED ABOUT PUBLIC POWER GOING BANKRUPT. WELL, OBVIOUSLY, SOMEBODY MUST BE CONCERNED BECAUSE IF THERE WERE NO CONCERN, THEN EVERYTHING WOULD BE AAA AND THE BONDING AGENCIES WOULDN'T HAVE ANY DIFFERENCE. THEY'D SAY EVERYTHING IS PERFECT. SO, THERE OBVIOUSLY IS SOME CONCERN, THE DIFFERENCE BETWEEN A AA AND A AAA SOMEWHERE FLOATING AROUND HERE. AND WHAT OCCURS TO ME NOW, IF WE USE THIS TYPE OF VEHICLE AND IT'S SO GOOD IN THIS PARTICULAR CASE, THEN DO WE NEED TO EXAMINE THE FLIP SIDE OF WHAT I WAS ARGUING A MINUTE AGO, INSTEAD OF NARROWING IT, BROADEN IT OUT, ALLOW THE CITY OF OMAHA TO USE THIS VEHICLE FOR ITS SEWER SEPARATION PROJECT, ALLOW ANY COUNTY THAT HAS A BIG BRIDGE TO BUILD TO USE IT FOR BUILDING A BIG BRIDGE OR A FOUR-LANE OR SOMETHING. I THINK THAT IF WE DO THIS, WHETHER THE WAY IT'S IN THE BILL OR A MORE LIMITED WAY, WE'RE GOING TO SEE OTHER PEOPLE KNOCKING ON OUR DOOR TO USE THIS VEHICLE. AND WE PROBABLY SHOULD THINK THROUGH THE PARAMETERS RIGHT NOW AS TO, YOU KNOW, WHAT KIND OF RESTRICTIONS WE WANT TO PUT ON ITS USE. SO WE FOUND OUT, IF THERE'S SOMETHING THERE THAT SOMEBODY'S GETTING, SOMEBODY ELSE IS GOING TO WANT IT TOO. AND NOW THAT THIS MECHANISM, OR THIS CAT'S OUT OF THE BAG, THERE'S GOING TO BE A LOT OF PEOPLE HUNTING FOR IT. [LB141]

SENATOR BRASCH: THANK YOU, SENATOR SCHUMACHER. AND I DO RECOGNIZE THE VALUE OF OUR KEEPING COSTS LOW. AND I KNOW THAT SENATOR SCHILZ, HIS EFFORTS ARE ALONG THOSE LINES. HE IS VERY FISCALLY CONSERVATIVE, HAS BEEN, AND I BELIEVE ALWAYS WILL BE. AND THE QUESTIONS ARE NOT ALIGNED ON QUESTIONING SENATOR SCHILZ ON HIS CONCERNS FOR SAVING DOWN THE ROAD, OR ANOTHER PROJECT, BUT THEY ARE MORE IN HOW...WHAT HABITS ARE WE DEVELOPING IN FUNDING PROJECTS, SUPER PROJECTS. AS SENATOR SCHUMACHER SAID, IS THIS LIMITED, IS THERE A TIME LINE ON THIS? HOW DOES THIS END? HOW DOES THIS AUTHORITY NOT BECOME A COMMON MODE OF AUTHORITY THAT YOU APPOINT A BOARD AND YOU BASICALLY GIVE PUBLIC NOTICE ON WHAT WE ARE MANDATED TO DO. WE BASICALLY BECOME OBLIGATED TO THESE FUNDS IF OTHER PROJECTS THEY SHOULD FAIL, WE STILL MUST PAY THOSE FUNDS. I THINK THAT SENATOR SCHILZ HAS BROUGHT TOGETHER SOMETHING THAT IS...IS A GOOD WAY TO BRING THE RATINGS DOWN.

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HOWEVER, BONDING OF ANY TYPE, AS MY CONSTITUENTS HAVE HEARD OVER THE YEARS, IS A VERY DIFFICULT ISSUE FOR ME TO SUPPORT. [LB141]

SENATOR KRIST: ONE MINUTE. [LB141]

SENATOR BRASCH: AND I BELIEVE THAT, YOU KNOW, AS A LEGISLATURE, WE LOOK AT SUPER OBLIGATIONS OF DEBT. IS BONDING TRULY THE BEST RESOURCE MOVING FORWARD, AND HOW CAN WE BE GUARANTEED THAT THIS IS LIMITED TO A FEDERAL MANDATE WHERE THERE ARE NO OTHER OPTIONS, AND WHERE DOES THIS STOP? THANK YOU, MR. PRESIDENT AND THANK YOU, COLLEAGUES. [LB141]

SENATOR KRIST: THANK YOU, SENATOR BRASCH. MR. CLERK, FOR ANNOUNCEMENTS AND ITEMS. [LB141]

ASSISTANT CLERK: THANK YOU, MR. PRESIDENT. FIRST, AN ANNOUNCEMENT THAT THE EXECUTIVE BOARD WILL MEET IN ROOM 2102 UPON RECESS. YOUR COMMITTEE ON REVENUE REPORTS LB230 TO GENERAL FILE WITH COMMITTEE AMENDMENTS ATTACHED. NEW A BILL: LB227A BY SENATOR HANSEN, (READ LB227A BY TITLE FOR THE FIRST TIME.) NEW RESOLUTION, LR175 BY SENATOR WILLIAMS. THAT WILL BE LAID OVER. AMENDMENT TO BE PRINTED TO LB642 BY SENATOR SMITH. NAME ADDS: SENATOR HILKEMANN, KINTNER AND HANSEN TO LB591. (LEGISLATIVE JOURNAL PAGES 1110-1112.) [LB141 LB230 LB227A LR175 LB642 LB591]

AND FINALLY, A PRIORITY MOTION. SENATOR BOLZ WOULD MOVE TO RECESS UNTIL 1:30 P.M.

SENATOR KRIST: YOU'VE HEARD THE MOTION. ALL THOSE IN FAVOR, AYE. OPPOSED, NAY. WE ARE IN RECESS UNTIL 1:30 TODAY.

RECESS

SPEAKER HADLEY PRESIDING

SPEAKER HADLEY: GOOD AFTERNOON, LADIES AND GENTLEMEN. WELCOME TO THE GEORGE W. NORRIS LEGISLATIVE CHAMBER. THE AFTERNOON SESSION IS

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ABOUT TO RECONVENE. SENATORS, PLEASE RECORD YOUR PRESENCE. ROLL CALL. RECORD, MR. CLERK.

ASSISTANT CLERK: THERE IS A QUORUM PRESENT, MR. PRESIDENT.

SPEAKER HADLEY: THANK YOU, MR. CLERK. DO YOU HAVE ANY ITEMS FOR THE RECORD?

ASSISTANT CLERK: NOT AT THIS TIME.

SPEAKER HADLEY: THANK YOU, MR. CLERK. WE WILL PROCEED TO THE FIRST ITEM ON THE AFTERNOON AGENDA. MR. CLERK.

ASSISTANT CLERK: MR. PRESIDENT, RETURNING TO LB141, (READ TITLE). THE BILL WAS CONSIDERED BY THE BODY THIS MORNING. CURRENTLY PENDING IS A MOTION TO ADVANCE THE BILL TO E&R INITIAL. [LB141]

SPEAKER HADLEY: SENATOR CRAIGHEAD, YOU'RE RECOGNIZED. [LB141]

SENATOR CRAIGHEAD: THANK YOU, MR. PRESIDENT, AND GOOD AFTERNOON, COLLEAGUES. I'D LIKE TO KNOW IF SENATOR SCHILZ WOULD YIELD TO SOME QUESTIONS, PLEASE? [LB141]

SPEAKER HADLEY: SENATOR SCHILZ, WILL YOU YIELD TO A QUESTION? [LB141]

SENATOR SCHILZ: YES, I WOULD. [LB141]

SENATOR CRAIGHEAD: THANK YOU. CAN PROJECT BOND ISSUERS BE CREATED BY ANY GOVERNMENTAL ENTITY WITH BONDING AUTHORITY? [LB141]

SENATOR SCHILZ: CAN YOU REPEAT THAT ONE MORE TIME, I'M SORRY. [LB141]

SENATOR CRAIGHEAD: CAN PROJECT BOND ISSUERS BE CREATED BY ANY GOVERNMENTAL ENTITY WITH BONDING AUTHORITY? [LB141]

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SENATOR SCHILZ: THEY CAN BE...LET ME ANSWER IT THIS WAY: IN ORDER TO BE ABLE TO CREATE THIS ENTITY, YOU HAVE TO BE, LIKE WE SAID BEFORE, A PUBLIC POWER DISTRICT, MUNICIPALITY, ANY OF THOSE THAT WERE CITED BEFORE, AND THEN YOU HAVE TO BE USING THIS FOR THE PURPOSE OF MITIGATING OR COMPLETING A MANDATE THAT THE FEDS OR THE STATE HAVE PUT DOWN ON THAT AS IT PERTAINS TO ELECTRICITY, TRANSMISSION, THOSE TYPES OF THINGS. [LB141]

SENATOR CRAIGHEAD: OKAY, THANK YOU. CAN PROJECT BOND ISSUERS ALLOW FOR OFF-BALANCE SHEET REPORTING OF A BOND LIABILITY? [LB141]

SENATOR SCHILZ: I BELIEVE...I BELIEVE THAT THAT IS...THAT IS TRUE, AND THE REASON...AND THAT'S WHAT GIVES THEM THE OPPORTUNITY TO HAVE THESE HIGHER-RATED BONDS IS BECAUSE THAT IS...IT'S SEPARATE FROM WHATEVER ELSE THEY'RE DOING. [LB141]

SENATOR CRAIGHEAD: OKAY. SO IF THE PROJECT BOND ISSUERS CAN GET A AAA BOND RATING, IS IT BECAUSE OF THE OFF-BALANCE SHEET REPORTING? I'M THINKING THERE MIGHT BE A BIT OF A CONFLICT HERE? [LB141]

SENATOR SCHILZ: OKAY, I'M...IS THAT A QUESTION? [LB141]

SENATOR CRAIGHEAD: CAN PROJECT BOND ISSUERS GET A AAA BOND RATING BECAUSE OF OFF-BALANCE SHEET REPORTING? [LB141]

SENATOR SCHILZ: I DON'T KNOW IF THAT WOULD BE THE ONLY THING, BUT THAT WOULD BE ONE OF THE FACTORS. [LB141]

SENATOR CRAIGHEAD: OKAY. ARE PROJECT BOND ISSUERS 100 PERCENT GUARANTEED BY THE TAXPAYERS AND NOT SUBJECT TO BANKRUPTCY? [LB141]

SENATOR SCHILZ: IN THIS INSTANCE, I THINK THAT THEY WOULD BE...THEY WOULD BE AT THE FIRST OF THE LINE, THAT'S FOR SURE. [LB141]

SENATOR CRAIGHEAD: OKAY. DO YOU THINK THAT PROJECT BOND ISSUERS MIGHT OBSCURE THE TRUE FINANCIAL STATEMENT OF THE GOVERNMENTAL AGENCY MANDATING IT? [LB141]

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SENATOR SCHILZ: IS THAT A QUESTION OF THE STRUCTURE OF IT OR IS THAT A QUESTION OF THE INTENT OF THE PEOPLE? [LB141]

SENATOR CRAIGHEAD: THE STRUCTURE. [LB141]

SENATOR SCHILZ: I WOULD THINK NO, BECAUSE YOU'RE GOING TO KNOW EVERY TIME YOU GET A BILL HOW MUCH YOU'RE PAYING FOR THAT. YOU'RE GOING TO HAVE...YOU'RE GOING TO UNDERSTAND WHAT WAS PUT IN PLACE AND WHY IT WAS PUT IN PLACE BECAUSE OF ALL OF THE PROCEDURE THAT GO FORWARD WITH IT, AND THEN IF THERE IS A PROBLEM, THERE IS REMEDIATION THROUGH THE COURTS. AND IT SETS THAT UP SPECIFICALLY IN THE ACT. [LB141]

SENATOR CRAIGHEAD: OKAY. THANK YOU, SENATOR SCHILZ. I'LL YIELD THE REST OF MY TIME. [LB141]

SPEAKER HADLEY: SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB141]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. WHEN I FIRST LOOKED AT THIS BILL, A FEW DAYS BACK, I DIDN'T UNDERSTAND IT. THAT HASN'T CHANGED. WE'VE HAD INTERESTING DEBATE ON IT. I UNDERSTAND WHAT SENATOR SCHILZ IS ATTEMPTING TO DO, AND I APPLAUD THAT. BUT THE OTHER WAYS THAT I LOOK AT THE POSSIBILITIES OF THIS BEING USED LEAVES ME WITH SOME REAL CONCERN. SENATOR KEN HAAR ASKED, ESSENTIALLY, COULD IT BE USED TO BUILD WINDFARMS AND THE ANSWER WAS, YES, PROBABLY IT COULD. THERE WERE MANY OTHER PLACES...OR A FEW OTHER PLACES, ANYWAY, THAT IT LOOKED LIKE WE COULD MAYBE USE OR TAKE ADVANTAGE OF THIS THAT MIGHT NOT BE IN THE BEST INTEREST OF US. SO I'M GOING TO CONTINUE TO LISTEN TO THIS, BUT RIGHT NOW I HAVE SOME REAL RESERVATIONS TO IT. SENATOR SCHUMACHER, I THINK, HAS BROUGHT UP SOME VERY STRONG POINTS THAT WE NEED TO LOOK AT THIS VERY CLOSE. AND I'M NOT SURE WE'RE GOING TO HAVE THE TIME TO DO THAT ON THIS FIRST ROUND. AS OF RIGHT NOW, I AM LEANING TOWARD NOT SUPPORTING THIS. I KNOW SENATOR SCHILZ HAS SAID HE WILL TRY TO FIX ANY ISSUES BETWEEN GENERAL AND SELECT, AND I APPRECIATE THAT. BUT I HOPE WE TALK ABOUT THIS SOME MORE, BECAUSE WE'VE GOT A WAYS TO GO ON THIS. THAT'S ABOUT ALL I'VE GOT, MR. PRESIDENT. THANK YOU. [LB141]

SPEAKER HADLEY: SENATOR KEN HAAR, YOU'RE RECOGNIZED. [LB141]

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SENATOR HAAR: EXCUSE ME, GUYS. THANK YOU, MR. PRESIDENT. I HAD TO HERD MY COLLEAGUES OUT OF THE WAY HERE, HERDING CATS. WELL, SPEAKING ABOUT CATS, THERE'S THE OLD SAYING THERE'S MORE THAN ONE WAY TO SKIN A CAT. AND, SENATOR BLOOMFIELD, WHAT I WAS REFERRING TO AND I WANTED TO CLARIFY THEN, AND SPEAK TO IT JUST A LITTLE BIT MORE, IS IF AND WHEN MANDATES COME DOWN FROM THE FEDERAL GOVERNMENT, FROM EPA CLEAN AIR STANDARDS AND THOSE SORTS OF THINGS, THAT THERE'S MORE THAN ONE WAY TO COMPLY WITH THAT. IT MIGHT BE UPGRADING THE SMOKESTACKS ON YOUR COAL-FIRED POWER PLANT OR BUILDING WIND TURBINES, OR SOMETHING LIKE THIS, BUT I DIDN'T SEE IT AS JUST A STANDALONE, WE DECIDE TO BUILD WINDFARMS KIND OF THING. THE WAY I UNDERSTAND IT IS IF A MANDATE WOULD COME UP, AND WE'RE NOT TOLD EXACTLY HOW WE HAVE TO COMPLY WITH THAT, THERE WOULD BE SOME OPTIONS FOR US, AND THIS COULD BE SPENT ON ANY ONE OF THOSE OPTIONS. AND I THINK, IN FACT, GOING INTO THE FUTURE WE'RE GOING TO FIND THAT THERE ARE A LOT OF ADVANTAGES, LOOKING AT ALTERNATIVES SUCH AS WIND POWER BECAUSE OF THE ECONOMIC ADVANTAGE, THE TAX BENEFITS IT BRINGS TO LOCAL GOVERNMENT, THE JOBS, AND SO ON AND SO FORTH. I ALSO SEE THAT IT WOULD BE AN INTERESTING SIDE OF THIS, AND WE ASSUME THEN IT'S...I BELIEVE IN THE BILL THERE WOULD HAVE TO BE PUBLIC HEARINGS. AND SO THIS WOULD BE AN OPPORTUNITY FOR THE PUBLIC TO...IT'S BECOMING MORE AND MORE AWARE OF THE NEED TO LOOK AT ALTERNATIVE ENERGY, TO FIND OUT FROM AN INVESTMENT THAT A PUBLIC POWER GROUP IS GOING TO MAKE...WHY THEY'RE MAKING A CERTAIN INVESTMENT. IS IT GOING TO BE IN THE COAL? IS IT GOING TO BE IN TERMS OF WIND AND SOLAR? WHATEVER. SO, AGAIN, I GUESS I WOULD ASK SENATOR SCHILZ IF HE WOULD ANSWER A QUESTION... [LB141]

SPEAKER HADLEY: SENATOR SCHILZ, WILL YOU YIELD TO A QUESTION? [LB141]

SENATOR SCHILZ: YES, I WILL. [LB141]

SENATOR HAAR: MORE THAN ONE WAY TO SKIN A CAT, RIGHT? AND THIS WOULD, AT LEAST, ALLOW FOR A PUBLIC POWER DISTRICT TO COMPLY TO A MANDATE WITHOUT SAYING IT HAD TO BE A CERTAIN KIND OF SOLUTION. [LB141]

SENATOR SCHILZ: YES, I BELIEVE THAT IS POSSIBLE WITHIN THE STRUCTURE OF THE BILL. [LB141]

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SENATOR HAAR: OKAY. AND AGAIN IT WOULD REQUIRE HEARINGS TO EXPLAIN TO THE PUBLIC WHY A DISTRICT WAS GOING ONE DIRECTION OR ANOTHER. [LB141]

SENATOR SCHILZ: THERE ARE PUBLIC MEETINGS WHERE THE PUBLIC CAN HAVE INPUT, YES. [LB141]

SENATOR HAAR: GOOD. OKAY, THANK YOU VERY MUCH. [LB141]

SPEAKER HADLEY: SENATOR SCHILZ, YOU HAVE ALREADY SPOKEN THREE TIMES. YOU ARE THE ONLY ONE IN THE QUEUE, YOU MAY USE THIS NOW AS YOUR CLOSE. [LB141]

SENATOR SCHILZ: SO I GET TO SPEAK THE FOURTH TIME, ALL RIGHT. WELL, FOLKS, THANK YOU VERY MUCH. I GREATLY APPRECIATE THE OPPORTUNITY TO PRESENT THE BILL. I GREATLY APPRECIATE THE OPPORTUNITY TO HAVE THE QUESTIONS ASKED, AND THERE'S LEGITIMATE QUESTIONS, I DON'T DISAGREE. BUT I DO HAVE A COUPLE THINGS HERE. SENATOR SCHUMACHER WAS ASKING HOW MANY OF THESE BABY COMPANIES CAN BE CREATED, AND HAVE THEY HAD AN ANALYSIS OF HOW THE BOND RATING OF THE MOTHER COMPANY WOULD BE AFFECTED IF THESE THINGS COME INTO PLACE, AND THEY HAVE HAD. THE UTILITIES, THE POWER COMPANIES HAVE HAD DISCUSSIONS WITH RATING AGENCIES, AND THEY DON'T WANT TO SEE A FEE THAT WOULD BE GREATER THAN 5 PERCENT OF A CUSTOMER'S BILL THAT WOULD GO TO THIS. AND THEY SAY THAT THEY ALSO SHOULDN'T HAVE MORE THAN \$700 MILLION IN BOND DEBT. AND IF MORE THAN THAT, THEN THAT'S WHEN IT WILL START AFFECTING THE BOND RATING FOR THE MOTHER COMPANY OUT THERE. SO THEY HAVE DONE SOME OF THIS ANALYSIS; THEY HAVE LOOKED AT THOSE TYPES OF THINGS. THIS HASN'T BEEN CREATED IN A VACUUM. THESE THINGS ARE GOING ON AROUND THE COUNTRY. AND REALLY TRUTHFULLY, WHEN YOU LOOK AT THIS, WHAT THIS BILL DOES IS BRINGS UP TO DATE THE TOOLS THAT ARE AVAILABLE OUT IN THE REAL WORLD THAT WE NEED TO HAVE HERE TO BE ABLE TO UTILIZE OURSELF. BUT WE DO NEED TO BE...WE DO NEED TO BE MINDFUL THAT WE HAVE TO KEEP AN EYE ON WHAT THE STATE'S INSTRUMENTALITIES ARE DOING. AND SO WE WILL KEEP AN EYE ON THIS. WE WILL MEET, ALL THOSE SENATORS THAT WERE INTERESTED, WE WILL BE MEETING AND TALKING ABOUT WHAT OTHER KINDS OF THINGS WE NEED TO DO TO SHORE THIS UP, TO MAKE SURE THIS TOOL CAN BE USED PROPERLY. I THINK IT'S IMPORTANT TO UNDERSTAND THERE ARE REGULATIONS COMING DOWN.

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THERE ARE MANDATES COMING DOWN THAT ARE GOING TO COST MILLIONS, HUNDREDS OF MILLIONS OF DOLLARS. AND IF WE CAN PUT SOMETHING LIKE THIS IN PLACE THAT CAN RAISE THOSE BOND RATINGS, THAT SAVES EVERYONE MONEY, ALL THE RATEPAYERS MONEY, AND IT SAVES THE STATE OF NEBRASKA MONEY AS WELL. SO I THINK IT...WHEN WE LOOK AT THOSE TYPES OF THINGS, AND, YOU KNOW, WE...OUR ELECTRIC RATES, WE GOT TO HAVE ELECTRICITY. BUT IF WE CAN LOWER THOSE, THAT MAKES COST OF LIVING GO DOWN, WHICH HELPS EVERYBODY HERE. YOU KNOW, WE TALK ABOUT TAX CUTS ALL THE TIME, BUT IF WE CAN DO THESE OTHER THINGS TO KEEP OUR RATES...ELECTRIC RATES LOW AS WELL, THAT GOES TO HELP THE BOTTOM LINE FOR INDIVIDUALS ALSO AND WE SHOULD BE MINDFUL OF THAT. I THINK IT'S A GOOD BILL. I THINK IT DOES NEED SOME WORK, PROBABLY. BUT I WOULD APPRECIATE THE OPPORTUNITY TO DO THAT WORK, BECAUSE I THINK IT'S AN IMPORTANT TOOL FOR OUR UTILITIES AND, INEVITABLY, FOR THE RATEPAYERS OF THE STATE OF NEBRASKA. SO WITH THAT I WOULD ASK FOR YOUR SUPPORT ON LB141 AND I WOULD APPRECIATE A GREEN VOTE. THANK YOU VERY MUCH. [LB141]

SPEAKER HADLEY: THE QUESTION IS THE ADVANCEMENT OF LB141 TO E&R INITIAL. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL VOTED? RECORD, MR. CLERK. [LB141]

ASSISTANT CLERK: 36 AYES, 0 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB141]

SPEAKER HADLEY: THE BILL ADVANCES. (VISITORS INTRODUCED.) MR. CLERK. [LB141]

ASSISTANT CLERK: MR. PRESIDENT, A COUPLE OF ITEMS: FIRST OF ALL, BUSINESS AND LABOR WILL HOLD AN EXECUTIVE SESSION UNDER THE NORTH BALCONY AT 2:00. SENATOR CRAWFORD HAS AN AMENDMENT TO BE PRINTED TO LB152. (LEGISLATIVE JOURNAL PAGES 1113-1114.) [LB152]

SPEAKER HADLEY: MR. CLERK, WE'LL CONTINUE WITH THE AGENDA.

ASSISTANT CLERK: LB519, INTRODUCED BY SENATOR SULLIVAN. (READ TITLE.) THE BILL WAS READ FOR THE FIRST TIME ON JANUARY 21, REFERRED TO THE EDUCATION COMMITTEE; THE COMMITTEE REPORTS THE BILL TO GENERAL FILE WITH COMMITTEE AMENDMENTS. (AM1044, LEGISLATIVE JOURNAL PAGE 1009.) [LB519]

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SPEAKER HADLEY: SENATOR SULLIVAN, YOU ARE RECOGNIZED TO OPEN ON LB519. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, COLLEAGUES. LB519 ALLOCATES THE FUNDS GENERATED FROM THE SALE OF NEBRASKA LOTTERY TICKETS FOR EDUCATIONAL PURPOSES. THE COMMITTEE AMENDMENT THAT I WILL BE INTRODUCING MOMENTARILY BECOMES THE BILL. BUT I'M GOING TO USE THIS TIME ON THE MIKE TO GIVE YOU A LITTLE BIT OF BACKGROUND, NOT ONLY WITH WHAT THE LOTTERY PROGRAM IS WITH RESPECT TO EDUCATION, BUT ALSO SOME OF THE EVENTS THAT HAVE LED UP TO THIS. AND FIRST OF ALL, WE ARE BOUND, TO A CERTAIN EXTENT, BY WHAT THE NEBRASKA CONSTITUTION SAYS REGARDING THE USE OF THE PROCEEDS FROM THE SALE OF LOTTERY TICKETS. THE CONSTITUTION REQUIRES THAT AFTER ALL THE LOTTERY PROCEEDS ARE PAID OUT FOR PRIZES AND EXPENSES ARE TAKEN CARE OF AND AN INITIAL TRANSFER OF \$500,000 FOR THE COMPULSIVE GAMBLERS, THE REST...THE REMAINING 44.5 PERCENT MUST BE USED FOR EDUCATION. THE NEXT STEP IS THAT IT'S WE, THE LEGISLATURE, MUST DECIDE VIA STATUTE ON THE SPECIFIC USES FOR THOSE LOTTERY DOLLARS. WHEN IT CAME INTO BEING IN 1991, AND WE DECIDED HOW THOSE INITIAL LOTTERY DOLLARS WOULD BE USED TO SUPPORT EDUCATION, THE FUND WAS CALLED THE EDUCATION INNOVATION FUND. IT HAS REMAINED UNDER THAT NAME, BUT I WILL TELL YOU THAT IT HAS EVOLVED AND THERE HAVE BEEN MANY CHANGES OVER THE YEARS IN TERMS OF HOW THOSE DOLLARS HAVE BEEN USED FOR EDUCATION, SOME OF THE EFFORTS HAVE BEEN MOVED INTO THE FUNDS, SOME HAVE MOVED OUT. AND OVER TIME, IT WILL ALSO SAY THAT SOME OF THE EDUCATION PROGRAMS THAT HAD BEEN SUPPORTED BY THE GENERAL FUND WERE MOVED INTO THE LOTTERY DUE TO BUDGETARY CONSTRAINTS. AND I CAN WELL REMEMBER THAT MY FIRST YEAR HERE IN THE LEGISLATURE, WHEN WE WERE DEALING WITH THE THROES OF THE GREAT RECESSION, WE HAD TO DO JUST THAT. HERE WE ARE TODAY. ALL CURRENT USES OF THOSE LOTTERY DOLLARS IN STATUTE ARE SET TO EXPIRE ON JUNE 30, 2016. SO LAST YEAR, WE PASSED LEGISLATION, LB497, THAT DIRECTED THE EDUCATION COMMITTEE TO CONDUCT AN INTERIM STUDY ON THE FUTURE USES OF THOSE LOTTERY DOLLARS. THAT'S WHAT WE DID THIS LAST YEAR. THE EDUCATION COMMITTEE, THE PREVIOUS ONE, WORKED HARD ON THAT. WE STUDIED IT; WE HAD A PUBLIC HEARING, AND THE RESULT OF THAT WAS LB519. NOW, I WILL TELL YOU, AS I MENTIONED, THAT THE COMMITTEE AMENDMENT HAS CHANGED WHAT LB519 ORIGINALLY LOOKED LIKE. HOWEVER, IT'S IMPORTANT TO REMEMBER WHAT THAT PREVIOUS EDUCATION COMMITTEE FELT WERE IMPORTANT, AND THERE WERE TWO

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THINGS. ONE WAS THAT THEY FELT IT WAS IMPORTANT TO USE THE MAJORITY OF THE LOTTERY DOLLARS TO BE RETURNED TO THE ORIGINAL INTENTION. IF YOU WILL RECALL WHEN I SAID IT CAME INTO BEING IT WAS CALLED THE EDUCATION INNOVATION FUND. AND THOSE DOLLARS WERE INITIALLY USED TO SUPPORT GRANTS FOR INNOVATIVE IDEAS IN EDUCATION PROGRAMMING. SECONDLY, THE EDUCATION COMMITTEE FELT THAT ALL THE EXISTING USES OF THOSE LOTTERY DOLLARS SHOULD BE RETURNED FOR SUPPORT THROUGH THE GENERAL FUND, THROUGH THE BUDGETARY REQUEST FROM THE DEPARTMENT OF EDUCATION AND THE COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION. WE OFTEN SAY IN HERE--WE CAN'T BIND FUTURE LEGISLATURES. WELL, THE SAME CAN BE TRUE FOR FUTURE STANDING COMMITTEES. WE HAD, VIRTUALLY, OR ALMOST, A BRAND NEW EDUCATION COMMITTEE THIS YEAR, FIVE NEW MEMBERS. WE HEARD NEW TESTIMONY, WE HEARD NEW BILLS, AND WE CAME UP WITH NEW IDEAS. FURTHERMORE, WE ALSO HAD CONVERSATIONS WITH THE APPROPRIATIONS COMMITTEE. AND IF YOU RECALL, I INDICATED THAT THE PREVIOUS EDUCATION COMMITTEE THOUGHT THAT ALL THOSE CURRENT USES OF LOTTERY DOLLARS SHOULD BE SUPPORTED BY THE GENERAL FUND. WE WERE TOLD BY THE EDUCATION COMMITTEE THAT THAT PROBABLY WASN'T GOING TO BE POSSIBLE. AND, IN FACT, A SIGNIFICANT PORTION OF THE LOTTERY DOLLARS, UNDER CURRENT USE, WENT TO SUPPORT WHAT'S CALLED THE NEBRASKA OPPORTUNITY GRANT. AND THAT IS A GRANT PROGRAM THAT SUPPORTS FINANCIALLY NEEDY STUDENTS PURSUING POSTSECONDARY EDUCATION. AND WE HEARD LOUD AND CLEAR FROM THE APPROPRIATIONS COMMITTEE THAT THERE WAS NOT GOING TO BE ANY MORE GENERAL FUND SUPPORT FOR THE NEBRASKA OPPORTUNITY GRANTS. SO IT WAS THOSE MESSAGES AND THOSE CONSTRAINTS THAT LED THIS NEW EDUCATION COMMITTEE INTO THEIR DECISION MAKING AND THE RESULTS OF WHAT I WILL BE SHORTLY TELLING YOU ABOUT LB519 IN ITS AMENDED FORM. BUT BEFORE GOING INTO THAT, I DO WANT TO THANK THE EDUCATION COMMITTEE, BOTH THE PREVIOUS ONE AND THE CURRENT ONE, BECAUSE I THINK WE BOTH HAVE DONE OUR DUE DILIGENCE IN LOOKING AT THIS ISSUE. THE OTHER THING I WANTED TO MENTION TO YOU WAS THAT THE PREVIOUS EDUCATION COMMITTEE, THIS LAST YEAR, IN ADDITION TO THE LOTTERY STUDY, WE EMBARKED ON A VISIONING PROCESS IN EDUCATION. OUR GOAL WAS TO COME UP WITH A VISION FOR EDUCATION IN NEBRASKA AND A MISSION AND SOME GOALS. AND IN DOING THIS WE ENLISTED THE INPUT OF CITIZENS ALL ACROSS THE STATE. WE DID AN ONLINE SURVEY. WE HEARD FROM OVER 5,000 INDIVIDUALS. AND I WILL TELL YOU, WITHOUT A DOUBT, THERE IS WIDE SUPPORT AND BELIEF THAT WE HAVE A QUALITY EDUCATION SYSTEM IN THIS STATE. IT IS GIVEN HIGH MARKS BY THE PEOPLE WE HEARD FROM. IS IT

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PERFECT? WELL, ABSOLUTELY NOT. AND THAT'S WHY WE DO THE HARD WORK IN THE EDUCATION COMMITTEE TO TRY TO FIND WAYS TO MAKE IT BETTER. BUT I THINK WE ALSO NEED TO BE PROUD OF WHAT WE'RE DOING. WE NEED TO REMIND OURSELVES THINGS LIKE THE HIGH GRADUATION RATE THAT WE HAVE IN THIS STATE. HIGH SCHOOL GRADUATION RATE OF NEARLY 90 PERCENT; THAT'S THE SECOND HIGHEST IN THE NATION. A COLLEGE GOING RATE OF NEARLY 70 PERCENT; THAT'S THE SEVENTH IN THE NATION. NOW, I ADMIT, RANKINGS ARE ONE THING, BUT HOW DO WE MEASURE QUALITY? WELL, MAYBE WE START INTERNALLY. WE'RE ALL PRODUCTS OF AN EDUCATIONAL SYSTEM. WE, MAYBE, SHOULD LOOK AT OURSELVES AND HOW SUCCESSFUL THE EDUCATION SYSTEM WAS WITH US. IF WE'RE PARENTS, I'M QUITE SURE THAT WE FOLLOWED HOW THE EDUCATION SYSTEM WAS WORKING FOR OUR CHILDREN. IF YOU LOOK AT IT FROM A STATE PERSPECTIVE, THERE HAS TO BE, OBVIOUSLY, WE WANT ACCOUNTABILITY FOR WHAT WE'RE DOING IN EDUCATION TO GET THE BANG FOR THE BUCK THAT WE'RE PUTTING INTO IT. HOW DO WE DO THAT? WELL, WHEN WE DID THAT STATEWIDE SURVEY, I KNOW WE HEARD FROM A LOT OF EDUCATORS WHO WERE FRUSTRATED WITH THE TESTING. BUT LET'S FACE IT, FOLKS, THAT IS ONE WAY THAT WE CAN BUILD ACCOUNTABILITY AND TRACK HOW WE ARE DOING. AND SO I WENT TO THE STATE SCHOOL...STATE OF THE SCHOOLS REPORT FOR 2014, THAT'S AVAILABLE TO ALL OF US ON THE DEPARTMENT OF EDUCATION WEB SITE. WHEN YOU LOOKED AT THE RESULTS FOR 2014--MATH SCORES IMPROVED FROM 63 PERCENT IN 2011 BEING PROFICIENT TO 71 PERCENT IN 2014. SCIENCE SCORES CLIMBED FROM 67 PERCENT PROFICIENT IN 2012 TO 72 PERCENT IN 2014. AND READING SCORES INCREASED FROM 69 PERCENT BEING PROFICIENT IN 2010 TO 77 PERCENT IN 2014. NEBRASKA SCHOOLS CONTINUE TO IMPROVE THEIR TEST SCORES. AND OF YOUR 245 SCHOOL DISTRICTS, 132 SCHOOL DISTRICTS EARNED THEIR ALL-TIME BEST SCORES WHEN READING, MATH, AND SCIENCE SCORES WERE COMBINED. WE'RE DOING SOME GOOD THINGS IN THIS STATE. AND I WILL CONTINUE TO TELL YOU ABOUT THEM, BUT FOR RIGHT NOW THAT IS THE START OF LB519, AND I LOOK FORWARD TO TELLING YOU MORE ABOUT THE SPECIFICS AS IT'S BEEN AMENDED. THANK YOU, MR. SPEAKER. [LB519]

