

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

Floor Debate
April 22, 2015

[LB67 LB191 LB294 LB317 LB371 LB423 LB461 LB469A LB469 LB519A LB519 LB538
LB599 LB605 LB610 LB629 LR187 LR188 LR189 LR190 LR202 LR203]

PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: GOOD MORNING, LADIES AND GENTLEMEN. WELCOME TO THE GEORGE W. NORRIS LEGISLATIVE CHAMBER FOR THE SIXTY-EIGHTH DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, FIRST SESSION. OUR CHAPLAIN FOR TODAY IS SENATOR WATERMEIER. PLEASE RISE.

SENATOR WATERMEIER: (PRAYER OFFERED.)

PRESIDENT FOLEY: THANK YOU, SENATOR WATERMEIER. I CALL TO ORDER THE SIXTY-EIGHTH DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, FIRST SESSION. SENATORS, PLEASE RECORD YOUR PRESENCE. ROLL CALL. MR. CLERK, PLEASE RECORD.

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

PRESIDENT FOLEY: THANK YOU, MR. CLERK. ARE THERE ANY CORRECTIONS FOR THE JOURNAL?

ASSISTANT CLERK: NO CORRECTIONS THIS MORNING.

PRESIDENT FOLEY: THANK YOU. ARE THERE ANY MESSAGES, REPORTS, OR ANNOUNCEMENTS?

ASSISTANT CLERK: ONE ITEM, MR. PRESIDENT, NEW RESOLUTION, LR202, BY SENATOR SCHEER. THAT WILL BE LAID OVER. THAT'S ALL I HAVE THIS MORNING. (LEGISLATIVE JOURNAL PAGES 1235-1236.) [LR202]

PRESIDENT FOLEY: THANK YOU, MR. CLERK. WHILE THE LEGISLATURE IS IN SESSION AND CAPABLE OF TRANSACTING BUSINESS, I PROPOSE TO SIGN AND DO HEREBY SIGN LR187, LR188, LR189, AND LR190. WE'LL NOW PROCEED TO THE FIRST ITEM ON THE AGENDA, GENERAL FILE, LB469A. MR. CLERK. [LR187 LR188 LR189 LR190 LB469A]

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ASSISTANT CLERK: MR. PRESIDENT, LB469A, INTRODUCED BY SENATOR SMITH.
(READ TITLE.) [LB469A]

PRESIDENT FOLEY: MEMBERS, PLEASE COME TO ORDER. SENATOR SMITH,
YOU'RE WELCOME TO OPEN ON LB469A. [LB469A]

SENATOR SMITH: THANK YOU, MR. PRESIDENT. GOOD MORNING, COLLEAGUES.
THIS IS SIMPLY THE A BILL TO LB469 THAT WE ADVANCED YESTERDAY. LB469A
APPROPRIATES \$411,750 FROM THE GENERAL FUND FOR FISCAL YEAR 2015-2016
TO THE STATE ENERGY OFFICE. THIS IS TO COVER THE COST OF ASSESSING THE
IMPACT OF THE STATE IMPLEMENTATION PLAN REQUIRED BY THE EPA AND TO
DEVELOP A MORE COMPREHENSIVE STATE ENERGY PLAN. FOR FISCAL YEAR
2016-17, \$218,472 IS APPROPRIATED TO ENERGY OFFICE FOR THE ONGOING COST
OF THE STATE ENERGY PLAN. AGAIN, THIS IS THE COMPANION A BILL TO LB469
THAT WE MOVED YESTERDAY MORNING AND IT NEEDS TO CATCH UP WITH THE
UNDERLYING BILL, SO I ASK YOU PLEASE TO VOTE GREEN ON LB469A. THANK
YOU, MR. PRESIDENT. [LB469A LB469]

PRESIDENT FOLEY: THANK YOU, SENATOR SMITH. DEBATE IS NOW OPEN ON
LB469A. SEEING NO SENATORS WISHING TO SPEAK, SENATOR SMITH, YOU'RE
WELCOME TO CLOSE. SENATOR SMITH WAIVES CLOSING. THE QUESTION IS THE
ADVANCE OF LB469A TO E&R INITIAL. ALL THOSE IN FAVOR VOTE AYE; THOSE
OPPOSED VOTE NAY. HAVE YOU ALL VOTED WHO CARE TO? RECORD, PLEASE,
MR. CLERK. [LB469A]

ASSISTANT CLERK: 30 AYES, 0 NAYS ON THE MOTION TO ADVANCE THE BILL, MR.
PRESIDENT. [LB469A]

PRESIDENT FOLEY: LB469A ADVANCES. NEXT BILL, LB519A. MR. CLERK. [LB469A
LB519A]

ASSISTANT CLERK: MR. PRESIDENT, LB519A, INTRODUCED BY SENATOR
SULLIVAN. (READ TITLE.) [LB519A]

PRESIDENT FOLEY: SENATOR SULLIVAN, YOU'RE WELCOME TO OPEN ON LB519A.
[LB519A]

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SENATOR SULLIVAN: THANK YOU, LIEUTENANT GOVERNOR AND MEMBERS. AS INDICATED, THIS IS THE A BILL THAT ACCOMPANIES LB519 THAT WE TALKED ABOUT AND PASSED ON GENERAL FILE A COUPLE OF WEEKS AGO THAT IDENTIFIES NEW USES FOR AND ALLOCATIONS FOR USING THE LOTTERY DOLLARS FOR EDUCATIONAL PURPOSES. THIS A BILL THEN GIVES THE AGENCIES THAT WILL BE CARRYING OUT THOSE NEW ALLOCATIONS THE AUTHORITY TO SPEND AND HOW MUCH THEY CAN SPEND NOT ONLY FOR THE PROGRAM ITSELF, BUT ALSO FOR ADMINISTRATION AND PERSONNEL, WITH THE EXCEPTION OF THE NEBRASKA OPPORTUNITY GRANTS WHICH GETS THE LARGEST PART OF THE ALLOCATION. I WON'T GO INTO THEM IN DETAIL UNLESS, OF COURSE, THERE ARE INDIVIDUALS IN THE BODY THAT WOULD LIKE ME TO. BUT I URGE YOUR ADVANCEMENT OF LB519A. THANK YOU, LIEUTENANT GOVERNOR. [LB519A LB519]

PRESIDENT FOLEY: THANK YOU, SENATOR SULLIVAN. DEBATE IS NOW OPEN ON LB519A. SEEING NO SENATORS WISHING TO SPEAK, SENATOR SULLIVAN, YOU'RE WELCOME TO CLOSE. SENATOR SULLIVAN WAIVES CLOSING. THE QUESTION IS THE ADVANCE OF LB519A TO E&R INITIAL. ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. HAVE YOU ALL VOTED WHO CARE TO? RECORD, PLEASE, MR. CLERK. [LB519A]

ASSISTANT CLERK: 30 AYES, 0 NAYS ON THE MOTION TO ADVANCE THE BILL, MR. PRESIDENT. [LB519A]

PRESIDENT FOLEY: THANK YOU. LB519A ADVANCES. (DOCTOR OF THE DAY AND VISITORS INTRODUCED.) RETURNING NOW TO GENERAL FILE, LB423, MR. CLERK. [LB519A LB423]

ASSISTANT CLERK: MR. PRESIDENT, LB423. (READ TITLE.) THE BILL WAS INTRODUCED BY SENATOR NORDQUIST AND OTHERS, WAS REFERRED TO THE REVENUE COMMITTEE. THE BILL WAS CONSIDERED YESTERDAY AT WHICH TIME THE REVENUE COMMITTEE AMENDMENTS WERE OFFERED, AS WELL AS AN AMENDMENT TO THE COMMITTEE AMENDMENTS FROM SENATOR SCHUMACHER. [LB423]

PRESIDENT FOLEY: SENATOR NORDQUIST, YOU'RE WELCOME TO OPEN ON LB423. [LB423]

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SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. I'LL DO A BRIEF REFRESHER. THIS BILL WOULD CREATE A TAX CREDIT FOR RENEWABLE ENERGY PRODUCTION IN NEBRASKA. IT'S CRITICAL WE DO IT AT THIS TIME BECAUSE THERE IS SO MUCH CHANGE GOING ON BOTH...WELL, JUST ACROSS THE COUNTRY IN THE PORTFOLIOS OF UTILITIES. AND IT IS A ONCE-IN-A-LIFETIME OPPORTUNITY BECAUSE, AS WE SEE JUST OVER THE LAST COUPLE YEARS AND IN 2015, WE'RE GOING TO SEE GETTING CLOSE TO 100 COAL PLANTS AROUND THE COUNTRY BEING SHUT DOWN. AND AS UTILITIES TRANSITION AWAY AND LOOK TO DIVERSIFY THEIR ENERGY PORTFOLIO, WE NEED TO BE IN THE GAME. AND RIGHT NOW, WITHOUT A PRODUCTION TAX CREDIT, WE ARE NOT IN THAT GAME. WITH THE UNDERLYING BILL, WE STARTED AT 1.5 CENTS FOR EACH KILOWATT-HOUR OF ENERGY GENERATED BY A FACILITY THAT BEGINS...AN ELECTRIC-GENERATING FACILITY THAT BEGINS OPERATIONS ON OR AFTER THE EFFECTIVE DATE OF THE ACT. THE REVENUE COMMITTEE BILL BRINGS THAT DOWN, BRINGS DOWN THE FISCAL NOTE OVER THE BIENNIUM. THAT'S A...IT WOULD BE \$2.9 MILLION. AND IT IS A PRODUCTION TAX CREDIT FOR THE ENERGY PRODUCED, SO IT ISN'T, YOU KNOW, A HANDOUT, A GRANT PROGRAM THAT DOESN'T REQUIRE ANYTHING. THE ACCOUNT OF...TO GET THE DOLLARS, YOU HAVE TO PRODUCE. THAT'S WHY A TAX CREDIT APPROACH LIKE THIS MAKES SENSE. YOU ONLY GET IT BASED ON THE ACTUAL RENEWABLE ENERGY THAT YOU PRODUCE. AND WE HEARD YESTERDAY, WE TALKED A LOT ABOUT THE BENEFITS OF THIS. FIRST OF ALL, IT HAS TO BE IN C-BED, WHICH MEANS THAT 25 PERCENT OF THE INVESTMENT, AND A SUBSTANTIAL INVESTMENT AT THAT, HAS TO BE NEBRASKA SPENDING, MEANING NEBRASKA COMPANIES, NEBRASKA MANUFACTURING, OTHER NEBRASKA DOLLARS GOING INTO THE NEBRASKA ECONOMY. IT'S LAND-LEASE PAYMENTS TO LANDOWNERS ACROSS NEBRASKA. IT'S PROPERTY TAXES. AND IN SOME OF THOSE...IN SOME OF OUR COUNTIES, YOU KNOW, A LARGE RENEWABLE ENERGY DEVELOPMENT PROJECT COULD OFFSET UPWARDS OF 40 PERCENT OF PROPERTY TAXES IN THOSE COUNTIES. IT'S A REAL ECONOMIC DEVELOPMENT TOOL. AND WE'RE TALKING ABOUT REDUCING PROPERTY TAXES. THERE REALLY AREN'T A LOT OF WAYS TO DO THAT, TO ACTUALLY GROW THE VALUE OF PROPERTY IN NEBRASKA. WE DID THAT LAST YEAR. AND THAT'S KIND OF THE TWO APPROACHES I TAKE IS ACTUALLY PUTTING THINGS IN THE GROUND. THAT'S HOW WE'RE GROWING PROPERTY TAXES. ONE OF THEM LAST YEAR WAS THE HISTORIC TAX CREDIT BILL WHICH WE INCREASED THE VALUE OF PROPERTIES THAT ARE HERE IN NEBRASKA. THEY CAN'T BE PLUCKED UP AND TAKEN TO ANOTHER STATE. SAME HERE. WE ARE PUTTING COMPONENTS IN THE GROUND THAT ARE GOING TO BE HERE FOR 50 YEARS OR MORE, GENERATING REVENUE WELL BEYOND THE LENGTH OF THE CREDIT. SO I WOULD APPRECIATE MY COLLEAGUES ADVANCING

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LB423. I AM NOT IN FAVOR OF FA48 TO THE COMMITTEE AMENDMENT AND I CAN SPEAK TO THAT. I HAVE MY LIGHT ON AND WILL SPEAK TO MY CONCERNS ABOUT THAT. THANK YOU. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR NORDQUIST. AS THE CLERK ANNOUNCED, THERE IS A COMMITTEE AMENDMENT FROM THE REVENUE COMMITTEE. SENATOR GLOOR, AS CHAIR OF THE COMMITTEE, YOU'RE WELCOME TO OPEN ON THE COMMITTEE AMENDMENT. (AM1103, LEGISLATIVE JOURNAL PAGE 1049.) [LB423]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. GOOD MORNING, MEMBERS. SINCE THIS IS A REVIEW, I WON'T COVER ALL OF THE DIFFERENCES BETWEEN THE GREEN COPY AND THE COMMITTEE AMENDMENT, BUT I'LL HIGHLIGHT SOME OF THE MORE IMPORTANT BIG CHUNKS OF THE COMMITTEE AMENDMENT, AM1103: CLARIFIES THE DEPARTMENT OF REVENUE MUST APPROVE THE PROJECT UNDER THE REQUIREMENTS FOR RURAL C-BED PROJECT; CHANGES THE CALCULATION OF THE CREDIT BASED ON PER KILOWATT FROM THE PROPOSED 1.5 CENTS PER KILOWATT TO A SLIDING SCALE OVER TEN YEARS--THIS WAS TO BRING THE FISCAL NOTE DOWN, IT STARTS AT 1 CENT FOR YEARS ONE AND TWO AND THEN IS DECREASED BY .10 CENTS DOWN TO .6 CENTS FOR YEARS NINE AND TEN--CLARIFIES THAT THE CREDIT MUST BE CLAIMED FOR THE FIRST TIME IN THE YEAR THAT THE PROJECT BEGINS COMMERCIAL PRODUCTION AND ANY UNUSED CREDIT MAY BE CARRIED FORWARD FOR UP TO FIVE YEARS AFTER THE FIRST YEAR; IT LIMITS TRANSFERABILITY OF THE CREDITS TO PROJECTS THAT HAVE A NAMEPLATE CAPACITY OF 20 MEGAWATTS OR LESS--AGAIN, BY WAY OF FURTHER EXPLANATION, WE'RE TOLD THAT A TURBINE, AS AN EXAMPLE, FOR PURPOSES OF WIND ENERGY IS ABOUT 1.5-2 MEGAWATTS, SO WE'RE TALKING ABOUT PROJECTS OF 10-13 TOWERS MAXIMUM--DEFINES SUCH PROJECTS TO INCLUDE ALL GENERATING EQUIPMENT LOCATED WITHIN ONE MILE OF ANY OTHER GENERATING EQUIPMENT USING THE SAME FUEL SOURCE AND INTERCONNECTING TO SUCH OTHER GENERATING EQUIPMENT AS A SINGLE FACILITY; REQUIRES THE OPERATOR TO MAKE THE CREDIT ELECTION PER KILOWATT-HOUR VERSUS 30 PERCENT OF COST OF CONSTRUCTION PRIOR TO PLACING THE PROJECT INTO COMMERCIAL OPERATION; REQUIRES AN ANNUAL REPORT OF ACTUAL PRODUCTION IF CLAIMING THE PER-KILOWATT CREDIT; CLARIFIES THAT FLOW-THROUGH ENTITIES SUCH AS PARTNERSHIPS, "S CORP," LLCs DISTRIBUTE THOSE CREDITS TO THE PARTNERS OR SHAREHOLDERS TO USE AGAINST THEIR TAX LIABILITY; AND CLARIFIES CREDIT MAY NOT BE CLAIMED FOR TAX YEARS BEGINNING PRIOR TO JANUARY 1, 2017. THAT'S, AGAIN, SOME

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HIGHLIGHTS OF THE COMMITTEE AMENDMENT. THANK YOU, MR. PRESIDENT.
[LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR GLOOR. MR. CLERK. [LB423]

ASSISTANT CLERK: MR. PRESIDENT, THERE IS AN AMENDMENT TO THE
COMMITTEE AMENDMENT FROM SENATOR SCHUMACHER THAT WAS OFFERED
YESTERDAY. (FA48, LEGISLATIVE JOURNAL PAGE 1231.) [LB423]

PRESIDENT FOLEY: SENATOR SCHUMACHER, YOU'RE WELCOME TO OPEN ON THE
FLOOR AMENDMENT. [LB423]

SENATOR SCHUMACHER: I BELIEVE WE OPENED ON THIS EARLIER, BUT IN BRIEF
SUMMARY, THIS PARTICULAR FINANCING MECHANISM IS VERY POOR TAX
POLICY. IT DEALS WITH SOMETHING WE HAVE RARELY DONE IN OUR TAX CODE
AND THAT IS ALLOW TRANSFERABILITY OF CREDITS. WHY IS THAT A BAD DEAL?
IT'S A BAD DEAL BECAUSE THE STATE LOSES 100 PERCENT AND THE
BENEFICIARY, WHATEVER WIND COMPANY OR WHOEVER IS A BENEFICIARY,
GETS A REDUCED RATE. SOMETIMES THEY TAKE A 15 PERCENT BURN AND A
MIDDLEMAN GETS FAT. THIS AMENDMENT SAYS NO MORE THAN A 3 PERCENT
DISCOUNT. TRANSFERABILITY IS BAD TAX POLICY AND THAT'S WHAT FA48
ATTEMPTS TO BEGIN TO ADDRESS. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHUMACHER. DEBATE IS NOW OPEN
ON LB423 AND RELATED AMENDMENTS. SENATOR NORDQUIST, YOU'RE
RECOGNIZED. [LB423]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. I'M GOING
TO DO MY BEST TO EXPLAIN MY CONCERN ABOUT FA48. THE COMPONENT
ABOUT NO COMMISSIONS ON IT, THAT ISN'T A CONCERN. THE CONCERN IS WHAT
THE TAX CREDITS CAN BE SOLD AT AND IN THE AMENDMENT IT'S...A 3 PERCENT
DISCOUNT RATE IS THE...SO THE MOST...IF I'M SELLING A CREDIT TO SENATOR
RIEPE, HE HAS TO PAY ME AT LEAST 97 CENTS ON THE DOLLAR FOR IT. HE CAN'T
PAY ME ANY LESS THAN THAT. AND HERE IS THE CONCERN, IS THAT THIS TAX
CREDIT IS A TEN-YEAR TAX CREDIT. THE REASON WE HAVE TRANSFERABILITY
IN THERE, IT'S, AGAIN, ONLY FOR THE SMALL PROJECTS. SO IT'S NOT
COMPLETELY TRANSFERABLE, ONLY FOR PROJECTS OF 20 MEGAWATTS OR LESS.
SO THE PROJECT THAT SENATOR BRASCH SPOKE ABOUT YESTERDAY IN HER
DISTRICT, WHICH IS A GREAT PROJECT, BURT COUNTY WIND, IS A 12-MEGAWATT