SPEAKER HADLEY: AS THE CLERK STATED, THERE ARE AMENDMENTS FROM THE EDUCATION COMMITTEE. SENATOR SULLIVAN, AS CHAIR OF THE COMMITTEE, YOU ARE RECOGNIZED TO OPEN ON THOSE AMENDMENTS. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. SPEAKER. AND AS WAS STATED, AM1044 GIVES YOU AN AMENDED VERSION OF LB519 AND WHAT THE COMMITTEE IS TELLING YOU ARE THE SUGGESTED PROPOSED NEW AND CONTINUED USES OF

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THE LOTTERY DOLLARS FOR EDUCATION. I'M GOING TO BACK UP AND TELL YOU JUST, AGAIN, A LITTLE BACKGROUND. LOTTERY TICKETS AND THE SALES DERIVED...THE INCOME DERIVED FROM THEM, WELL, SALES VARY FROM YEAR TO YEAR. IT'S NOT NECESSARILY A STABLE FUND. WE KNOW IT'S THERE, BUT THE TOTAL AMOUNT VARIES. ON ANY GIVEN YEAR, THOUGH, WE ARE DEALING WITH ABOUT \$16 MILLION. AND I THINK THAT WE HAVE A PAGE BEING PASSED OUT THAT SHOWS YOU SOME ESTIMATES THAT IF WE ADOPT WHAT THE COMMITTEE IS RECOMMENDING FOR CURRENT...FOR PROPOSED USES OF THOSE LOTTERY DOLLARS, HOW THOSE WOULD PLAY OUT IN DOLLARS AND CENTS, BUT ALSO IN PERCENTAGES. AND SO IF YOU LOOK AT THE AMENDMENT FOR AM1044, YOU WILL SEE THAT IDENTIFIES THE USES NOT ACCORDING TO DOLLARS AND CENTS BUT FOR PERCENTAGES. AND THAT'S WHAT I'D LIKE TO TELL YOU ABOUT RIGHT NOW IN TERMS OF WHAT WE'RE PROPOSING FOR THE USES OF THE LOTTERY DOLLARS AND HOW THEY WOULD BE ALLOCATED FOR THOSE USES ON A PERCENTAGE BASIS. THE FIRST ONE HAS TO DO WITH, I BELIEVE, CARRYING FORWARD ONE OF THE INTENTIONS OF THE PREVIOUS EDUCATION COMMITTEE AND THAT WOULD BE THAT LOTTERY DOLLARS WOULD SUPPORT INNOVATIVE PROGRAMS IN EDUCATION. SO TO THAT END, UNDER THE PROPOSED NEW USE IN AM1044, A TOTAL OF 20 PERCENT OF THE ALLOCATED DOLLARS WOULD GO FOR INNOVATION GRANTS. TEN PERCENT WOULD EMANATE FROM THE NEBRASKA DEPARTMENT OF EDUCATION FOR K-12 PROGRAMMING, AND ANOTHER 10 PERCENT WOULD GO TO THE COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION FOR PROGRAMMING IN INNOVATIVE GRANTS IN HIGHER EDUCATION. ANOTHER STANDARD, IF YOU WILL, THAT THE PREVIOUS COMMITTEE THOUGHT WAS IMPORTANT WITH RESPECT TO THESE INNOVATION GRANTS, THREE THINGS: ONE IS THAT THESE GRANTS WOULD NEED TO BE EVALUATED. SECONDLY, THEY WOULD HAVE TO BE SUCH THAT THEY WOULD BE SCALABLE AND HAVE THE ABILITY TO BE REPLICABLE, NOT JUST IN THEIR OWN ENVIRONMENT, BUT ACROSS THE BOARD WHETHER IT BE IN K-12 EDUCATION OR HIGHER ED. SO THAT'S WHERE 20 PERCENT OF THE ALLOCATED DOLLARS ARE PROPOSED TO BE USED. SECONDLY, THE COMMITTEE, AS I SAID, LOOKED AT A VARIETY OF DIFFERENT BILLS THAT CAME BEFORE US AND WE HEARD ABOUT LB379, WHICH WAS INTRODUCED BY SENATOR BOLZ. AND I HOPE THAT WHEN WE GET TO THE DISCUSSION, SHE'LL BE ABLE TO ELABORATE A LITTLE BIT MORE. BUT LB379 HAD TO DO WITH EXTENDED LEARNING OPPORTUNITIES AND THAT IS PROGRAMMING OUTSIDE OF THE SCHOOL DAY TO HELP CHILDREN IN HIGH-NEED, HIGH-RISK AREAS TO CONTINUE TO GET SOME ADVANCEMENTS AND, ESSENTIALLY, WORK ON CLOSING THAT ACHIEVEMENT GAP THAT WE SO OFTEN TALK ABOUT. SO WE'RE DESIGNATING 1 PERCENT OF THE ALLOCATED DOLLARS TO GO TO ELO

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PROGRAMMING. THIRDLY, WE'RE RECOMMENDING A CONTINUATION OF SUPPORT IN THE EXCELLENCE IN TEACHING ACT FOR FORGIVABLE LOANS FOR THOSE INDIVIDUALS WHO ARE TRAINING TO BECOME TEACHERS, AND ALSO FOR FORGIVABLE LOANS FOR THOSE EXISTING TEACHERS WHO ARE GETTING SOME ADDITIONAL ENDORSEMENTS IN SHORTAGE AREAS. WE'RE ALLOCATING 8 PERCENT OF THE DOLLARS FOR THAT. ANOTHER BILL THAT WE HEARD IN THE EDUCATION COMMITTEE THAT THE MEMBERS LIKED WAS LB36, ANOTHER BILL OF SENATOR BOLZ, AND WE'D LIKE TO SEE 9 PERCENT OF THE LOTTERY DOLLARS GO TO THE COMMUNITY COLLEGE GAP ASSISTANCE PROGRAM. AND THIS, ESSENTIALLY, WOULD BE FINANCIAL AID FOR STUDENTS WHO ARE PURSUING NONCREDIT PROGRAMS AT COMMUNITY COLLEGES IN WORK SHORTAGE AREAS. AND I WILL SAY THIS WAS ALSO ANOTHER CONCERN OF THE PREVIOUS EDUCATION COMMITTEE, SO I THINK IT SPEAKS TO SOMETHING THAT WE FELT WAS VERY IMPORTANT IN TERMS OF PREPARING YOUNG PEOPLE, PARTICULARLY IF THEY HAVE A FINANCIAL NEED TO GO INTO SOME OF THESE AREAS WHERE WE NEED WORKERS. AND THEN LASTLY, WHAT COMMANDS A SIGNIFICANT PORTION OF THE LOTTERY DOLLAR ALLOCATION HAS TO DO WITH THE NEBRASKA OPPORTUNITY GRANTS. THIS WOULD COMMAND ABOUT 62 PERCENT OF THE ALLOCATED DOLLARS. AND I WOULD REMIND YOU THAT THIS WAS ONE THING THAT WE HAD REALLY HOPED WOULD GET TOTAL GENERAL FUND SUPPORT, BUT THE REALITY IS AS WE TRY TO DIVVY UP ALL THE RESOURCES THAT WE HAVE, OR NOT, THAT WE HEARD FROM THE APPROPRIATION'S COMMITTEE THAT THIS WAS NOT GOING TO BE POSSIBLE AT THIS POINT, AND SO WE ARE RETAINING THE FUNDING AND SUPPORT FOR THESE NEBRASKA OPPORTUNITY GRANTS WITH LOTTERY DOLLAR ALLOCATIONS. BUT RIGHT ALONG WITH THAT, ONE OF THE THINGS THAT THE EDUCATION COMMITTEE WILL BE DOING UNDER AM1044 IS EMBARKING ON A STUDY OF THE AFFORDABILITY OF HIGHER EDUCATION. WE WILL BE LOOKING AT THAT AND QUITE CONCEIVABLY COME UP WITH SOME ADDITIONAL IDEAS VIA LEGISLATION THAT MAY BE PROPOSED NEXT SESSION ON HOW WE DEAL WITH SUPPORT FOR NEEDY STUDENTS WHO ARE WANTING TO PURSUE HIGHER EDUCATION. SO THAT, BY AND LARGE, IS THE MEAT, THE NUTS AND BOLTS OF WHAT WE ARE PROPOSING AS AN EDUCATION COMMITTEE BE THE NEW USES FOR LOTTERY DOLLARS. SOME HAVE LOOKED AT THIS AND SAID, THIS IS VERY TOP HEAVY ON HIGHER EDUCATION, YOU AREN'T GIVING ADEQUATE SUPPORT FOR K-12. WELL, I WILL SAY IN RESPONSE TO THAT--THIS IS ALL ABOUT EDUCATION, AND SOME OF THEM THAT, YES, DEALS WITH HIGHER EDUCATION SPEAKS TO PREPARING THE TEACHERS AND HELPING THE TEACHERS WHO WILL BE IN THAT K-12 CLASSROOM BECOME BETTER TEACHERS AND IN SO DOING HELP FOR EDUCATIONAL SUCCESS ALL ALONG THE EDUCATIONAL CONTINUUM.

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THE OTHER THING I WILL SAY IS THAT ANOTHER FEATURE OF AM1044 IS THAT ALL OF THESE USES WILL SUNSET IN FIVE YEARS. I'LL BE LONG GONE FROM HERE, BUT IT DOES CHARGE THE FUTURE EDUCATION COMMITTEE THEN TO, AGAIN, IN FIVE YEARS REVIEW HOW THESE CURRENT USES ARE BEING USED AND EITHER TO RECOMMEND CONTINUING THEM OR TO CHANGE THEM. SO THAT WAS ONE OF THE THINGS THAT THE COMMITTEE FELT WAS IMPORTANT TO HAVE NOT A VERY LONG TIME LINE, BUT A SHORTER ONE THAT SAYS--OKAY, LET'S TAKE A LOOK AT THESE AGAIN TO SEE IF THAT'S, IN FACT, HOW WE WANT TO CONTINUE TO HAVE THESE DOLLARS ALLOCATED. SO THAT IS WHAT AM1044 REPRESENTS. BUT I ALSO WANTED TO, AGAIN, REMIND US OF NOT ONLY WHAT WE'RE TRYING TO DO IN THIS BILL BUT WHAT WE TRY TO DO IN A VARIETY OF DIFFERENT WAYS WHETHER IT'S HERE IN THE LEGISLATURE, THE DEPARTMENT OF EDUCATION, OR ANY OTHER EDUCATIONAL SILO, IF YOU WILL, TO IMPROVE EDUCATIONAL QUALITY IN THIS STATE. YOU'RE PROBABLY ALL FAMILIAR WITH "NO CHILD LEFT BEHIND," AND SOME OF THE MORE ONEROUS THINGS THAT HAVE BEEN PUT ON ALL STATES TO COMPLY WITH THAT. I THINK IT'S VERY GOOD AND HEALTHY THAT OUR DEPARTMENT OF EDUCATION HERE IN NEBRASKA HAS CONTINUED TO HAVE A DIALOGUE WITH THE FEDS, WITH ARNE DUNCAN TO SAY--LOOK, THIS IS WHAT NEBRASKA IS DOING TO BE ACCOUNTABLE TO ITS CITIZENS, TO BE ACCOUNTABLE TO ITS STUDENTS TO MAKE SURE THAT WE HAVE CONTINUOUS IMPROVEMENT NOT ONLY FOR EACH AND EVERY INDIVIDUAL STUDENT...EVERY STUDENT EVERY DAY, BUT TO MAKE SURE THAT THERE IS CONTINUOUS IMPROVEMENT IN OUR SCHOOL DISTRICTS. AND WHEN THERE IS NOT, TO DEVELOP A MECHANISM TO MAKE SURE THAT THAT IMPROVEMENT TAKES PLACE. LAST SESSION, WE PASSED LB438 WHICH CREATED A FRAMEWORK FOR IDENTIFYING WHEN WE DO HAVE LOW PERFORMING, OR IN THIS CASE WE IDENTIFIED THEM AS PRIORITY SCHOOLS, WHAT WE CAN DO ABOUT THEM. AND I THINK IT WAS A VERY GOOD THING BECAUSE... [LB519 LB379 LB36]

SPEAKER HADLEY: ONE MINUTE. [LB519]

SENATOR SULLIVAN: ...IT WOULD...IT DIDN'T HOLD OUT A HAMMER, IT HELD OUT A HAND FOR, OKAY, HOW ARE WE GOING TO HELP THESE SCHOOLS WHO HAVE BEEN IDENTIFIED AS LOW PERFORMING AND HOW WE CAN HELP THEM? I ALSO APPLAUD THE DEPARTMENT OF EDUCATION BECAUSE THEY TOOK IT A STEP FURTHER AND THEY HAVE DEVELOPED A WHOLE SYSTEM OF LOOKING AT OUR WHOLE EDUCATIONAL SYSTEM, AND THEY'RE CALLING IT AQUuESTT-- ACCOUNTABILITY FOR A QUALITY EDUCATION SYSTEM TODAY AND TOMORROW. AND I THINK THAT THIS SPEAKS WELL, AGAIN, TO OUR EFFORTS OF

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MAKING SURE THAT WE IMPROVE EDUCATION. AND YOU KNOW, ONE OF THE THINGS THAT I OFTEN SAY--MY GOAL IS A QUALITY EDUCATION FOR EVERY SINGLE STUDENT IN HERE IN NEBRASKA, IRRESPECTIVE OF HIS OR HER ZIP CODE. THAT'S MY GOAL AND THAT WILL ALWAYS BE MY GOAL AS CHAIR OF THE EDUCATION COMMITTEE. THANK YOU AND I LOOK FORWARD TO PRESENTING ONE MORE ADDITIONAL AMENDMENT TO FINE TUNE WHAT LB519, AS AMENDED, IS ALL ABOUT. THANK YOU, MR. SPEAKER. [LB519]

SPEAKER HADLEY: (VISITORS INTRODUCED.) MR. CLERK.

ASSISTANT CLERK: MR. PRESIDENT, SENATOR SULLIVAN WOULD OFFER AM1181 TO THE COMMITTEE AMENDMENTS. (LEGISLATIVE JOURNAL PAGES 1114-1115.) [LB519]

SPEAKER HADLEY: SENATOR SULLIVAN, YOU'RE RECOGNIZED TO OPEN ON AM1181. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. SPEAKER. AM1181 IS PURELY TECHNICAL IN NATURE. IT ADDS NO SUBSTANTIVE CHANGES TO LB519 AND THE ACCOMPANYING AMENDMENT, IT SIMPLY CLARIFIES SEVERAL THINGS AND I WILL INDICATE THOSE FOR YOU. BUT IT, BY AND LARGE, CLARIFIES ADMINISTRATIVE DETAILS AND EXPENSES AND MAKES A CORRECTING DATE CHANGE. IT CREATES INDIVIDUAL FUNDS FOR THOSE DIFFERENT GROUPS THAT I WAS TALKING ABOUT FOR ADMINISTERING THE PROGRAMS WITHIN THEIR RESPECTIVE AGENCIES. IT ALLOWS UP TO 5 PERCENT FOR AGENCY EXPENSES FOR ADMINISTRATION, EVALUATION, AND TECHNICAL ASSISTANCE. IT CLARIFIES THE AMOUNT TO BE RETAINED IN THE NEBRASKA EDUCATION IMPROVEMENT FUND FOR CASH FLOW PURPOSES, AND DELAYS THE TRANSFER OF FUNDS OUT OF THE EXCELLENCE IN TEACHING FUND UNTIL 2021, WHICH IS WHEN ALL OF THESE PROGRAMS SUNSET. AND IT CORRECTS A DATE CHANGE FOR CHANGING FORGIVENESS PROVISIONS IN THE ENHANCING EXCELLENCE IN TEACHING PROGRAM. AS I INDICATED, THESE ARE VERY TECHNICAL, JUST PURELY TECHNICAL IN NATURE JUST TO CLEAN THINGS UP TO MAKE LB519 AND AM1044 AS CORRECT AS IT CAN BE FOR YOUR DISCUSSION AND REVIEW. BUT, AGAIN, I WILL RETURN TO OUR EFFORTS IN HERE IN THIS BILL, AS WELL AS IN OTHER VENUES TO MAKE SURE WE HAVE THE VERY BEST QUALITY EDUCATION SYSTEM IN NEBRASKA, KNOWING FULL WELL THAT WE CAN ALWAYS WORK TO MAKE IT BETTER. WILL CHARTER SCHOOLS MAKE OUR SYSTEM BETTER? WELL, PERHAPS. MAKE NO MISTAKE, FOLKS, THOUGH, THEY ARE NOT A SILVER

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BULLET. AND ARE WE LAGGING BEHIND BECAUSE WE DON'T HAVE CHARTER SCHOOLS IN THIS STATE? AND WHY NOT NEBRASKA? YES, IN NEARLY EVERY YEAR I'VE BEEN HERE AND THIS LAST SESSION...OR THIS CURRENT SESSION IS NO EXCEPTION, WE HAVE HAD CHARTER SCHOOL LEGISLATION COME BEFORE US. THIS YEAR, YES, WE DID IPP IT. AS I INDICATED SEVERAL TIMES, I'M VERY PROUD OF THE EDUCATION COMMITTEE'S WORK. SOME WILL SAY WE'VE BEEN A BIT SLOW SENDING THINGS OUT TO YOU THIS YEAR, BUT I WILL SAY THE EDUCATION COMMITTEE HAS REALLY DONE EXEMPLARY WORK IN REVIEWING THE BILLS THAT HAVE BEEN BROUGHT TO THEM, DISCUSSING THEM THOROUGHLY, AND MAKING DECISIONS. AND I DON'T THINK THAT YOU WOULD WANT US TO RUBBER STAMP ANYTHING. I DON'T THINK YOU'D WANT US TO TAKE A CONCEPT THAT WORKS JUST PERFECTLY OR NOT IN ANOTHER STATE AND SAY THIS IS WHAT'S GOOD FOR NEBRASKA. NOR DO I, AS A COMMITTEE CHAIR, THINK THAT WITH THE NEARLY 60 BILLS THAT WE HAD BEFORE US THAT WE COULD SPEND AN INORDINATE AMOUNT OF TIME SIMPLY REWORKING SOMETHING FROM ANOTHER STATE TO MAKE IT WORK FOR NEBRASKA. SO IS THAT TO SAY THAT WE ARE TOTALLY OPPOSED TO CHARTER SCHOOLS? ABSOLUTELY NOT. I THINK WE NEED TO LOOK AT ALL DIFFERENT THINGS THAT WILL MAKE, AS I SAID, OUR EDUCATIONAL SYSTEM BETTER. DO I HAVE A PERSONAL OPINION ABOUT IT? WELL, YES, AND I MIGHT AS WELL TELL YOU WHAT THAT IS. FIRST OF ALL, WHETHER WE'RE TALKING ABOUT THIS SUBJECT OR ANY ACTION WE TAKE, THERE IS ALWAYS A REACTION. FOR EVERYTHING THAT WE DO, THERE IS, IN MANY TIMES, A TRADE-OFF. CHARTER SCHOOLS ARE NOT FREE. AND WHEN I STAND BEFORE YOU MANY, MANY TIMES TALKING ABOUT HOW WE ARE LAGGING BEHIND IN STATE SUPPORT FOR OUR PUBLIC SCHOOL EDUCATION, I AM CONCERNED WHEN WE MIGHT BE THEN DIVERTING EVEN MORE FUNDS AWAY FROM A ROBUST TOTAL PUBLIC SCHOOL SYSTEM ACROSS THIS STATE. THE OTHER THING THAT CONCERNS ME MORE THAN ANYTHING IS TO GIVE PEOPLE FALSE HOPES. AS I INDICATED, CHARTER SCHOOLS ARE NOT A SILVER BULLET. AND TO HEAR SOME PEOPLE EITHER HAVE THE ASSUMPTION OR BE GIVEN THE INDICATION THAT A CHARTER SCHOOL WILL BE ALL THE ANSWER THAT THEY NEED TO HELP THEIR CHILDREN BE SUCCESSFUL, WITHOUT EVEN KNOWING FOR SURE, BECAUSE WE KNOW EVEN IF A CHARTER SCHOOL EXISTS, THERE'S A LOTTERY SYSTEM THAT GOES WITH IT. SO HOW CAN WE BE ASSURED THAT THAT FAMILY, THAT CHILD WHO SO DESPERATELY WANTS TO BE IN A POSSIBLY NEW CHARTER SCHOOL WOULD HAVE ACCESS TO IT? AND THAT BRINGS ME AROUND TO THE WHOLE IDEA OF THE FACT THAT HERE IN NEBRASKA WE ARE BLESSED WITH A COUPLE OF DIFFERENT THINGS THAT HELP MAKE OUR EDUCATION SYSTEM ROBUST, IN MANY CASES RESPONSIVE TO THE NEEDS OF LOCAL SITUATIONS. WE VALUE

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LOCAL CONTROL, AND IRONICALLY WITH SOME OF THE LIMITED RESOURCES WE'VE HAD TO DEAL WITH IN OUR EDUCATIONAL SYSTEMS, WE'VE HAD SOME REALLY CREATIVE THINGS THAT HAVE DEVELOPED AND EVOLVED IN OUR SCHOOL DISTRICTS THAT HAVE GIVEN OUR STUDENTS MUCH MORE CHOICE. AND I HAVE TO SHARE WITH YOU A REALLY EXCITING THING THAT'S GOING ON IN OPS. THEY ARE TRYING TO PARTNERING WITH A NORTH OMAHA REVITALIZATION PROJECT AND A PHILANTHROPIC GROUP LOOKING TO REINVENT HOWARD KENNEDY ELEMENTARY. THEY ARE WORKING ON THINGS SUCH AS A LONGER SCHOOL DAY, A DYNAMIC NEW PRINCIPAL, EARLY CHILDHOOD EDUCATION; A CURRICULUM FOCUSED ON SCIENCE, TECHNOLOGY, ENGINEERING, ART AND MATH; AND PROJECT-BASED LEARNING. WOW, THOSE ARE EXCITING THINGS. IT DIDN'T NEED A CHARTER SCHOOL TO DO THAT. THAT IS OPERATING UNDER...AND I WOULD NOT SAY THE CONFINES UNDER THE STRUCTURE OF OUR CURRENT EDUCATION SYSTEM HERE IN NEBRASKA. I'M VERY PROUD OF OUR EDUCATION SYSTEM. AND AS I HAVE SAID MANY TIMES AND WILL CONTINUE TO SAY, I WILL WORK HARD EVERY DAY FOR EVERY STUDENT EVERY DAY, IRRESPECTIVE OF THEIR ZIP CODE TO MAKE SURE THAT THEY ALL HAVE THE VERY BEST EDUCATIONAL QUALITY AT THEIR FINGERTIPS THAT WE CAN AFFORD THEM. THANK YOU, MR. PRESIDENT. [LB519]

SPEAKER HADLEY: SENATOR MORFELD, YOU'RE RECOGNIZED. [LB519]

SENATOR MORFELD: THANK YOU, MR. PRESIDENT. I RISE IN SUPPORT OF THE AMENDMENTS TO LB519 AND THE UNDERLYING BILL. AND I'D LIKE TO THANK ALL THE COMMITTEE MEMBERS WHO WORKED VERY HARD TO CRAFT THIS AMENDMENT AND PUT TOGETHER LB519 IN A WAY THAT ENSURES THAT WE USE OUR LOTTERY FUNDS IN A WAY THAT BENEFITS K-12 CHILDREN AND YOUNG NEBRASKANS, AND EVEN OLDER NEBRASKANS WHO ARE LOOKING AT GETTING A HIGHER EDUCATION. THE NEBRASKA OPPORTUNITY GRANT FUND IS AN ISSUE THAT I INTRODUCED A BILL, LB355, THIS YEAR, THAT IS TIED INTO AM1044. AND THE NEBRASKA OPPORTUNITY GRANT FUND, AS SENATOR SULLIVAN ALLUDED TO, IS A CRITICAL SOURCE OF FINANCIAL AID FOR SOME OF OUR STATE'S LOW AND MIDDLE INCOME STUDENTS AND FAMILIES. THIS ACADEMIC YEAR, \$10 MILLION IN LOTTERY FUNDS IS ALLOCATED TO THE OPPORTUNITY GRANT FUND TO PROVIDE NEED-BASED SCHOLARSHIPS TO NEBRASKA COLLEGE STUDENTS, AND AM1044 PRETTY MUCH MAINTAINS THAT AMOUNT. THESE FUNDS ARE VITAL TO ENSURING ACCESS TO HIGHER EDUCATION FOR STUDENTS THAT CAN'T OTHERWISE AFFORD TO ATTEND. WE MUST MAINTAIN THIS CRITICAL SOURCE OF SUPPORT FOR NEEDY NEBRASKA STUDENTS AND WORKING FAMILIES SINCE THERE IS OBVIOUSLY NO GUARANTEE THAT THESE SCHOLARSHIPS WILL BE

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FUNDED FROM THE GENERAL FUND AND THE APPROPRIATIONS COMMITTEE HAS INDICATED THAT THERE ARE NOT SUFFICIENT FUNDS TO DO SO. IT IS IMPORTANT THAT WE MAINTAIN THIS BECAUSE NEBRASKA RANKS FAIRLY LOW THROUGHOUT THE UNITED STATES IN TERMS OF NEED-BASED AID. NOT ONLY FOR PUBLIC SCHOOLS STUDENTS, BUT THIS IS ALSO FOR PRIVATE SCHOOL STUDENTS AS WELL. I URGE YOUR SUPPORT OF AM1044, AM1181 AND THE UNDERLYING BILL, LB519. THANK YOU. [LB519 LB355]

SPEAKER HADLEY: (VISITORS INTRODUCED.) SENATOR BOLZ, YOU ARE RECOGNIZED. [LB519]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. AND FIRST, I'D LIKE TO SAY THANK YOU TO THE EDUCATION COMMITTEE, AND TO SENATOR SULLIVAN'S POINT, THE EDUCATION COMMITTEE PAST AND THE EDUCATION COMMITTEE PRESENT. I THINK THAT THE INDIVIDUALS WHO SERVE ON THAT COMMITTEE HAVE PUT FORTH A VISION FOR EDUCATION THAT RUNS THE CONTINUUM AND HELPS TO ACHIEVE THE GOALS OF HAVING A HIGHLY EDUCATED WORKFORCE AND PREPARING OUR CHILDREN FOR THE FUTURE. I'D LIKE TO SPEND JUST A COUPLE OF MINUTES DESCRIBING IN MORE DEPTH THE TWO PIECES OF LEGISLATION THAT ARE INCORPORATED INTO LB519 THAT I WORKED ON THIS YEAR. THE FIRST IS LB36, WHICH CONTRIBUTES TO BUILDING A SKILLED WORKFORCE IN NEBRASKA. A SURVEY BY THE NEBRASKA STATE CHAMBER OF COMMERCE FOUND THAT A SKILLED WORKFORCE WAS THE NUMBER ONE NEED FOR BUSINESS GROWTH. LAST YEAR THEIR SURVEY OF OVER 12,000 RESPONDERS FOUND THAT HALF SAID THEY HAD EXPERIENCED DIFFICULTY IN HIRING QUALIFIED EMPLOYEES OVER A 12-MONTH PERIOD AND THAT ONE-FOURTH RESPONDED THAT THEY STRUGGLED WITH GROWTH OF THEIR BUSINESS BECAUSE THEY DIDN'T HAVE THE APPROPRIATE WORKFORCE. THIS COUPLED WITH OUR BLISSFULLY LOW UNEMPLOYMENT RATE HAS LED TO A NEED FOR NEW STRATEGIES IN TERMS OF SKILLED WORKFORCE DEVELOPMENT. DEMAND IS GREAT FROM BOTH EMPLOYERS AND STUDENTS FOR POSTSECONDARY PROGRAMS THAT LEAD TO CERTIFICATES AND OTHER PROGRAMS THAT FULFILL SPECIFIC WORKFORCE NEEDS. HOWEVER, FINANCIAL AID IS NOT AVAILABLE FOR THESE SHORT-TERM CERTIFICATE PROGRAMS. SO LB36 IS MODELED AFTER AN INITIATIVE IN IOWA THAT HAS HAD GREAT SUCCESS AND GREAT COMPLETION RATES THAT WOULD PROVIDE FINANCIAL ASSISTANCE FOR TUITION, BOOKS, FEES, AND OTHER NEEDS FOR THE COMPLETION OF SHORT-TERM PROGRAMS IN HIGH-DEMAND FIELDS. AND THOSE FIELDS ARE DEFINED BY THE NEBRASKA DEPARTMENT OF ECONOMIC DEVELOPMENT THROUGH THEIR RECENT BATTELLE STUDY. SO THESE ARE FIELDS INCLUDING: INFORMATION TECHNOLOGY,

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HEALTHCARE, MANUFACTURING, AND OTHERS THAT REALLY CONTRIBUTE TO WHAT WE'RE SEEING, BASED ON THE DATA, AS BEING HIGH-GROWTH, HIGH-DEMAND INDUSTRIES. ASSISTANCE WOULD BE PROVIDED ONLY TO STUDENTS PURSUING THESE HIGH-DEMAND CAREERS AND ONLY STUDENTS WHO HAVE PROVEN THEIR CAPACITY TO PURSUE AND COMPLETE THOSE PROGRAMS. MULTIPLE TYPES OF STUDENTS WOULD BE ELIGIBLE FOR THIS KIND OF ASSISTANCE. A STUDENT WHO IS IN A CURRENT CAREER ACADEMY WHO WANTS TO PURSUE COMMUNITY COLLEGE LEVEL EDUCATION MIGHT BE ELIGIBLE; AN INDIVIDUAL WHO IS IN A LOW-WAGED JOB LOOKING FOR A NEW CAREER MIGHT BE ELIGIBLE; AN INDIVIDUAL WHO IS CURRENTLY IN THE INFORMATION TECHNOLOGY OR MANUFACTURING FIELD WHO WANTS TO IMPROVE THEIR SKILL SET AND BECOME MORE EMPLOYABLE COULD CERTAINLY BE ELIGIBLE. ULTIMATELY, THE IDEA IS THAT THESE PROGRAMS WOULD BE DEVELOPED ON THE LOCAL LEVEL BY COMMUNITY COLLEGES TO SERVE LOCAL NEEDS AND THAT STUDENTS WHO WOULD OTHERWISE STRUGGLE TO AFFORD PURSUIT OF SUCH PROGRAMS THAT HAVE REAL VALUE IN THE ECONOMY WOULD BE AFFORDED AN OPPORTUNITY TO DO SO. SO I APPRECIATE THE EDUCATION COMMITTEE AND THE BODY'S SUPPORT FOR THE INCLUSION OF LB36 IN LB519. I'D ALSO LIKE TO BRIEFLY ADDRESS THE INCLUSION OF LB379, THE EXPANDED LEARNING OPPORTUNITY GRANT PROGRAM ACT. AS WAS REFERENCED EARLIER, THIS IS AN INITIATIVE THAT WOULD HELP TO SUPPORT EXISTING EXPANDED LEARNING OPPORTUNITY PROGRAMS IN OUR LOCAL COMMUNITIES. THESE PROGRAMS ALREADY ARE IN EXISTENCE AND THE LEGISLATION DEFINES AND CLARIFIES THE EXPECTATIONS FOR WHAT WOULD BE NEEDED TO QUALIFY FOR GRANT ASSISTANCE IN THOSE EXPANDED LEARNING OPPORTUNITY PROGRAMS. THAT INCLUDES QUALIFIED STAFF, AND APPROPRIATE STAFF TO STUDENT RATIO, THE INCLUSION OF PROGRAMMING THAT COMPLIMENTS AND DOES NOT COMPETE WITH THE SCHOOL-LEARNING DAY, AND THE INCLUSION OF SPECIFIC TARGETED INITIATIVES... [LB519 LB36 LB379]

SPEAKER HADLEY: ONE MINUTE. [LB519]

SENATOR BOLZ: ...THAT ADDRESS STUDENT NEEDS SUCH AS TUTORING, MAYBE SPECIAL EDUCATION, INCLUDING SPECIAL...ENGLISH AS A SECOND LANGUAGE TUTORING, AS WELL AS THE STEM FIELDS--SCIENCE, TECHNOLOGY, ENGINEERING AND MATH. AND I'LL SHARE WITH YOU BRIEFLY THAT WE HAD A YOUNG WOMAN WHO WAS A PART OF HER MODEL ROCKET CLUB THAT PARTICIPATED IN AFTER SCHOOL LEARNING PROGRAMS WHO CAME TO TESTIFY AND I THINK SHE'S AN EXCELLENT EXAMPLE OF HOW SOMETHING EVEN ON THE ELEMENTARY SCHOOL OR MIDDLE SCHOOL LEVEL CAN REALLY SPARK

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INTEREST IN CAREER FIELDS AND LEAD TO A STUDENT ACHIEVING THEIR FULL POTENTIAL. SO IN CLOSING, I WOULD ASK FOR YOUR SUPPORT FOR THESE PROGRAMS THAT ARE INNOVATIVE AND AN APPROPRIATE USE OF NEBRASKA INNOVATION FUNDS. THEY MEET LOCAL NEEDS. THEY BOTH HAVE EVIDENCE-BASED AND HAVE ONGOING EVALUATION COMPONENTS... [LB519]