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PROJECT. IT'S A SMALLER PROJECT. THEY NEED FUNDING UP-FRONT. THEY JUST DON'T HAVE THE RESOURCES TO BE ABLE TO PULL THE PROJECT OFF WITHOUT GETTING THE CAPITAL UP-FRONT. SO THEY TAKE THE CREDITS THAT THEY ARE EXPECTING TO EARN OVER TEN YEARS AND THEY, YOU KNOW, GO AHEAD AND SIGN AN AGREEMENT WITH SOMEBODY TO BUY THOSE CREDITS FROM THEM. THAT PERSON IS TAKING ON A FAIR AMOUNT OF RISK BECAUSE THE WIND STOPS BLOWING, PRODUCTION DOESN'T COME IN THE WAY IT IS, THEY DON'T KNOW EXACTLY HOW MUCH THOSE CREDITS ARE GOING TO BE OVER THE NEXT TEN YEARS. SO FIRST OF ALL, YOU HAVE THE ADMINISTRATIVE BURDEN. IF I HAVE A TAX BURDEN, I'M NOT GOING TO PAY SENATOR RIEPE...HE'S NOT GOING TO PAY ME 97 CENTS FOR MY CREDITS WHEN HE COULD SIMPLY GO AND PAY DOLLAR FOR DOLLAR ON HIS TAX BURDEN. THAT ISN'T ENOUGH OF A PREMIUM, FIRST OF ALL, ON THE ADMINISTRATIVE SIDE. BUT THEN IF YOU THINK THAT RISK THAT HE'S TAKING ON BY BUYING MY CREDITS FOR THE PROJECT THAT I'M NOT...I DON'T EARN THOSE CREDITS UNTIL THE FULL TEN...I MEAN IT'S TEN YEARS OF EARNING THOSE CREDITS. THERE IS RISK THAT'S INVOLVED IN THAT AND ALSO THE TIME VALUE OF MONEY. I'M GIVING...I KEEP SAY I'M GIVING SENATOR RIEPE. HE'S BUYING MY CREDITS. SENATOR RIEPE IS GIVING ME THE MONEY UP-FRONT FOR CREDITS HE CAN GET TEN YEARS FROM NOW THAT HE CAN CASH IN TO THE DEPARTMENT OF REVENUE TEN YEARS FROM NOW. OBVIOUSLY, THAT MONEY IS WORTH LESS IN TEN YEARS THAN THE CASH HE'S GIVING ME TODAY. OBVIOUSLY, WITH INFLATION, THE TIME VALUE OF MONEY, THAT MAKES SENSE. SO THERE HAS TO BE A BIGGER PREMIUM ON THAT TAX CREDIT. NOW YESTERDAY SENATOR SCHUMACHER SAID, WELL, IF WE'RE GOING TO HAVE TAX CREDITS AND TRANSFERABILITY AND LOSE SOME VALUE ON IT, WHY DON'T WE JUST DO A GRANT PROGRAM? WELL, THE POINT OF A TAX CREDIT LIKE THIS IS IT REQUIRES PRODUCTION. A GRANT PROGRAM, WE COULD THROW MONEY OUT FRONT AND SAY, YEAH, WE HOPE THAT PROJECT GOES WELL, WE HOPE IT PRODUCES RENEWABLE ENERGY. BUT IF THEY WANT TO SHUT DOWN THAT TURBINE TODAY AND NOT PRODUCE ANYMORE, WE JUST THREW A BUNCH OF MONEY OUT THE WINDOW. BUT WITH A TAX CREDIT THAT'S BASED ON PRODUCTION, YOU ACTUALLY ONLY GET THE CREDIT IF YOU PRODUCE THE RENEWABLE ENERGY. THAT'S WHY WE DO IT THROUGH A TAX CREDIT APPROACH RATHER THAN A GRANT APPROACH. THE TRANSFERABILITY PIECE IS CRITICAL, AS I SAID, FOR THE SMALL PROJECTS. I KNOW SENATOR SCHUMACHER DOESN'T LIKE IT. HE DIDN'T LIKE IT ON THE HISTORIC TAX CREDIT BILL LAST YEAR WHEN WE DID IT. AGAIN, WE TARGETED THOSE TRANSFERABILITIES TO LIMITED. IT WASN'T FULLY TRANSFERABLE. AND AGAIN, THAT WAS IMPORTANT FOR PEOPLE WHO NEEDED TO MONETIZE THAT CREDIT UP-FRONT AND GET THE CASH TO BE ABLE TO PULL OFF THE PROJECTS. THE SAME GOES IN THIS CASE. SO

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THE PROBLEM WITH FA48 IS IT COMPLETELY UNDERMINES...IT ESSENTIALLY ELIMINATES THE TRANSFERABILITY FOR THOSE SMALL PROJECTS BECAUSE THOSE CREDITS,... [LB423]

PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR NORDQUIST: ...QUITE FRANKLY, WON'T BE TRANSFERABLE. NO ONE IS GOING TO BUY THOSE CREDITS FOR 97 CENTS, PAY 97 CENTS ON THE DOLLAR FOR THEM. SO THE CONCERN IS, IF WE DON'T LIKE TRANSFERABILITY, WE DON'T WANT TO GIVE SMALL PROJECTS LIKE IN SENATOR BRASCH'S DISTRICT THE ABILITY TO GET THE MONEY UP-FRONT TO COMPLETE THE PROJECT, THEN THAT'S AN OPTION. BUT THE REVENUE COMMITTEE VERY MUCH HAD A DEBATE ON THIS AND THE REVENUE COMMITTEE ON A, I BELIEVE, A 6-2 VOTE CHOSE TO KEEP TRANSFERABILITY. IT WASN'T THE WAY IT WAS IN THE INITIAL BILL. THEY DID SCALE IT BACK TO THE SMALLER PROJECTS, WHICH I SAID I'M WILLING TO AGREE WITH THEM ON. SO THERE HAS BEEN WORK ON THIS. THERE HAS BEEN COMPROMISE ON THIS. I GET THAT SENATOR SCHUMACHER DOESN'T LIKE THAT TAX POLICY. BUT I THINK IN A TARGETED APPROACH LIKE THIS THAT'S LIMITED TO SMALL PROJECTS, IT MAKES GOOD SENSE. SO I ENCOURAGE MY COLLEAGUES TO VOTE DOWN FA48. THANK YOU. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR NORDQUIST. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB423]

SENATOR SCHNOOR: THANK YOU, SIR. WHEN YOU DRIVE AROUND NEBRASKA, HAVE YOU EVER WONDERED WHY THERE IS VERY FEW OF THE BIG WINDMILLS AROUND? IT'S BECAUSE WITHOUT ANY OF THESE TAX CREDITS, THEY ARE...THEY DON'T PAY FOR THEMSELVES. THEY ARE A POOR ECONOMIC INVESTMENT AND IT'S...IT WOULD NOT BE WISE FOR US TO GO DOWN THIS ROUTE. THE...IF YOU LOOK AT IT FROM AN ENVIRONMENTAL POINT OF VIEW, THE ENVIRONMENTALISTS THINK THIS IS A GREAT THING BECAUSE IT'S RENEWABLE ENERGY. BUT THE ONE THING THEY DON'T LOOK AT IS WHO HAS TO STARE AT THESE THINGS. THE ENVIRONMENT INCLUDES MORE THAN JUST POLLUTING OUR WATERS, POLLUTING OUR AIR, CONTAMINATING OUR GROUND. IT INCLUDES THE THINGS WE HAVE TO LOOK AT. I LIVE IN THE COUNTRY AND THE LAST THING I WANT TO SEE ON MY HORIZON IS A WINDMILL 400 FEET IN THE AIR. NOW AM I GOING TO SEE THAT...ONE OF THOSE OFF OF MY FARM? NOT VERY LIKELY. BUT WHEN THE FOLKS FROM AREAS WHERE THESE POSSIBLE DEVELOPMENTS COULD GO IN SAY THESE THINGS, IT MAKES PERFECT SENSE TO

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ME. AND THE ENVIRONMENTALISTS, THEY DON'T LOOK AT IT FROM THAT POINT OF VIEW BECAUSE THEY DON'T LOOK AT THE FACT THAT...THEY DON'T TAKE INTO ACCOUNT THAT THEY HAVE TO SIT THERE AND LOOK AT THIS WINDMILL. SO THAT'S AN ENVIRONMENTAL POINT OF VIEW. SO WHY ARE THERE NO WINDMILLS IN NEBRASKA? BECAUSE IT SIMPLY DOESN'T MAKE ECONOMIC SENSE, AND THAT WAS PROVEN THROUGH AN INTERIM STUDY FROM THE BRATTLE GROUP. TWO FOLKS WERE HERE WITHIN...OH, SINCE WE'VE BEEN IN SESSION. THEY TALKED TO US FOR AN ENTIRE AFTERNOON AND THE GIST OF THE WHOLE PRESENTATION WAS, IS THERE WIND IN NEBRASKA? OH, YEAH, THERE IS A LOT OF IT. DOES IT MAKE THE BEST ECONOMIC SENSE TO CONSTRUCT ALL THESE WINDFARMS AND PUT IN ALL THESE TRANSMISSION LINES? NO, IT DOESN'T. SO I WOULD STRONGLY ENCOURAGE EVERYBODY TO VOTE AGAINST THIS BECAUSE...AND I WOULD...JUST TO QUOTE SENATOR NORDQUIST, IN HIS OPENING STATEMENT HE SAID, WITHOUT PRODUCTION TAX CREDIT, WE ARE NOT IN THE GAME. WE ARE NOT IN THE GAME BECAUSE WIND ENERGY CANNOT PAY FOR ITSELF IF IT'S NOT GIVEN SUBSIDIES BY THE GOVERNMENT. THAT'S WHY THERE IS NO WIND ENERGY IN NEBRASKA, BECAUSE IT DOESN'T PAY FOR ITSELF. SO LET'S LOOK AT IT...THIS FROM A PURELY ECONOMIC STANDPOINT. AS A BUSINESSMAN, YOU KNOW, I WOULD NEVER...COULD NEVER AFFORD SOMETHING LIKE THIS ANYWAY. BUT I WOULD NEVER PUT IN A WIND TOWER JUST BECAUSE IT DOESN'T RETURN ITS INVESTMENT. IT WILL NEVER, EVER PAY FOR ITSELF BEFORE IT WEARS OUT. SO THAT'S MY PERSPECTIVE ON IT. I DO...I AM IN FAVOR OF THE FLOOR AMENDMENT. I'M NOT 100 PERCENT SURE ABOUT THE REVENUE COMMITTEE'S AMENDMENT, BUT I AM DEFINITELY OPPOSED TO LB423. THANK YOU, SIR.
[LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHNOOR. SENATOR KEN HAAR, YOU'RE RECOGNIZED. [LB423]

SENATOR HAAR: MR. PRESIDENT, MEMBERS OF THE BODY, I TALKED ON THE MIKE ONCE ON THIS ABOUT THE ECONOMIC DEVELOPMENT AND AGAIN I WOULD REFER YOU BACK TO THE CHARTS SHOWING THAT THE PROJECT INVESTMENT IN IOWA HAS BEEN IN THE ORDER OF \$10-11 BILLION, AND IN NEBRASKA IT'S MAYBE \$1.5 BILLION RIGHT NOW. ALTHOUGH NEBRASKA HAS THIS GREAT WIND POTENTIAL, WE'RE NUMBER THREE IN THE COUNTRY. IOWA IS NUMBER 12. THEY HAVE DEVELOPED THAT AND IT'S PRODUCED JOBS, IT'S PRODUCED INCOME TAX, IT'S PRODUCED REVENUE FOR LANDOWNERS AND PROPERTY TAXES FOR COUNTIES, CERTAINLY. I'M GOING TO TALK A NUMBER OF TIMES TODAY. SO I'D LIKE TO BRING YOUR ATTENTION TO AN ANNOUNCEMENT

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THAT NPPD MADE THE OTHER DAY AND I'LL GIVE YOU A LITTLE BIT OF BACKGROUND ON THIS. THE HALLAM POWER STATION...NPPD'S HALLAM POWER STATION HAS TWO STEAM BOILERS AND IT WAS CHANGED TO COAL A NUMBER OF YEARS...QUITE A NUMBER OF YEARS AGO BECAUSE IT STARTED OUT AS A NUCLEAR POWER PLANT AND IT WAS KIND OF A TEST CASE FOR DIFFERENT KINDS OF NUCLEAR POWER. AND THIS ONE WAS A SODIUM-COOLED NUCLEAR POWER PLANT. AND ANYBODY WHO HAS TAKEN CHEMISTRY AND THROWN THAT LITTLE BIT OF SODIUM INTO WATER AND WATCH IT DANCE KNOWS THAT SODIUM IS PROBABLY NOT THE BEST COOLANT IF THERE IS AN ACCIDENT. SO IT TURNED OUT IT WAS NOT THE BEST USE FOR A NUCLEAR POWER STATION, SO IT WAS CONVERTED TO COAL. AND NPPD JUST MADE AN ANNOUNCEMENT THAT THEY'RE GOING TO CONVERT ONE OF THOSE TWO BURNERS INTO BURNING PURE HYDROGEN, WHICH WILL COME OFF A PRODUCTION FACILITY LOCATED NEXT TO THE POWER PLANT, AND THAT NEW PRODUCTION FACILITY WILL BE PRODUCING CARBON. SO THEY'RE GOING TO TAKE NATURAL GAS AND STRIP OFF THE CARBON AND ONE OF THE THINGS THAT'S LEFT IS HYDROGEN AND THE HYDROGEN WILL BE USED TO POWER ONE OF THE TWO STEAM BOILERS AT SHELDON. THE GOVERNOR SAID ABOUT THAT, HE SAID, THIS IS A GREAT DAY FOR NEBRASKA AND THE ENVIRONMENT, WHAT A WONDERFUL PROJECT, THE VENTURE COULD HAVE A \$400 MILLION IMPACT ON THE STATE'S ECONOMY AND CREATE AS MANY AS 600 JOBS, THE GOVERNOR SAID. GREAT DEAL. NOW PART OF THAT, THE PROJECT...THAT PROJECT TO CONVERT NATURAL GAS TO CARBON, STRIP OFF THE CARBON AND BURN THE HYDROGEN TO PRODUCE ELECTRICITY, THE PROJECT WILL USE A VARIETY OF STATE INCENTIVES TO BUILD IT, STATE INCENTIVES TO BUILD THAT PROJECT. THE ARTICLE REFERS TO STATE TAX CREDITS, STATE JOB TRAINING FUNDS, AND A REDUCED ELECTRIC RATE. AND SO I GUESS THE ARGUMENT I'M MAKING HERE IS IF STATE INCENTIVES ARE GOOD FOR THE BIG BUSINESS, IT'S GOING TO PRODUCE CARBON AT HALLAM, THEY OUGHT TO BE AVAILABLE TO SMALL BUSINESSES AND SMALLER COMMUNITIES. AND THAT'S WHAT THIS BILL, THIS CURRENT BILL, LB423 IS ABOUT BECAUSE IT WOULD BE CONFINED TO C-BED PROJECTS, COMMUNITY-BASED ENERGY DEVELOPMENT. AND I'LL TALK ABOUT THAT ANOTHER TIME AT THE MIKE. THEN THERE WAS ANOTHER ARTICLE IN THE LINCOLN JOURNAL STAR AND IT WAS CALLED "STUDY: NEBRASKA ETHANOL HAS \$5 BILLION IMPACT." AND JUST A LITTLE BIT OF THIS, THIS IS FROM APRIL 14 OF THIS YEAR: ETHANOL HAD A NEARLY \$5 BILLION IMPACT ON NEBRASKA'S ECONOMY LAST YEAR. AND WHAT WE'RE TALKING ABOUT WITH WIND DEVELOPMENT, IOWA HAS HAD A \$10-11 BILLION INVESTMENT IN THE STATE'S ECONOMY BECAUSE OF WIND DEVELOPMENT IN THAT STATE. HERE IS ANOTHER ONE: LES LAST SPRING, TO

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THEIR CREDIT, IN FEBRUARY MADE AN ANNOUNCEMENT THAT THEY WERE GOING TO BUY NEW WIND AND INSTALL A SOLAR COMPLEX. [LB423]

PRESIDENT FOLEY: TIME, SENATOR. [LB423]

SENATOR HAAR: THANK YOU. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR HAAR. SENATOR GROENE, YOU'RE RECOGNIZED. [LB423]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. IN LINCOLN COUNTY, WE HAVE THE GERALD GENTLEMAN POWER PLANT. IT'S ONE OF THE TOP 50 IN THE NATION IN OUTPUT WITH THE PUBLIC POWER DISTRICT. YEARS AGO, YOU COULD SEE SMOKE COMING OUT OF THE STACKS. NOW YOU DRIVE BY IT AND YOU THINK IT'S SHUT DOWN BECAUSE THE COAL IS SO CLEAN AND THE SCRUBBERS ARE SO EFFICIENT. IT'S CLEAN ENERGY. ALSO, IN LINCOLN COUNTY WE HAVE THE LARGEST RAIL YARD IN THE WORLD, CLASSIFICATION RAIL YARD. AND IT'S COAL TRAINS THAT GO THROUGH THERE, CLEAN COAL FROM WYOMING. IT'S 250, 300 MILES FROM GERALD GENTLEMAN. THERE'S THE BIGGEST DISPOSITIVE CLEAN COAL IN THE WORLD. THE RAIL YARD, UP, WITHOUT COAL, WE LOSE JOBS. GERALD GENTLEMAN HAS HIGH-PAYING JOBS, MANY OF THEM, THAT SUPPORT SUTHERLAND, NEBRASKA, AND NORTH PLATTE, NEBRASKA. WE HAVE A GREAT POWER SOURCE IN NEBRASKA AND IT USED TO BE CHEAP, BUT LATELY WE'VE SEEN ARTICLES AND FACTS THAT IT ISN'T AS CHEAP AS IT USED TO BE, THE PUBLIC POWER. AND PART OF IT IS OUTSIDE FORCES UNRELATED TO ECONOMICS OR FREE MARKETS ARE PUSHING THE MARKET TO DIFFERENT SOURCES OF ENERGY. WE'RE NOT CALIFORNIA. WE'RE NOT ARIZONA. WE'RE NOT EVEN IOWA. WE HAVE 1.8 MILLION PEOPLE. SO WHEN YOU START PUTTING OUTSIDE FORCES OF UNECONOMIC SUPPLY OF ENERGY INTO OUR PUBLIC POWER, IT REFLECTS THE RATES OF THE CITIZENS OF NEBRASKA QUICKER BECAUSE THERE IS ONLY 1.8 MILLION OF US. THERE'S NOT AS MANY HOUSEHOLDS TO ABSORB THAT UNSCIENTIFIC, INEFFICIENT POWER SOURCE, UNRELIABLE. AS FAR AS I SAID YESTERDAY, AND SENATOR SCHNOOR SAID, WE'VE GOT TO LIVE WITH THOSE THINGS IN THE RURAL AREAS. WE DON'T HAVE A DESERT, LIKE CALIFORNIA WHERE THEY BUILT THOSE OR ARIZONA, OUT OF SIGHT AND OUT OF MIND. AND IOWA IS IOWA. I NEVER DID UNDERSTAND IOWA, WHY THEY WOULD PUT THOSE THINGS BY THEM AND OTHER THINGS THEY BUILT IN THE RURAL AREAS. BUT WE DON'T WANT IT. WHEN WE LOOK AT THE...LATER TODAY WE'RE GOING TO HAVE AGRITOURISM. HAVE YOU EVER

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BEEN TO THE SANDHILLS? HAVE YOU SEEN THE BEAUTY? SOME OF US LIKE TO LIVE THERE. WE DIDN'T MOVE TO LINCOLN, AWAY FROM IT. HAVE YOU BEEN TO THE SANDHILLS? HAVE YOU READ MARI SANDOZ'S OLD JULES? HAVE YOU READ WILLA CATHER'S OH, PIONEERS!, THE DESCRIPTIONS OF OUR LANDSCAPE, OF OUR SUNSETS? IMAGINE HOW THOSE BOOKS WOULD BE WRITTEN TODAY IF THEY LOOKED...IF THE FIRST THING THAT CAUGHT YOUR EYE WAS 400-FOOT MONSTROSITY WITH A RED STROBE LIGHT BLINKING AT NIGHT, ROWS AND ROWS OF THEM. BUT THAT'S WHAT HAPPENS. I TRAVEL IN MY BUSINESS, EASTERN COLORADO AND WYOMING. I DON'T WANT IT OUT THERE. PEOPLE IN WESTERN NEBRASKA DON'T WANT IT OUT THERE. IF YOU DON'T WANT AN URBAN-RURAL STRIFE AND YOU WANT TO WORK ON PROPERTY TAXES, LET'S WORK ON TEEOSA. LET'S FIX THAT OR ACROSS THE STATE EVERYBODY GETS THEIR INCOME AND SALES TAX PROPORTIONATELY BACK TO THEM. THAT WOULD BE AN URBAN-RURAL ACCOMPLISHMENT IF YOU WORRY ABOUT OUR PROPERTY TAXES. THIS IS BAD POLICY. IF WE WANT TO DO SOMETHING WITH POWER... [LB423]

PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR GROENE: ...LET'S WORK THROUGH THE NEBRASKA...THE PUBLIC POWER SYSTEM. HYDROGEN, WHAT A GREAT IDEA USING AN EXISTING FACILITY. CREATE MORE JOBS. YOU KNOW, WHAT AMAZES ME IS THE ARGUMENT ABOUT JOBS AND STUFF USED BY THE...FOR THE WINDMILLS IS THE SAME ONE THEY USED AGAINST PIPELINE, THAT THEY WERE ONLY TEMPORARY IN CONSTRUCTION. BUT LET ME TELL YOU ABOUT A PIPELINE THAT GETS BURIED. PEOPLE FORGET ABOUT IT. THAT 400-FOOT MONSTROSITY IS ALWAYS THERE BLINKING AND BLINKING AND WHOOPING AND WHOOPING AND WHOOPING. YOU GO OUT TO LISTEN TO THE MEADOWLARKS AND YOU HEAR THAT. ENVIRONMENTALISTS...I'VE GOT MORE TO SAY ABOUT THE CREDIT AND I WILL PUSH MY LIGHT LATER. THANK YOU. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR GROENE. SENATOR SCHUMACHER, YOU'RE RECOGNIZED. [LB423]

SENATOR SCHUMACHER: THANK YOU, MR. LIEUTENANT GOVERNOR, MEMBERS OF THE BODY. I'M GOING TO TRY TO NOT FOCUS VERY MUCH ON THE QUESTIONABLE ENERGY POLICY AT THIS TIME, BUT MORE ON THE QUESTIONABLE TAX POLICY. BUT I CAN'T HELP BUT MAKE A SHORT COMMENT ON VOODOO PHYSICS. WE'VE BEEN TALKING ABOUT THE VERY NICE LITTLE