SPEAKER HADLEY: TIME, SENATOR. [LB519]

SENATOR BOLZ: ...AND THEY ARE CAREER ORIENTED. THANK YOU, MR. PRESIDENT. [LB519]

SPEAKER HADLEY: SENATOR SCHEER, YOU ARE RECOGNIZED. [LB519]

SENATOR SCHEER: THANK YOU, MR. SPEAKER. I RISE IN OPPOSITION TO LB519 AND THE AMENDMENTS. I DID SERVE ON THE EDUCATION COMMITTEE LAST YEAR, AND SO THINGS DO CHANGE AND I UNDERSTAND THAT. BUT I BELIEVE WHAT YOU HAVE IN FRONT OF YOU IS A LITERAL SEA CHANGE IN THE DIRECTION OF THE FUNDS FROM THE LOTTERY. THE K-12 PARTICIPATION OF THESE DOLLARS IS MINIMAL AT BEST, IT'S 10 PERCENT. YOU HAVE AFTER SCHOOL LEARNING AT 1 PERCENT. YOU HAVE 10 PERCENT OF THE FUNDS GOING TO HIGHER EDUCATION THROUGH THE COORDINATING COMMISSION. YOU HAVE GAP FUNDING, WHICH IS A COMMUNITY COLLEGE-BASED PROGRAM AT 9 PERCENT. EXCELLENT IN TEACHING, GRANTED THE TEACHERS MAY END UP IN NEBRASKA'S EDUCATIONAL SYSTEM AND PERHAPS NOT; THAT'S 8 PERCENT. AND THEN THE OPPORTUNITY GRANTS ARE 62 PERCENT OF THE DOLLARS. NOW, LET ME SAY THAT ALL THESE ARE LAUDABLE CAUSES. THERE'S NONE THAT ARE BAD. BUT AT WHAT PERCENTAGE AND HOW WE FOUND THESE THAT TO ME IS VERY IMPORTANT. YOU HAVE A PROGRAM THAT WAS STARTED YEARS AGO THAT GAVE LOCAL K-12 ORGANIZATIONS, SCHOOL DISTRICTS, THE OPPORTUNITY TO GO OUT AND TRY SOMETHING DIFFERENT, TO PROVIDE A DIFFERENT TYPE OF EDUCATION, A DIFFERENT PROCESS. THAT'S ESSENTIALLY GONE. THERE'S HARDLY ANY DOLLARS LEFT. WE HAVE 244 SCHOOL DISTRICTS. NEXT YEAR THERE WILL BE 239. WE HAVE LEFT, ESSENTIALLY, A MILLION AND A HALF DOLLARS A YEAR TO PROVIDE FOR INNOVATION IN 235 SCHOOL DISTRICTS. PERHAPS THERE'S SOME REDUCTION THAT COULD OR POSSIBLY SHOULD BE MADE, BUT NOT TO 10 PERCENT. ONE-TENTH OF THE DOLLARS COMING FROM THE LOTTERY FOR EDUCATIONAL PURPOSES GOING TO K-12. FOLKS, WHICH COMES FIRST, THE CHICKEN OR THE EGG? WITHOUT K-12 IT DOESN'T REALLY MAKE ANY DIFFERENCE WHAT WE DO FOR HIGHER EDUCATION. IT DOESN'T

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MAKE ANY DIFFERENCE WHAT WE DO FOR ASSISTANCE FOR TUITION TO COMMUNITY COLLEGES OR HIGHER EDUCATION, REGARDLESS IF THEY'RE PUBLIC OR PRIVATE. WE NEED TO MAINTAIN A STRONG K-12 SYSTEM HERE. THIS CERTAINLY, IN MY OPINION, AND MINE ONLY, I'M NOT SPEAKING FOR ANYONE OTHER THAN MYSELF, OBVIOUSLY, AT THIS POINT, THIS IS A FAIRLY DRASTIC CHANGE IN THE FUNDING LEVEL OF THIS PROGRAM. NOW, I'LL READILY ADMIT, EVERYTHING IS UP FOR GRABS AND THESE ARE THE COMMITTEE'S ASSIGNMENTS AS FAR AS VALUES THAT THEY PLACED ON THOSE DIFFERENT PROGRAMS TO UTILIZE THE LOTTERY FUNDS. BUT TO ME, THEY ARE JUST TOO DRASTIC OF A CHANGE FOR K-12. I'M NOT ON THE EDUCATION COMMITTEE, BUT I WAS. AND I'VE GOTTEN NUMEROUS PHONE CALLS FROM SUPERINTENDENTS ACROSS THE STATE WONDERING HOW THIS COULD HAPPEN. WELL, IT CAN HAPPEN. WILL IT? I DON'T KNOW, THAT DEPENDS ON THE BODY HERE. BUT THERE IS CERTAINLY A CHANGE IN THE ATTITUDE AND THE DIRECTION BY THE EDUCATION COMMITTEE IN RELATIONSHIP TO HOW WE'RE GOING TO USE LOTTERY FUNDS. I WOULD MAINTAIN THAT AT LEAST 25 PERCENT OF THOSE SHOULD BE AND CAN BE MAINTAINED IN THE K-12 SYSTEM. I BELIEVE THAT THE OPPORTUNITY GRANTS CAN BE REDUCED TO 50 PERCENT. FIFTY PERCENT, FOLKS, THAT'S STILL A LOT OF DOLLARS. [LB519]

SPEAKER HADLEY: ONE MINUTE. [LB519]

SENATOR SCHEER: AND I BELIEVE WE CAN ALSO REDUCE THE GAP FUNDING, WHICH IS A BRAND NEW PROGRAM FROM 9 PERCENT, WHICH IS ALMOST THE SAME AS ALL OF K-12 IS GETTING, DOWN TO 6 PERCENT. I WILL INTRODUCE AN AMENDMENT TO DO SO, BUT THAT IS SOMETHING THAT I WANT YOU TO START TO THINK ABOUT--WHAT WE'RE DOING TO K-12. WE'RE USING THE MONEY ALL ON EDUCATION, THEY'RE ALL GOOD PROGRAMS. BUT DO WE HAVE TO START WITH THE BASE BEFORE WE START WORRYING ABOUT THE TOP AND UPPER LEVELS? COMMUNITY COLLEGES ARE IMPORTANT. HIGHER EDUCATION'S IMPORTANT. BUT THE BASE THAT WE WORK OFF IS K-12. WITHOUT A K-12 PROGRAM, WITHOUT A STRONG PROGRAM, AND IF YOU LOOK AT...I HEARD A LOT LAST YEAR, THE FIRST TWO YEARS ON EXTENDED LEARNING OPPORTUNITIES, THAT'S K-12. [LB519]

SPEAKER HADLEY: TIME, SENATOR. [LB519]

SENATOR SCHEER: THANK YOU, MR. SPEAKER. [LB519]

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SPEAKER HADLEY: SENATOR KOLOWSKI, YOU'RE RECOGNIZED. [LB519]

SENATOR KOLOWSKI: THANK YOU, MR. PRESIDENT AND COLLEAGUES. I STAND IN SUPPORT OF THE BILL, LB519, AND THE TWO AMENDMENTS ATTACHED TO THAT. I WANT TO THANK SENATOR SULLIVAN FOR HER LEADERSHIP AND FOR THE RESPONSIBILITY THAT SHE HAS BROUGHT FORWARD THROUGH OUR COMMITTEE, AND FOR THE COMMITTEE AS A WHOLE, FOR THE WORK THAT'S BEEN ACCOMPLISHED THIS PAST YEAR. THIS HAS NOT BEEN EASY, BUT IT'S BEEN NECESSARY, AND A LOT OF CHANGES HAVE BEEN MADE, AND WE THINK THEY'RE IN THE RIGHT DIRECTION. SENATOR SULLIVAN DID AN EXCELLENT JOB EXPLAINING THE BACKGROUND, THE DIRECTION OF WHAT WE'RE TRYING TO DO, AND WHAT WE HOPE TO BE WITH THIS SIGNIFICANT CHANGE IN WHERE THESE FUNDS WOULD BE GOING. AND IT IS ABOUT INNOVATION. AND IT IS ABOUT THINGS THAT WE HOPE WILL BE MAKING A DIFFERENCE IN THE STATE OF NEBRASKA, BUT IT'S NOT JUST ABOUT K-12 EDUCATION. THERE'S A LARGER PICTURE THAT'S BEING LOOKED AT HERE, THE THINGS THAT HAVE BEEN TAKING PLACE IN EARLY CHILDHOOD EDUCATION ALL THE WAY UP THROUGH POSTSECONDARY PLANS ARE EXTREMELY IMPORTANT TO US AND WE'VE TRIED TO LOOK AND INVEST IN THOSE THINGS OVER TIME. LOCAL CONTROL IS VERY IMPORTANT IN THE STATE OF NEBRASKA. WE HEARD THAT WHENEVER WE WENT OUT AND HELD MEETINGS ACROSS THE STATE. AND THE SENATOR ALSO HAS MENTIONED WITH LB438 HOW THAT'S BEEN CHANGING. LOCAL CONTROL WITH ACCOUNTABILITY AND RESPONSIBILITY ARE THE DRIVING FORCES OF WHAT WE'RE DEALING WITH AND THE DIRECTION WE'RE HEADING. CONTINUOUS IMPROVEMENT WAS MENTIONED, WE CANNOT MENTION THAT ENOUGH ABOUT GETTING BETTER, LOOKING AT BEST PRACTICES IN OUR SCHOOL DISTRICTS, IN OUR INDIVIDUAL SCHOOLS, AND APPLYING THAT...APPLYING THOSE THINGS THAT WORK TO THE SCHOOLS THAT WE ARE DEALING WITH TO MAKE THEM BETTER AND IMPROVING UPON THE EDUCATION OF ALL STUDENTS WITHIN THAT SCHOOL. ALL THAT'S BEEN A PART OF THE BIGGER PACKAGE OF WHAT WE'RE DEALING WITH AND THE DIRECTION WE'RE GOING. SENATOR SCHEER HAS MENTIONED HIS CONCERNS ABOUT K-12 EDUCATION AND WHERE THE MONEY IS FLOWING THAT YOU HAVE JUST LISTENED TO. THERE ARE A NUMBER OF AREAS THAT ARE AVAILABLE FOR K-12 USAGE, AND IN MY OWN PRIORITY BILL THAT WILL BE COMING UP, HOPEFULLY, IN THE NEXT COUPLE OF DAYS, LB343, HAS A LISTING...HAS A WAY WITHIN THAT BILL OF APPLYING FOR GRANTS UNDER NDE, WHERE THEY HAVE 10 PERCENT OF THE MONEY TO IMPROVE UPON PROGRAMS WITHIN THE SCHOOLS THAT MY BILL WILL ALSO BE DEALING WITH AND TALKING ABOUT. SO THERE'S A LOT OF WORK THAT WENT INTO THE THINKING AND EXPANSION OF WHAT WE WERE DOING HERE WITH LB519, AND WE STAND

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BEHIND THAT. WE THINK IT'S IN THE RIGHT DIRECTION. WE THINK IT'S DOING THE RIGHT THINGS ACROSS THE BOARD AS WE EXPAND THE THINKING INVOLVED FROM BIRTH, EARLY CHILDHOOD EDUCATION, EARLY ELEMENTARY, ALL THE WAY THROUGH K-12 AND INTO POSTSECONDARY EFFORTS, AS WE LOOK AT THAT LARGE ELASTIC BAND OF EXPANSION OF TOTAL EDUCATIONAL SYSTEM THAT IS EXTREMELY IMPORTANT TO ALL OF US THAT WE KEEP THAT ENTIRE SYSTEM IN MIND, NOT JUST ONE PORTION OF THAT. AND WITH THAT I'LL GIVE THE REST OF MY TIME BACK TO SENATOR SULLIVAN IF SHE WOULD LIKE IT. THANK YOU. [LB519 LB343]

SPEAKER HADLEY: SENATOR SULLIVAN, YOU HAVE ONE MINUTE. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT, AND THANK YOU, SENATOR KOLOWSKI. AND ALTHOUGH I DON'T THINK SENATOR SCHEER HAS FILED HIS AMENDMENT, I JUST TAKE A LITTLE BIT TO RESPOND TO HIS COMMENTS. AND I ADMIT, WHAT WE HAVE ENDED UP WITH, IN THIS AMENDED VERSION OF LB519, IS A DEPARTURE FROM WHAT THE PREVIOUS COMMITTEE HAD TALKED ABOUT. AND I WILL SAY THAT THERE WAS QUITE A CONSIDERABLE AMOUNT OF DISCUSSION FOR THE...AMONG THE COMMITTEE, PARTICULARLY THOSE WHO HAD BEEN ON THE PREVIOUS ONE THAT ARE NOW SITTING ON THE PRESENT COMMITTEE. BUT AS I SAID, WE CAN'T BIND FUTURE LEGISLATURES AND FUTURE STANDING COMMITTEES, AND SO WE BROUGHT NEW IDEAS TO THE TABLE AND THIS IS WHAT WE CAME UP WITH. AND WE DID LOOK VERY CAREFULLY AT THEM. I THINK THAT WAS ONE OF THE REASONS THAT WE PUT A SUNSET IN HERE WAS THAT, OKAY, IF THIS IS NOT TO THE LIKING OR NOT SUCCESSFUL THAT WE NEED TO CHANGE THE FOCUS. WE ALSO LOOKED AT THE CURRENT USES AND SOME OF THE THINGS LIKE, FOR EXAMPLE... [LB519]

SPEAKER HADLEY: TIME, SENATOR. [LB519]

SENATOR SULLIVAN: THANK YOU. [LB519]

SPEAKER HADLEY: SENATOR KEN HAAR, YOU'RE RECOGNIZED. [LB519]

SENATOR HAAR: MR. PRESIDENT AND MEMBERS OF THE BODY, FIRST OF ALL, I HANDED OUT A LITTLE STICKER THAT YOU CAN PUT ON YOUR PC OR WHEREVER YOU WANT TO PUT IT--I LOVE PUBLIC SCHOOLS. THIS IS A PROJECT THAT'S FUNDED BY THE SHERWOOD FOUNDATION, AND IF YOU GO OUT TO THAT WEB SITE YOU CAN LOOK AT ANY OF THESE 23 VIDEOS, AND THEY COVER THE STATE.

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YOU'LL FIND SOMETHING IN THERE THAT PROBABLY IS WITHIN YOUR OWN COMMUNITY. I KNOW THERE'S SOME IN LINCOLN, THERE'S SOME IN OMAHA, WESTERN NEBRASKA AND SO ON. SO I DO LOVE PUBLIC SCHOOLS AND I WANTED TO SHARE THAT WITH YOU. AND I'VE SEEN SOME OF THEM. THEY'RE REGULARLY SHOWN ON NET CHANNEL 12.2, BUT YOU CAN GO AND LOOK AT ANY OF THEM AT ANYTIME OUT ON THE WEB SITE. THEN I WOULD LIKE TO RISE IN SUPPORT OF LB519 AND THANK THE EDUCATION COMMITTEE. I LIKE WHERE I'M AT NOW, BUT I MISS THE EDUCATION COMMITTEE. IT'S BEEN ONE OF MY PRIMARY CONCERNS IN MY STAY IN THE LEGISLATURE. AND ONE THING I WOULD SIMPLY LIKE TO CLARIFY IS THAT THERE WERE SOME OF THE THINGS THAT WERE...WELL, FIRST OF ALL, THE LOTTERY FUNDS ARE FAIRLY CONSTANT, BUT THEY COME AND THEY GO. AND SO MY CONCERN IN THE PAST HAS BEEN-- HOW DO YOU GIVE SCHOOLS SOURCES OF INCOME AND SO ON THAT THEY CAN DEPEND ON, THAT THEY CAN PLAN AROUND? AND SO SOME OF THE THINGS THAT WERE PUT INTO THE LOTTERY FUNDS DURING THE 2008 ECONOMIC DOWNTURN, VERY IMPORTANT AID PROGRAMS, GRANT PROGRAMS, HAVE INSTEAD BEEN ADOPTED BY THE APPROPRIATIONS COMMITTEE TO BE PRESENTED IN THE FINAL BUDGET. AND THESE PROGRAMS INCLUDE THE MILITARY CHILD COMPACT FOR \$10,000, HIGH ABILITY LEARNER AID. AND THIS WAS ONE FOR SURE THAT WAS FUNDED BY GENERAL FUNDS DURING THE ECONOMIC DOWNTURN. IT GOT PUT ON LOTTERY FUNDS AND YOU'LL SEE THAT THE APPROPRIATION'S COMMITTEE WILL BE RECOMMENDING THIS BE PUT BACK INTO GENERAL FUNDS--HIGH ABILITY LEARNER AID FOR \$2.3 MILLION; EARLY CHILDHOOD GRANTS, VERY IMPORTANT, ALMOST \$2 MILLION. THAT'S ANOTHER PROGRAM THAT WAS MOVED INTO THE LOTTERY FUNDS WHEN WE WERE SCRAMBLING FOR FUNDING DURING THE ECONOMIC DOWNTURN. AND THE COMMITTEE, AND CERTAINLY I FEEL THAT IT SHOULD BE MOVED BACK UNDER GENERAL FUNDS, THAT'S \$2 MILLION. AND THEN THE EARLY CHILDHOOD ENDOWMENT, SIXPENCE, WILL APPEAR IN THE APPROPRIATIONS COMMITTEE GENERAL FUND BUDGET FOR \$1 MILLION. SO SOME OF THE REALLY IMPORTANT PROGRAMS THAT HAD BEEN FUNDED BY THE LOTTERY FUNDS WILL NOT GO AWAY--MILITARY CHILD, HIGH ABILITY LEARNER AID, EARLY CHILDHOOD GRANTS, AND SIXPENCE FUNDING WILL BE MOVED TO GENERAL FUNDS WHERE, I BELIEVE, THEY BELONG. SO WITH THAT, AGAIN, I RISE IN SUPPORT OF LB519. I WANT TO THANK THE EDUCATION COMMITTEE FOR ALL OF THEIR WORK BECAUSE THIS IS COMPLICATED STUFF, I KNOW THAT. AND I LOVE NEBRASKA PUBLIC SCHOOLS. THANK YOU. [LB519]

SPEAKER HADLEY: SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB519]

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SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. AND THANK YOU, SENATOR SCHEER. SENATOR SCHEER BROUGHT UP AN ISSUE THAT I HAD ALREADY BEGUN TO QUESTION AND I ASKED SOME OF MY COLLEAGUES ABOUT IT. IT WOULD APPEAR TO ME THAT WE'RE TORTURING K-12 THAT WOULD BENEFIT THE KIDS THAT WANT TO GO TO COLLEGE. I CERTAINLY DON'T DISCOURAGE ANYBODY FROM GOING TO COLLEGE, BUT LET'S GET THEM THROUGH THE 12TH GRADE FIRST. SENATOR SCHEER SAID HE THOUGHT MAYBE HE WOULD BRING AN AMENDMENT THAT WOULD TAKE THAT FUNDING UP TO 20 PERCENT, 25 PERCENT. I'D LIKE TO SEE IT NO LESS GOING TO K-12 THAN A 50-50 SPLIT. LET'S AT LEAST GIVE THE K-12s HALF A SHOT. MR. PRESIDENT, I YIELD THE REMAINDER OF MY TIME TO SENATOR SCHEER. [LB519]

SPEAKER HADLEY: SENATOR SCHEER, YOU'RE YIELDED 4 MINUTES AND 5 SECONDS. [LB519]

SENATOR SCHEER: THANK YOU, MR. SPEAKER. AND THANK YOU, SENATOR BLOOMFIELD. I DON'T DISAGREE WITH WHAT SENATOR SULLIVAN HAS SAID. THERE IS A SUNSET OR A RENEWAL BASIS ON THIS IN FIVE YEARS. BUT FROM MY VANTAGE POINT, I DON'T WANT TO WAIT FIVE YEARS. IF IT'S INAPPROPRIATE, IF IT'S NOT CORRECT NOW WE SHOULD CHANGE IT NOW, NOT WAIT FOR FIVE YEARS. AND I APPRECIATE SENATOR HAAR PROVIDING ME WITH INFORMATION OF THE ITEMS THAT HAVE BEEN SHIFTED OVER TO GENERAL FUNDS, WHICH IS GREAT. IT SHOULD LEAVE MORE MONEY THEN AVAILABLE FOR K-12. THE ITEMS THAT WERE SHIFTED ARE EARLY CHILDHOOD WHICH WHEN WE TALK ABOUT K-12, WHICH IS THE RESPONSIBILITY OF THE STATE AT THIS POINT IN TIME, THAT STARTS WITH KINDERGARTEN. PRE-K IS VITALLY IMPORTANT. BUT RIGHT NOW WE HAVE IT STANDING ON ITS OWN, NOT PART OF K-12. AND HIGH ABILITY LEARNERS I'M GLAD IS FINALLY IN GENERAL FUNDING BECAUSE IT'S BEEN KNOCKED AROUND FOR YEARS. AND WE DO HAVE TO PAY SPECIAL EMPHASIS TO THOSE HIGH LEARNERS BECAUSE THEY'RE THE FUTURE OF A LOT OF THE AREAS THAT WE'LL BE GOING INTO. THEY'RE GOING TO BE THE ONES THAT ARE...HAVE THOSE UNIQUE MINDS THAT ARE GOING TO BE ABLE TO DEVELOP THINGS THAT WE'LL ALL NEED AND WANT AS WE GROW OLDER. I HAVE PLACED AN AMENDMENT IN THAT WOULD CHANGE THE PERCENTAGES OF THIS. I THINK WE DO HAVE TO BE CAREFUL ABOUT HOW WE FUND K-12. I THINK THAT IS GREAT THAT WE HAVE FOUND THE ABILITY TO FUND SOME OF THESE THINGS THROUGH GENERAL FUNDS. BUT THE LOTTERY FUNDS...THE INITIAL INTENT OF THE LOTTERY FUNDS WAS TO DESIGN AND IMPLEMENT INNOVATIVE APPROACHES INTO K-12 EDUCATION. AND THOSE THAT SPOKE BEFORE ME ARE ABSOLUTELY RIGHT. THE STATE RAN OUT OF MONEY SO THEY ROBBED IT IN SOME CASES AND

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THEY CAME UP WITH ANOTHER PROGRAM. THEY COULDN'T FIND ANY OTHER WAY TO FUND IT, SO THEY TOOK AWAY FROM THE LOTTERY FUNDS. ALL THAT IS TRUE. IT'S CHANGED OVER THE LAST TEN YEARS, WITHOUT QUESTION. THIS IS THE START OF A NEW TEN YEARS. I BELIEVE THAT THE K-12 PORTION SHOULD BE AT LEAST 25 PERCENT OF THOSE FUNDS AS WE MOVE FORWARD. NOT PUTTING THEM AT A MINIMUM OF 10 PERCENT AND SAYING, WELL, WE GAVE SOME TO PRESCHOOL AND WE GENERAL FUNDED SOME OTHER THINGS. THIS IS K-12. THIS IS INNOVATION. IF YOU WANT AND IF YOU EXPECT EDUCATION IN THE STATE OF NEBRASKA TO IMPROVE AND EXCEL AND CHALLENGE KIDS AND CHALLENGE DISTRICTS TO DO A BETTER JOB, THEN YOU CAN'T TAKE ALL THE FUNDING AWAY FROM THEM. [LB519]

SENATOR GLOOR PRESIDING

SENATOR GLOOR: ONE MINUTE. [LB519]

SENATOR SCHEER: WE HAVE TO PROVIDE THEM SOME WAY TO BE INNOVATIVE. THEY'RE STRAPPED RIGHT NOW. IF YOU WANT THEM TO CHANGE, THEY HAVE TO HAVE FUNDS TO BE ABLE TO TRY SOMETHING NEW. AND, BY THE WAY, SOMETIMES THOSE TRYING SOMETHING NEW MIGHT NOT WORK. THAT'S PART OF THE TRIAL AND ERROR PROCESS. BUT THEY HAVE...THEY CAN'T BE AFRAID AND WE CAN'T UNDERFUND THEM. WE HAVE TO ALLOW THEM TO BE INNOVATIVE AND TO TRY SOMETHING NEW, FOR WITHOUT IT WE'RE GOING TO HAVE THE SAME THING AGAIN DAY AFTER DAY AND WE'RE GOING TO EXPECT A DIFFERENT RESULT. WE BOTH KNOW THAT DOES NOT WORK. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR SCHEER AND SENATOR BLOOMFIELD. THE CHAIR RECOGNIZES SENATOR PANSING BROOKS. [LB519]

SENATOR PANSING BROOKS: THANK YOU, MR. PRESIDENT. I RISE IN SUPPORT OF LB519 AND THE COMMITTEE AMENDMENTS AND SENATOR SULLIVAN'S AMENDMENT. THE BILL INCLUDES THE FUNDING OF THE ENHANCING EXCELLENCE IN TEACHING TUITION REIMBURSEMENT PROGRAM. THE ENHANCING EXCELLENCE IN TEACHING PROGRAM ALLOWS ELIGIBLE TEACHERS TO APPLY ANNUALLY FOR LOANS EACH YEAR OF TEACHING. AND A GREATER AMOUNT IF THE CLASS OCCURS IN AN AREA...A SHORTAGE SUBJECT AREA OR A HIGH NEEDS SCHOOL. STUDENTS CAN APPLY FOR AND RECEIVE THE EETP LOANS ANNUALLY FOR UP TO FIVE CONSECUTIVE YEARS. THERE'S ALSO...I

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DO ALSO...FURTHER, THE BILL CLARIFIES THE INTENT OF THE ENHANCING EXCELLENCE IN TEACHING PROGRAM AND SPECIFICALLY SUPPORTS THE HIGH NEEDS ENDORSEMENTS AREAS TO MEAN ENDORSEMENT IN A SPECIFIED AREA IN WHICH THE STATE BOARD OF EDUCATION DETERMINES THAT IT'S AN AREA OF HIGH PRIORITY FOR EXPANSION TO MEET THE EDUCATIONAL NEEDS OF THE STUDENTS OF THE STATE, INCLUDING BUT NOT LIMITED TO: EARLY CHILDHOOD EDUCATION; SPECIAL EDUCATION WITH AN EMPHASIS ON SERIOUS EMOTIONAL DISTURBANCES; AND CAREER EDUCATION AREAS. WITH THAT, I JUST WANT TO ENCOURAGE MY COLLEAGUES TO VOTE FOR THE COMMITTEE AMENDMENTS AND SENATOR SULLIVAN'S AMENDMENT AND THE UNDERLYING BILL AND HELP US ALL TO SUPPORT EDUCATION IN NEBRASKA. AND I GIVE THE REST OF MY TIME TO SENATOR SULLIVAN IF SHE'D LIKE TO HAVE IT. [LB519]

SENATOR GLOOR: SENATOR SULLIVAN, 3 MINUTES, 20 SECONDS. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. SPEAKER, AND...MR. PRESIDENT, RATHER. JUST TO CLARIFY ONE THING THAT SENATOR SCHEER SAID...AND WE'RE HAVING SOME CONVERSATIONS OFF THE MIKE THAT WE MIGHT COME UP WITH SOME AMENABLE CHANGES TO BOTH OF US. BUT IN THE NEW...COUPLE OF THINGS WITH RESPECT TO LB519 AS UNDER THE PROPOSED AMENDMENT, THE SUNSET IS FIVE YEARS. WITHIN FIVE YEARS ALL OF THESE PROPOSED USES WOULD BE REVIEWED. AND THE OTHER THING IN TERMS OF THE ATTENTION FOR K-12, UNDER THOSE INNOVATION GRANTS, IF THEY WOULD BE DETERMINED TO BE BEST PRACTICES THEN AFTER IT GOES...THE PARTICULAR GRANT APPLICATION WOULD BE ADMINISTERED, FOUND TO BE A GOOD PRACTICE THROUGH ITS EVALUATION, FOUND TO BE REPLICABLE AND SCALABLE, THEN IT WOULD GO INTO TEEOSA AS A BEST PRACTICE ALLOWANCE. SO WE HAVEN'T TURNED OUR BACK ON K-12 BY ANY MEANS. AND WE ARE LOOKING AT WAYS THAT NOT ONLY WE CAN BUILD INNOVATION INTO K-12, BUT IT CAN BE SUSTAINABLE PRACTICES. SO I JUST WANTED TO BRING THOSE TWO THINGS. AND THEN AS I SAID, I'LL PROBABLY BE BACK ON THE MIKE AFTER WE CRAFT SOME ALTERNATIVES TO SOME OF THE DISCUSSIONS AND TO SOME OF THE AMENDMENTS. SO THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR SULLIVAN AND PANSING BROOKS. SENATOR MORFELD, YOU'RE RECOGNIZED. [LB519]

SENATOR MORFELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, I HAVE NOT SEEN SENATOR SCHEER'S AMENDMENT YET, BUT BASED ON THE WAY THAT HE

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DESCRIBED IT I'M IN STRONG OPPOSITION TO IT, PARTICULARLY SINCE IT TAKES THE NEBRASKA OPPORTUNITY GRANTS DOWN FROM, I BELIEVE, ABOUT 62 PERCENT TO 50 PERCENT BASED ON WHAT I HEARD. I JUST WANT TO REMIND THE BODY THAT WE RANK 43RD IN THE UNITED STATES IN TERMS OF NEED-BASED AID FOR COLLEGE STUDENTS FOR BOTH PUBLIC AND PRIVATE COLLEGE STUDENTS, 43RD. OUT OF BIG TEN STATES, WE RANK TENTH. NOW, THESE ARE CRITICAL FUNDS FOR BOTH PUBLIC AND PRIVATE STUDENTS THAT WANT TO RECEIVE A HIGHER EDUCATION, WHETHER IT'S IN A TWO-YEAR SCHOOL, WHETHER IT'S IN A TECHNICAL SCHOOL, WHETHER IT'S AT THE UNIVERSITY OF NEBRASKA, OR AT CREIGHTON. I'M SENDING AROUND SOME INFORMATION, SOME CHARTS TO INDICATE THIS AND SHOW WHERE WE RANK AND CONFIRM THAT. BUT I THINK THAT WE NEED TO TAKE A REAL HARD LOOK AT WHERE WE STAND WITH NEED-BASED AID WHEN IT COMES TO GOING TO COLLEGE AND ENSURING THAT WE RETAIN THE TALENT THAT WE HAVE HERE IN NEBRASKA AND KEEP THEM IN NEBRASKA BECAUSE I CAN TELL YOU WHAT, A LOT OF THESE STUDENTS ARE BEING RECRUITED TO OTHER STATES AROUND US THAT HAVE A LOT MORE NEED-BASED AID AVAILABLE FOR BOTH OUT-OF-STATE AND INSTATE STUDENTS. WE HAVE A BRAIN DRAIN PROBLEM IN THIS STATE, COLLEAGUES, AND PART OF THAT IS BECAUSE OTHER STATES ARE PROVIDING MORE LUCRATIVE FINANCIAL AID PACKAGES AND HAVE MORE DEDICATED FUNDING TO RECRUITING YOUNG NEBRASKANS TO THEIR STATE THAT WE LOSE. AND I'M ALL ABOUT ENSURING THAT WE HAVE ROBUST AND INNOVATIVE PROGRAMS FOR K-12 EDUCATION. I RUN A NONPROFIT, WE HAVE A LOT OF PROGRAMS. EIGHTY PERCENT OF WHAT WE DO IS IN THE SCHOOLS, K-12. I SEE THE IMPORTANCE OF THAT. I BELIEVE IN THE IMPORTANCE OF THAT. HOWEVER, WE CAN'T DO IT AT THE COST OF YOUNG NEBRASKANS WHO ARE RECEIVING A GOOD EDUCATION IN OUR K-12 SCHOOLS BUT CAN'T AFFORD TO STAY IN THE STATE TO ACTUALLY USE THAT EDUCATION TO BE INNOVATIVE AND TO CREATE JOBS IN NEBRASKA AND TO STAY IN NEBRASKA. IT'S ALSO IMPORTANT TO NOTE THAT IF WE LOSE THIS FUNDING--WHICH I DID SOME ROUGH MATH, I THINK WOULD BE ABOUT \$2 MILLION OUT OF THE \$10 MILLION THAT THE NEBRASKA OPPORTUNITY GRANTS RECEIVES FROM THE LOTTERY FUND--WHERE IS THAT MONEY GOING TO COME FROM? I SUPPOSE WE COULD COMPLETELY CUT IT AND BECOME MAYBE LAST IN THE COUNTRY IN NEED-BASED AID. BUT IS THAT GOING TO COME FROM THE GENERAL FUND? MY UNDERSTANDING IS THAT THE GENERAL FUND ONLY HAS ABOUT \$40 MILLION OF LEEWAY. THIS WOULD BE ANOTHER AT LEAST \$2 MILLION, MAYBE MORE. AND, IN FACT, WE SHOULD PROBABLY BE PUTTING MORE MONEY INTO THIS FUND GIVEN WHERE WE RANK THROUGHOUT THE UNITED STATES IN TERMS OF NEED-BASED AID. SO I SUPPORT INNOVATIVE K-12 GRANTS AND FUNDING TO MAKE SURE THAT OUR SCHOOLS