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PROJECT AT HALLAM TO TAKE HYDROGEN WASTE PRODUCTS AND REBURN IT, BUT THE PHYSICS OF THAT IS VERY SIMPLE. THAT PROCESS STARTS WITH BURNING A WHOLE BUNCH OF COAL OR NATURAL GAS, NASTY CARBON DIOXIDE PRODUCERS, RUNS IT THROUGH, PRODUCES THE CARBON BLACK, AND AS PART OF THE WASTE PRODUCT OF THAT IS HYDROGEN. THAT HYDROGEN IS THEN PIPED BACK IN AND REBURNED. NICE, BUT THE ENERGY IS CARBON-BASED ENERGY. THERE IS NO MAGIC, AND A LOT OF VOODOO PHYSICS GOES INTO THIS WHOLE DEBATE. I WOULD ALSO POINT OUT THAT MAYBE WHAT WE SHOULD DO IS HAVE SUBSIDIES BASED UPON PRODUCTION THAT WE CONTROL WITH OUR BUDGETARY PROCESS. LET'S GO BACK TO THE TAX ISSUE. THE TAX ISSUE IS THIS: WE BURY SUBSIDIES IN TAXES. WE GIVE SOMEBODY A PASS ON TAXES AND WE TELL THAT SOMEBODY UNDER THIS RARELY USED, TRANSFERABLE METHOD THAT YOU CAN GET THOSE PASSES AND YOU CAN SELL THEM TO SOMEBODY WHO PAYS TAXES, AND WHEN DO YOU THAT YOU CAN GET SOME MONEY, AND WHEN YOU DO THAT YOU DON'T GET 100 PERCENT OF YOUR MONEY, YOU LET THE MIDDLEMAN HAVE A BREAK UP TO 15 PERCENT. FIFTEEN PERCENT TIMES \$15 MILLION IS OVER \$2 MILLION THAT THE MIDDLEMAN GETS. WE HAVE NO BUDGETARY CONTROL OF THOSE. WE DON'T ARGUE THEM IN THE BUDGET WHEN, LIKE, A BUDGET IS GOING TO COME UP TOMORROW AND WE MIGHT BE REALLY, SURPRISINGLY SHORT ON REVENUE IF THAT'S HOW THE SPECULATION, INDEED, TURNS OUT. IT'S NOT THERE TO CUT. IT'S NOT THERE TO PUT INTO THE MIX. TRANSFERABLE, REFUNDABLE TAX CREDITS ARE TO BE RARELY USED AND ONLY WHEN THERE IS A COMPELLING CASE FOR THEM, AND WE HAVE RARELY USED THEM. WE SPENT SOME TIME OVER THE SUMMER STUDYING WHAT WE SHOULD DO IN ANY TAX CREDITS. KIND OF THE CONSENSUS WAS THERE SHOULD BE A CAP ON THEM. THERE IS NO CAP IN THIS BILL. WE SHOULD SUNSET IT SO THAT WE HAVE A...ARE FORCED TO REEVALUATE IT AND AREN'T FACING A SITUATION WHERE IT TAKES 33 VOTES TO STOP THE BUGGY. WE SHOULD HAVE METRICS IN IT TO MEASURE THE SUCCESS AND WHETHER OR NOT IT'S WORTH IT COMPARED TO OTHER WAYS WE ARE SPENDING MONEY EITHER THROUGH APPROPRIATIONS OR TAX CREDITS. NONE OF THAT IS IN THIS BILL, NONE OF IT. THIS IS A FEEL-GOOD THING ON ENERGY AND IT IS TERRIBLE TAX POLICY. AND WHAT FA48 SAYS, IF WE'RE GOING TO GIVE AWAY THESE MONOPOLY MONIES THAT PEOPLE CAN THEN TURN AROUND...CALLED TAX CREDITS THAT PEOPLE CAN TURN AROUND AND SELL, THEN LET'S NOT TAKE A LOSS ON THEM. THREE PERCENT IS ENOUGH. THAT'S WHAT THE AUCTIONEER GETS TO SELL A FARM, 2-3 PERCENT. WHY DOES IT TAKE MORE TO SELL THESE THINGS? ON A MILLION DOLLARS' TAX CREDIT, YOU POCKET A QUICK \$30,000 INSTEAD OF \$150,000. [LB423]

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PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR SCHUMACHER: THIS IS A BAD WAY TO DO IT, ASSUMING WIND WAS A WORTHWHILE PROJECT. AND AS SENATOR SCHNOOR POINTED OUT, THE BRATTLE REPORT SAYS WE NEED TO DEVELOP A COMPREHENSIVE ENERGY POLICY RATHER THAN A KNEE JERK THIS WAY, KNEE JERK THAT WAY. LAST YEAR, THERE WAS A COUPLE OF WIND BILLS AND ALL THESE KIND OF DISJOINTED THINGS THAT DO NOT MESH INTO GOOD, COMMON SENSE. AND I THINK THAT THIS WAY OF TRANSFERABLE CREDITS IS A LOSS TO THE STATE. IT VIOLATES POLICY THAT WE'VE SET FOR OURSELVES FOR TAXES AND CRITERIA. IT COMPLETELY FLIES IN THE FACE OF SENATOR WATERMEIER'S BILL THAT WE PASSED TO STUDY TAX CREDITS EARLIER THIS YEAR. IT'S INCONSISTENT WITH THAT. IT IS NOT A GOOD WAY TO DO IT AND THAT'S SAYING NOTHING ABOUT HOW BAD OF AN IDEA A LARGE COMMITMENT TO WIND IS IN SMALL-INCREMENTS PROJECTS. THANK YOU. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHUMACHER. SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB423]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I'M GOING TO ADDRESS A LITTLE BIT MORE OF THE WIND ENERGY COMPONENT, OR THE RENEWABLE COMPONENT, OF THIS VERSUS THE TAX PART. BUT I DO...I WOULD RISE IN FAVOR OF ALL OF THE AMENDMENTS AND I'M NOT SO SURE YET ABOUT LB423. WHEN THE BRATTLE GROUP DID ITS STUDY, AND WE HEARD THAT REPORT IN THE NATURAL RESOURCE COMMITTEE, THEY TALKED ABOUT HOW NEBRASKA WAS A SURPLUS POWER STATE AT THE TIME AND WE HAD DIFFICULTY EXPORTING ELECTRICITY TO WHERE IT WAS ACTUALLY NEEDED. SO THERE NEEDS TO BE SOME TRANSMISSION LINE WORK DONE MAYBE, BUT IT...IN THE AREAS WHERE THE POWER IS NEEDED, WE ARE A MEMBER OF THE SOUTHWEST POWER POOL AND IN THAT AREA WE ARE UP AT THE TOP END OF THAT AND WE HAVE A SURPLUS AND WE NEED TO SHIP IT DOWN TO THE SOUTH END OF THE DISTRICT AND IT'S DIFFICULT TO DO. SO FIRST OF ALL, THEY TELL US WE'RE A POWER SURPLUS STATE, WE DON'T REALLY NEED ANY MORE GENERATION. WIND ENERGY, TO ME, I'VE NOT BEEN A FAN OF WIND ENERGY BECAUSE I DO LIVE IN THE COUNTRY AND I WOULD NOT WANT MY NEIGHBORS PLANTING WINDMILLS AROUND ME. IT'S DIFFERENT IF YOU CAN LIVE IN TOWN AND OWN SOME LAND OUT THERE AND THEY PLOP THESE WINDMILLS DOWN AND YOU CAN STAY IN THE CITY AND NOT HAVE TO LOOK AT THEM EVERY DAY. BUT I DO APPRECIATE MY LANDSCAPE AND THAT'S JUST ONE OF THE SMALL THINGS THAT I HAVE ABOUT WIND POWER THAT I DO NOT LIKE. FIRST OF ALL, IT IS INEFFICIENT, RUNS

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AT 30-40 PERCENT EFFICIENCY. AND WHAT IT DOES, IT DOES PROVIDE POWER AND THEY'RE GETTING BETTER ALL THE TIME. THEY'RE ADAPTING NEW TECHNOLOGY THAT MAKES THEM MORE EFFICIENT. BUT OUR COAL-FIRED SYSTEM THE WAY IT IS NOW HAS A LOT OF TROUBLE RAMPING UP AND DOWN. THEY NEED PROBABLY 24 HOURS' NOTICE IF THEY'RE GOING TO INCREASE OR DECREASE THEIR POWER GENERATION. SO, AS YOU KNOW, IN NEBRASKA THE WIND PICKS UP DURING THE DAY, DIES DOWN DURING THE NIGHT AND, THEREFORE, SOMETHING HAS TO RAMP UP PRODUCTION QUICKLY TO MATCH OUR NEEDS. AND SO THEY PUT IN THEIR NATURAL GAS-FIRED PEAKING STATIONS, THEY CALL THEM, THAT WOULD EVEN THAT LOAD. AND SO A COAL-FIRED POWER PLANT MIGHT IDLE BACK TO 60 PERCENT OF CAPACITY. THE WIND GENERATION WOULD PICK UP THE DIFFERENCE AND, AS THE WIND EBBS AND FLOWS, THE NATURAL GAS-FIRED STATION WOULD PROVIDE THAT STABILITY TO OUR NETWORK. WHEN WE TALKED ABOUT THE DIFFERENT RENEWABLE FUELS OUT THERE, SOLAR POWER GENERATION WOULD ACTUALLY FIT MORE WITH OUR ENERGY SUPPLY EVEN THOUGH IT WILL NEVER REPLACE OUR BASE LOAD. IT WILL ALSO JUST BE A SUBSTITUTE. SOLAR POWER, YOU KNOW, WOULD KICK ON IN OUR HOTTEST TIME OF THE DAY WHEN WE'RE USING PEAK ELECTRICITY. THE SUN WOULD BE AT ITS BRIGHTEST, AT LEAST IT WOULD BE PRODUCING THE MOST. YOU TAKE A SUMMER DAY IN JULY OR AUGUST, AND WITH NO BREEZE BLOWING AND IT'S 100 DEGREES OUTSIDE, SOLAR POWER WOULD AT LEAST HELP ALLEVIATE OUR PEAK DEMAND LOAD THAT WE HAVE ON OUR SYSTEM, WHEREAS, IF THE WIND IS NOT BLOWING, WE HAVE NO CONTRIBUTION AT ALL. AND WE TALKED A LOT ABOUT IOWA AND HOW THEY CAN HAVE SO MUCH WIND GENERATION. AND ACTUALLY WHAT THEY CAN DO IS THEY CAN ACTUALLY SELL THEIR WIND-GENERATED ELECTRICITY BELOW THE COST OF PRODUCTION BECAUSE THEY QUALIFY FOR FEDERAL PRODUCTION TAX CREDITS AND, THEREFORE, THEY BASICALLY ARE GETTING PAID WITH THEIR TAX CREDITS AND WHAT THEY MAKE ON THE WIND GENERATION DOESN'T MATTER NEAR AS MUCH. SO THEY'LL...THEY CAN DUMP THEIR LOAD BELOW COST OF PRODUCTION AND WHICH DRIVES DOWN THE COST OF EVERYTHING ELSE BUT IT ENDANGERS THOSE THAT ARE...THOSE BASE LOAD UNITS THAT ARE RUNNING THAT THEN HAVE TO IDLE BACK AND RUN AT 50 PERCENT OF CAPACITY MAYBE. [LB423]

PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR FRIESEN: AND SO THAT...IT TENDS TO INCREASE THEIR COST BECAUSE THEY'RE NOT RUNNING AS EFFICIENT AS THEY SHOULD BE. THOSE ARE A COUPLE OF THINGS AND I HAVE SOME MORE QUESTIONS YET FOR SENATOR

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NORDQUIST, BUT I'LL BE RUNNING OUT OF TIME SO I'LL PUSH MY LIGHT AGAIN.
THANK YOU, MR. PRESIDENT. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR FRIESEN. SENATOR SCHILZ, YOU'RE
RECOGNIZED. [LB423]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT. MEMBERS OF THE BODY, GOOD
MORNING. I JUST WANTED TO STAND UP, AND I KNOW WE'RE JUST GETTING
STARTED ON THIS, JUST TO MAKE A FEW GENERAL COMMENTS. I TRULY BELIEVE
THAT, IF THERE IS WIND DEVELOPMENT IN THE STATE OF NEBRASKA, IT IS
ECONOMIC DEVELOPMENT. AND FOR WHATEVER REASON, IF SOMEBODY WANTS
TO BUILD THAT AND THEY HAVE SOMEPLACE TO GO WITH THE POWER AND
THEY'RE WILLING TO TAKE THE RISK, I DON'T THINK THAT WE SHOULD BE
STOPPING THEM, NECESSARILY. THE OTHER SIDE OF THAT, WHEN WE PASSED
LB1048 IN 2010, WE TALKED A LOT AND PUT GUIDELINES IN THE LEGISLATION
AND INTO THE LAW TO MAKE SURE THAT COUNTIES HAD GUIDELINES ON HOW
TO ZONE FOR THIS, LOCAL CONTROL. SO IF A COUNTY WANTS WIND
DEVELOPMENT IN THEIR COUNTY, THEY CAN ZONE FOR THAT; IF THEY DON'T
WANT IT, THEY CAN ZONE IT OUT. WE TALK ABOUT LOCAL CONTROL QUITE
OFTEN AROUND HERE, SO I THINK THAT'S SOMETHING TO KEEP IN MIND. I'VE
HEARD PEOPLE ON THE FLOOR TODAY TALK ABOUT THE VIEWSCAPE AND TALK
ABOUT HOW THAT'S ONE REALLY GOOD REASON NOT TO PUT THESE IN PLACE.
WELL, FOLKS, LET'S MAKE THAT ARGUMENT AGAIN. AND LISTEN TO ME: YOU
KNOW, I REALLY DON'T WANT THAT "BLANK" OUT THERE SITTING IN THIS FARM,
IN THIS FIELD, BECAUSE, GOSH DARN IT, IT IMPACTS THE QUALITY OF MY LIFE.
INSERT WHATEVER YOU WANT THERE--WINDMILL, FEEDYARD, GERALD
GENTLEMAN STATION, WHICHEVER YOU WANT, GUYS, BECAUSE THAT'S THERE.
SO BE CAREFUL HOW YOU START TO DECIDE WHO SHOULD BE ALLOWED TO
DEVELOP, WHERE THEY SHOULD BE ALLOWED TO DEVELOP, BECAUSE WITHOUT
FEEDYARDS, WITHOUT POWER PLANTS, WITHOUT CORN, WITHOUT ALL OF THIS
STUFF, NEBRASKA ISN'T MUCH AT ALL. SO CAREFUL HOW YOU MAKE THAT
ARGUMENT. SENATOR SCHUMACHER, I UNDERSTAND WHERE YOU'RE COMING
FROM AND WHAT YOUR THOUGHTS ARE ON THAT, BUT I THINK THERE IS
ANOTHER SIDE TO THAT EQUATION AS WELL. AND IN A MARKET WHERE THERE
ARE PEOPLE THAT DO THIS SERVICE SPECIFICALLY, IT RUNS ON MARKET
PRINCIPLES TOO. AND IF YOU CAN'T GET ENOUGH OVER HERE TO GO OUT AND
TRY TO SELL THAT TO SOMEBODY ELSE OVER THERE, THEN NOBODY SHOWS UP
TO THE TABLE AND THESE PROJECTS THEN ARE KIND OF STUCK ON HIGH
GROUND BECAUSE THEY CAN'T GET SOME OF THAT FINANCING THEY NEED. SO
I'M STILL TRYING TO FIGURE OUT IF FA48 WORKS OR NOT, BUT I TEND TO NOT

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TRY TO REGULATE DOWN ON MARKET SYSTEMS. AND, SENATOR, YOU'RE WELCOME TO CORRECT ME WHERE I'M WRONG. IT IS IMPORTANT THAT NEBRASKA HAVE DEVELOPMENT IN THE COUNTIES. OKAY? LET'S TALK ABOUT THE LOWEST UNEMPLOYMENT RATE IN THE NATION. THIS IS THE TYPE OF DEVELOPMENT THAT CAN DEAL WITH THAT. IT'S HIGH-CAPITAL INPUTS, LOW JOBS WHEN IT'S DONE. FOR OUR SMALLER COMMUNITIES, OUR SMALLER COUNTIES, IT PROBABLY MAKES SOME SENSE. [LB423]

PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR SCHILZ: AND IF SOMEBODY IS WILLING TO BRING THAT INVESTMENT AND PUT IT IN PLACE AND TAKE THE RISK, I MEAN, ISN'T THAT WHAT WE'RE TALKING ABOUT HERE? IF SOMEBODY IS WILLING TO TAKE THE RISK, LET'S LET THEM. WE DO ECONOMIC DEVELOPMENT PROGRAMS ALL THE TIME. WE TALK ABOUT THEM EVERY DAY. WE'VE GOT MASSIVE PROGRAMS OUT THERE THAT ARE TAX CREDITS AND THIS ONE TIES IN TO THOSE OTHER THINGS BECAUSE WE ARE REQUIRING THEM TO BE AND TO USE NEBRASKA RESOURCES. SO THERE IS YOUR STICK, THERE IS YOUR HOOK THAT MAKES SURE THAT THE STATE IS GETTING BACK WHAT THEY SHOULD. THANK YOU, MR. PRESIDENT. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHILZ. SENATOR WILLIAMS, YOU'RE RECOGNIZED. [LB423]

SENATOR WILLIAMS: THANK YOU, MR. PRESIDENT AND COLLEAGUES. THIS MORNING...THERE HAS BEEN A LOT SAID ON THIS ISSUE TO DATE AND SOME OTHER FACTORS THAT I WOULD LIKE TO BRING IN. WE'VE TALKED ABOUT WHETHER WE HAVE WIND ENERGY IN NEBRASKA AND A COMMENT WAS MADE THAT WE DON'T REALLY HAVE WIND ENERGY. WELL, THAT'S NOT QUITE ACCURATE. AT THE PRESENT TIME, WE HAVE NEARLY 500 OPERATIONAL WIND TURBINES IN OUR STATE GENERATING 1.8 BILLION KILOWATT-HOURS OF ENERGY. THOSE LARGE FACILITIES ARE LOCATED IN 14 DIFFERENT SITES. TWO OF THOSE ARE IN MY DISTRICT. THERE IS 100 TOWERS IN MY DISTRICT NORTHEAST OF BROKEN BOW IN THE SANDHILLS. SO I WANTED TO POINT THAT OUT THAT WE HAVE THESE AVAILABLE NOW. THEY'RE THERE. THEY'RE SERVING THE NEEDS OF THOSE PEOPLE THAT ARE LOOKING AT THE ELECTRICITY NEEDS IN OUR STATE. I WOULD LIKE TO TALK BRIEFLY ABOUT FA48 AND SENATOR SCHUMACHER'S AMENDMENT THAT WOULD LIMIT THE ABILITY OF THE TAX CREDITS TO TRADE IN A FREE-MARKET METHOD, AND I THINK IT IS THOSE FREE-MARKET METHODS THAT CREATE THE VIABILITY OF THE C-BED PROJECTS BECAUSE WITHOUT

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TRANSFERABILITY AND CREATING A 3 PERCENT CAP ON THE DISCOUNT WOULD STOP TRANSFERABILITY. WITHOUT TRANSFERABILITY, THE SMALLER PROJECTS SIMPLY WON'T WORK. THE LARGER PROJECTS HAVE THE ABILITY TO SYNDICATE AND HAVE PURCHASERS OF THOSE CREDITS COME FORWARD TO USE THEM. THE SMALL ONES, I WOULD FEAR, WOULD NOT. IN FA48, WE DO HAVE THE TALK ABOUT THE COMMISSION ISSUE. I DON'T THINK THAT IS A DEAL KILLER. BUT THE DISCOUNT, THE LIMITING OF THE DISCOUNT IS. TO GIVE YOU AN IDEA OF OTHER TAX CREDIT PROGRAMS AND HOW THOSE TAX CREDITS ARE SYNDICATED AND TRADED, I DID A LITTLE RESEARCH. AND THE LOW-INCOME HOUSING CREDITS ARE CURRENTLY TRADING AT THE 70-75 PERCENT RANGE. HISTORIC PRESERVATION TAX CREDITS ARE TRADING IN THE 85-90 PERCENT RANGE AND THE NEW MARKET TAX CREDITS ARE TRADING IN THE 80-85 PERCENT RANGE. SO DISCOUNTS ON TAX CREDITS IS NOTHING NEW. IT'S THE FREE MARKET ALLOWED TO WORK. I THINK WE NEED TO THINK CAREFULLY ABOUT WHETHER WE MOVE FORWARD WITH THESE TYPES OF PROJECTS OR NOT. AND EVERYBODY WILL HAVE YOUR OWN OPINION ON THE TAX CLIMATE THAT WE CREATE. EACH SENATOR WILL HAVE THEIR OWN OPINION ON THE VIABILITY OF WIND AND SOLAR. AND, AGAIN, I WOULD INDICATE AND LET THE OTHER SENATORS KNOW THAT THERE ARE AT LEAST TWO POTENTIAL SOLAR PROJECTS IN MY DISTRICT THAT ARE WAITING FOR APPROVAL OF LB423 SO THAT THEY CAN MOVE FORWARD WITH THOSE PROJECTS TO ENSURE CHEAPER ELECTRICITY FOR THE CITIES OF GOTHENBURG AND LEXINGTON FOR THE LONG TERM. I THINK THIS DOES MAKE SENSE FOR OUR STATE. IF YOU LOOK AT THE UNDERLYING BILL, LB423, THERE WERE SUBSTANTIAL NUMBERS OF PEOPLE THAT TESTIFIED IN FAVOR OF THAT. [LB423]

PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR WILLIAMS: I WOULD ENCOURAGE YOU TO VOTE AGAINST FA48 AND THEN MOVE FORWARD WITH LB423 AS IT WILL BE AMENDED. THANK YOU, MR. PRESIDENT. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR WILLIAMS. SENATOR NORDQUIST, YOU'RE RECOGNIZED. [LB423]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. I CERTAINLY DISAGREE WITH SENATOR SCHUMACHER THAT THIS FLIES IN THE FACE OF LB538 WHICH WILL BE ON FINAL READING, WHICH IS OUR TAX CREDIT REVIEW BILL, BECAUSE THAT BILL SAYS ONE OF THE GOALS IS DIVERSIFYING

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THE STATE'S ECONOMY AND POSITIONING NEBRASKA FOR THE FUTURE BY STIMULATING ENTREPRENEURIAL HIGH-TECH AND RENEWABLE ENERGY FIRMS. CERTAINLY, THIS IS VERY MUCH IN LINE WITH ONE OF THE STATED GOALS OF THAT BILL. SENATOR FRIESEN TALKED ABOUT IOWA AND THEM ABLE TO PRODUCE FOR LESS BECAUSE OF THE FEDERAL TAX CREDIT. WELL, THE FEDERAL TAX CREDIT EXPIRED IN DECEMBER, SO THERE IS NO MORE FEDERAL PRODUCTION TAX CREDIT. PROJECTS HAD TO BE STARTED BY THE END OF LAST CALENDAR YEAR SO NOW IT VERY MUCH IS A STATE GAME. AND HERE IS WHY THE OPPORTUNITY IS SO RICH FOR US, BECAUSE OF THE PRESSURES BEING PUT ON UTILITIES. AND WHETHER WE LIKE IT OR NOT, WHETHER THE EPA REGULATIONS ARE...STAND UP IN COURT OR NOT, THERE IS NO DOUBT THAT ACROSS THE COUNTRY UTILITIES ARE DIVERSIFYING THEIR ENERGY PORTFOLIO. SENATOR GROENE SAID, YOU KNOW, CLEAN COAL IS GREAT FOR US. YOU KNOW, IF THE FEDERAL GOVERNMENT WASN'T HAVING...WASN'T IMPLEMENTING STRICTER REGULATIONS, IF THE WILL OF THE POPULACE WAS THAT, YES, WE HAVE NO PROBLEM WITH COAL, YEAH, THEN IT WOULD BE GREAT, WE COULD CONTINUE TO BUILD COAL PLANTS ACROSS THE COUNTRY. BUT THE FACT OF THE MATTER IS, EVERYONE ACROSS THE COUNTRY IS DIVERSIFYING, MOVING AWAY, MOVING MORE TO NATURAL GAS, MOVING TO WIND, MOVING TO SOLAR, TO OTHER RENEWABLES. WE HAVE TWO CHOICES HERE, FOLKS. WE CAN PUT OUR HEADS IN THE GROUND, BURY OUR HEADS IN THE GROUND, OR WE CAN START TO PUT INVESTMENT IN THE GROUND FOR RENEWABLE ENERGY IN NEBRASKA. WE CAN...AS ALL OF THESE UTILITIES ACROSS THE COUNTRY ARE TRANSITIONING AWAY, WE CAN CHOOSE TO BE ATTRACTIVE TO DEVELOPERS OR NOT. IOWA, OKLAHOMA, KANSAS HAVE CHOSEN THAT BECAUSE THEY SEE THE BILLIONS OF DOLLARS OF INVESTMENT THAT ARE OUT THERE. SENATOR HAAR SAID IOWA HAS HAD \$10.5 BILLION OF RENEWABLE ENERGY INVESTMENT IN THEIR STATE AND WE'VE HAD \$1.5 (BILLION) EVEN THOUGH WE ARE A BETTER STATE FOR WIND ENERGY DEVELOPMENT. THIS IS ABOUT THE POTENTIAL THAT IS OUT THERE RIGHT NOW AND WE HAVE THE CHOICE OF WHETHER OR NOT TO HARNESS THAT POTENTIAL. NOW I JUST WANT TO WALK THROUGH A QUICK TIME LINE OF WHAT WILL HAPPEN IF WE PASS LB423. IN THE FIRST YEAR, THERE WILL BE MAJOR INVESTMENT, HUNDREDS OF MILLIONS OF DOLLARS, HOPEFULLY, OF INVESTMENT IN RENEWABLE ENERGY. AND AGAIN, NO TAX CREDITS ARE GIVEN OUT IF THERE ISN'T INVESTMENT AND IF THERE ISN'T PRODUCTION. MAJOR INVESTMENT, 25 PERCENT OF THAT SIGNIFICANT INVESTMENT HAS TO GO TO...SHOT RIGHT BACK INTO NEBRASKA'S ECONOMY. IN YEAR ONE, BEFORE THE TURBINES START SPINNING, LANDOWNER PAYMENTS START GOING TO NEBRASKANS, TO NEBRASKA LANDOWNERS. CHECKS ARE BEING GIVEN OUT TO

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NEBRASKA LANDOWNERS IN RURAL PARTS OF OUR STATE. PROPERTY TAXES START BEING GENERATED RIGHT AWAY. AND THE OWNER, THE PROJECT OWNER STARTS PAYING INCOME TAXES ON THE PROJECT AS WELL. AND AS I SAID, THERE IS A SIGNIFICANT UP-FRONT INVESTMENT IN NEBRASKA IN YEAR ONE. IN YEAR TWO, WE START GIVING OUT THE CREDITS. AS INDIVIDUALS FILE THEIR TAXES IN YEAR TWO, THE CREDITS WILL START TO GO OUT. FROM YEAR TWO TO YEAR TEN... [LB423 LB538]

PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR NORDQUIST: ...WE SEE INCOME TAXES, PROPERTY TAXES BEING PAID IN NEBRASKA. WE CONTINUE TO SEE ANY ADDITIONAL INVESTMENT, ADDITIONAL PROJECTS COMING ON-LINE. YEAR TEN, THE PROJECT...THE CREDIT IS DONE. THEN, AT LEAST FOR THE NEXT 20 YEARS, THOSE TURBINES, THOSE PROJECTS CONTINUE TO PRODUCE PROPERTY TAXES, LAND-LEASE PAYMENTS, INCOME TAXES. AND THEN, LIKELY, THOSE PROJECTS ARE RENEWED, MEANING NEW GENERATORS PUT IN THE TOWERS, THE ROADS ARE THERE, THE TOWERS ARE THERE, FOR ANOTHER 30 YEARS, WHICH MEANS 30 MORE YEARS OF INCOME TAXES, OF PROPERTY TAXES. WE CAN EITHER LET IOWA, OKLAHOMA, AND KANSAS GET THAT OR WE CAN MOVE FORWARD WITH LB423 AND HARNESS THAT HERE IN NEBRASKA. THANK YOU. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR NORDQUIST. SENATOR SMITH, YOU'RE RECOGNIZED. [LB423]

SENATOR SMITH: THANK YOU, MR. PRESIDENT. AND, COLLEAGUES, I JUST WANT TO STAND UP AND SPEAK BRIEFLY ON LB423. I DO APPRECIATE SENATOR NORDQUIST, HIS WILLINGNESS TO SCALE THIS BACK AND...BUT I STILL REMAIN OPPOSED TO LB423. I THINK WE'RE SEEKING TO COMPETE WITH OTHER STATES THAT RECEIVE FEDERAL TAX CREDITS. I JUST DON'T THINK THAT WE'RE ABLE TO DO THAT EFFECTIVELY. AND ANY AMOUNT OF MONEY THAT OUR STATE, OUR TAXPAYERS ARE TO THROW AT THIS ARE NOT GOING TO MAKE US MORE COMPETITIVE WITH THESE OTHER STATES THAT HAVE RECEIVED FEDERAL TAX CREDITS. SOME SEE THIS AS A BENEFIT TO SMALL DEVELOPERS AND RURAL PROPERTY OWNERS. I UNDERSTAND THAT. I SIMPLY DO NOT BELIEVE THAT THIS IS A STRATEGIC BENEFIT TO NEBRASKA'S TAXPAYERS OR TO NEBRASKA'S ENERGY INDUSTRY. RELIABILITY, AFFORDABILITY, AND ACCOUNTABILITY, YOU'VE HEARD ME TALK ABOUT THAT MANY TIMES AS THE FACTORS THAT ARE IMPORTANT TO PUBLIC POWER AND WE ARE A 100 PERCENT PUBLIC POWER TAX

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STATE. THAT'S PART OF THE REASON THAT WE DO NOT GET THOSE FEDERAL TAX CREDITS. I BELIEVE THAT THE ONLY ECONOMIC DEVELOPMENT THAT PUBLIC POWER OR OUR ENERGY INDUSTRY IN OUR STATE SHOULD BE INVOLVED IN IS AN ABUNDANT, RELIABLE SUPPLY OF ENERGY FOR OUR STATE IN ORDER FOR OUR STATE TO PROMOTE A PROGROWTH POSITION. RELIABILITY OF ENERGY AND AFFORDABILITY OF ENERGY ARE ABSOLUTELY CRITICAL. AND AGAIN, ANY OF YOU THAT ARE WANTING TO TRY TO FOLLOW WHAT THE COST POSITION OF NEBRASKA'S ELECTRIC RATES ARE, I POINT YOU TOWARDS RECENT WORLD-HERALD ARTICLES. THERE WAS A SERIES OF TWO ARTICLES THAT TALKED A GREAT DEAL ABOUT THAT. ONCE AGAIN, I BELIEVE THAT THE ONLY ECONOMIC DEVELOPMENT THAT PUBLIC POWER OR OUR ENERGY INDUSTRY SHOULD BE INVOLVED IN, AGAIN, IS THE ABUNDANT, RELIABLE SUPPLY OF ENERGY FOR OUR STATE, NOT THE PROMOTION OF SPECIAL INTERESTS, WHICH I BELIEVE THAT THIS BILL PROVIDES FOR. AGAIN, I CERTAINLY RECOGNIZE THE POSITION THAT SENATOR NORDQUIST HAS TAKEN AND OTHERS ON THE REVENUE COMMITTEE. I VOTED AGAINST THE REVENUE COMMITTEE AMENDMENT AND THAT IS WHY. I JUST CAN'T SUPPORT THE UNDERLYING BILL, BUT I APPRECIATE THE EFFORTS TO TRIM IT BACK, NONETHELESS. MR. PRESIDENT, HOW MUCH TIME DO I HAVE REMAINING? [LB423]