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ARE COMPETITIVE, THAT WE'RE CONSTANTLY THINKING OF NEW AND INNOVATIVE WAYS TO IMPROVE K-12 EDUCATION. HOWEVER, I DO NOT BELIEVE THIS IS THE MECHANISM TO DO IT. AND NOT ONLY THAT, WE HAVE ALREADY DEDICATED SUBSTANTIAL FUNDS FOR INNOVATIVE K-12 PROGRAMS. I URGE YOU TO OPPOSE SENATOR SCHEER'S AMENDMENT. I LOOK FORWARD TO SEEING IT UP THERE, BUT BASED ON HIS FLOOR SPEECH I AM OPPOSED TO IT. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR MORFELD. SENATORS IN THE QUEUE: SULLIVAN, BOLZ, MELLO, NORDQUIST, AND KOLTERMAN. SENATOR SULLIVAN, YOU'RE RECOGNIZED. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AS I INDICATED EARLIER, ONE OF THE THINGS THAT WE'VE BEEN TALKING ABOUT IN RESPONSE TO SENATOR SCHEER'S CONCERN, AS ALWAYS I'M WILLING TO LOOK AT DIFFERENT ALTERNATIVES AND DIFFERENT APPROACHES AND ONE POSSIBILITY MIGHT BE TO MOVE ALL OF THE INNOVATION GRANT DOLLAR ALLOCATIONS TO K-12 RATHER THAN TO SPLITTING THEM BETWEEN NDE AND THE COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION BECAUSE WE ARE...IN FACT, HAVE SEVERAL ALLOCATIONS THAT DEAL WITH HIGHER EDUCATION. SO WE'RE LOOKING AT THAT AND POSSIBLY CRAFTING AN AMENDMENT TO THAT EFFECT. SO THAT'S WHAT I HAVE TO SAY AT THIS POINT. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR SULLIVAN. SENATOR BOLZ, YOU'RE RECOGNIZED. [LB519]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. AND I JUST BRIEFLY WANTED TO REFLECT ON THIS CONVERSATION THAT I THINK WE'RE ACTUALLY TALKING ABOUT SOME SHARED VALUES AND SOME SHARED VISION AND SOME SHARED GOALS. WE'RE TALKING ABOUT INNOVATION AND COMPETITIVENESS AND HOW WE WORK TOGETHER TO SUPPORT THE VISION THAT THE EDUCATION COMMITTEE IN THE STATE AS A WHOLE HAS PUT FORWARD. AND SO I THINK SOME OF THE CONVERSATION ABOUT THE WAY THAT THE EDUCATION COMMITTEE AND THE APPROPRIATIONS COMMITTEE HAVE WORKED TOGETHER IS APPROPRIATE. WE APPRECIATE THE PARTNERSHIP OF THE EDUCATION COMMITTEE AND ON THE APPROPRIATIONS COMMITTEE WE HAVE FOUND SOME OPPORTUNITIES TO SUPPORT K-12 EDUCATION, INCLUDING...THESE ARE PRELIMINARY SO I GUESS I'LL SPEAK FOR MYSELF. I HAVE SUPPORTED

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INCREASES IN SPECIAL EDUCATION FUNDING; ASSURING THAT WE'RE APPROPRIATELY FUNDING TEEOSA THIS YEAR; FUNDING TEACHER EDUCATION AND EXCELLENCE; AND FUNDING EARLY EDUCATION. AND SO I THINK THERE'S A BIGGER PICTURE TO BE TOLD HERE ABOUT HOW WE, AS A BODY, ARE COMING TOGETHER TO CREATE INNOVATIVE OPPORTUNITIES. AND I DO THINK THAT THE PACKAGE THAT HAS BEEN PUT TOGETHER COMPLEMENTS ONE ANOTHER BECAUSE WHEN YOU IDENTIFY SOMEONE'S INTEREST OR PASSION IN THE K-12 SETTING, WHETHER THAT'S IN THE CLASSROOM OR IN AN EXTENDED LEARNING OPPORTUNITY, AND YOU'RE ABLE TO PULL THOSE THREADS THROUGH TO HIGHER EDUCATION, WHETHER THAT'S IN A COMMUNITY COLLEGE OR IN A UNIVERSITY SETTING, WE'VE REALLY ACHIEVED SOMETHING, COLLEAGUES. WE'VE REALLY ACCOMPLISHED SOMETHING IN TERMS OF HELPING OUR STUDENTS ACHIEVE THEIR FULL POTENTIAL AND MEETING OUR STATE'S WORKFORCE DEMANDS. SO I APPLAUD THE EDUCATION COMMITTEE'S HARD WORK. I APPLAUD THIS BODY'S COMMITMENT TO HELPING OUR KIDS BECOME THE BEST THAT THEY CAN BE, TO BECOME COMPETITIVE IN A GLOBAL ECONOMY, TO PURSUE CAREERS THAT ADD VALUE TO THE ECONOMY, AND I APPRECIATE MY COLLEAGUES' COOPERATION AND PARTNERSHIP IN TERMS OF PUTTING ALL OF THESE PIECES TOGETHER. SO I CONTINUE TO STAND IN SUPPORT OF THE UNDERLYING BILL, THE EDUCATION COMMITTEE'S AMENDMENTS, AND THE IDEA AS PROPOSED. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR BOLZ. SENATOR MELLO, YOU'RE RECOGNIZED. [LB519]

SENATOR MELLO: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE. I RISE IN SUPPORT OF AM1044 AS IT BECOMES THE NEW LB519. AND I HAVE A QUESTION THAT SENATOR SULLIVAN IS LOOKING AT IN REGARDS TO THE AMENDMENT THAT WE'VE GOT IN FRONT OF US. BUT I WANTED TO DRAW A LITTLE HISTORICAL PERSPECTIVE IN LIGHT OF SOME OF THE COMMENTS THAT WERE MADE THIS MORNING. AND I CAN UNDERSTAND CONCERNS COLLEAGUES MAY HAVE IN RESPECT TO BELIEVING THAT MOST OF THE LOTTERY FUNDS ARE NOW SHIFTED TOWARDS HIGHER EDUCATION. BUT SINGLING OUT THE NEBRASKA OPPORTUNITY GRANT PROGRAM WHICH SPECIFICALLY WAS CREATED BACK IN 2003, WHEN IT WAS CREATED 50 PERCENT OF THE LOTTERY FUNDING WENT TO THAT PROGRAM ALLOCATIONWISE. AND OVER THE LAST 12 YEARS THAT 50 PERCENT ALLOCATION HAS SLIGHTLY INCREASED TO ABOUT WHERE YOU SEE IT RIGHT NOW UNDER AM1044 WHICH HAS IT AT 62 PERCENT BECAUSE THAT WAS ROUGHLY THE PERCENTAGE THAT WAS APPROPRIATED

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BASED ON CHANGES TO THE LOTTERY FUND OVER THE LAST TWO YEARS. SO COLLEAGUES, THE AMOUNT OF FUNDING YOU HAVE IN THE HANDOUT THAT SENATOR SULLIVAN GAVE YOU OF ROUGHLY \$10 MILLION A YEAR FOR THE NEBRASKA OPPORTUNITY GRANT PROGRAM, THAT'S NOT AN INCREASE, COLLEAGUES. THAT IS ESSENTIALLY WHERE WE'VE BEEN AT THE LAST TWO YEARS. AS YOU LOOK AT YOUR STATE LEGISLATOR'S GUIDE TO STATE AGENCIES IN 2012-14, THE LAST FISCAL...FIRST YEAR OF THE LAST BIENNIUM ROUGHLY WAS \$10.3 MILLION FROM THE LOTTERY THAT WAS APPROPRIATED FOR THE NEBRASKA OPPORTUNITY GRANT PROGRAM. IN THE CURRENT FISCAL YEAR, IT'S \$10 MILLION FROM THE LOTTERY FUNDED TO THE NEBRASKA OPPORTUNITY GRANT PROGRAM. SO IN THAT PERSPECTIVE, THAT FUNDING HAS NOT CHANGED. IT HAS BEEN SOLID, IT HAS BEEN STEADY. AND WHAT YOU HAVE FROM SENATOR SULLIVAN AND THE EDUCATION COMMITTEE KEEPS THAT AT WHERE IT'S BEEN OVER THE LAST ROUGHLY 12 YEARS OF AT LEAST BEING 50 PERCENT OF THE LOTTERY FUNDS THAT GOES TOWARDS EDUCATION. NOW ONE CAN MAKE AN ARGUMENT, IF YOU WANT TO SEE THE OTHER 50 PERCENT GO EXCLUSIVELY TO K-12 EDUCATION, COLLEAGUES, THAT'S A POLICY DEBATE THAT WE CAN HAVE. BUT I WANT TO REITERATE...AND SENATOR MORFELD DID MENTION I THINK A VERY KEY STATISTIC THAT THE APPROPRIATION'S COMMITTEE HAS HEARD FOR A NUMBER OF YEARS, WHICH NEBRASKA RANKS VERY LOW NATIONWIDE IN REGARDS TO NEED-BASED SCHOLARSHIP AID THAT WE GIVE OUT TO STUDENTS. AND THAT'S WHAT THE NEBRASKA OPPORTUNITY GRANT PROGRAM IS. IT'S NOT REALLY GOING TO AN INSTITUTION AS MUCH AS IT'S GOING TO A STUDENT WHO HAS A FINANCIAL NEED WHO WANTS TO ATTEND A POSTSECONDARY INSTITUTION. THAT, COLLEAGUES, HOPEFULLY PROVIDES A LITTLE BIT OF A HISTORICAL PERSPECTIVE IN REGARDS TO WHERE THOSE LOTTERY FUNDS HAVE GONE IN RESPECT TO THE NEBRASKA OPPORTUNITY GRANT PROGRAM. I WOULD BE REMISS THOUGH ALSO, IN MY TIME ON THE MIKE, NOT TO THANK SENATOR SULLIVAN AND THE EDUCATION COMMITTEE FOR NEGOTIATING WITH THE APPROPRIATION'S COMMITTEE ON THIS DIFFICULT ISSUE. THE REALITY IS THE PROPOSALS THAT WERE PUT FORWARD ORIGINALLY BY THESE AGENCIES, BOTH THE DEPARTMENT OF EDUCATION AND THE COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION, ESSENTIALLY WE'RE DIRECTLY COMPETING BOTH WITH TEEOSA FUNDING, SPECIAL EDUCATION FUNDING, AND HIGHER EDUCATION APPROPRIATIONS THAT WE GIVE OUT EVERY YEAR OF THE FIRST YEAR OF THE BIENNIUM. SO SIMPLY, WE STARTED A PROCESS--AND SENATOR SULLIVAN UNDERSTOOD THIS--THAT WE WERE IN A POSITION OF HAVING HIGHER ED COMPETE AGAINST THEMSELVES AS WELL AS COMPETING AGAINST FINANCIALLY NEEDY STUDENTS BY THE SYSTEM THAT WE HAD SET UP IN REGARDS TO SUNSETTING ALL THE LOTTERY FUNDS.

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IT'S BEEN A DIFFICULT PROCESS, COLLEAGUES. AND I CAN ONLY SHOW MY APPRECIATION TO SENATOR SULLIVAN AND THE EDUCATION COMMITTEE FOR WORKING WITH OUR COMMITTEE THROUGH THIS DIFFICULT PROCESS TO COME TO SOME CONCLUSION. AND, YES, THE APPROPRIATIONS COMMITTEE HAS TENTATIVELY AGREED TO MOVE PROGRAM FUNDING--AND IT'S ALL AID FUNDING, COLLEAGUES--THAT HAS A DIRECT CONNECTION TO K-12 EDUCATION AWAY FROM WHAT IT USED TO BE FUNDED IN THE LOTTERY BACK TO GENERAL FUNDS. THAT WAS A COMPROMISE THAT WE WERE ABLE TO COME TO IN REGARDS TO WHAT YOU HAVE IN FRONT OF YOU ON AM1044 AND LB519. [LB519]

SENATOR GLOOR: ONE MINUTE. [LB519]

SENATOR MELLO: I'M APPRECIATIVE OF THE WORK THAT BOTH COMMITTEES HAVE BEEN ABLE TO DO TO STRIKE A BALANCE IN RESPECT TO NOT ONLY THE BUDGET PROCESS BUT ULTIMATELY THE EDUCATION COMMITTEE'S PURVIEW AND PERSPECTIVE ON PUTTING IN STATUTE A SPECIFIC ALLOCATION FROM THE LOTTERY FUNDING. COLLEAGUES, UNDERSTAND THIS, WE MAY BE ON THIS FOR A WHILE, BUT I'D URGE TO YOU TAKE A STEP BACK, CONSIDER SOME OF THE HISTORICAL FACTS I PROVIDED YOU IN REGARD AT LEAST TO THE NEBRASKA OPPORTUNITY GRANT PROGRAM AS WE CONTINUE DISCUSSION ON THE UNDERLYING AMENDMENT AND THE BILL. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR MELLO. THE CHAIR RECOGNIZES SENATOR NORDQUIST. [LB519]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. I CERTAINLY WANT TO RISE IN SUPPORT OF THE WORK THAT THE EDUCATION COMMITTEE HAS DONE HERE TO MAKE THE NEBRASKA OPPORTUNITY GRANT PROGRAM A SIGNIFICANT PRIORITY IN LB519 AND OUT OF LOTTERY FUNDS. THIS IS A PROGRAM THAT AS A MEMBER OF THE APPROPRIATION'S COMMITTEE I'VE TRIED...IN THE LAST BUDGET WE WERE ABLE I THINK TO GET A 4 PERCENT INCREASE IN GENERAL FUNDS IN AN ATTEMPT TO MATCH THE 4 PERCENT INCREASE IN UNIVERSITY AND STATE AID COLLEGE FUNDING AT THOSE TIMES. BUT IF YOU LOOK AT THE FUNDING LEVELS, YOU KNOW, IT'S FLOATED AROUND TO \$14.5 MILLION UP TO A HIGH OF \$17.5 MILLION. NOW WE'RE LOOKING IN '14-15, A TOTAL COMBINED GENERAL FUND AND CASH FUND APPROPRIATION OF \$16.8 MILLION. CERTAINLY IT HASN'T KEPT PACE WITH THE SUBSTANTIAL NEED OR WITH THE COST OF COLLEGE TUITION. AND THE NUMBER OF STUDENTS THAT ARE QUALIFYING FOR THIS PROGRAM REMAINS STAGNANT, IT'S ABOUT 16,000.

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WE KNOW THAT THERE CONTINUES TO BE A LIST FOR THOSE 16,000 STUDENTS. THE AVERAGE AWARD IS ABOUT \$1,000. AND THE STATISTICS ON THESE STUDENTS JUMP OUT...JUMP OFF THE PAGE THAT ALMOST HALF OF THE STUDENTS THAT ARE GETTING FUNDING FROM THE NEBRASKA OPPORTUNITY GRANT HAVE FAMILY INCOMES BELOW \$20,000 A YEAR; 46.7 PERCENT IN 2012-13 HAD FAMILY INCOMES LESS THAN \$20,000 PER YEAR; AND 75 PERCENT HAD FAMILY INCOMES BELOW \$40,000 A YEAR. THIS IS A LIFELINE FOR KIDS OF LOW-INCOME FAMILIES. AND WE'RE TALKING ABOUT A GRANT HERE OF \$1,000 A YEAR. AND WE CONTINUE TO HAVE A WAITING LIST OF KIDS WHO ARE NOT ABLE TO GET THIS BECAUSE WE ARE NOT ADEQUATELY FUNDING IT. SO ANY MOVEMENT AWAY FROM THE MONEY THAT WE ARE PUTTING TOWARDS IT NOW UNDER THIS BILL AND UNDER GENERAL FUNDS WOULD BE THE WRONG DIRECTION, I CERTAINLY BELIEVE. THE ARGUMENT CAN BE MADE, SHOULD WE DO IT OUT OF GENERAL FUNDS SOLELY? AND AS A MEMBER OF THE APPROPRIATIONS COMMITTEE I CAN TELL YOU OUR THOUGHTS ABOUT IT. CERTAINLY WE HAD A LOT OF COMPETING PRIORITIES AND WE CONTINUE TO HAVE. WE HEARD FROM THE BODY, WE HEARD FROM THE GOVERNOR, WE HEARD FROM VOTERS, WE NEED SUBSTANTIAL PROPERTY TAX RELIEF AND WE TRIED TO MATCH THE GOVERNOR'S PROPERTY TAX NUMBER. IF THIS...IF MORE FUNDING FOR K-12 THROUGH THE LOTTERY FUNDS IS A HIGHER PRIORITY, THEN MAYBE WE LOOK AT TAKING OUT SOME OF THOSE OTHER PRIORITIES. I THINK WE HAVE A PRETTY BALANCED PACKAGE AND I THINK WE CAN COME UP...EARMARK THIS 62 PERCENT OF FUNDING. I CERTAINLY THINK THAT THE ARGUMENT COULD BE MADE TO PUT MORE TOWARD IT. AS FAR AS THE WORK THE EDUCATION COMMITTEE HAS DONE, THEY'VE SPENT A LOT OF TIME OVER THE LAST INTERIM IN THIS COMMITTEE COMING UP WITH WHERE THEY WANT TO SPEND THE MONEY. AND THE APPROPRIATIONS COMMITTEE HAS BEEN WILLING TO ABSORB FUNDING FOR OTHER KEY PRIORITIES LIKE PRE-K, LIKE HIGH ABILITY LEARNER. AS FAR AS THE COMPETITIVE INNOVATION GRANTS, YOU KNOW I THINK THERE IS A LOT OF QUESTIONS IN THE APPROPRIATIONS COMMITTEE BECAUSE WE'RE SAYING WE'RE GOING TO TAKE GENERAL FUNDS AND SHIFT THESE PROGRAMS OVER SO WE CAN FUND THIS NEW GRANT PROGRAM FOR COMPETITIVE INNOVATIVE GRANTS FOR K-12. AND SOMEONE WHO IS VERY INVOLVED IN EDUCATION POLICY TOLD ME, HE SAID, LOOK, THERE ISN'T AN INNOVATIVE K-12 PROGRAM THAT'S WORTHY THAT WON'T BE FUNDED BY A PRIVATE FOUNDATION, EITHER NATIONALLY OR LOCALLY. SO WHY ARE WE USING STATE REVENUES, STATE FUNDS, WHETHER THEY'RE LOTTERY FUNDS OR GENERAL FUNDS, TO CHASE INNOVATION... [LB519]

SENATOR GLOOR: ONE MINUTE. [LB519]

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SENATOR NORDQUIST: ...WHEN THERE IS A SIGNIFICANT PRIVATE SECTOR COMMITMENT TO THAT? NOW, SO I MAY NOT AGREE FULLY WITH THE COMPONENT THAT IS IN LB519 FOR THE INNOVATION GRANTS, BUT I DO RESPECT THE WORK THAT THE EDUCATION COMMITTEE HAS PUT INTO IT. AND I THINK WHERE WE'RE AT RIGHT NOW WITH THIS IS A REASONABLE COMPROMISE BETWEEN ALL OF THOSE COMPETING FACTORS. AND I WILL SUPPORT SENATOR SULLIVAN'S WORK HERE. THANK YOU. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR NORDQUIST. SENATOR KOLTERMAN, YOU'RE RECOGNIZED. [LB519]

SENATOR KOLTERMAN: THANK YOU, MR. PRESIDENT. I RISE IN SUPPORT OF LB519 AS WELL AS COMMITTEE AMENDMENT, AM1044. BUT I'M OPPOSED TO THE FLOOR AMENDMENT. MY RATIONALE IS JUST WHAT SENATOR MORFELD HAS SPOKEN ABOUT AND SENATOR NORDQUIST. WE DON'T DUMP ENOUGH MONEY INTO THE LOWER INCOME FAMILIES TO HELP SUPPORT THEM, GET THEIR YOUNG PEOPLE THROUGH COLLEGE. AND WE'RE NOT TALKING ABOUT A HUGE AMOUNT OF MONEY HERE OVERALL. SO I THINK ANYTHING WE DO TO DILUTE THAT IS GOING TO HAVE A NEGATIVE EFFECT ON OUR STATE COLLEGES, OUR PRIVATE COLLEGES, COMMUNITY COLLEGES, ALL ACROSS THE BOARD. THEY NEED ALL THE HELP THEY CAN GET WHEN IT COMES TO GRANTING THESE LOW-INCOME GRANTS. ALSO, WHEN I LOOK AT HELPING FUND EDUCATION FOR SOME OF THESE YOUNGER PEOPLE, IF WE CAN DO IT IN THE STATE OF NEBRASKA WE HAVE AN OPPORTUNITY TO KEEP THEM HERE. WE HAVE AN OPPORTUNITY TO STOP THE BRAIN DRAIN. SO, AGAIN, I WOULD ENCOURAGE YOU TO SUPPORT LB519, AM1044, AND OPPOSE THE FLOOR AMENDMENT. THANK YOU. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR KOLTERMAN. SENATOR McCOY, YOU ARE RECOGNIZED. [LB519]

SENATOR McCOY: THANK YOU, MR. PRESIDENT AND MEMBERS. WOULD SENATOR MELLO YIELD, PLEASE? [LB519]

SENATOR GLOOR: SENATOR MELLO, WOULD YOU YIELD TO A QUESTION? [LB519]

SENATOR MELLO: OF COURSE. [LB519]

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SENATOR McCOY: THANK YOU, SENATOR. I KNOW YOU AND I HAVE...AND THE MEMBERS OF OUR CLASS, AND OF COURSE SENATOR SULLIVAN IS ONE OF THOSE, HAD THE OPPORTUNITY WITH THE EXCEPTION OF SENATOR CHAMBERS TO BE HERE THE LONGEST IN THE BODY. CORRECT? [LB519]

SENATOR MELLO: THAT WOULD BE CORRECT. [LB519]

SENATOR McCOY: ALL RIGHT. AND I KNOW BOTH YOU AND I AND SENATOR SULLIVAN AND OTHERS WENT THROUGH A VERY DIFFICULT BUDGET CYCLE IN 2009, OUR FIRST YEAR IN THE LEGISLATURE, AND INCLUDING A SPECIAL SESSION. AND I THINK YOU WOULD AGREE WITH ME, ALTHOUGH I DON'T WANT TO PUT WORDS IN YOUR MOUTH, THAT WE HAVE ALWAYS, ALWAYS IN OUR TIME IN THE LEGISLATURE PRIORITIZED SPENDING ON EDUCATION, BOTH K-12 AND HIGHER ED. WOULD THAT BE YOUR OPINION AS WELL? [LB519]

SENATOR MELLO: THAT WOULD BE AN OPINION I WOULD WHOLEHEARTEDLY AGREE WITH, SENATOR McCOY. [LB519]

SENATOR McCOY: THANK YOU, SENATOR MELLO. I APPRECIATE THAT. I WANTED THE BENEFIT OF THE NEWER MEMBERS TO HEAR THAT BECAUSE I THINK REGARDLESS OF YOUR POLITICAL PERSUASION OR POLITICAL PHILOSOPHY, I THINK WE'VE ALWAYS PUT A PREMIUM ON FUNDING EDUCATION. AND THAT'S SOMETHING THAT I THINK WE SHOULDN'T TAKE FOR GRANTED IN NEBRASKA. I HOPE WE DON'T BECAUSE IT'S NOT LIKE THAT IN EVERY STATE. IN A LOT OF OTHER STATES COMING OUT OF THE ECONOMIC DOWNTURN AND THROUGH THE ECONOMIC DOWNTURN SLASHED EDUCATION FUNDING FIRST AT THE EXPENSE OF THEIR NEXT GENERATION, IN MY OPINION, AND THE EDUCATION OF THEIR NEXT GENERATION. WE HAVE NOT DONE THAT. REGARDLESS OF WHERE YOU COME DOWN ON TAX CUTS OR TAX INCREASES OR FUNDING OTHER PRIORITIES, WE'VE ALWAYS FUNDED EDUCATION. I HOPE WE ALWAYS DO. WOULD SENATOR MORFELD YIELD TO A QUESTION, PLEASE? [LB519]

SENATOR GLOOR: SENATOR MORFELD, WOULD YOU YIELD TO A QUESTION FROM SENATOR McCOY? [LB519]

SENATOR MORFELD: YES, I WILL. [LB519]

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SENATOR McCOY: THANK YOU, SENATOR. I BELIEVE YOU HANDED OUT THE NEED-BASED AID AWARDED BY BIG TEN STATES A FEW MOMENTS AGO, DID YOU NOT? [LB519]

SENATOR MORFELD: YES, I DID. [LB519]

SENATOR McCOY: THANK YOU. DO YOU KNOW WHERE WE WOULD RANK IN THE BIG TEN STATES, SENATOR MORFELD, IN THE COST OF EDUCATION? [LB519]

SENATOR MORFELD: I DO NOT KNOW THAT. [LB519]

SENATOR McCOY: WELL, I APPRECIATE THAT, SENATOR. I WOULD ENCOURAGE YOU TO LOOK AT THAT BECAUSE IF YOU DO, WHAT YOU WILL FIND IS THAT NEBRASKA RANKS TENTH AS IN THE TENTH LEAST EXPENSIVE IN THE COST OF EDUCATION AMONG THE STATES IN THE BIG TEN. I THINK THAT'S AN IMPORTANT COMPONENT TO ALSO PARTNER WITH THE STATISTICS THAT YOU'RE HANDING OUT ON NEED-BASED AID. I THINK IT'S IMPORTANT THAT WE KEEP IN PERSPECTIVE WHAT WE ARE TALKING ABOUT HERE BECAUSE I DO THINK, WHETHER IT'S OUR COLLEGES AND UNIVERSITIES, WHETHER IT'S OUR COMMUNITY COLLEGES--I HAPPEN TO BE A GRADUATE OF COMMUNITY COLLEGE, OF A COMMUNITY COLLEGE--WE HAVE FAIRLY AFFORDABLE EDUCATION FOR OUR YOUNG NEBRASKANS AND THOSE WHO ARE GETTING AN EDUCATION THAT MAY NOT BE SO YOUNG, MAYBE A SECOND EDUCATION. BUT I APPRECIATE THAT. THANK YOU. THANK YOU, SENATOR. [LB519]

SENATOR MORFELD: THANK YOU. [LB519]

SENATOR McCOY: THE REASON THAT I BRING THAT UP, MEMBERS, IS BECAUSE OF WHAT I JUST SAID. I THINK IT'S IMPORTANT THAT WE KEEP IN PERSPECTIVE WHAT WE'RE TALKING ABOUT HERE, THAT WE KEEP IN PERSPECTIVE THE PRIORITY THAT WE HAVE MADE. AS SENATOR MELLO RESTATED, THE PRIORITY WE'VE MADE TO FUND EDUCATION, SOMETIMES AT GREAT COST TO OTHER ASPECTS OF OUR STATE GOVERNMENT. WE'VE SET PRIORITIES FOR A LONG TIME AND I HOPE WE CONTINUE TO DO THAT. I SUPPORT SENATOR SCHEER'S FLOOR AMENDMENT. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR McCOY. SENATOR COASH, YOU'RE RECOGNIZED. [LB519]

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SENATOR COASH: QUESTION. [LB519]

SENATOR GLOOR: QUESTION HAS BEEN CALLED. DO I SEE FIVE HANDS? I DO. THE QUESTION IS, SHALL DEBATE CEASE? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL VOTED WHO CARE TO? RECORD, MR. CLERK. [LB519]

ASSISTANT CLERK: 26 AYES, 2 NAYS TO CEASE DEBATE, MR. PRESIDENT. [LB519]

SENATOR GLOOR: DEBATE DOES CEASE. SENATOR SULLIVAN, YOU'RE RECOGNIZED TO CLOSE ON YOUR AMENDMENT TO THE COMMITTEE AMENDMENT. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND SO AS TO MOVE US ALONG THIS PROCESS TO FINALLY GET TO THE MEAT OF LB519 AS AMENDED, AM1181 IS PURELY TECHNICAL IN NATURE. IT MAKES NO SUBSTANTIVE CHANGES TO ANYTHING THAT I TALKED ABOUT EARLIER. IT JUST SIMPLY IS A CLARIFYING OF THE ADMINISTRATIVE EXPENSES AND DETAILS AND CORRECTING SOME DATE CHANGES. AND TO THAT END, I WILL ALSO ULTIMATELY BE OFFERING A FLOOR AMENDMENT THAT MAKES A LITTLE BIT OF A CHANGE TO THESE ADMINISTRATIVE EXPENSES AS WELL. BUT AT THIS POINT IN TIME I WOULD ENCOURAGE A "YES" VOTE ON AM1181. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR SULLIVAN. MEMBERS, THE QUESTION BEFORE US IS, SHALL THE AMENDMENT TO THE COMMITTEE AMENDMENT TO LB519 BE ADOPTED? THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. HAVE ALL VOTED WHO CARE TO? RECORD, MR. CLERK. [LB519]

ASSISTANT CLERK: 38 AYES, 0 NAYS ON THE ADOPTION OF SENATOR SULLIVAN'S AMENDMENT TO COMMITTEE AMENDMENTS. [LB519]

SENATOR GLOOR: THE AMENDMENT IS ADOPTED. MR. CLERK. [LB519]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT AMENDMENT TO THE COMMITTEE AMENDMENT IS OFFERED BY SENATOR SCHEER, FA42. (LEGISLATIVE JOURNAL PAGE 1115.) [LB519]

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SENATOR GLOOR: SENATOR SCHEER, YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT TO THE COMMITTEE AMENDMENT. [LB519]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT. I RISE, ONE, TO GIVE AN EXPLANATION AND THEN I WILL ULTIMATELY WITHDRAW MY AMENDMENT. WE HAVE HAD SOME DISCUSSIONS OFF THE MIKE WITH THE EDUCATION COMMITTEE AND THE CHAIR AND HAVE WORKED OUT A COMPROMISE THAT WILL ALLOW THE K-12 EDUCATION TO BE ABLE TO MAINTAIN 20 PERCENT OF THE FUNDING RATHER THAN 10 PERCENT. MY INTENT WAS TO TRY TO GET 25 PERCENT, BUT THIS WORLD IS ABOUT COMPROMISE AND SO I FULLY SUPPORT THE AMENDMENT THAT SENATOR SULLIVAN WILL BE BRINGING FORTH. IT'S NOT READY YET. IF WE MOVE ALONG QUICKLY ENOUGH AND IT HAS TO HAPPEN AT SELECT, THAT'S FINE WITH ME. I'M NOT TRYING TO WASTE TIME, I JUST WANTED TO LET THOSE THAT MAY BE WATCHING OR THOSE THAT ARE LISTENING...THE REASON FOR MY WITHDRAWAL IS SIMPLY THE FACT THAT WE'VE WORKED OUT AN AGREEMENT AND THERE SEEMS TO BE A CONSENSUS OF THOSE THAT THEY WILL SUPPORT THAT AMENDMENT. AND I DON'T WANT TO BELABOR A PROBLEM OR WASTE THE TIME THAT WE HAVE LEFT IN THE LEGISLATIVE BODY TODAY. SO I WOULD MOVE TO WITHDRAW FA42. [LB519]

SENATOR GLOOR: SEEING NO OBJECTION, SO ORDERED. [LB519]

CLERK: MR. PRESIDENT, THE NEXT AMENDMENT TO THE COMMITTEE AMENDMENTS IS FROM SENATOR SULLIVAN, FA43. (LEGISLATIVE JOURNAL PAGE 1116.) [LB519]

SENATOR GLOOR: SENATOR SULLIVAN, YOU'RE RECOGNIZED TO OPEN ON YOUR FLOOR AMENDMENT. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AS I INDICATED ON MY CLOSING ON AM1181, THIS PERTAINS TO A MINOR CHANGE IN HOW WE CLARIFY THE ADMINISTRATIVE EXPENSES THAT GO ALONG WITH THE ALLOCATION OF THESE FUNDS. AND WHAT THIS FLOOR AMENDMENT DOES IS SIMPLY SAYS THAT WE ARE ALLOWING UP TO 5 PERCENT FOR AGENCY EXPENSES FOR ADMINISTRATION, EVALUATION, AND TECHNICAL ASSISTANCE, EXCEPT THAT IT DOES NOT APPLY TO THE NEBRASKA OPPORTUNITY GRANTS. NOW, I WOULDN'T NECESSARILY HAVE TO DO THIS BECAUSE AS I UNDERSTAND IT, THIS IS SOMETHING THAT THE APPROPRIATIONS COMMITTEE CAN JUGGLE AROUND AND HANDLE IF NEED BE. BUT, AS I SAID, THIS SIMPLY CLARIFIES THAT THE

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ADMINISTRATIVE EXPENSES, OR A PERCENTAGE THAT CAN BE USED FOR ADMINISTRATIVE EXPENSES IN ALL OF THESE FUNDS, DOES NOT APPLY TO THE NEBRASKA OPPORTUNITY GRANT. SO THAT'S THE ESSENCE OF THIS FLOOR AMENDMENT. I WILL ALSO, IN MY COMMENTS RIGHT NOW, GIVE MY THANKS TO SENATOR SCHEER AND INDICATE TO ALL OF YOU THAT WE ARE CURRENTLY WORKING ON AN AMENDMENT THAT...WHAT IT WILL DO--NOT TO CONFUSE THE MATTER BUT JUST TO ASSURE YOU THAT WE AREN'T DOING ANY MORE TAMPERING WITH THE NEBRASKA OPPORTUNITY GRANTS--BUT IN CONSIDERATION OF PUTTING MORE EMPHASIS ON K-12, WE WILL HAVE AN AMENDMENT FORTHCOMING THAT MOVES ALL THE INNOVATION DOLLARS TO K-12 THROUGH THE DEPARTMENT OF EDUCATION. SO THAT WOULD MEAN THERE WOULD BE A TOTAL OF 20 PERCENT OF THE ALLOCATED DOLLARS GOING TO THE DEPARTMENT OF EDUCATION FOR INNOVATION GRANTS IN K-12. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR SULLIVAN. MEMBERS, YOU'VE HEARD THE OPENING ON THE FLOOR AMENDMENT TO THE COMMITTEE AMENDMENT TO LB519. WE MOVE TO FLOOR DEBATE. SENATOR SCHEER, YOU'RE RECOGNIZED. SENATOR SCHEER WAIVES. SENATOR LARSON, YOU'RE RECOGNIZED. SENATOR LARSON, YOU'RE RECOGNIZED. [LB519]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. I'VE YET TO CHIME IN ON THIS AND I JUST COULDN'T PASS UP THE OPPORTUNITY. AS WE START--AND I'VE LISTENED THROUGH THIS DEBATE--I HEARD ONE THING AT THE BEGINNING. WE WANT A QUALITY EDUCATION FOR EVERYONE. I COULD NOT AGREE MORE. I DO WANT A QUALITY EDUCATION FOR EVERYONE. AND I WANT TO GIVE PARENTS THE ABILITY TO HAVE A CHOICE ON WHERE THEY SEND THEIR KIDS REGARDLESS OF THE PUBLIC SCHOOL, WHETHER THAT PUBLIC SCHOOL IS A CHARTER OR A TRADITIONAL PUBLIC SCHOOL. AND I'D ALMOST SAY THAT SENATOR SCHEER, IN HIS FIRST COMMENTS, HIT THE NAIL ON THE HEAD. WE NEED TO CONTINUE TO CONCENTRATE ON K-12. I HEARD SENATOR MORFELD AND I LOOKED AT HIS...WHAT HE TALKED ABOUT, THE NEED-BASED AID AWARDED BY BIG TEN STATES AND HOW WE RANK TOWARD THE BOTTOM. WOULD SENATOR MORFELD YIELD TO A QUESTION? [LB519]

SENATOR GLOOR: SENATOR MORFELD, WILL YOU YIELD? [LB519]

SENATOR MORFELD: YES, I WILL. [LB519]

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SENATOR LARSON: SENATOR MORFELD, YOUR NUMBERS ARE INTERESTING WHEN IT COMES TO WHAT THE STATE ALLOCATES ON TOTAL NEED-BASED STATES. DO YOU KNOW WHERE THE STATE OF NEBRASKA RANKS WHEN IT COMES TO TOTAL AID TO THE UNIVERSITY, WHERE WE RANK AMONG BIG TEN SCHOOLS AS A PORTION PER STUDENT? [LB519]

SENATOR MORFELD: WELL, THIS IS FOR PRIVATE AND STATE SCHOOLS. BUT, NO, I DON'T KNOW THAT QUESTION. [LB519]

SENATOR LARSON: WE ACTUALLY HAVE THE MOST AID TO THE UNIVERSITY OF ANY BIG TEN SCHOOL IN... OF ALL THE BIG TEN SCHOOLS, I SHOULD SAY, OF THE 14 THERE ARE. ALMOST TO THE TUNE--AND I DID ALL THE FIGURES LAST YEAR AND I WISH I WOULD HAVE SAVED THE PIECE OF PAPER THAT WE HAD--IT'S ALMOST \$2,000 MORE PER STUDENT ON AVERAGE THAT WE GIVE OUR UNIVERSITY SYSTEM THAN THE NEXT HIGHEST STATE. I UNDERSTAND THAT WHAT WE'RE DEALING WITH HERE IS FOCUSED MORE ON THE NEED-BASED STUFF, BUT TO SAY THAT WE'RE NOT INVESTING OR WE'RE NOT INVESTING ENOUGH IN HIGHER EDUCATION IS NOT ACCURATE AND NOT TRUE. WE ARE INVESTING MORE IN OUR UNIVERSITY SYSTEM THAN ANY OTHER BIG TEN STATE IF YOU WANT TO SAY IT THAT WAY. AND, FRANKLY, IF WE WANT TO TALK ABOUT PROPERTY TAXES AND LOWERING THE LEVY--I THINK WE TALK ABOUT THAT A LOT--THE K-12 KIDS, YOU KNOW, THAT KINDERGARTNER, HE DOESN'T HAVE A CHOICE WHETHER OR NOT TO GO TO SCHOOL. AND HE DESERVES AN EDUCATION AND A FREE EDUCATION, AT THAT. BUT THAT 18-YEAR-OLD HAS TO AT SOME POINT DECIDE TO MAKE AN INVESTMENT IN HIS FUTURE. AND WHETHER THAT'S THE UNIVERSITY OR CREIGHTON OR ANYWHERE ELSE, YOU HAVE TO INVEST IN YOUR FUTURE. WE SHOULD PUT MUCH MORE INTO K-12. IT'S FRUSTRATING. AGAIN, I'LL PICK ON THE UNIVERSITY FOR A MINUTE...AGAIN, I DID ALL OF THESE FIGURES LAST YEAR FOR APPROPRIATIONS AND I'M SURE SENATOR MELLO REMEMBERS THE BATTLE. [LB519]

SENATOR GLOOR: ONE MINUTE. [LB519]

SENATOR LARSON: BUT THE STATE OF NEBRASKA, BECAUSE THE UNIVERSITY--WELL, JUST USING LINCOLN--HAS A RETENTION RATE OF FRESHMAN TO SOPHOMORE YEAR OF ONLY ABOUT 80 PERCENT. THAT MEANS THE STATE OF NEBRASKA EACH YEAR SPENDS ALMOST \$10 MILLION IN AID WHEN YOU AVERAGE THAT OUT BY STUDENT, TO STUDENTS THAT WILL NEVER START THEIR SECOND YEAR AT THE UNIVERSITY, \$10 MILLION A YEAR TO STUDENTS THAT

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DROP OUT OF THE UNIVERSITY. AND YET WE SAY THAT WE'RE NOT SPENDING ENOUGH ON HIGHER ED. I'D SAY WE'RE NOT SPENDING ENOUGH ON K-12. WHEN WE CONTINUE ON THIS DEBATE, WHICH MIGHT OR MIGHT NOT TAKE A LITTLE WHILE, WE HAVE TO ASK OURSELVES, WHAT IS IMPORTANT? AND, TO ME... [LB519]

SENATOR GLOOR: TIME, SENATOR. [LB519]

SENATOR LARSON: THANK YOU. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR LARSON. SENATOR GROENE, YOU'RE RECOGNIZED. [LB519]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. A LITTLE BACKGROUND, AGAIN. THERE WAS FIVE NEW MEMBERS ON THE EDUCATION COMMITTEE THIS YEAR AND WE WALKED INTO THIS BILL, LB519 WITH THE LOTTERY FUNDS BEING SUNSET. AND WE WERE...LOOKED LIKE A GOOD BILL. THE LAST COMMITTEE DID A LOT OF WORK, INCLUDING SENATOR SCHEER. AND THE BILL STARTED OUT THAT SAID THAT THE EXISTING FUNDING WOULD BE FULLY REPLACED WITH FUNDING FROM THE GENERAL FUND PROVIDED BY THE APPROPRIATIONS COMMITTEE. WELL, THAT DIDN'T HAPPEN, SO WE HAD TO START FROM SQUARE ONE. WHEN THIS BILL SAID WE WERE GOING TO GIVE...IF THIS WOULD HAVE HAPPENED WITH APPROPRIATIONS--AND DON'T GET ME WRONG, I AGREE WITH WHAT APPROPRIATIONS DID, AS A FISCAL CONSERVATIVE--BUT THAT DOESN'T CHANGE WHAT HAPPENED TO THE SCENARIO WE WERE FACED WITH. THE ORIGINAL BILL SAID WE WOULD GIVE 40 PERCENT TO THE INNOVATION FUND TO THE COORDINATING COMMISSION, WHICH IS THE COLLEGES, AND 40 PERCENT TO THE NEBRASKA DEPARTMENT OF EDUCATION FOR INNOVATION FUNDS. AND I THINK SOME OF THE MEMBERS OF THE COMMITTEE GOT TIRED OF ME SAYING THAT'S PIE IN THE SKY WHEN YOU START TELLING ME YOU'RE JUST GOING TO GIVE IT TO THEM FOR INNOVATION FUNDS. I'D LIKE TO HAVE SOME BREAD AND BUTTER OF ACTUALLY WHAT WE ARE BUYING. BUT SINCE WE HAD TO START OVER AND WE'D LOST THE APPROPRIATIONS FUNDING FOR THE OPPORTUNITY GRANT FUNDS, WHICH A LOT OF KIDS... YOUNG PEOPLE HAVE TAKEN ADVANTAGE OF. AND THAT'S STATEWIDE, IT HELPS MY COMMUNITY COLLEGE OUT IN NORTH PLATTE, MID-PLAINS; IT HELPS WESTERN COMMUNITY COLLEGE IN THE PANHANDLE; IT HELPS ALL THE KIDS...THE TAXPAYERS THAT HAVE THEIR KIDS GOING TO THE PRIVATE SCHOOLS; IT HELPS UNIVERSITY TO STATE COLLEGES; IT SPREADS THE MONEY AROUND. AND WHAT'S MORE INNOVATIVE

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THAN MAKING SURE A KID CAN AFFORD TO GO TO SCHOOL? THAT'S A REAL INNOVATION. SO ANYWAY, WE WENT BACK TO THE SAME AMOUNT THAT WAS GIVEN BEFORE AND THAT WORKED OUT TO 62 PERCENT. AND THAT WAS...GIVE CREDIT TO SENATOR SULLIVAN. INSTEAD OF DIVIDING THINGS OUT AND GOING BY PENNIES HERE AND PENNIES THERE, LET'S JUST GO WITH A SIMPLE WAY AND GO PERCENTAGE BECAUSE YOU CAN'T...YOU DON'T KNOW WHAT THE LOTTERY FUNDS WILL BE FROM YEAR-TO-YEAR SO WE WENT, BROKE IT BY PERCENTAGE AND IT WORKED OUT PRETTY WELL. WE KEPT SOME OF THE EXISTING PROGRAMS WENT OVER TO THE DEPARTMENT OF EDUCATION, WHICH WAS A GOOD THING, SUCH AS THE HIGH ABILITY LEARNERS, THE EARLY CHILDHOOD GRANTS. BUT IF YOU LOOK AT THE WAY WE SPENT IT IN THE PAST, FOLKS, K-12 DIDN'T GET A LOT OF MONEY. THEY REALLY DIDN'T. SO, THIS ISN'T LIKE IT WAS TAKEN AWAY FROM K-12. THE INTENT OF THE COMMITTEE WAS TO GIVE MORE TO THEM. AND I AGREE WITH SENATOR SCHEER, SOMETIMES YOU GET EIGHT PEOPLE IN A ROOM AND WE GET BRAIN LOCK. BUT THE POINT IS, WHEN WE GAVE BACK THE 62 PERCENT TO THE COLLEGES, TO THE OPPORTUNITY GRANT FUND, REALLY WE DIDN'T NEED TO GIVE THEM ANY MORE. WE REALLY DIDN'T NEED TO GIVE THEM 10 PERCENT TO THE COORDINATING COMMISSION BECAUSE THE COLLEGES WERE GETTING 62 PERCENT OF THE MONEY. SO I AGREE WITH THE MOVE TO MOVE IT ALL TO THE NEBRASKA DEPARTMENT OF EDUCATION AND GIVE THE 20 PERCENT OF THE REMAINING AMOUNT TO NEBRASKA DEPARTMENT OF EDUCATION FOR INNOVATION GRANTS. AND THEN THE BEST MINDS IN PUBLIC EDUCATION CAN COME WITH GRANTS TO THE DEPARTMENT AND TRY SOME INNOVATIVE THINGS ON THEIR LOCAL SCHOOL DISTRICTS. BUT THAT'S HOW, I GUESS, LAY IT OUT HOW WE ALL GOT HERE. ANOTHER ONE THAT WAS NOT CONTINUED WAS THE BRIDGE FUND AND THE CAREER ED PROGRAM. THAT REALLY WAS...SOME OF THOSE WERE...SENATOR BOLZ'S LB36 TOOK THAT PLACE OF THOSE BECAUSE NOW WE...THAT'S A REALLY A GOOD PROGRAM, I THINK... [LB519 LB36]

SENATOR GLOOR: ONE MINUTE. [LB519]

SENATOR GROENE: ...WHAT WE HAD FOR TESTIMONY WAS, THE KIDS, THE AVERAGE ACHIEVERS IN THE SCHOOLS ARE NOW GOING TO BE TOLD BY COMMUNITY COLLEGES AND THE TRADE SCHOOLS THAT IF THEY TRY HARD THERE'S AN OPPORTUNITY FOR THEM TO GET MONEY TO GET A CERTIFICATE, A WELDING CERTIFICATE, A ELECTRICIAN CERTIFICATE, COMPUTER LASER OPERATOR CERTIFICATE. NOT NECESSARILY A DEGREE BUT A CERTIFICATE. IT'S A GREAT BRIDGE PROGRAM FOR THE TRADES FOR VERY HIGH PAYING JOBS. SO I THINK WE DID A GOOD JOB AND I APPRECIATE SENATOR SCHEER POINTING OUT

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THAT WE'D ALREADY GIVEN THE COLLEGES 62 PERCENT OF IT. SO THANK YOU, MR. PRESIDENT. []

SENATOR GLOOR: THANK YOU, SENATOR GROENE. MEMBERS IN THE QUEUE: BAKER, LARSON, AND DAVIS. SENATOR BAKER, YOU'RE RECOGNIZED. [LB519]

SENATOR BAKER: QUESTION. [LB519]

SENATOR GLOOR: SENATOR BAKER, IT'S THE CHAIR'S RULING THAT THERE HAS NOT BEEN A FAIR AND THOROUGH DEBATE OF THIS BILL; OVERRULED. SENATOR LARSON, YOU'RE RECOGNIZED. [LB519]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. AS I CONTINUE...AND WE HEARD A LOT THIS MORNING ON THE WOODMEN BILL. A NUMBER OF PEOPLE SAID THEY WERE VOTING AGAINST IT BECAUSE PROPERTY TAXES ARE THE MAIN ISSUE AND IT'S THE ISSUE THAT WE CARE ABOUT. AND THEN WE REALIZE...I THINK, SENATOR GROENE SAID ALMOST 60 PERCENT OF THAT PROPERTY TAX BILL GOES TO THE LOCAL SCHOOL DISTRICT, ROUGHLY. WILL SENATOR GROENE YIELD, REAL QUICK? [LB519]

SENATOR GLOOR: SENATOR GROENE, WOULD YOU YIELD FOR A QUESTION FROM SENATOR LARSON? [LB519]

SENATOR GROENE: YES, I WILL, MR. PRESIDENT. [LB519]

SENATOR LARSON: SENATOR GROENE, AND I'M SORRY I MISSED THE EXACT NUMBER, WHAT ROUGHLY IS IT THAT EACH SCHOOL DISTRICT GETS OUT OF YOUR LOCAL PROPERTY TAX BILL PERCENTAGEWISE? IS IT LIKE 60 PERCENT GO TO THE SCHOOL DISTRICT, ROUGHLY? IS THAT WHAT YOU SAID THIS MORNING? [LB519]

SENATOR GROENE: WELL, ON TEEOSA. [LB519]

SENATOR LARSON: YEAH. [LB519]

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SENATOR GROENE: YEAH, ON TEEOSA. IF YOU LOOK AT YOUR TAX BILL, DEPENDING ON WHAT YOUR CITY'S TAX RATE IS, IT USUALLY VARIES FROM 50 PERCENT TO 70 PERCENT GOES TO EDUCATION. [LB519]

SENATOR LARSON: ALL RIGHT. THANK YOU, SENATOR GROENE. [LB519]

SENATOR GROENE: THANK YOU. [LB519]

SENATOR LARSON: IF WE CARE ABOUT PROPERTY TAX RELIEF, THEN WE DO NEED TO LOOK AT DIFFERENT FUNDING METHODS IN EDUCATION. AND WE HEAR A LOT THE STATE OF NEBRASKA IS NUMBER 48 OR 49 WHEN IT COMES TO THE STATE FUNDING EDUCATION. HENCE, THE REASON OUR PROPERTY TAX BILL IS SO HIGH. YET WE CAN TURN AROUND AND I'M NOT SURE HOW WE CAN COMPLAIN TOO MUCH WHEN THERE WERE OPPORTUNITIES TO GO OUT THERE AND REFORM EDUCATION AND GO THROUGH THE RACE TO THE TOP AND HAVE AN OPPORTUNITY TO GET \$700 MILLION OR EVEN ONE OF THE LOWER PRIZES OF \$400 MILLION OR \$250 MILLION. I WONDER HOW THAT WOULD HELP INCENTIVIZE EDUCATION OR HELP PUT MONEY INTO THE PROPERTY TAXPAYERS' POCKETS IN THIS STATE, IN THE SENSE OF IF WE WANT TO REDUCE PROPERTY TAXES, THERE'S SOMETHING THAT WE DIDN'T EVEN ATTEMPT TO DO, HARDLY. WE FILLED OUT THE APPLICATION FOR RACE TO THE TOP, FINISHED THIRD-TO-LAST AND FIFTH-TO-LAST IN OUR TWO APPLICATIONS. AND IN EACH ONE WE'RE TOLD THAT WE LACK SPECIFIC DETAILS AND OUR STATE SUCCESS IS EXTREMELY UNCERTAIN WAS ONE REVIEWER'S COMMENTS. I UNDERSTAND THAT WE CAN MAKE GAINS, BUT WHEN THOSE ARE THE COMMENTS THAT ARE COMING FROM THE REVIEWERS OF OUR RACE TO THE TOP APPLICATION, I THINK THERE'S A CAUSE FOR CONCERN. AND IF WE DON'T HAVE THE EDUCATIONAL REFORM THAT IS NEEDED...WE HEARD ABOUT NO CHILD LEFT BEHIND EARLY THIS AFTERNOON AND HOW HEAVY-HANDED AND ADDED RESTRICTIONS THERE ARE WITHIN IT, AND YET THIS STATE JUST APPLIED FOR A WAIVER THROUGH NO CHILD LEFT BEHIND;... [LB519]

SENATOR GLOOR: ONE MINUTE. [LB519]

SENATOR LARSON: ...AN 1,100-PAGE WAIVER, ACTUALLY. AND THE WORLD-HERALD DID AN ARTICLE, EITHER THE NEXT DAY OR A FEW DAYS AFTER, PRETTY MUCH SAYING THAT IT WAS GOING TO GET DENIED AND THAT THE BOARD OF EDUCATION WASN'T OVERLY HOPEFUL THAT IT WAS GOING TO GET APPROVED. AND, FRANKLY, BECAUSE WE DON'T HAVE THE PROPER--IF YOU

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WANT TO CALL IT EDUCATION REFORM IN THE SENSE OF OUR ABILITY TO CLOSE OR REFORM FAILING SCHOOLS--I KNOW WE PASSED LB438 LAST YEAR THAT WILL ALLOW THREE SCHOOLS TO BE GIVEN A HAND UP AS WE WERE TOLD. BUT THAT IS NOT GOING TO MEET THE DEPARTMENT OF EDUCATION, THE U.S. DEPARTMENT OF EDUCATION'S STANDARDS. AND WE DON'T HAVE A TEACHER EVALUATION PIECE WHICH IS NECESSARY TO GAIN THE WAIVER. [LB519]

SENATOR GLOOR: TIME, SENATOR. [LB519]

SENATOR LARSON: THANK YOU. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR LARSON. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB519]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. I'VE BEEN SITTING HERE LISTENING TO THIS DEBATE AND JUST THINKING ABOUT WHAT I WANTED TO SAY. I DRAFTED AN AMENDMENT AND IT IS STILL SITTING HERE. BUT THERE WERE THINGS ABOUT THE STUDY WE DID THIS SUMMER, PRESENTATIONS MADE TO US THAT DIDN'T GET FUNDED AND PART OF THEM GOT MOVED TO ANOTHER BILL. I THINK THEY'RE IMPORTANT AND THEY'RE IMPORTANT FOR NEBRASKA'S SMALLEST SCHOOLS AND I WANTED TO ADDRESS THAT A LITTLE BIT. PART OF THAT WILL BE A QUESTION AND ANSWER A LITTLE BIT WITH SENATOR SCHEER, IF HE WOULD YIELD TO A QUESTION. [LB519]

SENATOR GLOOR: SENATOR SCHEER, WOULD YOU YIELD? [LB519]

SENATOR SCHEER: YES, I WILL. [LB519]

SENATOR DAVIS: SENATOR SCHEER, LAST YEAR YOUR PRIORITY BILL WAS THE ALLIED SCHOOLS BILL, IF YOU RECALL. AND IT WAS A BILL THAT I OPPOSED BECAUSE MY SCHOOLS WEREN'T SUPPORTING IT. BUT CAN YOU KIND OF TELL THE NEW MEMBERS WHAT THAT BILL WAS ABOUT AND WHAT YOUR OBJECTIVE WAS WITH IT? [LB519]

SENATOR SCHEER: THE BILL, IN A NUTSHELL, TRIED TO GET THREE SCHOOL DISTRICTS THAT WOULD ALIGN THEMSELVES VIA CALENDAR AND BELL SCHEDULE SO THAT THEY WOULD BE ABLE TO CROSS-UTILIZE STAFF VIA CONNECTIVITY ON WEB-BASED PROGRAMMING SO THAT TEACHERS COULD

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TEACH STUDENTS IN OTHER SCHOOLS AND EXPAND THE OPPORTUNITY FOR DIFFERENT CLASSES IN THE SMALLER SCHOOL DISTRICTS. [LB519]

SENATOR DAVIS: AND YOUR CONCERN WAS THAT THERE WASN'T ENOUGH CURRICULUM AVAILABLE, IS THAT RIGHT? [LB519]

SENATOR SCHEER: I BELIEVE THERE IS A DEFICIENCY IN CURRICULUM IN RURAL NEBRASKA. I THINK THERE IS AN INEQUITY BETWEEN COURSE OFFERINGS IN LARGE SCHOOLS AND SMALL SCHOOLS. [LB519]

SENATOR DAVIS: THANK YOU, SENATOR SCHEER. AND ONE ELEMENT OF THAT THAT I THINK IS SO IMPORTANT WAS INCENTIVE MONEY THAT WAS AVAILABLE TO SCHOOLS WHO SENT PROGRAMS AND RECEIVED PROGRAMS FROM OTHER SCHOOL DISTRICTS. AND IT CAME OUT OF THIS PARTICULAR FUND AND IT WAS A DISTANCE LEARNING EQUIPMENT AND PROGRAMMING FUND. AND THAT'S BEEN ELIMINATED AND PART OF IT WAS MOVED TO SENATOR KOLOWSKI'S BILL WHICH IS FINE. YOU KNOW, WE HAVE TO HOPE THAT GOES FORWARD, BUT IT WAS CUT BY A MILLION DOLLARS. AND I THINK I HAVE TO SAY, IF WE WANT GOOD CURRICULUM AND WIDE OPPORTUNITIES, LET'S INCENTIVIZE IT. I SAY THAT ABOUT EVERYTHING WE'RE GOING TO DO. IF WE WANT TO DO SOMETHING PROPERLY, INCENTIVIZE IT. SO I MAY INTRODUCE AN AMENDMENT ON SELECT FILE TO TRY TO DO THAT BECAUSE TO ME THAT WAS A VERY IMPORTANT PART OF HOW WE ARE GOING TO EDUCATE KIDS IN RURAL NEBRASKA. AND IF WE'RE GOING TO PULL THAT FUNDING WE'RE JUST NOT GOING TO SEE ADMINISTRATORS WANT TO DO IT BECAUSE IT TAKES MORE WORK, IT'S A LOT HARDER TO DO. IN THE MEANTIME, I DID CONTACT ONE OF THE REPRESENTATIVES FROM ONE OF MY ESUs OUT OF SCOTTSBLUFF. AND I ASKED HIM IF I COULD QUOTE HIM ON THIS AND HE SAID TO ME--THIS DOESN'T SPECIFICALLY RELATE TO THIS--BUT HE WAS TALKING ABOUT THE BLENDED PROGRAMS AND HE SAID: AND THE DEPARTMENT OF EDUCATION IS TRYING TO GET APPROPRIATIONS TO ADD IN MONEY FOR THEIR E-LEARNING PROJECTS WHICH WOULD BE EXTREMELY HELPFUL TO OUR STATEWIDE BLENDED LEARNING INITIATIVE THAT INCLUDES DISTANCE LEARNING. BOTH OF THESE WILL BE CRUCIAL TO MAINTAINING EQUITY FOR OUR STUDENTS IN WESTERN NEBRASKA. COLLEAGUES, I HOPE YOU'LL LISTEN TO WHAT HE HAS TO SAY. EDUCATING KIDS IS COSTLY AND EXPENSIVE. WE HAVE THE ABILITY TO HELP THEM WITH THIS BILL AND WITH MY AMENDMENT THAT I'LL PUT ON IN SELECT. SO, THANK YOU. [LB519]

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SENATOR GLOOR: THANK YOU, SENATOR DAVIS. SENATOR LARSON, YOU'RE RECOGNIZED. THIS IS YOUR THIRD TIME, SENATOR. [LB519]

SENATOR LARSON: THANK YOU, MR. PRESIDENT. WITH A DEEP SIGH OF RELIEF, COLLEAGUES, THIS WILL BE THE LAST TIME I SPEAK ABOUT THIS TODAY. WE TALK ABOUT MAKING IMPROVEMENTS AND GETTING BETTER AND HOW LB438 LAST YEAR WAS A GREAT STEP. WELL, IT'S HARD TO FALL OUT OF A WELL, BUT I THINK WE'RE STILL THERE, EVEN IF IT WAS A SMALL STEP TO TRY TO GIVE SOME PEOPLE A HAND UP OR SOME SCHOOL DISTRICTS, I SHOULD SAY. IN THE END, WHAT WE STILL DON'T HAVE ARE PARENTS HAVING THE ABILITY TO CHOOSE WHERE THEY WANT TO SEND THEIR KIDS OR ADDED CHOICES, I SHOULD SAY. THEY CAN CHOOSE TO A CERTAIN EXTENT, YES. BUT THEY DON'T HAVE A CHOICE IN WHAT PEOPLE WOULD CALL NONTRADITIONAL CHARTER SCHOOLS WHICH ARE PUBLIC. WE LOOK AT THE SUCCESSES ACROSS THE COUNTRY, YET WE CONTINUE TO IGNORE WHAT IS HAPPENING. ANY SCHOOL OR SCHOOL SYSTEM LIKE THE ONE AT SUCCESS ACADEMY IN NEW YORK, THAT HAS 26,000 KIDS ON A WAIT LIST FOR 2,200 SPOTS, I WOULD SAY IS DOING SOMETHING EXTREMELY WELL. AND WHAT THEY ARE DOING IS DOING A BETTER JOB AT EDUCATING SOME OF THE MOST IMPOVERISHED AREAS OF NEW YORK CITY THAN THE TRADITIONAL PUBLIC SCHOOLS, TO THE TUNE OF...CITYWIDE AVERAGE OF PASSING READING SCORES IS 19 PERCENT, YET AT SUCCESS IT'S OVER 60 PERCENT. AND MATH IS RIGHT AROUND 30 PERCENT BUT AT SUCCESS IT'S OVER 90 PERCENT. I DON'T UNDERSTAND WHY WE WOULD NOT EMBRACE INSTITUTIONS OR IDEAS THAT ARE PROVIDING THESE TYPES OF RESULTS. I DON'T UNDERSTAND WHY WE WOULD TURN OUR BACK ON MODELS THAT ARE SUCCEEDING. IT IS HARD FOR ME TO UNDERSTAND WHY WE WOULD WANT TO SHORT THOSE STUDENTS AND TO THINK THAT WE CAN FIX IT THROUGH X, Y OR Z, EVEN THOUGH RIGHT IN FRONT OF OUR EYES WE SEE THINGS WORKING ACROSS THIS COUNTRY. BUT WE DON'T WANT TO DO WHAT'S WORKING, WE'RE GOING TO TRY TO DO SOMETHING ELSE AND TRY TO GET TO THE SAME PLACE. EVEN THOUGH WE KNOW THAT IT IS WORKING, WE JUST DON'T WANT TO GO WITH THAT MODEL, WE'RE GOING TO TRY THESE OTHER MODELS TO SEE IF THEY WORK FIRST. IT JUST DOESN'T MAKE SENSE. WHEN YOU KNOW SOMETHING IS WORKING, YOU KNOW IT'S IMPROVING STUDENTS ACROSS THIS COUNTRY IN UNDERSERVED NEIGHBORHOODS, WHY DON'T WE WANT TO EMULATE THAT? WHY DON'T WE WANT TO HELP SEND THESE KIDS TO COLLEGE? WE SAY WE DO AND WE TRY THROUGH A, B AND C, BUT WE'VE ALREADY SEEN X, Y AND Z WORK. I WILL CONTINUE TO STAND UP... [LB519]

SENATOR GLOOR: ONE MINUTE. [LB519]

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SENATOR LARSON: ...THROUGHOUT THE SESSION WITH MORE STORIES AND MORE NEWS ARTICLES ABOUT HOW AND WHERE THESE SCHOOLS ARE WORKING AND WHY. AND WE WILL HAVE TO JUST BLATANTLY IGNORE WHAT IS SUCCESSFUL AND TRY TO CHART OUR OWN PATH TO TRY TO FIND OUT WHAT MIGHT BE SUCCESSFUL BECAUSE WE JUST DON'T WANT TO DO WHAT IS SUCCESSFUL. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR LARSON. THERE ARE NO SENATORS REMAINING IN THE QUEUE. SENATOR SULLIVAN, YOU'RE RECOGNIZED TO CLOSE ON YOUR FLOOR AMENDMENT. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND JUST TO CLARIFY WHAT FA43 DOES, IT REFERS TO THE AMENDMENT THAT YOU'VE ALREADY PASSED THAT HAD TO DO WITH SOME TECHNICAL CLARIFICATIONS WITH REGARD TO ADMINISTRATIVE EXPENSES FOR ADMINISTERING THESE DIFFERENT FUNDS THAT WE'RE IDENTIFYING FOR LOTTERY DOLLARS. AND WHAT FA43 DOES IS THAT IT ALLOWS...IT ACCEPTS THAT NO AMOUNT OF THE ALLOCATION FOR ADMINISTRATIVE EXPENSES WILL APPLY TO THE NEBRASKA OPPORTUNITY GRANTS. SO IT SAYS YOU CAN ALLOW UP TO 5 PERCENT FOR AGENCY EXPENSES FOR ADMINISTRATION, EXCLUDING THE NEBRASKA OPPORTUNITY GRANTS. THAT'S ALL IT DOES. AND I APPRECIATE YOUR GREEN VOTE ON FA43. [LB519]

SENATOR GLOOR: THANK YOU, SENATOR SULLIVAN. MEMBERS, YOU'VE HEARD THE CLOSING ON THE FLOOR AMENDMENT TO AM1044 TO LB519. THE QUESTION IS, SHALL THE AMENDMENT BE ADOPTED? THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. HAVE ALL VOTED WHO CARE TO? RECORD, MR. CLERK. [LB519]

ASSISTANT CLERK: 29 AYES, 0 NAYS ON THE ADOPTION OF THE AMENDMENT TO THE COMMITTEE AMENDMENTS, MR. PRESIDENT. [LB519]

SENATOR GLOOR: THE AMENDMENT IS ADOPTED. MR. CLERK. [LB519]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT AMENDMENT TO THE COMMITTEE AMENDMENTS OFFERED BY SENATOR SULLIVAN, AM1192. (LEGISLATIVE JOURNAL PAGE 1116.) [LB519]

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SENATOR GLOOR: SENATOR SULLIVAN, YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND NOT TO CONFUSE EVERYONE BECAUSE WE'RE JUST SORT OF CHIPPING AWAY THROUGH THIS WHOLE PROCESS, NOW WHAT YOU HAVE BEFORE YOU IN AM1192 IS IN RESPONSE TO SENATOR SCHEER'S CONCERN. AND AS I INDICATED EARLIER, WHAT THIS DOES TO THE...WHAT CHANGES IN TERMS OF ALLOCATING THE LOTTERY DOLLARS TO DIFFERENT PROJECTS AND EDUCATIONAL PROGRAMS, WHAT THIS DOES IS PUT 20 PERCENT OF THE ALLOCATED DOLLARS TO INNOVATION GRANTS TO THE DEPARTMENT OF EDUCATION FOR PROGRAMMING AND INNOVATION GRANTS IN K-12 SCHOOL DISTRICTS. IT ELIMINATES THE FUNDING FOR INNOVATION GRANTS THAT WOULD HAVE GONE TO THE COORDINATING COMMISSION FOR POSTSECONDARY EDUCATION. SO AGAIN, JUST TO EMPHASIZE, WE HAVE NOW CHANGED IT TO 20 PERCENT OF THE ALLOCATED DOLLARS GOING TO INNOVATION GRANTS TO BE ADMINISTERED THROUGH THE NEBRASKA DEPARTMENT OF EDUCATION FOR GRANTS TO K-12 EDUCATION. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR WATERMEIER PRESIDING

SENATOR WATERMEIER: THANK YOU, SENATOR SULLIVAN. THOSE IN THE QUEUE WISHING TO SPEAK: SENATOR SCHEER AND SENATOR BLOOMFIELD. WE WILL NOW OPEN THE DEBATE ON AM1192. [LB519]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT, AND I RISE TO SUPPORT AM1192. I APPRECIATE THE WILLINGNESS OF SENATOR SULLIVAN AND THE COMMITTEE AND WOULD URGE THE BODY TO SUPPORT AM1192. I THINK IT'S GOOD POLICY. I THINK IT'S GOOD PRACTICE TO PUT IN EFFECT FOR AT LEAST THE NEXT FIVE YEARS. THANK YOU, MR. PRESIDENT. [LB519]

SENATOR WATERMEIER: THANK YOU, SENATOR SCHEER. SENATOR BLOOMFIELD, YOU ARE RECOGNIZED. [LB519]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. WHILE I MUCH PREFERRED THE ORIGINAL SCHEER AMENDMENT, THIS GETS US BACK A LITTLE FOR K-12. I WILL SUPPORT THIS BECAUSE IT DOES GIVE BACK PART OF WHAT WAS I THINK ERRONEOUSLY NOT GIVEN EARLIER. SO, I WILL ALSO BE SUPPORTING AM1192. THANK YOU, MR. PRESIDENT. [LB519]

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SENATOR WATERMEIER: THANK YOU, SENATOR BLOOMFIELD. THERE'S NO ONE IN THE QUEUE TO SPEAK TO THE AMENDMENT. SENATOR SULLIVAN WAIVES CLOSING ON AM1192. MEMBERS, THE QUESTION BEFORE YOU IS, SHALL AM1192 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. MR. CLERK. [LB519]

ASSISTANT CLERK: 31 AYES, 0 NAYS ON THE ADOPTION OF THE AMENDMENT TO THE COMMITTEE AMENDMENTS. [LB519]

SENATOR WATERMEIER: AM1192 IS ADOPTED. MOVING ON TO AM1044. NO ONE IN THE QUEUE TO SPEAK ON AM1044. SENATOR SULLIVAN TO CLOSE. [LB519]

SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. AND JUST TO, FIRST OF ALL, THANK ALL OF YOU FOR YOUR COMMENTS TODAY, FOR YOUR COMPROMISES. THANK THE EDUCATION COMMITTEE, BOTH PREVIOUS AND CURRENT, FOR THEIR WORK ON THIS EFFORT. IT HAS BEEN FRUSTRATING TO SOME. I APPRECIATE THE WORK OF THE APPROPRIATIONS COMMITTEE IN ACCOMMODATING US TO THE EXTENT THAT THEY COULD. THIS STAGE IS HOPEFULLY COMPLETED. IS OUR WORK DONE IN ALWAYS REEVALUATING AND EVALUATING HOW THESE PROGRAMS WORK AND HOW THESE DOLLARS ARE USED? BUT I FEEL COMFORTABLE WITH WHERE WE ARE AT THIS POINT IN THE USES. I HOPE YOU DO, TOO, AND GIVE US A GREEN VOTE ON AM1044. THANK YOU. [LB519]

SENATOR WATERMEIER: THANK YOU, SENATOR SULLIVAN. THE QUESTION IS, SHALL THE AMENDMENT TO LB519 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL THOSE VOTED? MR. CLERK. [LB519]

CLERK: 33 AYES, 0 NAYS ON THE ADOPTION OF THE COMMITTEE AMENDMENTS AS AMENDED. [LB519]

SENATOR WATERMEIER: THE AMENDMENT PASSES. CONTINUE DEBATE ON LB519. SENATOR SULLIVAN, THERE'S NO ONE IN THE QUEUE TO SPEAK. SENATOR SULLIVAN WAIVES CLOSING FOR LB519. MEMBERS, THE QUESTION IS, SHALL LB519 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL THOSE VOTED WHO WISH? MR. CLERK. [LB519]

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ASSISTANT CLERK: 34 AYES, 0 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB519]

SENATOR WATERMEIER: LB519 ADVANCES. MR. CLERK, FOR SOME ITEMS OR ANNOUNCEMENTS. [LB519]

ASSISTANT CLERK: MR. PRESIDENT, A COUPLE OF ITEMS. NEW RESOLUTIONS: LR176, BY SENATOR PANSING BROOKS, LR177 BY SENATOR KOLOWSKI; THOSE WILL BE LAID OVER. THAT'S ALL I HAVE AT THIS TIME. (LEGISLATIVE JOURNAL PAGES 1116-1118.) [LR176 LR177]

SENATOR WATERMEIER: THANK YOU, MR. CLERK. NEXT ITEM.

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT BILL, LB449, INTRODUCED BY SENATOR MELLO. (READ TITLE.) THE BILL WAS READ FOR THE FIRST TIME ON JANUARY 20, REFERRED TO THE APPROPRIATIONS COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH COMMITTEE AMENDMENTS. (AM1035, LEGISLATIVE JOURNAL PAGE 1026.) [LB449]

SENATOR WATERMEIER: SENATOR MELLO, YOU ARE RECOGNIZED TO OPEN ON LB449. [LB449]

SENATOR MELLO: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE. LB449 AMENDS THE SMALL BUSINESS INVESTMENT PROGRAM AUTHORIZED BY THE BUSINESS INNOVATION ACT TO ALLOW FOR A MORE STRATEGIC INVESTMENT IN NEBRASKA'S SMALL BUSINESS ENTREPRENEURS. THE SMALL BUSINESS INVESTMENT PROGRAM WAS CREATED IN 2011 AND PROVIDES FOR THE DELIVERY OF MICROLOANS TO BUSINESSES THAT HAVE TEN OR FEWER EMPLOYEES AND TECHNICAL ASSISTANCE FOR CLIENTS THAT RESIDE IN DISTRESSED URBAN AND RURAL AREAS ACROSS THE STATE. IN THE SHORT TIME THAT THESE MICROLOANS AND TECHNICAL ASSISTANCE EFFORTS HAVE BEEN IN PLACE THE STATE HAS SEEN A VERY BENEFICIAL EFFECT THAT THESE PROGRAMS HAVE PROVIDED. THE NEBRASKA SMALL BUSINESS COLLABORATIVE, WHICH ADMINISTERS THE BUSINESS INNOVATION ACT MICROLOANS AND TECHNICAL ASSISTANCE THROUGHOUT THE STATE, ESTIMATES THAT THEY HAVE CREATED OR RETAINED 862 JOBS THROUGH LOANS AND 1,853 JOBS THROUGH TECHNICAL ASSISTANCE. THE VAST MAJORITY OF THE TRAINING PROVIDED THROUGH THE ACT HAS BEEN DIRECTED TO LOW-INCOME NEBRASKANS WHO CAN BENEFIT THE MOST FROM THESE ENTREPRENEURIAL

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SERVICES. OVER 8,000 CLIENTS HAVE BEEN SERVED AND OVER 400 LOANS HAVE BEEN ARRANGED ACROSS THE STATE. THIS IS A SUCCESSFUL PROGRAM, COLLEAGUES, THAT NEEDS TO BE BUILT UPON AND EXPANDED. IN THEIR EXPERIENCE RUNNING THESE PROGRAMS THE STAFF OF THE SMALL BUSINESS COLLABORATIVE HAVE COME TO THE POSITION THAT THE MOST EFFECTIVE WAY TO USE THESE FUNDS FOR ECONOMIC DEVELOPMENT WOULD BE TO INCREASE THEIR ABILITY TO FOCUS ON THE TECHNICAL ASSISTANCE SIDE OF THE PROGRAM WHICH WOULD HELP MORE PEOPLE OVERCOME SKILLS GAP THAT PREVENTS THEM FROM BEING A SUCCESSFUL BUSINESS OWNER. CURRENTLY, STATUTE REQUIRES 70 PERCENT OF THE FUNDING USED FOR MICROLOANS AND 30 PERCENT FOR TECHNICAL ASSISTANCE. LB449 BALANCES THESE TWO PERCENTAGES AT 50 PERCENT. ADDITIONALLY, LB449 RECOGNIZES THE IMPORTANCE OF INVESTING AND DEVELOPING ENTREPRENEURIAL TALENT BY INCREASING THE MINIMUM AND MAXIMUM TOTAL FUNDING TO BE DISBURSED THROUGH THE SMALL BUSINESS INVESTMENT PROGRAM. UNDER LB449 THE MINIMUM AMOUNT TO BE USED FOR LOANS AND TECHNICAL ASSISTANCE TO MICROENTERPRISE AND DEVELOPING ENTREPRENEURS IS \$1 MILLION PER YEAR. THE MAXIMUM AMOUNT IS CAPPED AT \$2 MILLION PER YEAR. NO NEW FUNDING IS APPROPRIATED TO THE DEPARTMENT OF ECONOMIC DEVELOPMENT UNDER LB449. THEY WILL SIMPLY BE AUTHORIZED TO INCREASE THE FUNDING OF THE PROGRAM TO A LEVEL THAT THEY FEEL IS APPROPRIATE. COLLEAGUES, WE HAVE A SMALL BUSINESS INITIATIVE THAT WORKS. ITS GOALS OF JOB CREATION ENTREPRENEURIAL DEVELOPMENT ARE BEING REALIZED EVERY DAY. FOR HUNDREDS OF NEBRASKANS, THIS PROGRAM HAS BRIDGED THE GAP BETWEEN THE DREAM OF ENTREPRENEURSHIP AND THE REALITY OF BUSINESS OWNERSHIP. NEBRASKA HAS MORE JOBS, MORE ENTREPRENEURS, AND MORE SKILLED SMALL BUSINESS OWNERS WHO ARE IN OUR OWNERSHIP POOL BECAUSE OF THE SMALL BUSINESS INVESTMENT PROGRAM. WE FOUND SOMETHING THAT WORKS AND WHEN YOU FIND SOMETHING THAT WORKS YOU SHOULD DO MORE OF IT, ESPECIALLY IN AN AREA AS CRITICAL AS ECONOMIC DEVELOPMENT. AGAIN, COLLEAGUES, LB449 CHANGES THE WAY THE SMALL BUSINESS INVESTMENT PROGRAM IS ADMINISTERED AND DOES NOT ADD ANY ADDITIONAL FUNDING. THE BILL HAS NO GENERAL FUND IMPACT. THE BILL HAD NO OPPOSITION AT THE HEARING AND WAS ADVANCED OUT OF THE APPROPRIATIONS COMMITTEE ON A 9-0 VOTE AND WAS DESIGNATED A COMMITTEE PRIORITY. I'D URGE THE BODY TO ADVANCE LB449 TO SELECT FILE. THANK YOU, MR. PRESIDENT. [LB449]

SENATOR WATERMEIER: THANK YOU, SENATOR MELLO. MEMBERS, YOU'VE HEARD THE OPENING ON LB449. MR. CLERK, FOR AN AMENDMENT. [LB449]

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ASSISTANT CLERK: MR. PRESIDENT, THERE ARE AMENDMENTS FROM THE APPROPRIATIONS COMMITTEE, AM1035. [LB449]

SENATOR WATERMEIER: SENATOR MELLO, YOU ARE RECOGNIZED TO OPEN ON YOUR AMENDMENT. [LB449]

SENATOR MELLO: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE. COMMITTEE AMENDMENT, AM1035, MAKES A TECHNICAL CHANGE TO THE UNDERLYING GREEN COPY OF THE BILL, LB449, AND ADOPTS PROVISIONS OF LB450 AND LB569. FIRST, THE TECHNICAL CHANGE TO LB449 IS THE INCLUSION OF LANGUAGE THAT GIVES THE DEPARTMENT OF ECONOMIC DEVELOPMENT MORE FLEXIBILITY IN ADMINISTERING THE MICROLOANS AND TECHNICAL ASSISTANCE FUNDING WE JUST DISCUSSED ON MY PREVIOUS OPENING. IN A LETTER ADDRESSED TO ME AND THE COMMITTEE REGARDING THE GREEN COPY OF THE BILL, THE DEPARTMENT OF ECONOMIC DEVELOPMENT WOULD PREFER THAT THE MINIMUM PERCENTAGES NOT BE IDENTIFIED IN THE BUSINESS INNOVATION ACT SO THAT THE DEPARTMENT MAY REACT TO THE LEVEL OF NEED FOR EITHER MICROLOANS OR TECHNICAL ASSISTANCE AS IT BECOMES MORE APPARENT. ACCORDINGLY, AM1035 CHANGES THE BALANCING OF THE EXPENDITURES FROM A STATUTORILY MANDATED 50-50 SPLIT TO A MORE ACCOMMODATING LANGUAGE THAT STATES A MINIMUM OF 50 PERCENT OF THE FUNDS SHALL BE USED FOR TECHNICAL ASSISTANCE AND MAKES NO REQUIREMENT FOR THE AMOUNT TO BE USED FOR MICROLOANS. THIS FLEXIBILITY WILL ALLOW THE DEPARTMENT OF ECONOMIC DEVELOPMENT TO ACCOMPLISH THE GOAL OF INCREASING FUNDING FOR TECHNICAL ASSISTANCE, WHILE ALLOWING THE DEPARTMENT TO MAKE THEIR OWN DETERMINATION AS TO HOW MUCH FUNDING SHOULD BE ALLOCATED FOR MICROLOANS. THE SECOND PORTION OF AM1035 AMENDS THE PROVISIONS OF LB450 INTO THE UNDERLYING BILL. LB450 WAS A BILL I INTRODUCED THAT WAS DEVELOPED WITH THE ASSISTANCE OF THE LEGISLATIVE FISCAL OFFICE AND THE NEBRASKA TOURISM COMMISSION TO CLEAN UP AND UPDATE STATUTES WITHIN THE NEBRASKA VISITORS DEVELOPMENT ACT WITH REGARD TO THE OPERATING PROCEDURES AND THE CREATION OF A NEW CASH FUND. THE NEBRASKA TOURISM COMMISSION WAS ESTABLISHED IN THE ENACTMENT OF LB1053 IN 2012. THE PROVISIONS IN AM1035 CLEAN UP THE STATUTES TO BRING THE LANGUAGE REGARDING THE NEBRASKA TOURISM COMMISSION MORE IN LINE WITH OTHER SMALL GRANT AWARDING AGENCIES LIKE THE NEBRASKA ARTS COUNCIL. THE CLARIFICATIONS INCLUDE: EXPLICITLY STATING THAT THE COMMISSION SETS THE SALARY OF THE EXECUTIVE DIRECTOR; CLARIFYING THAT THE COMMISSION ADMINISTERS THE STATE VISITORS PROMOTION CASH

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FUND; EXPANDING THE ELIGIBILITY OF FUNDING SOURCES FOR THE FUND FROM CONFERENCE REGISTRATION AND FEES; ESTABLISHING A FORMAL GRANT APPLICATION PROCESS FOR THE FUND; AND ADDING MARKETING ASSISTANCE GRANTS AS AN APPROVED USE OF THE FUND. BEYOND CLARIFICATION OF THE ADMINISTRATION OF THE STATE VISITORS PROMOTION CASH FUND, THE PROVISIONS IN AM1035 CREATES THE NEBRASKA TOURISM CONFERENCE CASH FUND AND PROVIDES A PROCESS FOR ITS USAGE. THIS CASH FUND WAS ADMINISTRATIVELY CREATED BY THE DEPARTMENT OF ADMINISTRATIVE SERVICES. THE TOURISM COMMISSION HAS ASKED THAT THIS FUND BE PERMANENTLY ESTABLISHED IN STATUTE IN ACCORDANCE WITH SECTION 81-111.04 WHICH REQUIRES THAT STATE AGENCIES CODIFY ADMINISTRATIVELY CREATED CASH FUNDS THAT EXIST FOR MORE THAN TWO FISCAL YEARS. THIS CASH FUND AUTHORIZES THE TOURISM COMMISSION TO COLLECT FEES FOR ASSISTANCE PROVIDED IN PUTTING TOGETHER CONFERENCES. THE FUNDS WILL BE USED TO OFFSET COSTS INCURRED BY THE COMMISSION IN PROVIDING THESE ASSISTANCE. ADDITIONALLY, THE PROVISIONS FORMERLY INCLUDED IN LB450 AND NOW INCLUDED IN AM1035 ESTABLISH THAT IT IS THE INTENT OF THE LEGISLATURE THAT WHEN ANY STATE AGENCY OPERATES A GRANT PROGRAM THAT ENCOURAGES TOURISM OR PROVIDES SUPPORT FOR TOURIST ATTRACTIONS, THEY SHALL CONSULT WITH THE NEBRASKA TOURISM COMMISSION. THE REASON FOR THIS IS TO ENSURE THAT THE NEBRASKA TOURISM COMMISSION IS AT LEAST AWARE OF ALL TOURISM RELATED GRANTS THAT ARE HAVING APPLICATIONS AND TO PROVIDE THEIR KNOWLEDGE AND EXPERTISE IN THE FIELD OF...TO ASSIST OTHER AGENCIES IN AWARDED MEANINGFUL AND EFFECTIVE TOURISM RELATED GRANTS. THE THIRD AND FINAL PROVISION OF AM1035 IS THE INCORPORATION OF THE PROVISIONS OF LB569 IN THE UNDERLYING BILL. LB569 WAS BROUGHT TO THE APPROPRIATIONS COMMITTEE BY SENATOR BRASCH AT THE REQUEST OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT TO PROVIDE THE DEPARTMENT MORE FLEXIBILITY IN ADMINISTERING SEVERAL GRANT PROGRAMS AUTHORIZED UNDER THE BUSINESS INNOVATION ACT. CURRENTLY, EACH OF THE FIVE PROGRAMS OUTLINED IN LB569 AND THE COMMITTEE AMENDMENT HAVE DISBURSEMENT LIMITS THAT REACH NO MORE THAN \$1 MILLION PER PROGRAM. THEIR CURRENT APPROPRIATION OF \$4 MILLION WILL BE ALLOCATED ACROSS FIVE PROGRAMS IN THE MANNER OF THEIR CHOOSING. WHAT THIS DOES, COLLEAGUES, IS IT GIVES THE DEPARTMENT OF ECONOMIC DEVELOPMENT THE ABILITY TO POOL ALL OF ITS APPROPRIATION INTO THESE PROGRAMS AND ALLOWS THEM THE FLEXIBILITY TO MAKE STRATEGIC DECISIONS AS TO HOW MUCH THEY WISH TO INVEST IN EACH PROGRAM. ADDITIONALLY, AM1035 AUTHORIZES THE DEPARTMENT OF ECONOMIC DEVELOPMENT ACCESS TO

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FUNDS FROM THE FEDERAL SMALL BUSINESS TECHNOLOGY AND TRANSFER GRANT PROGRAM. THESE ADDITIONAL FEDERAL FUNDS CAN BE USED TO CARRY OUT THE PROGRAMS OUTLINED IN THE BUSINESS INNOVATION ACT. THE FINAL PART OF LB569, WHICH IS INCLUDED IN AM1035, SIMPLY PROVIDES SOME PROTECTION FOR THE BUSINESSES APPLYING FOR THE BUSINESS INNOVATION ACT GRANTS TO ENSURE THAT BUSINESSES ARE THOROUGH IN THEIR APPLICATION PROCESS WITHOUT THE FEAR THAT SENSITIVE INFORMATION WILL BE RELEASED. THIS NEW SECTION OF THE BUSINESS INNOVATION ACT WOULD STATE THAT THE DEPARTMENT OF ECONOMIC DEVELOPMENT MAY DEEM INFORMATION RECEIVED IN THE APPLICATION PROCESS AS CONFIDENTIAL AND NOT SUBJECT TO PUBLIC REPORTING. AGAIN, I WANT TO REITERATE THAT THESE AMENDMENTS ALONG WITH THE UNDERLYING BILL ARE ALL PROCESS ORIENTED AND HAVE NO GENERAL FUND IMPACT. AS A PACKAGE, THE PROVISIONS IN LB449 AND NOW THE UNDERLYING COMMITTEE AMENDMENT, AM1035, UPDATE OUR STATUTES TO ALLOW THESE TWO CRITICAL STATE AGENCIES TO MANAGE THEIR FUNDS IN A SMARTER, MORE TRANSPARENT, AND MORE FLEXIBLE MANNER, THUS ENSURING THAT CRITICAL ECONOMIC DEVELOPMENT ASSISTANCE IS DEPLOYED TO THE MAXIMUM EFFECT POSSIBLE. THE COMMITTEE AMENDMENTS WERE APPROVED WITH A UNANIMOUS 9-0 VOTE BY THE APPROPRIATIONS COMMITTEE, AND I URGE THE BODY TO ADOPT AM1035. THANK YOU, MR. PRESIDENT. [LB449 LB450 LB569]

SENATOR WATERMEIER: THANK YOU, SENATOR MELLO. MEMBERS, YOU'VE HEARD THE OPENING TO LB449 AND THE COMMITTEE AMENDMENT. THE FLOOR IS NOW OPEN FOR DEBATE. SENATOR STINNER, YOU ARE RECOGNIZED. [LB449]

SENATOR STINNER: THANK YOU, MR. PRESIDENT. I WILL TELL YOU FROM...AND I STAND IN SUPPORT OF LB449. AS A BANKER, WE HAVE USED THE REPROGRAM AND A LOT OF THE TECHNICAL ASSISTANCE SIDE BECAUSE WHEN YOU HAVE A START-UP BUSINESS, WHEN YOU HAVE A BUSINESS THAT STARTS TO STUMBLE BECAUSE OF ECONOMIC CONDITIONS, YOU LIKE TO HAVE A GO-TO PERSON THAT CAN GET INTO THAT BUSINESS, SPEND SOME TIME WITH THAT ENTREPRENEUR, AND HELP IT ALONG. BUT I DO HAVE SOME INFORMATION AND HARD DATA THAT WAS COMPILED. ON THE MICRO ASSISTANCE PROGRAM THERE WAS 409 NEW MICROLOANS ORIGINATED--AND THIS IS A TIME FRAMEWORK BETWEEN 2012-14--409 NEW MICROLOANS ORIGINATED FOR LOANS IN A TOTAL AMOUNT OF \$5,323,544; 862.5 NEW JOBS WERE CREATED OR RETAINED DUE TO MICROLOANS ORIGINATED; 8,426 CLIENTS WERE SERVED THROUGH ONE-ON-ONE TECHNICAL ASSISTANCE OR OTHER TRAINING; AND 1,853.5 JOBS CREATED OR RETAINED AS A RESULT OF TECHNICAL ASSISTANCE OR OTHER TRAINING PROVIDED.

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ADDITIONALLY, THEY PROVIDED INFORMATION JUST ON THE LOAN SIDE OF THINGS. OVER A THREE-YEAR PERIOD OF TIME, 409 LOANS WERE MADE; \$5.3 MILLION WERE EXTENDED. THE NUMBER OF ASSISTANCE SERVED WAS 4,443 UNDER THE TRAINING IN A CLIENT TRAINING PROGRAM. SO YOU CAN SEE THAT THIS PROGRAM IS WORKING AND I HIGHLY SUPPORT MOVING THE LENDING LIMIT FROM \$50,000 TO \$100,000. I THINK THAT CAPTURES QUITE A FEW MORE PEOPLE. AND I HIGHLY ENDORSE LB449 PLUS AM1035. THANK YOU. [LB449]

SENATOR WATERMEIER: THANK YOU SENATOR STINNER. SENATOR BRASCH, YOU ARE RECOGNIZED. [LB449]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT. AND GOOD AFTERNOON, COLLEAGUES. I RISE IN SUPPORT OF LB449 AND THE AMENDMENT, AM1035. AND I ALSO WANT TO THANK CHAIRMAN MELLO AND THE MEMBERS OF THE APPROPRIATIONS COMMITTEE FOR MOVING THE AMENDMENT FORWARD AS THEY HAVE INCORPORATED LB569 INTO THIS BILL. IT HAS BEEN SUCCESSFUL. THE SUCCESS IS PROVEN. THIS IS HOW WE GROW NEBRASKA. THIS BENEFITS BOTH URBAN AND RURAL COMMUNITIES. AGAIN, I WOULD LIKE TO COMMEND THE COMMITTEE, CHAIRMAN MELLO, AND ENCOURAGE THE BODY TO VOTE GREEN. THANK YOU. [LB449 LB569]

SENATOR WATERMEIER: THANK YOU, SENATOR BRASCH. ARE THERE OTHERS FURTHER TO DISCUSS LB449? SENATOR MELLO, YOU ARE RECOGNIZED TO CLOSE ON YOUR AMENDMENT. [LB449]

SENATOR MELLO: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE. ONCE AGAIN, AM1035 IS THE APPROPRIATIONS COMMITTEE AMENDMENT THAT REWRITES MOST OF THE BILL IN RESPECT TO KEEPING A GOOD PORTION OF THE GREEN COPY COMPONENT BUT MAKING SOME MORE FLEXIBILITY AVAILABLE TO THE DEPARTMENT OF ECONOMIC DEVELOPMENT IN RESPECT TO THE DELIVERY OF THE MICROLOANS AND TECHNICAL ASSISTANCE. IT ALSO INCORPORATES LB450, WHICH WAS A BILL BROUGHT TO THE COMMITTEE THAT DEALT WITH THE NEBRASKA TOURISM COMMISSION GIVING SOME ADMINISTRATIVE GUIDANCE IN RESPECT TO THE CREATION OF NEW CASH FUNDS, THE AUTHORIZATION AND USE OF THOSE CASH FUNDS, AS WELL AS THE INVOLVEMENT OF THE COMMISSION IN SETTING THE EXECUTIVE DIRECTOR'S SALARY. AND THE THIRD AND FINAL COMPONENT OF THE AMENDMENT, AM1035, IS LB569, THE BILL BROUGHT BY SENATOR BRASCH THAT ALSO MAKES SOME CHANGES TO THE BUSINESS INNOVATION ACT THAT PROVIDES MORE

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FLEXIBILITY IN THE ADMINISTRATION OF THAT ACT TO PROVIDE ASSISTANCE ACROSS THE STATE TO SMALL BUSINESSES AND ENTREPRENEURS. WITH THAT, I'D URGE THE BODY TO ADOPT AM1035. THANK YOU, MR. PRESIDENT. [LB449 LB450 LB569]

SENATOR WATERMEIER: THANK YOU, SENATOR MELLO. THE QUESTION IS, SHALL THE AMENDMENT TO LB449 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE AGAINST VOTE NAY. RECORD, MR. CLERK. [LB449]

ASSISTANT CLERK: 31 AYES, 0 NAYS ON THE ADOPTION OF THE AMENDMENT, MR. PRESIDENT. [LB449]

SENATOR WATERMEIER: THE AMENDMENT IS ADOPTED. THE FLOOR IS OPEN TO DEBATE ON LB449. SEEING NO ONE IN THE QUEUE, SENATOR MELLO WAIVES CLOSING ON LB449. THE QUESTION IS, SHALL LB449 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB449]

ASSISTANT CLERK: 33 AYES, 0 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB449]

SENATOR WATERMEIER: LB449 IS ADOPTED. MR. CLERK. [LB449]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT BILL IS LB132 WHICH WAS LEGISLATION INTRODUCED BY SENATOR EBKE. (READ TITLE.) THE BILL WAS READ FOR THE FIRST TIME ON JANUARY 9, REFERRED TO THE GOVERNMENT, MILITARY AND VETERANS AFFAIRS COMMITTEE. THAT COMMITTEE REPORTS THE BILL TO GENERAL FILE WITH COMMITTEE AMENDMENTS. (AM582, LEGISLATIVE JOURNAL PAGE 752.) [LB132]

SENATOR WATERMEIER: SENATOR EBKE, YOU'RE RECOGNIZED TO OPEN ON LB132. [LB132]

SENATOR EBKE: THANK YOU, MR. PRESIDENT. I'M HAPPY TO BRING TO YOU TODAY LB132. LB132 IS A GOOD GOVERNMENT PUBLIC ACCOUNTABILITY BILL. IT LINKS JOINT PUBLIC AGENCY BOND ISSUANCE PROCEDURES TO TAXING POWERS. IT REQUIRES JOINT PUBLIC AGENCIES TO FOLLOW THE SAME BOND ISSUANCE PROCEDURES THAT A PARTICIPATING PUBLIC AGENCY WOULD BE REQUIRED TO FOLLOW TO BOND THE PARTICULAR REVENUE STREAM AS WELL.

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AS IT STANDS RIGHT NOW, JPA'S CAN ISSUE BONDING WITHOUT PUBLIC HEARING OR A VOTE. I THINK THE KEY FACTOR HERE IS WE'RE TALKING ABOUT TRANSPARENCY WHEN DEALING WITH TAXATION. LET ME GIVE YOU JUST A QUICK HISTORY OF THE JPA ACT WHICH MANY OF US WHO LIVE OUTSIDE OF THE LINCOLN-OMAHA METRO AREAS MAY NOT COMPLETELY UNDERSTAND. THE JOINT PUBLIC AGENCY ACT WAS PASSED IN 1999 TO ENCOURAGE LOCAL GOVERNMENTS TO COOPERATE TO ACHIEVE EFFICIENCIES AND BETTER SERVE THE NEEDS OF LOCAL COMMUNITIES. A LOOPHOLE IN THE JPA ACT ALLOWED JPA'S TO ISSUE BONDS WITHOUT A PUBLIC HEARING OR THE CITIZEN VOTE. THIS HAS CREATED A SITUATION WHERE INSTEAD OF ACHIEVING EFFICIENCIES, THE JPA'S MAY BE ENCOURAGING SPENDING AND CREATING BUREAUCRACY. WHAT LB132 WOULD DO IS CLOSE THE LOOPHOLE REQUIRING THE JPA'S TO GO THROUGH THE SAME BOND ISSUANCE PROCEDURES AS ITS PARTICIPATING PUBLIC AGENCIES. THE BOND ISSUANCE PROCEDURE WOULD BE LINKED TO TAXING AUTHORITY. JPA'S ONLY HAVE TAXING OF POWERS THAT ARE SPECIFICALLY GIVEN TO THEM BY THEIR PARTICIPATING PUBLIC AGENCIES. UNDER LB132, WHEN A JPA BONDS A REVENUE STREAM, IT MUST FOLLOW THE SAME PROCEDURES THE PARTICIPATING PUBLIC AGENCY WOULD NEED TO FOLLOW TO BOND THAT REVENUE STREAM. BY CLOSING THIS LOOPHOLE IT RETURNS JPA'S TO THEIR ORIGINAL PURPOSE OF ENCOURAGING INTERGOVERNMENTAL COOPERATION TO MAKE THE MOST EFFICIENT USE OF TAX DOLLARS. A FEW MORE THINGS THAT I WILL MENTION, LB132 IS NOT AIMED AT OR IN REACTION TO ANY ACTION TAKEN BY EXISTING JOINT PUBLIC AGENCIES. THEY WILL NOT AFFECT ANY CURRENT JPA'S. THE MEASURE IS INTENDED TO INCREASE ACCOUNTABILITY, TRANSPARENCY, AND TO KEEP CONTROL ON PROPERTY TAXES, WHICH WE'VE TALKED A LOT ABOUT HERE. LB132 PASSED OUT OF THE GOVERNMENT COMMITTEE BY A VOTE OF 8-0 AND IS A GOVERNMENT COMMITTEE PRIORITY BILL. THERE IS A COMMITTEE AMENDMENT, AM582, WHICH ADDRESSES SOME TECHNICAL CONCERNS WHILE PRESERVING THE ORIGINAL INTENT OF THE BILL. IT ALSO CLARIFIES THE ELECTORATE THAT WOULD VOTE ON THE BOND ISSUE AND PROCEDURES INVOLVED, AND SENATOR MURANTE WILL EXPLAIN THAT FURTHER. I WOULD ALSO NOTE THAT THERE HAVE BEEN SOME CONCERNS THAT THERE IS NOT EXPLICIT PERMISSION TO REFINANCE IN THIS BILL, AND SENATOR MORFELD AND I ARE WORKING WITH CONCERNED PARTIES TO SEE IF WE CAN ADDRESS THAT SHOULD WE GET TO SELECT FILE. THIS IS AN ISSUE OF TRANSPARENCY AND CITIZEN OVERSIGHT, MY FRIENDS. WE'RE ENSURING THAT CITIZENS HAVE A SAY IN TAXATION THAT MIGHT AFFECT THEM. THIS IS A SIMPLE SOLUTION AND I THINK WE OWE IT TO THE PUBLIC TO HAVE IT FIXED. I WOULD NOTE AS WELL THAT THIS ISSUE WAS MENTIONED IN THE ORIGINAL DEBATE ON THIS BILL IN

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1999 AND IT WAS GLOSSED OVER AT THAT POINT, BUT IT WAS ADDRESSED. SO THERE WAS A RECOGNITION EVEN AT THAT POINT THAT THERE WAS SOME QUESTION ABOUT THE...WHETHER OR NOT CITIZENS WOULD HAVE THE OPPORTUNITY TO VOTE ON THESE ISSUES. THANK YOU, MR. PRESIDENT. [LB132]

SENATOR WATERMEIER: THANK YOU, SENATOR EBKE. (VISITORS INTRODUCED.) MR. CLERK, FOR AN AMENDMENT. [LB132]

ASSISTANT CLERK: MR. PRESIDENT, THERE IS AN AMENDMENT FROM THE GOVERNMENT COMMITTEE, AM582. (LEGISLATIVE JOURNAL PAGE 752.) [LB132]

SENATOR WATERMEIER: SENATOR MURANTE, YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT. [LB132]

SENATOR MURANTE: THANK YOU, MR. PRESIDENT. MEMBERS, GOOD AFTERNOON. I RISE IN SUPPORT OF LB132. IT ADVANCED OUT OF THE GOVERNMENT, MILITARY AND VETERANS AFFAIRS COMMITTEE UNANIMOUSLY AFTER A PUBLIC HEARING ON THE BILL WHICH WAS HELD ON JANUARY 29. THIS COMMITTEE AMENDMENT REPRESENTS THE GOOD WORK DONE BY SENATOR EBKE AND WITH SEVERAL INTERESTED PARTIES ON THE BILL TO ADDRESS TECHNICAL CONCERNS WHILE PRESERVING THE BILL'S ORIGINAL INTENT. THE AMENDMENT CLARIFIES WHICH ELECTORATES WOULD VOTE ON A BOND ISSUE AND SPELLS OUT THE PROCEDURES NECESSARY FOR A JOINT PUBLIC AGENCY TO ISSUE GENERAL OBLIGATION BONDS PAID BY A PROPERTY TAX. THE COMMITTEE AMENDMENT IS LARGELY TECHNICAL IN NATURE AS SENATOR EBKE ABLY DESCRIBED IN HER OPENING. THIS BILL WILL PROVIDE ADDITIONAL TRANSPARENCY AND PREVENT ANY JPA FROM CIRCUMVENTING REGULATIONS, WHICH WOULD OTHERWISE APPLY TO THE POLITICAL SUBDIVISIONS WHICH ARE A PART OF THE JOINT PUBLIC AGENCIES. SO I ENCOURAGE YOUR ADOPTION OF THE COMMITTEE AMENDMENT AND YOUR SUPPORT OF LB132. THANK YOU, MR. PRESIDENT. [LB132]

SENATOR WATERMEIER: THANK YOU, SENATOR MURANTE. MEMBERS, YOU'VE HEARD THE OPENING ON LB132 AND THE OPENING OF THE COMMITTEE AMENDMENT AM582. THE FLOOR IS NOW OPEN. SENATOR MORFELD, YOU ARE RECOGNIZED. [LB132]

SENATOR MORFELD: THANK YOU, MR. PRESIDENT. I WANT TO THANK SENATOR EBKE FOR BRINGING THIS LEGISLATION. I THINK IT PROVIDES THE NECESSARY

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ACCOUNTABILITY. AS SHE NOTED, WE'RE WORKING ON AN AMENDMENT WHICH WE WILL INTRODUCE ON SELECT FILE WITH SOME OF THE CONCERNED PARTIES TO ENSURE THAT IF THE AGENCY WANTS TO REFINANCE SOME OF THESE BONDS AND SAVE THE TAXPAYERS MORE MONEY, THAT THEY HAVE THE EXPLICIT AUTHORITY TO DO THAT IN STATUTE. RIGHT NOW, THE BILL DOESN'T EXPLICITLY PROVIDE FOR THAT AND THERE'S SOME CONCERNS BY MUNICIPALITIES THAT NOT HAVING THAT EXPLICIT AUTHORITY WILL NOT ALLOW THEM TO DO THAT. SO IF WE CAN SAVE A FEW MILLION DOLLARS OF THE TAXPAYERS' FUNDS BY REFINANCING, I THINK IT'S IMPORTANT TO ALLOW THAT EXPLICIT AUTHORITY IN THE LEGISLATION, AND I'M LOOKING FORWARD TO WORKING WITH SENATOR EBKE ON THAT. THANK YOU. [LB132]

SENATOR WATERMEIER: THANK YOU, SENATOR MORFELD. SENATOR CAMPBELL, YOU ARE RECOGNIZED. [LB132]

SENATOR CAMPBELL: THANK YOU, MR. PRESIDENT. WOULD SENATOR EBKE ENTERTAIN A QUESTION OR TWO? [LB132]

SENATOR WATERMEIER: SENATOR EBKE, WOULD YOU RECOGNIZE FOR A QUESTION? [LB132]

SENATOR EBKE: CERTAINLY. [LB132]

SENATOR CAMPBELL: SENATOR EBKE, I HAVE WORKED WITH JPA'S THROUGH THE SERVICE ON LANCASTER COUNTY. WE DID ONE FOR THE LANCASTER EVENT CENTER AND THEN I THINK EVENTUALLY THE CITY OF LINCOLN DID ONE FOR THE ARENA. THE FIRST QUESTION I HAVE IS, COULD YOU KIND OF BRIEFLY DESCRIBE WHAT THE OPPOSITION WAS FROM THE CITY OF LINCOLN AND THE LEAGUE OF MUNICIPALITIES? [LB132]

SENATOR EBKE: AND I DON'T HAVE MY NOTES ON THE LEAGUE OF MUNICIPALITIES, BUT THE OPPOSITION OF THE CITY OF LINCOLN REVOLVED PRIMARILY ABOUT BONDING ISSUES AND SOME OF THE TECHNICAL LANGUAGE IN THERE. WE'VE WORKED WITH THEIR BOND COUNSEL TO TRY TO CLARIFY THAT AND WE'VE MADE SIGNIFICANT PROGRESS, I THINK. WE'RE PLANNING ON GETTING TOGETHER WITH SOME OF THOSE FOLKS AGAIN IF WE MOVE TO SELECT. [LB132]

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SENATOR CAMPBELL: EXCELLENT. THANK YOU, SENATOR EBKE, FOR WILLING TO MEET WITH THEM BECAUSE I'M SURE THEIR BOND COUNSEL IS JUST TRYING TO MAKE SURE THAT WHAT THEY HAVE ALREADY DONE OR WILL DO WILL BE IN COMPLIANCE. MY OTHER QUESTION HAS TO DO WITH, DOES THIS ENTAIL IF THEY...IF TWO ENTITIES WANTED TO BUILD A GARAGE, FOR INSTANCE, AND THEY'RE GOING TO FINANCE THIS TO REVENUE BONDS IN TERMS OF PARKING FEES AND SO FORTH, WOULD THAT JPA STILL HAVE TO GO THROUGH A VOTE OF THE PEOPLE? I UNDERSTAND THE PUBLIC HEARING. I THINK THAT'S CRITICAL. [LB132]

SENATOR EBKE: YEAH, NO, I DON'T BELIEVE SO. THE INTENT HERE IS FOR US, WHATEVER THE TWO GROUPS OR HOWEVER MANY GROUPS THAT ARE PART OF THE JPA WOULD NORMALLY...YOU KNOW, WHOEVER GIVES THEIR BONDING AUTHORITY TO THE JPA, THEN THE SAME PROCESS WOULD HAVE TO BE USED. SO WHETHER IT'S PUBLIC HEARINGS, OR A VOTE OF THE PEOPLE, IT DEPENDS ON WHO IS GIVING THE BONDING AUTHORITY. [LB132]

SENATOR CAMPBELL: EXCELLENT. THANK YOU FOR YOUR WILLINGNESS TO ANSWER MY QUESTIONS. THANK YOU, MR. PRESIDENT. [LB132]

SENATOR WATERMEIER: THANK YOU, SENATOR EBKE AND SENATOR CAMPBELL. (VISITORS INTRODUCED.) SEEING NO ONE IN THE QUEUE, SENATOR MURANTE WAIVES CLOSING ON THE AMENDMENT. MEMBERS, THE QUESTION IN FRONT OF US IS THE ADVANCEMENT OF THE COMMITTEE AMENDMENT TO LB132. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL THOSE VOTED? RECORD, MR. CLERK. [LB132]

ASSISTANT CLERK: 27 AYES, 0 NAYS ON THE ADOPTION OF COMMITTEE AMENDMENTS. [LB132]

SENATOR WATERMEIER: THE AMENDMENT IS ADOPTED. SEEING NO ONE IN THE QUEUE TO SPEAK, SENATOR EBKE, YOU'RE RECOGNIZED TO CLOSE ON LB132. [LB132]

SENATOR EBKE: THANK YOU, MR. PRESIDENT. AGAIN, THIS IS JUST A TRANSPARENCY CORRECTION OF A LOOPHOLE THAT HAS BEEN IN THE JPA LANGUAGE FOR MANY, MANY YEARS. I WOULD ENCOURAGE YOUR GREEN VOTE. [LB132]

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SENATOR WATERMEIER: THANK YOU, SENATOR EBKE. THE QUESTION BEFORE US IS THE ADVANCEMENT OF LB132. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL THOSE VOTED WHO WISH? RECORD, MR. CLERK. [LB132]

ASSISTANT CLERK: 28 AYES, 0 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB132]

SENATOR WATERMEIER: THE BILL ADVANCES. MR. CLERK. [LB132]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT BILL, LB561, INTRODUCED BY SENATOR STINNER. (READ TITLE.) THE BILL WAS READ FOR THE FIRST TIME ON JANUARY 21, REFERRED TO THE GOVERNMENT, MILITARY AND VETERANS AFFAIRS COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH NO COMMITTEE AMENDMENTS. [LB561]

SENATOR WATERMEIER: SENATOR STINNER, YOU ARE RECOGNIZED TO OPEN ON LB561. [LB561]

SENATOR STINNER: THANK YOU, MR. PRESIDENT. MEMBERS OF THE BODY, LB561 IS A BILL THAT MAKES CHANGES TO THE LAWS GOVERNING THE IRRIGATION DISTRICTS IN THE STATE OF NEBRASKA. LB561 WAS HEARD BEFORE THE GOVERNMENT AND VETERANS AFFAIRS COMMITTEE AND WAS ADVANCED FROM THIS COMMITTEE ON A UNANIMOUS VOTE. BEFORE I DISCUSS PROPOSED CHANGES, YOU SHOULD HAVE SOME BACKGROUND INFORMATION ON IRRIGATION DISTRICTS. IRRIGATION DISTRICTS ARE POLITICAL SUBDIVISIONS OF THE STATE OF NEBRASKA ORGANIZED BY AND FOR THE PURPOSE OF SERVING ELECTORS WHO ARE LANDOWNERS WITHIN THE BOUNDARIES OF THE DISTRICT WITH SURFACE IRRIGATION WATERS. EACH ELECTOR MUST HAVE AT LEAST 15 ACRES OF LAND IN THE DISTRICT, OR WHO IS AN ENTRYMAN OF GOVERNMENT LAND WITHIN AN IRRIGATION DISTRICT. AN ENTRYMAN, BY THE WAY, IS AN OWNER OF WATER RIGHT BEFORE A FEDERAL IRRIGATION PROJECT, OR A RESIDENT OF THE STATE OF NEBRASKA THAT LEASES NOT LESS THAN 40 ACRES OF LAND WITH THE IRRIGATION DISTRICT FOR A PERIOD OF NOT LESS THAN FIVE YEARS. IRRIGATION DISTRICTS DATE BACK TO 1895 WHEN THE FIRST SURFACE WATER IRRIGATION SYSTEM WAS BUILT. THERE ARE CURRENTLY 41 IRRIGATION DISTRICTS THAT VARY IN SIZE FROM A HANDFUL OF LANDOWNERS TO ONES THAT ARE 41 MILES LONG. THEY ARE FUNDED BY OPERATIONS AND MAINTENANCE CHARGES ASSESSED UPON THE ELECTORS, THEREFORE, ONLY

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ELECTORS ARE AUTHORIZED TO VOTE ON IRRIGATION DISTRICT MATTERS AND SERVE ON THE BOARD OF DIRECTORS. IN SUMMARY, THE CHANGES PROPOSED IN LB561 ARE INTENDED TO UPDATE THE LAW ON IRRIGATION DISTRICTS AS FOLLOWS: CLARIFIES THE DEFINITION OF ELECTORS FOR IRRIGATION DISTRICTS; AUTHORIZES ELECTION BY MAIL AT DISTRICT'S DISCRETION TO ENCOURAGE ELECTOR PARTICIPATION IN VOTING; PROVIDES FOR SMALLER IRRIGATION DISTRICTS TO ELIMINATE SUBDIVISIONS AND HAVE AT-LARGE BOARD MEMBERS, AND TO PROVIDE ELECTION ADMINISTRATION AUTHORITIES TO ADDRESS PRACTICAL ELECTION ISSUES. THE FIRST ISSUE ADDRESSED IS TO UPDATE THE LAW ON WHO IS AN ELECTOR. SECTION 2, FOUND ON PAGE 2, AMENDS A SECTION OF THE LAW THAT HAS NOT BEEN CHANGED SINCE 1943. THIS SECTION DEFINES KEY TERM ELECTORS. CHANGES MADE BY LB561 RECOGNIZES THAT ENTITIES SUCH AS LLC'S AND TRUSTS NOW OWN SIGNIFICANT PORTIONS OF LAND IN IRRIGATION DISTRICTS. THESE LEGAL ENTITIES DID NOT EXIST IN 1943 AND ARE BECOMING MORE COMMON. OTHER QUESTIONS HAVE RISEN AS TO WHO IS THE VOTING REPRESENTATIVE OF THOSE AND OTHER ENTITIES. LB561 ANSWERS THE LEGAL QUESTIONS THAT HAVE BEEN RAISED IN PRACTICE ABOUT JOINT TENANTS, TENANTS IN COMMON, LAND PURCHASE CONTRACTS, ESTATES OF DECEASED ELECTORS, TRUSTS, AND OTHER ESTATES. THE SECOND CHANGE AUTHORIZED THE OPTION TO USE A MAIL-IN BALLOT. THE AMENDMENT DOES NOT MANDATE MAIL-IN BALLOTS, BUT THE OPTION IS MADE AVAILABLE AND THE PROCEDURE IS SET FORTH IN LAW. IF THE MAIL-IN BALLOT IS AUTHORIZED AND USED, IT IS BELIEVED THAT THE MAIL-IN BALLOTS ARE MORE CONVENIENT AND WILL ENCOURAGE GREATER PARTICIPATION IN IRRIGATION DISTRICT VOTING. THIS CHANGE WILL BE MAJOR IMPROVEMENT IN THE LAW. THE THIRD CHANGE RECOGNIZES THAT THE POPULATION IN RURAL NEBRASKA IS DECREASING AND IS BECOMING MORE DIFFICULT TO FIND ELECTORS TO SERVE ON BOARDS OF DIRECTORS. UNDER THE ORIGINAL LAW, AFTER A DISTRICT WAS FORMED, THE COUNTY BOARD WAS CHARGED WITH THE DUTY OF DIVIDING THE LAND COMPRISING THE IRRIGATION DISTRICT INTO THREE DISTRICTS WITH SIMILAR GEOGRAPHIC SIZES. MEMBERS OF THE BOARD OF DIRECTORS WERE SELECTED FROM EACH OF THESE THREE DISTRICTS. FARMS ARE INCREASINGLY LARGER IN RURAL AREAS, HAVE LESS POPULATION. FOR EXAMPLE, HOOPER IRRIGATION DISTRICT HAS ONLY 842 ACRES IN THE ENTIRE DISTRICT. CURRENTLY, IT IS COMMON THAT A SINGLE FARM CAN BE LARGER IN SIZE THAN THIS DISTRICT. IT IS MORE DIFFICULT TO FIND PERSONS IN THESE SMALL DIVISIONS WHO ARE WILLING TO SERVE ON THE BOARD OF DIRECTORS OF AN IRRIGATION DISTRICT. ON PAGE 5, THE NEW SUBSECTION 3, AUTHORIZES AN OPTION FOR IRRIGATION DISTRICTS COMPRISING LESS THAN 15,000 ACRES TO ELIMINATE THE THREE DIVISIONS, AND

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FOR THE DIRECTORS TO BE ELECTED ON AN AT-LARGE BASIS. THE ELIMINATION OF THE THREE DIVISIONS CAN BE DONE ONLY BY...AFTER THE BOARD OF DIRECTORS HOLDS AN ELECTION ON THE ISSUE AND ONLY UPON THE AFFIRMATIVE VOTE OF TWO-THIRDS OF THE ELECTORS IN THE DISTRICT. RESEARCH SHOWS THAT 26 OF THE 41 IRRIGATION DISTRICTS MAY WISH TO CONSIDER THIS OPTION TO SELECT ELECTORS ON AN AT-LARGE BASIS. THE FOURTH AND FINAL CHANGES ARE TO CLARIFY ELECTION PROCESS. THE LAW CONTAINING THE PROCESS FOR IRRIGATION DISTRICT'S ELECTIONS ARE OUTLINED IN THIS ACT AND DOES NOT INCORPORATE GENERAL ELECTION LAWS. THE CHANGES PROPOSED ARE TO CLARIFY THE DUTIES OF THE ELECTOR AND THE COUNTY OFFICIALS IN CERTAIN SITUATIONS. I WOULD URGE YOU TO ADVANCE LB561. THANK YOU. [LB561]

SENATOR WATERMEIER: THANK YOU, SENATOR STINNER. (VISITORS INTRODUCED.) SENATORS, YOU'VE HEARD THE OPENING ON LB561. THE FLOOR IS OPEN FOR DEBATE. SENATOR STINNER, NO ONE IN THE QUEUE, YOU ARE RECOGNIZED TO CLOSE...EXCUSE ME. SENATOR CHAMBERS, YOU ARE RECOGNIZED. [LB561]

SENATOR STINNER: I KNEW IT WOULD HAPPEN. (LAUGHTER) [LB561]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE. SENATOR STINNER IS MY SEATMATE AND WE GET ALONG VERY WELL ORDINARILY, BUT I'D LIKE TO ASK HIM A QUESTION. EXACTLY WHAT IS AN IMMIGRATION DISTRICT? [LB561]

SENATOR STINNER: IRRIGATION. [LB561]

SENATOR WATERMEIER: SENATOR STINNER, WOULD YOU YIELD FOR A QUESTION? [LB561]

SENATOR CHAMBERS: OH, I PASS. (LAUGHTER) [LB561]

SENATOR STINNER: SORRY. [LB561]

SENATOR WATERMEIER: THANK YOU, SENATOR CHAMBERS, SENATOR STINNER. FURTHER DEBATE ON LB561? SENATOR STINNER TO CLOSE ON LB561. SENATOR STINNER WAIVES CLOSING ON LB561. MEMBERS, THE QUESTION BEFORE US IS

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THE ADOPTION OR ADVANCEMENT OF LB561 TO E&R. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB561]

ASSISTANT CLERK: 33 AYES, 0 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB561]

SENATOR WATERMEIER: LB561 ADVANCES. MR. CLERK. [LB561]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT BILL IS LB243 OFFERED BY SENATOR BOLZ. (READ TITLE.) THE BILL WAS READ FOR THE FIRST TIME ON JANUARY 14, REFERRED TO THE HEALTH AND HUMAN SERVICES COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH COMMITTEE AMENDMENTS. (AM787, LEGISLATIVE JOURNAL PAGE 801.) [LB243]

SENATOR WATERMEIER: SENATOR BOLZ, YOU ARE RECOGNIZED TO OPEN. [LB243]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. RESEARCH TELLS US TWO IMPORTANT THINGS ABOUT CHILDREN IN OUR CHILD WELFARE SYSTEM. ONE, CHILDREN IN THE CHILD WELFARE SYSTEM ARE NEGATIVELY IMPACTED BY LONG-TERM OUT-OF-HOME PLACEMENT AND INSTABILITY. AND TWO, EXTENDED NETWORKS OF FAMILY SUPPORT ARE A GAME CHANGER IN CREATING POSITIVE OUTCOMES FOR CHILDREN. IN OTHER WORDS, EXTENDED FAMILIES ARE A SOLUTION TO MANY OF THE CHALLENGES THAT WE SEE IN OUR CHILD WELFARE SYSTEM. IN OTHER WORDS, WHEN FAMILIES STEP UP, KIDS BENEFIT. LB243 BUILDS ON A PILOT INITIATIVE ESTABLISHED IN THE SOUTHEAST SERVICE AREA CALLED FAMILY FINDING THAT CREATES EXTENDED NETWORKS OF SUPPORTS FOR CHILDREN AND ADDRESSES THE TWO FINDINGS FOUND IN RESEARCH. BEFORE I TELL YOU ABOUT LB243 AND FAMILY FINDING INITIATIVES, I JUST WANT TO BRIEFLY ARTICULATE THE STATUS QUO. THE MAIN PURPOSE OF OUR DIVISION OF CHILDREN IN FAMILY SERVICES IS TO MAKE SURE THAT ABUSED, NEGLECTED, DEPENDENT, OR DELINQUENT POPULATIONS ARE SAFE FROM HARM OR MALTREATMENT AND ARE IN PERMANENT, HEALTHY ENVIRONMENTS WITH A STABLE FAMILY. THIS IS AN APPROPRIATE FOCUS FOR OUR DIVISION OF CHILDREN AND FAMILY SERVICES AND FOR OUR CHILD WELFARE SYSTEM. THEY ARE MAKING PROGRESS. THE NUMBER OF CHILDREN IN OUT-OF-HOME PLACEMENT HAS DECLINED IN RECENT YEARS. HOWEVER, FOUNDATIONAL PROBLEMS EXIST FOR CHILDREN ENGAGED IN THE CHILD WELFARE SYSTEM. FIRST, ACCORDING TO THE FOSTER CARE REVIEW BOARD, NEGLECT CONTINUES TO BE THE MOST PREVALENT REASON FOR CHILDREN TO BE REMOVED FROM

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THE HOME. FOR CHILDREN IN THEIR FIRST REMOVAL FROM THE HOME, NEGLECT WAS INVOLVED IN 74 PERCENT OF THE CASES. TO ME, THIS ILLUSTRATES THE NEED FOR A STRONGER NETWORK OF SOCIAL SUPPORTS FOR FAMILIES IN NEBRASKA. SECOND, ONE OUT OF FOUR CHILDREN IN THE FOSTER CARE SYSTEM HAVE SPENT 50 PERCENT OR MORE OF THEIR LIVES IN OUT-OF-HOME PLACEMENT. HALF, HALF OF THEIR YOUNG LIVES SPENT OUTSIDE OF A FAMILY HOME. THE SAME WAS TRUE IN 2012 AND 2011. IN 2014, 32 PERCENT OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES WARDS IN OUT-OF-HOME CARE HAD BEEN REMOVED FROM THEIR HOMES MORE THAN ONCE. TO ME, THIS ILLUSTRATES THE NEED FOR ADDITIONAL STABILITY AND SUPPORTS FOR CHILDREN. ACCORDING TO THE OFFICE OF THE INSPECTOR GENERAL, IMPROVED KINSHIP CARE COULD BE ACHIEVED BY CONTACTING POTENTIAL FAMILY MEMBERS SOONER AND IN A MORE ENGAGING AND SUPPORTIVE MANNER. HOWEVER, THE OFFICE OF THE INSPECTOR GENERAL AND THE LEGISLATIVE OMBUDSMEN OFFICE BOTH REPORT FREQUENT COMPLAINTS FROM FAMILY MEMBERS WHO SEEK CUSTODY OF STATE WARDS AND FEEL THEY ARE NOT GIVEN A FAIR OPPORTUNITY TO DO SO. FAMILY FINDING IN LB243 IS A SOLUTION. IT'S A COMPLEMENTARY APPROACH TO THE CURRENT HEALTH AND HUMAN SERVICES DEPARTMENT GOALS AND USE EVIDENCE-BASED PRACTICES TO DEVELOP BETTER OUTCOMES FOR KIDS. FAMILY FINDING IS THE EVIDENCE-BASED PROCESS OF ENGAGEMENT, SEARCHING, PREPARATION, PLANNING, DECISION MAKING, LIFETIME NETWORK CREATION, HEALING, AND PERMANENCY FOR CHILDREN, INCLUDING SEARCHING FOR AND IDENTIFYING FAMILY MEMBERS AND ENGAGING THEM IN PLANNING AND DECISION MAKING, GAINING COMMITMENTS FROM FAMILY MEMBERS TO SUPPORT A CHILD THROUGH NURTURING RELATIONSHIPS, AND TO SUPPORT THEIR PARENT OR PARENTS WHEN APPROPRIATE TO ACHIEVE A SAFE, PERMANENT, LEGAL HOME OR LIFELONG CONNECTION FOR THE CHILD, EITHER THROUGH UNIFICATION...REUNIFICATION WITH THE BIOLOGICAL FAMILY, OR THROUGH PERMANENT PLACEMENT THROUGH LEGAL GUARDIANSHIP OR ADOPTION. THE PILOT INITIATIVE IN THE SOUTHEAST SERVICE AREA HAS ALREADY EXPERIENCED SIGNIFICANT POSITIVE OUTCOMES FOR CHILDREN, INCLUDING DEVELOPING EXTENDED FAMILY NETWORKS WITH AN AVERAGE OF 48 FAMILY MEMBERS IDENTIFIED, LINKING CHILDREN WITH FATHERS AND SIBLINGS, AND IN A SIGNIFICANT NUMBER OF CASES, ACHIEVING A PERMANENT PLACEMENT FOR KIDS. ONE OF THE MOST COMPELLING STATISTICS FOR ME IS THAT THE AVERAGE AMOUNT OF TIME TAKEN TO IDENTIFY AND ENGAGE FAMILY MEMBERS IS LESS THAN THREE MONTHS. SO LB243 TAKES THE IDEA THAT HAS BEEN PILOTTED IN THE SOUTHEAST SERVICE AREA, WHICH WAS A PARTNERSHIP BETWEEN CHRISTIAN HERITAGE AND THE DEPARTMENT OF HEALTH AND

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HUMAN SERVICES, AND TAKES THE PILOT TO MORE COMMUNITIES ACROSS THE STATE. THIS WORK WOULD BE DONE BY CHILD PLACING AGENCIES THAT HAVE THE EXPERTISE TO DO SO, AND THERE IS A STRONG EVALUATION COMPONENT TO BE COMPLETED BY AN ACADEMIC INSTITUTION TO EVALUATE DIFFERENT OUTCOMES FOR DIFFERENT REGIONS AND DIFFERENT POPULATION. THE AMENDMENT CHANGES THE UNDERLYING BILL TO CREATE A PILOT INITIATIVE IN A FEW COMMUNITIES RATHER THAN THE ORIGINAL IDEA TO TAKE IT STATEWIDE, BUT TAKES US IN A STEP FORWARD TOWARDS THE NEW GENERATION OF CHILD WELFARE SYSTEMS AND SERVICES BY ENGAGING FAMILY MEMBERS TO STEP UP AND SUPPORT KIDS TO FIND PERMANENT PLACEMENTS AND ALTERNATIVES TO OUR EXISTING CHILD WELFARE SYSTEM. AND SO, I ENCOURAGE YOUR CONSIDERATION AND YOUR SUPPORT OF LB243. THANK YOU, MR. PRESIDENT. [LB243]

SENATOR WATERMEIER: THANK YOU, SENATOR BOLZ. MR. CLERK, FOR AN AMENDMENT. [LB243]

ASSISTANT CLERK: MR. PRESIDENT, THE HEALTH AND HUMAN SERVICES COMMITTEE WOULD OFFER AM787. (LEGISLATIVE JOURNAL PAGE 801.) [LB243]

SENATOR WATERMEIER: SENATOR CAMPBELL, YOU'RE RECOGNIZED TO OPEN ON YOUR COMMITTEE AMENDMENT. [LB243]

SENATOR CAMPBELL: THANK YOU, MR. PRESIDENT. AM787 TO LB243, THE COMMITTEE AMENDMENT MAKES TECHNICAL CORRECTIONS SUGGESTED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, ATTEMPTS TO REDUCE THE FISCAL IMPACT BY REDUCING THE NUMBER OF PILOT SITES THROUGHOUT THE STATE, AND ENSURES ACCOUNTABILITY FOR THE FAMILY FINDING PROJECTS BY ALLOWING FUNDS TO BE USED FOR CONTRACT MONITORING, OVERSIGHT, AND EVALUATION. CURRENTLY, TWO CHILD PLACING AGENCIES PROVIDE FAMILY FINDING SERVICES AND THE OUTCOMES THEY REPORT TO US REALLY ARE ASTOUNDING. ONE EXAMPLE WAS A YOUNG MAN PLACED OUT-OF-HOME AT AGE THREE. PRIOR TO THE FAMILY FINDING WORK FOR JOSE, THE AGENCY KNEW OF ONE FAMILY CONNECTION. JOSE HAD BEEN PLACED IN 16 DIFFERENT HOMES, FOSTER HOMES, OVER FIVE YEARS. THE TOTAL COST OF OUT-OF-HOME CARE FROM AGE SIX TO 19 FOR JOSE WOULD HAVE BEEN \$1,159,000. AFTER FAMILY FINDING WAS PERFORMED FOR JOSE, THEY HAD 26 FAMILY CONNECTIONS AND FOUND A FOREVER HOME FOR HIM WITH HIS FAMILY IN TEXAS. JOSE, NOW TEN YEARS OLD, PLAYS WITH HIS COUSINS,

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CELEBRATES HIS BIRTHDAY, AND HIS BEHAVIORS HAVE IMPROVED DRASTICALLY. HE REPORTS HE IS HAPPY BECAUSE HE IS WITH A FAMILY, HIS FAMILY. JOSE'S FAMILY REPORTS THE ONLY THING THEY WOULD CHANGE ABOUT FAMILY FINDINGS IS THAT THE PROCESS SHOULD HAVE STARTED SOONER SO THEY COULD HAVE HELPED HIM FROM THE BEGINNING AND KEPT HIM OUT OF THE SYSTEM. I URGE YOU TO SUPPORT AM787 AND LB243 TO ALLOW MORE OF OUR KIDS TO BE RECONNECTED WITH THEIR FAMILIES AND KEPT OUT OF THE SYSTEM. THE IMPORTANCE OF THIS BILL IS OBVIOUSLY THAT WE FIND A FOREVER HOME FOR CHILDREN AND YOUTH WHERE WE CAN WITH THE FAMILY CONNECTION. WE KNOW THAT CHILDREN LIVING WITH KIN DO FAR BETTER THAN JUST SPENDING TIME AFTER TIME IN A FOSTER HOME, HOWEVER CARING THOSE FOSTER HOMES ARE. BUT A SECONDARY POINT HERE IS THAT WHEN THAT CHILD OR YOUTH IS NOT IN OUR SYSTEM, WE ARE SAVING A GREAT AMOUNT OF DOLLARS THAT COULD HELP ANOTHER CHILD OR YOUTH. THIS IS A GREAT PROGRAM. WHAT WE WANTED TO DO WAS TO MAKE SURE THAT WE DIDN'T GO FROM A SMALL PILOT AND JUST RIPPLE IT ACROSS THE STATE, BUT WE WANTED TO MAKE SURE THAT WE HAD ALL THE BUGS WORKED OUT BEFORE WE DID GO STATEWIDE. SO I WOULD ENCOURAGE YOU TO VOTE FOR THE AMENDMENT AND THE UNDERLYING BILL. THANK YOU, MR. PRESIDENT. [LB243]

SENATOR WATERMEIER: THANK YOU, SENATOR CAMPBELL. MR. CLERK, FOR AN AMENDMENT TO THE COMMITTEE AMENDMENT? MEMBERS, YOU'VE HEARD THE OPENING ON LB243 AND THE AM787. THOSE IN THE QUEUE WISHING TO SPEAK: SENATOR COASH AND SENATOR KOLTERMAN. SENATOR COASH, YOU'RE RECOGNIZED. [LB243]

SENATOR COASH: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, COLLEAGUES. SENATOR BOLZ, NICE JOB OUTLINING WHAT FAMILY FINDING IS AND HOW IT HELPS FAMILIES, BUT I DO HAVE SOME CHALLENGES WITH LB243 AND HERE IS WHAT THEY ARE. FAMILY FINDING IS ALREADY OCCURRING IN OUR STATE. THERE ARE PROVIDERS IN OUR STATE THAT ARE DOING THIS. NFC, IN OMAHA, CURRENTLY PROVIDES FAMILY FINDING SERVICES. IT'S PART OF WHAT THEY DO. THERE IS A CHRISTIAN HERITAGE, A PROVIDER RIGHT HERE IN LINCOLN, WAS DOING THIS. NOW THEY'RE NOT, BUT THEY CAN DO IT. THE MERITS OF THIS BILL ARE SOUND. THERE IS GOOD THINGS THAT CAN HAPPEN FROM INCREASING FAMILY FINDING IN THAT APPROACH TO CHILD WELFARE. BUT WHAT'S PROPOSED IN LB243, IN MY MIND, DOESN'T NEED TO HAPPEN. WE CAN DO THIS ANYWAY. FURTHERMORE, I HAVE TO TELL YOU, COLLEAGUES, I'VE...AND I'VE DONE WHAT SENATOR BOLZ HAS DONE. I'VE BROUGHT BILLS

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FORCING THE DEPARTMENT TO DO SOMETHING I THOUGHT THAT THEY SHOULD DO. BUT THERE IS NOTHING IN LB243 THAT I CAN SEE THAT THE DEPARTMENT CAN'T DO ON THEIR OWN. THEY CAN DO THIS. THE DEPARTMENT COULD HAVE COME TO THE APPROPRIATIONS COMMITTEE AND SAID, WE WANT MORE MONEY TO DO THIS. THEY DID NOT DO THAT. THEY COULD PUT A REQUIREMENT THAT MORE PROVIDERS DO THIS WITHIN THE CONTRACTS AND THEY HAVEN'T DONE IT. SO WHEN I HEAR...SO WHEN I SEE BILLS LIKE LB243 WITH GOOD INTENTIONS AND I LOOK AT WHAT CAN HAPPEN ANYWAY, I WONDER WHAT IT IS THAT WE'RE DOING, AND I THINK IT MAY BE MORE TIED TO THE MONEY THAN ANYTHING ELSE. AND WOULD SENATOR BOLZ YIELD TO A QUESTION? [LB243]

SENATOR WATERMEIER: SENATOR BOLZ, WOULD YOU YIELD? [LB243]

SENATOR BOLZ: YES. [LB243]

SENATOR COASH: THANK YOU, SENATOR BOLZ. YOU'VE HEARD MY COMMENTS. ARE YOU AWARE THAT THERE ARE OTHER PROVIDERS WHO ARE PROVIDING THE SERVICE? [LB243]

SENATOR BOLZ: THE OTHER PROVIDERS THAT ARE PROVIDING THE SERVICE BOTH HAVE GRANT INITIATIVES THAT WILL END THIS YEAR. [LB243]

SENATOR COASH: OKAY. SO WHAT LB243 DOES IS IT SUPPLEMENTS GRANT MONEY THAT WILL BE GOING AWAY SO WE CAN CONTINUE THE PROGRAM? WOULD THAT BE A FAIR WAY TO SAY IT? [LB243]

SENATOR BOLZ: IF I CAN ARTICULATE, CHRISTIAN HERITAGE HAD A PROJECT THAT HAS BEEN FUNDED BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AND THERE WAS AN ENDED DATE ON THAT INITIATIVE. THAT PROGRAM WILL GO AWAY WITHOUT ONGOING SUPPORT. NEBRASKA FAMILIES COLLABORATIVE HAS SOME FEDERAL FUNDS THAT ALSO WILL END WITHIN THE TIME FRAME OF ABOUT A YEAR, AND THE IDEA IS THAT WE CONTINUE TO BUILD ON THE WORK THAT'S ALREADY BEING DONE IN PARTNERSHIP WITH NFC, CHRISTIAN HERITAGE, AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. [LB243]

SENATOR COASH: DO YOU THINK THE DEPARTMENT HAS FAITH IN THIS APPROACH? [LB243]

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SENATOR BOLZ: IT'S A GREAT QUESTION AND I APPRECIATE THE OPPORTUNITY TO DIALOGUE WITH YOU ABOUT IT. AND TO YOUR EARLIER POINT, THIS WAS AN INITIATIVE THAT WAS BUILT IN PARTNERSHIP WITH THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. THIS SUMMER AT THE COUNCIL OF STATE GOVERNMENTS, DIRECTOR PRISTOW REFERENCED FAMILY FINDING IN HIS PRESENTATION TO THE HEALTH AND HUMAN SERVICES COMMITTEE. HE AND I HAD FURTHER DIALOGUE AND HE AND I WERE WORKING TOGETHER, IN FACT. HE HELPED TO CRAFT THIS UNDERLYING LEGISLATION. NOW, JUST VERY QUICKLY IF I CAN FINISH. [LB243]

SENATOR WATERMEIER: ONE MINUTE. [LB243]

SENATOR BOLZ: WHAT CHANGED WAS THE LEADERSHIP AND SO THE NEW LEADERSHIP CAME IN NEUTRAL. [LB243]

SENATOR COASH: OKAY. THANK YOU, SENATOR BOLZ. AND IT SOUNDS...THIS IS MY POINT. IF THE DEPARTMENT THINKS IT'S A GOOD IDEA, THE DEPARTMENT SHOULD COME AND TELL THE LEGISLATURE WE WANT SOME MORE MONEY TO DO THIS. BUT THEY DIDN'T DO IT. PART OF THAT, AS SENATOR BOLZ HAS ILLUSTRATED, IS WE HAVE LEADERSHIP CHANGE. I WOULD TELL YOU I THINK WE HAVE A LEADERSHIP ABSENCE AT HHS. BECAUSE WE HAVE SEVERAL POSITIONS WITHIN CHILD WELFARE, ESPECIALLY WITH CHILD WELFARE THAT ARE FILLED BY TEMPORARY DIRECTORS AND THAT BECOMES A PROBLEM FOR ME. BUT THOSE POSITIONS ARE BEING FILLED. BUT AS WE STAND HERE TODAY, WE HAVE A DEPARTMENT WHO AT ONE POINT SAYS THIS IS A GOOD IDEA, HAS ENDED THE FUNDING FOR THE PROGRAM, HAS NOT ASKED FOR IT... [LB243]

SENATOR WATERMEIER: TIME, SENATOR. [LB243]

SENATOR COASH: THANK YOU, MR. PRESIDENT. [LB243]

SENATOR WATERMEIER: THANK YOU, SENATOR COASH AND SENATOR BOLZ. SENATOR KOLTERMAN, YOU ARE RECOGNIZED. [LB243]

SENATOR KOLTERMAN: THANK YOU, MR. PRESIDENT. I RISE IN SUPPORT OF BOTH THE AMENDMENT AND LB243. SAT IN ON THE COMMITTEE HEARINGS ON THIS BILL AND WHAT INTRIGUED ME ABOUT THE BILL WAS THE FACT THAT IF YOU LOOK AT IT JUST FROM A DOLLAR AND CENTS PERSPECTIVE, AT THE PRESENT

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TIME WE'RE SPENDING A LITTLE OVER \$38 MILLION A YEAR FOR 3,475 CHILDREN. THAT DOESN'T COUNT THE MEDICAID COSTS THAT ARE ASSOCIATED WITH THAT. SO THAT AVERAGES OUT TO \$10,967. AND THEN IF YOU LOOK AT WHAT THIS PILOT PROJECT IS COSTING US, IT'S BEEN ABOUT \$6,863, PERIOD. WHAT YOU HAVE HERE IS YOU HAVE PRIVATE INDUSTRY, CHRISTIAN HERITAGE, AND THE OTHER ORGANIZATIONS THAT HAVE BEEN WORKING THROUGH THIS EITHER THROUGH GRANTS OR THROUGH SOME FUNDING THROUGH HHS, AND THEY'RE DOING A BETTER JOB THAN HHS HAS BEEN DOING. AND SO WHAT THEY'RE DOING IS THEY'RE RECONNECTING CHILDREN WITH THEIR NATURAL FAMILIES INSTEAD OF THROWING THEM IN THE FOSTER CARE PROGRAM, WHICH IF WE CAN AVOID GETTING KIDS INTO THE FOSTER CARE PROGRAM, WE CAN SAVE THE STATE A LOT OF MONEY, BUT MOST IMPORTANTLY, WE CAN GET THE KIDS BACK WITH THEIR BIOLOGICAL FAMILIES. JUST BECAUSE MOM AND DAD DON'T DO A GOOD JOB OF RAISING KIDS, THAT DOESN'T MEAN AUNTS AND UNCLES OR GRANDPARENTS OR NIECES OR NEPHEWS OR COUSINS CAN'T DO THAT. SO WHAT CHRISTIAN HERITAGE AND ORGANIZATIONS LIKE THAT HAVE COME UP, HAVE LEARNED TO DO, IS TO DO THE RESEARCH TO FIND OUT WHERE THE PARENTS COULD BE...COME FROM, WHO COULD RAISE THESE KIDS IN AN EFFICIENT MANNER. THAT ACCOMPLISHES A LOT OF THINGS BECAUSE IT ALSO HELPS KEEP KIDS OUT OF THE COURT SYSTEM. FOSTER KIDS HAVE A TENDENCY TO GET IN TROUBLE. AND I CAN TELL YOU THAT FIRSTHAND BECAUSE I COME FROM A FAMILY, MY BROTHER ADOPTED FIVE KIDS FROM THE FOSTER CARE SYSTEM AND IT'S BEEN A STRUGGLE AT TIMES. THEY'VE TURNED OUT WELL, BUT THEY DIDN'T KNOW WHO THEIR BIOLOGICAL FAMILY WAS. SO, IF WE CAN DO THIS IN A MORE COST EFFECTIVE WAY, WE CAN RECONNECT THE KIDS, THEN I THINK WE OUGHT TO BE LOOKING AT PROGRAMS LIKE THIS AND TAKING IT OUT OF THE HANDS OF HEALTH AND HUMAN SERVICES. THE OTHER THING THAT I WOULD TELL YOU IS, SOME OF THE PROPONENTS THAT TALKED IN FAVOR OF THE BILL WERE THE HHS. WE ALSO HAD A FOSTER CARE REVIEW OFFICE TESTIFIED IN SUPPORT OF THE BILL. NOW, THAT'S A THIRD PARTY THAT'S SUPPOSED TO BE UNBIASED, THAT'S SUPPOSED TO LOOK AT THIS FROM A PERSPECTIVE OF WHAT'S BEST FOR THE KIDS. SO I DON'T KNOW ABOUT THE TECHNICAL STUFF THAT'S GOING ON, SENATOR COASH. I DO KNOW THAT THIS PROGRAM IS WORKING AND IT HAS THE ABILITY TO SAVE US A LOT OF MONEY OVER TIME. I'VE BEEN GIVEN FIGURES THAT TO KEEP A KID IN FOSTER CARE, IF YOU GET THEM EARLY ON, IT CAN COST ABOUT \$300,000 PER CHILD. YOU KNOW, IF WE CAN GET THEM OUT OF THAT SYSTEM AND IT'S ONLY GOING COST US \$6,800 OR \$7,000, AND THEN THEY'RE RECONNECTED WITH THEIR FAMILY, WHY WOULD WE NOT DO THAT? AND SO, AGAIN, I RISE IN SUPPORT OF LB243. I DON'T KNOW ALL THE TECHNICAL ASPECTS OF HOW THIS COULD BE ACCOMPLISHED. I DO KNOW IT IS THE JOB OF

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HEALTH AND HUMAN SERVICES, BUT THEY AREN'T GETTING THE JOB DONE.
[LB243]

SENATOR WATERMEIER: ONE MINUTE. [LB243]

SENATOR KOLTERMAN: SO, WHY DON'T WE...WHY DON'T WE GIVE IT TO
SOMEBODY THAT KNOWS HOW TO GET IT DONE, AND IF THEY CAN DO A BETTER
JOB AFTER WE GET OUR NEW ADMINISTRATOR IN THERE, THEN WE CAN SHIFT IT
BACK TO THEM. BUT LET'S DO WHAT'S BEST FOR KIDS AND LET'S DO IT IN A COST
EFFECTIVE WAY. THANK YOU. [LB243]

SENATOR WATERMEIER: THANK YOU, SENATOR KOLTERMAN. SENATOR
BLOOMFIELD, YOU ARE RECOGNIZED. [LB243]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I WONDER IF SENATOR
BOLZ WOULD YIELD TO A QUESTION. [LB243]

SENATOR WATERMEIER: SENATOR BOLZ, WOULD YOU YIELD? [LB243]

SENATOR BOLZ: SURE. [LB243]

SENATOR BLOOMFIELD: THANK YOU, SENATOR. THE ORIGINAL BILL BEFORE THE
COMMITTEE AMENDMENT HAD A FAIRLY SIGNIFICANT FISCAL NOTE. CAN YOU
GIVE ME SOME IDEA WHERE THAT FISCAL NOTE WOULD BE WITH THE
COMMITTEE AMENDMENT? [LB243]

SENATOR BOLZ: ABSOLUTELY, AND THANK YOU FOR THE QUESTION. THE FISCAL
NOTE WITH THE COMMITTEE AMENDMENT CUTS IT IN HALF. SO IT'S \$1.5
MILLION. IT'S A STRAIGHT ACROSS THE BOARD CUT IN HALF AND IT'S A HARD
CAP. SO REGARDLESS OF THE NUMBER OF FAMILIES OR KIDS WHO WANT TO
UTILIZE THE SERVICE, WE WILL BE ELIMINATED BY THE APPROPRIATION. [LB243]

SENATOR BLOOMFIELD: THANK YOU, SENATOR. THAT HELPS. I LIKE THE NOTION
OF THIS BILL. THAT \$3 MILLION FISCAL NOTE IS A LITTLE STEEP. A MILLION AND
A HALF IS STILL A LOT OF MONEY, BUT KIDS ARE WORTH SOME MONEY. I WOULD
YIELD THE REMAINDER OF MY TIME TO SENATOR COASH. [LB243]

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SENATOR WATERMEIER: SENATOR COASH, YOU ARE YIELDED 3 MINUTES AND 50 SECONDS. [LB243]

SENATOR COASH: THANK YOU, MR. PRESIDENT, AND THANK YOU, SENATOR BLOOMFIELD. COLLEAGUES, I WANT TO BE CLEAR HERE. THE MERITS OF WHAT LB243 PROPOSES TO DO ARE GOOD. SENATOR KOLTERMAN IS RIGHT. HE SAT THROUGH THAT HEARING. HE UNDERSTANDS THE GOOD THAT CAN COME OF THIS INITIATIVE. BUT IF YOU'RE LISTENING CLOSELY TO SENATOR KOLTERMAN, I HEARD HIM SAY TWO THINGS AND I HOPE I GOT THIS RIGHT. HE SAID, MAYBE WE OUGHT TO TAKE IT OUT OF HHS. WE MIGHT AS WELL. WE ARE HEADED DOWN A PATH OF SOME SERIOUS MICROMANAGEMENT OF HOW HEALTH AND HUMAN SERVICES OPERATES. WE ARE GETTING MORE AND MORE IN THE WEEDS OF HOW WORKERS DO THEIR JOB. AND I WANTED TO MAKE THAT PART OF THE RECORD BECAUSE AT SOME POINT WHEN THINGS GO WRONG, WE WON'T BE LOOKING TO THE EXECUTIVE BRANCH OR HHS AS TO WHY THEY WENT WRONG, WE CAN LOOK RIGHT AT OURSELVES AND WE CAN SAY, WHY DIDN'T THIS WORK? WE TOLD THEM EXACTLY WHAT TO DO, WHEN TO DO IT, HOW TO DO IT. AND I'LL PUT THE MIRROR ON MYSELF, COLLEAGUES. SENATOR BOLZ BRINGING SOMETHING THAT HHS SHOULD BE DOING ANYWAY IS NOTHING NEW. I'VE DONE IT. HHS IS FULL OF BILLS THAT MANDATE CERTAIN PRACTICES, POLICIES, AND BEHAVIORS OF THE EMPLOYEES WITHIN THAT DIVISION OF GOVERNMENT. BUT AT SOME POINT, COLLEAGUES, IF WE'RE GOING TO TAKE IT OVER AND IT'S GOING TO BECOME A LEGISLATIVE BRANCH JOB, THEN WE CAN ONLY LOOK AT OURSELVES WHEN THINGS GO WELL OR THEY DON'T GO WELL. SO, I URGE YOU TO CONSIDER THAT AS WE DEBATE THESE ISSUES WHEN WE START TO GET INTO THE REALM THAT LB243 IS GETTING US INTO. AND I WILL YIELD THE REST OF MY TIME BACK TO THE CHAIR. THANK YOU, MR. PRESIDENT. [LB243]

SENATOR WATERMEIER: THANK YOU, SENATOR COASH, SENATOR BOLZ, AND SENATOR BLOOMFIELD. SENATOR COASH, YOU ARE NEXT IN THE QUEUE. [LB243]

SENATOR COASH: ALL RIGHT. THANK YOU, MR. PRESIDENT. I THINK I SAID ALL I NEEDED TO SAY WITH THE TIME SENATOR BLOOMFIELD DID GIVE ME, BUT IF I MISSED SOMETHING, I WANT IT ON THE RECORD AND I WILL YIELD THE BALANCE OF MY TIME TO SENATOR CAMPBELL IF SHE WANTS TO USE IT. [LB243]

SENATOR WATERMEIER: SENATOR CAMPBELL, YOU ARE YIELDED 4 MINUTES AND 40 SECONDS. [LB243]

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SENATOR CAMPBELL: THANK YOU, MR. PRESIDENT, AND THANK YOU, SENATOR COASH. COLLEAGUES, SENATOR COASH IS NOT WRONG OR MISSPOKEN WHEN HE SAYS THAT WE HAVE FILLED THE DEPARTMENT WITH BILLS AND THINGS THAT NEED TO BE DONE, BECAUSE WE FACED THIS SITUATION WHEN WE CAME INTO THE LEGISLATURE EARLY ON IN WHICH THE DEPARTMENT OF CHILD WELFARE WAS NOT OPERATING. IT WAS IN WHAT I CALL TURMOIL AND CHAOS. AND IF YOU REMEMBER, I TALKED ABOUT THIS IN LR37 AND WE DID THE STUDY. WE TRAVELED THE STATE, TALKED TO PEOPLE, AND WE DID START PUTTING IN BILLS BECAUSE WE WANTED TO MAKE SURE THAT HOW KIDS WERE TREATED IN THE STATE WAS FAIRLY AND WAS WELL DONE LOOKING OUT FOR THEIR WELFARE. WHAT I SEE HERE IS THAT EXACTLY WHY THE HEALTH AND HUMAN SERVICES COMMITTEE SAID, LET'S NOT TAKE THIS STATEWIDE. SENATOR COASH ISN'T WRONG IN THE SENSE THAT, YES, IF THE DEPARTMENT HAD THE FULL SCOPE THAT THEY SHOULD BE DOING, THEY SHOULD BE DOING THIS. BUT I LOOK AT THIS PILOT AND THAT'S WHY WE WENT DOWN TO THREE. LET'S SEE IF IT WORKS. AND MY EXPECTATION, AND THIS WILL BE ON THE RECORD, MY EXPECTATION IS THAT AT THAT POINT AFTER THE EVALUATION AND WE LOOK AT EVERYTHING, WE SAY TO THE DEPARTMENT, IT IS NOW YOURS TO DO BECAUSE WE HAVE PROVEN THIS WORKS. WE NEED TO LOOK AT SENATOR BOLZ'S BILL, I BELIEVE, AS THE FACT THAT WE ARE SAYING TO THE DEPARTMENT, WE WANT YOU TO CONTRACT WITH THE PRIVATE PROVIDER TO SEE IF THIS WORKS. THE DEPARTMENT, AND PARTICULARLY IN CHILD WELFARE, HAS NUMEROUS CONTRACTS WITH CHILD PROVIDERS, NONPROFITS, THAT CARRY OUT THAT WORK. THIS IS A BILL THAT SAYS, LET'S CONTRACT THIS OUT WITH THE PRIVATE PROVIDER. TWO OF THE PROVIDERS THAT HAVE DONE THIS HAVE HAD SPECIALIZED NATIONAL TRAINING BY AN ORGANIZATION THAT COMES IN AND HELPS THEM. BUT I DON'T DISAGREE WITH SENATOR COASH THAT THE DEPARTMENT SHOULD EVENTUALLY TAKE THIS OVER. BUT LET'S MAKE SURE THIS WORKS AND THEN SAY TO THE DEPARTMENT, OKAY, WE NOW KNOW THAT IT WORKS, WE HAVE THE EVALUATION, WE HAVE THE PROOF. THANK YOU, MR. PRESIDENT. [LB243]

SENATOR WATERMEIER: THANK YOU, SENATOR CAMPBELL AND SENATOR COASH. SENATOR GROENE, YOU ARE RECOGNIZED. [LB243]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I'M GOING TO SPEAK HERE AS A TAXPAYER WHO IS PROBABLY LISTENING AND ASKING THE QUESTIONS THAT I'M THINKING BECAUSE I KNOW NOTHING ABOUT THIS SUBJECT, BUT I DO KNOW OVER TIME I'VE SEEN WHERE NEBRASKA'S PER CAPITA IS ONE OF THE HIGHEST FOSTER CARE STATES IN THE NATION. WE PUT KIDS IN FOSTER CARE, AND I'M

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SITTING HERE, WE'RE LEGISLATING COMMON SENSE. WOULDN'T THE JOB OF A SOCIAL WORKER OR OUR JUVENILE COURT'S FIRST JOB TO BE IS KEEP THE CHILD WITHIN THE FAMILY, TO GIVE IT TO GRANDMA OR GRANDPA, THE CHILD, ASSIGN HIM TO UNCLE, AUNT? WOULDN'T THAT BE THE FIRST THING THEY TRIED TO DO? I'M CONFUSED HERE WHY WE HAVE TO FIND THE FAMILY AND HIRE A CONSULTANT TO WHAT MOST OF US WOULD CONSIDER COMMON SENSE. WE'RE NEBRASKA. HOW FAR DO YOU HAVE TO LOOK TO FIND A FAMILY MEMBER? I MEAN, THE OLD SAYING IS, YOU CAN ASK FOUR PEOPLE BEFORE...IN CHINA BEFORE YOU BOTH KNOW THE SAME PERSON. I MEAN, WE'RE GOING TO SPEND MONEY TO DO WHAT MOST OF US WOULD CONSIDER COMMON SENSE TO KEEP A CHILD WITHIN THE FAMILY? ISN'T THAT WHAT THE SOCIAL WORKER WOULD DO, THE FIRST THING THEY WOULD TRY TO DO? SOMEBODY NEEDS TO EXPLAIN WHY WE NEED TO DO THIS. I THINK IT'S KIND OF WHAT SENATOR COASH HAS BEEN SAYING. MAYBE I'M DENSE, BUT I THINK THAT'S WHAT HE'S BEEN HINTING AT. HOW DO WE EVER GET TO THE POINT...I GOT CALLED BY A CONSTITUENT WHERE A CHILD WAS PLACED FROM EASTERN NEBRASKA OUT IN MY AREA, DUMPED INTO A SCHOOL DISTRICT, AND THE HHS PERSON SHOWED UP AT THE SCHOOL AND SAID, WE HAVE A CHILD HERE THAT CAN'T BE AROUND SMALLER CHILDREN AND THE SCHOOL DISTRICT IS A K-8 COMBINATION. AND THEN THE SCHOOL DISTRICT WAS TOLD BY THE DICTATORS AT HHS, WELL, NOW, YOU'VE GOT TO HIRE A TEACHER TO TEACH THE CHILD AT HOME. A SINGLE TEACHER. AND THEN THEY SAID THAT WASN'T GOOD ENOUGH. THEY SAID, NOW YOU HAVE TO MAKE SURE THE CHILD GOES TO A SCHOOL DISTRICT THAT HAS A SEPARATE HIGH SCHOOL FROM THE GRADE SCHOOL AND YOU HAVE TO PAY THE TUITION OVER THERE. WE'VE GOT A PROBLEM WITH HHS. A REAL PROBLEM AND I DON'T...IF THIS IS WHAT WE HAVE TO DO, AND I DON'T KNOW ANYTHING ABOUT THE HHS PROBLEM, MY FAMILY HAS BEEN FINE. WE HAVEN'T EVER DEALT WITH THE FOLKS, THANK GOD. BUT WE'RE GOING TO SPEND MILLION AND A HALF...AND I'M NOT SO SURE READING THIS THING IS, THE REASON WE'RE DOING THIS IS BECAUSE THERE'S FEDERAL MONEY OUT THERE WE CAN MATCH WITH IT. WE'RE AFTER THE MATCH. IT HAPPENS TOO OFTEN. IT'S...YOU KNOW, IT'S JUST LIKE WHAT WE DEBATED YESTERDAY WITH MEDICAID EXPANSION. THERE'S FEDERAL MONEY OUT THERE, SO LET'S COME UP WITH A PROGRAM SO WE CAN MATCH IT. I DON'T LIKE THIS BILL, AND MAYBE SENATOR COASH CAN TELL ME OFF TO THE SIDE, OR SENATOR CAMPBELL, HOW THIS THING WORKS AND WHY WE'RE NOT ALREADY PLACING CHILDREN WITH FAMILY WHEN POSSIBLE. THANK YOU, MR. PRESIDENT. [LB243]

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SENATOR WATERMEIER: THANK YOU, SENATOR GROENE. THOSE IN THE QUEUE WISHING TO SPEAK: SENATOR CHAMBERS, BLOOMFIELD, BOLZ, AND KOLTERMAN. SENATOR CHAMBERS, YOU ARE RECOGNIZED. [LB243]

SENATOR CHAMBERS: THANK YOU. MR. PRESIDENT, MEMBERS OF THE LEGISLATURE, I HAVE A DIFFICULTY WITH THESE KINDS OF BILLS. THERE WERE SOME OF THESE SAME ORGANIZATIONS, I THINK, WHO HAD COME BEFORE...THEIR BILL CAME TO THE JUDICIARY COMMITTEE AND THEY WERE TALKING ABOUT PUTTING TOGETHER A PROGRAM WHERE MEN IN THE PENITENTIARY COULD MAKE PHONE CALLS AND STAY IN TOUCH WITH THEIR CHILDREN, OR WHATEVER IT WAS, AND THE FIRST GLARING DEFECT I SAW WAS IT DIDN'T INCLUDE THE FEMALE PRISONERS AT YORK. AND WHAT I'M WONDERING, IS THIS JUST A WAY TO GIVE A TEMPORARY REPRIEVE TO SOME OF THESE ORGANIZATIONS AND TO GUARANTEE THEM SOME MONEY? SO I WANT TO ASK SENATOR BOLZ A QUESTION OR TWO IF SHE WOULD YIELD. [LB243]

SENATOR WATERMEIER: SENATOR BOLZ, WOULD YOU YIELD? [LB243]

SENATOR BOLZ: OF COURSE. [LB243]

SENATOR CHAMBERS: SENATOR BOLZ, THIS MONEY IS GOING TO BE SPLIT UP AMONG THESE GROUPS THAT CAME AND SPOKE ON BEHALF OF THE BILL, ISN'T THAT TRUE? [LB243]

SENATOR BOLZ: NOT NECESSARILY. THE DEPARTMENT OF HEALTH AND HUMAN SERVICES WOULD DEVELOP AN RFP THAT FITS THE CRITERIA ARTICULATED IN THE BILL, DECIDE WHAT MAKES THE MOST SENSE IN TERMS OF ACHIEVING THE GOALS OUTLINED, AND THEN ALLOCATE THE DOLLARS. [LB243]

SENATOR CHAMBERS: BUT THESE GROUPS WOULD BE VYING FOR THE MONEY, WOULDN'T THEY? [LB243]

SENATOR BOLZ: I WOULD ASSUME SO. CERTAINLY WITH THEIR EXPERIENCE THEY WOULD BE COMPETITIVE, BUT THEY WOULD HAVE TO PROVE THEIR ABILITY TO SUCCESSFULLY ARTICULATE AND IMPLEMENT THE PROGRAMS. [LB243]

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SENATOR CHAMBERS: AND THEY'RE NOT THE KIND OF GROUPS THAT FAMILIES WOULD SEEK OUT, OR THE ATTORNEYS TRYING TO HELP FAMILIES WOULD SEEK OUT TO DO THESE THINGS, ARE THEY? LET ME PUT IT A DIFFERENT WAY. THE ONLY WAY THESE GROUPS ARE GOING TO STAY IN BUSINESS AT THIS POINT IS IF THEY GET SOME STATE FUNDING BY WAY OF THESE CONTRACTS, IS THAT TRUE OR IS THAT FALSE? [LB243]

SENATOR BOLZ: TO BE TRUTHFUL, SENATOR CHAMBERS, I CAN'T ARTICULATE TO YOU THE FINANCIAL STABILITY OF ANY GROUP THAT WOULD APPLY FOR THESE FUNDS BECAUSE WE DON'T KNOW WHO WOULD APPLY YET, AND I WOULD HOPE THAT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES WOULD ENSURE THAT THEY ARE INVESTING IN A FINANCIALLY SOUND ORGANIZATION AS THEY MOVE FORWARD IN THEIR RFP. [LB243]

SENATOR CHAMBERS: WELL, WHEN I MENTIONED THAT, I DON'T MEAN THEY'RE STEALING MONEY OR NOT PROPERLY SPENDING IT, IT SEEMS TO ME--AND I'VE BEEN LISTENING--THAT THEY DON'T HAVE A SOURCE OF INCOME. AND THAT'S WHAT THIS BILL WOULD PROVIDE. [LB243]

SENATOR BOLZ: THEY DON'T HAVE A SOURCE OF INCOME FOR THIS PARTICULAR PROGRAM, BUT CHRISTIAN HERITAGE, AS AN EXAMPLE, IMPLEMENTS OTHER SERVICES IN THE CHILD WELFARE SYSTEM AND SO THEY DO HAVE OTHER FUNDING STREAMS, INCLUDING PHILANTHROPIC FUNDING STREAMS. A VARIETY OF CHILD PLACING AGENCIES COULD APPLY SUCH AS CEDARS OR EVEN AN ORGANIZATION LIKE THE MEDIATION CENTER HAS EXPRESSED SOME INTEREST. SO, I WOULD HOPE THAT SOUND AGENCIES WOULD APPLY FOR THE FUNDS. [LB243]

SENATOR CHAMBERS: SINCE THIS IS A TEST AND THEY HAVE OTHER SOURCES OF MONEY, WHY DON'T THEY PUT TOGETHER A PROGRAM AND OFFER THEIR SERVICES TO PEOPLE WHO MAY NEED IT, OR IS THAT NOT FEASIBLE? [LB243]

SENATOR BOLZ: THEY HAVE DONE THAT TO A SIGNIFICANT EXTENT. THEY HAVE PURSUED PHILANTHROPIC FUNDS AND THEY'VE PUT SOME SKIN IN THE GAME THEMSELVES. BUT IN ORDER FOR THESE INITIATIVES TO BE SUSTAINABLE, THEY DO NEED THE ADDITIONAL FUNDING. FURTHER, I WOULD ARGUE THAT THE LANGUAGE IN THE BILL REQUIRES A PARTNERSHIP BETWEEN THESE CHILD PLACING AGENCIES AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES THAT WOULD BENEFIT BOTH, AND SO IT'S MORE THAN JUST THE DOLLARS. IT'S

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ALSO ABOUT THE PLAN, THE STRATEGY, THE SYSTEM, AND THE PARTNERSHIP.
[LB243]

SENATOR CHAMBERS: AND IF AFTER THE PERIOD OF TIME THAT IS PROVIDED FOR IN THE BILL THESE PROGRAMS HAVE NOT SHOWN THEMSELVES TO BE SUCCESSFUL IN WHATEVER IT IS THEY'RE GOING TO BE TRYING TO DO, THAT WOULD TERMINATE THIS PROGRAM AS FAR AS PARTICIPATION BY THE STATE IS CONCERNED? IS THAT TRUE OR FALSE? [LB243]

SENATOR WATERMEIER: ONE MINUTE. [LB243]

SENATOR BOLZ: THAT'S EXACTLY WHAT I...I DON'T HAVE ANY PATIENCE FOR INVESTING MONEY IN THINGS THAT DON'T WORK FOR OUR KIDS. THE LEGISLATION REQUIRES AN ACADEMIC INSTITUTION THAT HAS EXPERTISE IN CHILD WELFARE SYSTEMS TO DO AN EXTENSIVE EVALUATION OF THE OUTCOMES IN TERMS OF CHILD PLACEMENT, OUTCOMES FOR KIDS, AND THE FINANCIAL EFFECTIVENESS OF THE PROGRAM. AND SO IF WE'RE NOT MEETING HIGH STANDARDS, I WOULD NOT BE SUPPORTIVE OF CONTINUATION. I THINK WE WILL ACHIEVE HIGH STANDARDS, HOWEVER. [LB243]

SENATOR CHAMBERS: AND SINCE MY LIGHT IS ON, I WON'T ASK ANOTHER QUESTION NOW BECAUSE YOU WOULDN'T BE ABLE TO ANSWER IT, THERE'S NOT ENOUGH TIME, BUT THANK YOU. THANK YOU, MR. PRESIDENT. [LB243]

SENATOR WATERMEIER: THANK YOU, SENATOR CHAMBERS, SENATOR BOLZ. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB243]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I TURNED MY LIGHT ON WITH THE INTENTION OF TRYING TO ANSWER SENATOR GROENE'S QUESTION A LITTLE BIT. FOUR YEARS AGO WHEN I FIRST GOT HERE, I WAS PRIVILEGED TO SERVE ON HHS COMMITTEE. AT THAT TIME THE STATE WAS THROUGH HHS REMOVING CHILDREN, TO BE POLITE, TO SAY BY THE HANDFULS, WITHOUT REALLY LOOKING AT WHY. AND THEY WERE NOT ATTEMPTING TO PUT THEM WITH FAMILIES. AND I THINK TO A GREAT DEGREE, THEY STILL ARE NOT. IT WOULD MAKE COMMON SENSE. MY QUESTION AT THE TIME WAS, IS THE FAMILY ALWAYS THE BEST PLACE? NO, IT'S NOT ALWAYS THE BEST PLACE, BUT A GOOD SHARE OF THE TIME IT IS. BUT AS SENATOR CAMPBELL MENTIONED, AT THAT TIME CHILD SERVICES WAS A NIGHTMARE. IT HAS GOTTEN BETTER. STILL A BAD DREAM. HOPEFULLY, THE NEW DIRECTOR WILL GET US MOVING MORE IN THE

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RIGHT DIRECTION. I'M NOT SURE YET I'M GOING TO SUPPORT THIS BILL, BUT I UNDERSTAND WHAT THEY'RE TRYING TO DO AND THAT IDEA I DO SUPPORT. AND I'D YIELD THE REST OF MY TIME TO SENATOR CHAMBERS. HE SEEMS TO HAVE SOME INTERESTING QUESTIONS. [LB243]

SENATOR WATERMEIER: SENATOR CHAMBERS, YOU'RE YIELDED 3 MINUTES, 30 SECONDS. [LB243]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. THANK YOU, SENATOR BLOOMFIELD. AND SENATOR BOLZ, DO YOU MIND IF WE CONTINUE? IF AFTER THE PERIOD OF TIME THAT'S ALLOWED UNDER THE BILL AN ASSESSMENT AND EVALUATION IS MADE AND THE PROGRAM HAS NOT MET EXPECTATIONS, WHAT HAPPENS THEN? [LB243]

SENATOR WATERMEIER: SENATOR BOLZ, YOU YIELD? [LB243]

SENATOR BOLZ: CERTAINLY. MY EXPECTATION WOULD BE THAT THE STRATEGY WOULD NOT CONTINUE. I THINK THAT'S THE WISDOM OF THE HEALTH AND HUMAN SERVICES COMMITTEE AMENDMENT IN TERMS OF TURNING IT INTO A PILOT PROGRAM. I DO BELIEVE, HOWEVER, THAT THE NEXT EVOLUTION OF OUR CHILD WELFARE SYSTEM MOVES US BEYOND TEMPORARY SAFETY AND MOVES US TOWARDS CREATING STABLE, PERMANENT, HEALTHY ENVIRONMENTS FOR KIDS AND SUPPORTING EXTENDED FAMILY NETWORKS. SO, I DO BELIEVE IN THE MODEL AND THE INITIATIVE. EVALUATIONS FROM OTHER STATES, HAWAII IS A GOOD EXAMPLE, HAVE SHOWN THAT THE PROOF IS IN THE PUDDING. [LB243]

SENATOR CHAMBERS: WHY COULDN'T THE LEGISLATURE ORDER HHS TO JUST DO THESE THINGS IF WE'RE GOING TO DO SOMETHING LEGISLATIVELY? [LB243]

SENATOR BOLZ: WE CERTAINLY COULD. WE COULD PASS THIS PIECE OF LEGISLATION WITHOUT THE UNDERLYING FUNDING. IT IS MY BELIEF, HOWEVER, SENATOR, THAT THAT WOULD NOT CONTRIBUTE TO SUCCESS. THEY NEED STAFF. THEY NEED TRAVEL REIMBURSEMENT. THEY NEED TRAINING. THEY NEED RESOURCES TO DO THIS EFFECTIVELY IN A WAY THAT RESULTS IN BETTER OUTCOMES FOR KIDS. SO, I THINK THE RESOURCES ARE NECESSARY. [LB243]

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SENATOR CHAMBERS: AND IT'S YOUR FEELING THAT THIS IS SUCH A SPECIALIZED AREA THAT HHS WOULD BE INCAPABLE OF DOING WHAT THESE CONTRACTED GROUPS ARE GOING TO TRY TO DO? [LB243]

SENATOR BOLZ: I DON'T THINK THAT THEY ARE INCAPABLE. I DO THINK THAT THEY ARE CAPABLE. I DO THINK THAT THEY WOULD REQUIRE RESOURCES EVEN IF WE DID THIS INTERNALLY. AND I ALSO THINK THAT THERE IS WISDOM IN PILOTING THE INITIATIVES, TRYING DIFFERENT GEOGRAPHICAL AREAS, DIFFERENT POPULATIONS OF KIDS, AND DIFFERENT CHILD PLACING AGENCIES IN ORDER TO SEE WHAT WORKS BEST, AND I THINK THE CONTRACTED AGENCIES CAN DO THAT EFFECTIVELY. [LB243]

SENATOR WATERMEIER: ONE MINUTE. [LB243]

SENATOR CHAMBERS: IF WE DISCUSS THE ISSUE OF LIABILITY AND SOMETHING HAPPENS TO SOME OF THESE CHILDREN, IS THE CONTRACTOR LIABLE, OR IS THE STATE? IN OTHER WORDS, ARE THEY GOING TO HAVE TO HAVE INSURANCE OR BONDS OR SOMETHING? WHERE WILL LIABILITY REST? [LB243]

SENATOR BOLZ: IT'S A GOOD QUESTION. THESE ARE ALREADY CHILD PLACING AGENCIES, SO THEY ARE ALREADY AGENCIES THAT ARE IDENTIFIED IN OUR STATUTE AS AGENCIES THAT HAVE THE COMPETENCIES AND THE UNDERLYING REQUIREMENTS TO PLACE CHILDREN IN FOSTER CARE. SO THEY HAVE ALREADY BEEN VETTED. [LB243]

SENATOR CHAMBERS: ARE YOU SAYING THAT THESE AGENCIES ARE DOING THIS ALREADY? [LB243]

SENATOR BOLZ: I'M SAYING THAT ONLY CHILD PLACING AGENCIES WOULD BE ELIGIBLE FOR THE FUNDING OR THE PILOT INITIATIVE. THE AGENCIES ARE ALREADY PLACING CHILDREN IN FOSTER CARE. THEY'RE NOT NECESSARILY DOING ALL OF THE EVIDENCE-BASED STEPS OF A FAMILY FINDING PROCESS. [LB243]

SENATOR WATERMEIER: TIME, SENATORS. THANK YOU, SENATOR BLOOMFIELD, SENATOR CHAMBERS, AND SENATOR BOLZ. MR. CLERK. [LB243]

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Transcriber's Office

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ASSISTANT CLERK: MR. PRESIDENT, ONE ITEM. SENATOR HARR WOULD PRINT AMENDMENTS TO LB554. (LEGISLATIVE JOURNAL PAGE 1118.) [LB554]

AND I HAVE A PRIORITY MOTION. SENATOR HADLEY WOULD MOVE TO ADJOURN UNTIL FRIDAY, APRIL 10, AT 9:00 A.M.

SENATOR WATERMEIER: MEMBERS, YOU'VE HEARD THE PRIORITY MOTION TO ADJOURN THE BODY. ALL THOSE IN FAVOR SAY AYE. THOSE AGAINST SAY NAY. WE ARE ADJOURNED.