PRESIDENT FOLEY: 2:00, SENATOR. [LB423]

SENATOR SMITH: I WILL OFFER THE REMAINDER OF MY TIME TO SENATOR SCHNOOR IF HE WOULD LIKE TO HAVE IT. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR SMITH; 2:00, SENATOR SCHNOOR, IF YOU CARE TO USE IT. [LB423]

SENATOR SCHNOOR: HOW MUCH TIME? [LB423]

PRESIDENT FOLEY: ABOUT 2:00. [LB423]

SENATOR SCHNOOR: OKAY. I HAVE AN ARTICLE HERE FROM U.S. NEWS AND WORLD REPORT. IT'S A QUOTE FROM WARREN BUFFETT. IT SIMPLY SAYS, ON WIND ENERGY WE GET A TAX CREDIT IF WE BUILD A LOT OF WINDFARMS, THAT'S THE ONLY REASON TO BUILD THEM, THEY DON'T MAKE SENSE WITHOUT THE TAX CREDIT. SO, YOU KNOW, WE CAN READ INTO THAT TWO DIFFERENT WAYS, THAT THAT'S WHY WE NEED TO DO THIS TAX CREDIT. I GUESS I LOOK AT

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IT SIMPLY. AS I STATED BEFORE, THESE ARE NOT ECONOMICALLY VIABLE ON THEIR OWN. THE ONLY WAY THEY WILL WORK IS WITH TAX CREDITS. [LB423]

PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR SCHNOOR: SO FROM THAT POINT OF VIEW ALONE, WE SHOULD LOOK AT THIS AND SAY THIS IS A BAD IDEA. SO EVEN WARREN BUFFETT AGREES WITH ME, SO THAT'S GOOD NEWS. SO THANKS, SENATOR SMITH. THAT'S ALL, SIR. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHNOOR. SENATOR GROENE, YOU'RE RECOGNIZED. [LB423]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I HAVE A QUESTION FOR SENATOR NORDQUIST IF HE'LL YIELD. [LB423]

PRESIDENT FOLEY: SENATOR NORDQUIST, WOULD YOU YIELD, PLEASE? [LB423]

SENATOR NORDQUIST: YES. [LB423]

SENATOR GROENE: YOU MENTIONED SOMETHING ABOUT A 25 PERCENT LOCAL-STATE INPUT, HAS TO BE MATERIALWISE. I CAN'T FIND THAT IN THE LAW. AND I ASKED MY GOOD FRIEND, ATTORNEY-SENATOR SCHUMACHER ABOUT IT AND HE COULDN'T FIND IT. WHERE ARE YOU GETTING THAT FROM? [LB423]

SENATOR NORDQUIST: RIGHT, SO THAT'S IN THE C-BED STATUTE. I'LL FIND THE EXACT STATUTE. BUT THE C-BED PROGRAM WAS ESTABLISHED. I'M TRYING TO THINK. SENATOR LANGEMEIER KIND OF LED THE EFFORT TO ESTABLISH THAT. INITIALLY, IT WAS A 30 PERCENT THRESHOLD. SENATOR MELLO PASSED LB402 LAST YEAR. SO PROBABLY, IF WE LOOK AT LB402 LAST YEAR, WE CAN POINT TO THE EXACT STATUTE THAT TOOK IT TO A 25 PERCENT. [LB423]

SENATOR GROENE: ALL RIGHT, THANK YOU, SIR. BUT IF YOU COULD GET THAT, I'D APPRECIATE IT, BECAUSE I'D LIKE TO KNOW MORE DETAIL ON THAT IF...I THINK THE BODY WOULD TOO. IT'S BEEN SAID HERE, WATCH WHAT YOU DO, AND SOME EXAMPLES WERE GIVEN. I'M A FREE-MARKET PRINCIPLE, ALL THE WAY, ALL THE WAY. IF IT'S FEASIBLE, DO IT. YOU CAN GO TO THE BANK AND GET A LOAN AND CREATE WEALTH, SUPPLY JOBS, YOU DO IT. GERALD GENTLEMAN

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PLANT IS ECONOMICALLY FEASIBLE. IT WORKS WELL EVEN THOUGH IT'S PUBLIC POWER, PUBLICLY OWNED. IT IS ECONOMICALLY FEASIBLE. CATTLE YARDS, HOG YARDS, LIVESTOCK, THEY'RE ECONOMICALLY FEASIBLE. THEY DON'T COME ASKING FOR TAX CREDITS. THEY JUST COME FOR AN UNDERSTANDING AND I SUPPORTED LB610 TO MAKE SURE WE COULD ALL GET ALONG. CATTLE YARDS, FEEDYARDS IN LINCOLN COUNTY, THEY'RE NATIVE TO THE CULTURE. IT'S WHAT WE ARE. IT'S IN THE CYCLE OF OUR CULTURE. EXCUSE ME, BUT WINDMILLS HAVE NEVER BEEN IN THAT PART OF THAT CULTURE. THEY'RE NEW, A NEW PRINCIPLE. TRANSCANADA, DID TRANSCANADA COME LOOKING FOR ANY OF THESE TAX BREAKS? THEY WERE WILLING BUSINESS PARTNERS, WILLING BUSINESS CITIZENS TO PAY THEIR TAXES, TO SUPPORT THEIR SCHOOLS, TO SUPPORT THE STATE'S GOVERNMENT WITH INCOME AND SALES TAX. NOW THERE'S AN ECONOMICALLY FEASIBLE PROJECT, AN ECONOMICAL, FEASIBLE PROJECT THAT WOULD QUADRUPLE THE PROPERTY TAXES AND AFFECT MORE COUNTIES AND MORE SCHOOL DISTRICTS. NOW THERE'S A PROJECT THAT'S ECONOMICALLY FEASIBLE. SENATOR FRIESEN MADE A GOOD POINT ABOUT IT ACTUALLY HARMS THIS WIND ENERGY, TRYING TO INCORPORATE IT INTO A GRID. IT HARMS THE EFFICIENCY AND THE OUTPUTS OF CARBON BECAUSE IT'S SLOW...IT...WE CAN'T RUN OUR POWER PLANTS WIDE OPEN WHEN THEY'RE THE MOST EFFICIENT OUTPUT TO AMOUNT OF INPUT OF COAL AND NATURAL GAS. I WENT TO A MEETING WITH CENTRAL IRRIGATION. THEY'RE HYDROPLANTS. NOW THAT'S ABOUT AS NATURE LOVING AS YOU CAN GET, HYDROPOWER. THEY HAVE TO BUILD A J PROJECT WHERE THEY'RE BUILDING THAT DAM SO THEY DON'T HAVE TO FLUCTUATE THE TURBINES BECAUSE RUNNING THEM WIDE OPEN IS THE MOST EFFICIENT WAY TO CREATE ENERGY. WIND INJECTED INTO THAT GRID CAUSES PROBLEMS THERE AND WASTES THE EFFICIENCY OF THE MOST...THE BEST ENERGY PRODUCER, IS THE MOST ENVIRONMENTALLY SOUND ENERGY PRODUCING THERE IS: HYDRO. AND THEY HAVE TWO OR THREE PLANTS IN THEIR SYSTEM THAT PRODUCE A LOT OF ELECTRICITY. ECONOMICALLY FEASIBLE IT IS NOT. IF THEY CAN PROVE TO ME AND THEY CAN GET IT THROUGH MY ZONING BOARD AND THROUGH THE PROTESTS FROM THEIR NEIGHBORS... [LB423 LB610]

PRESIDENT FOLEY: ONE MINUTE. [LB423]

SENATOR GROENE: ...THAT IT'S ECONOMICAL, FEASIBLE WITHOUT A TAX CREDIT, I'LL LISTEN TO THEM IN MY LOCAL AREA WHERE I LIVE. BUT TO GIVE THEM A TAX CREDIT OF MY INCOME AND SALES TAXES BECAUSE THEY'RE GOING TO PAY A LITTLE BIT OF PROPERTY TAXES IN A COUNTY NEXT TO ME MAKES NO SENSE TO ME AS A STATE TAXPAYER. IT SHOULD BE ECONOMICALLY

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FEASIBLE TO DO THIS. IF IT IS, LET IT GO ON. TAX CREDITS AREN'T NECESSARY. IF A BANK WANTS TO LOAN THE MONEY FOR THE PROJECT AND TAKE A RISK, THAT'S HOW IT'S SUPPOSED TO BE. THAT'S HOW FREE MARKETS WORK. THE BANK LOAN SHOULDN'T BE BACKED UP BY MY TAX DOLLARS. IF IT'S FEASIBLE, DO IT. THIS AFFECTS OUR BUDGET. SOMEBODY ELSE IS GOING TO PAY MORE TAXES BECAUSE YOU GAVE AWAY TAXES TO SOMEBODY WHO PRODUCES WINDMILLS IN IOWA. OH, HE HAPPENS TO LIVE HERE IN THE STATE, THE OWNER,... [LB423]

PRESIDENT FOLEY: TIME, SENATOR. [LB423]

SENATOR GROENE: THANK YOU. [LB423]

PRESIDENT FOLEY: THANK YOU, SENATOR GROENE. (VISITORS INTRODUCED.) DEBATE CONTINUES ON LB423 AND RELATED AMENDMENTS. SENATOR GLOOR, YOU'RE RECOGNIZED. [LB423]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. TO BE CLEAR, I'M IN SUPPORT OF LB423, AM1103, OUR COMMITTEE AMENDMENT. I'M OPPOSED TO FA48 WHICH I THINK, TO USE A TERM THAT'S BEEN USED A LOT TODAY, TAKES THE WIND OUT OF THE TURBINES. IT TAKES THE SPINE OUT OF THE BILL AND SO I AM NOT IN SUPPORT OF THE FLOOR AMENDMENT ALTHOUGH I UNDERSTAND SENATOR SCHUMACHER'S CONCERN AND THAT OF OTHERS. LET ME EXPLAIN MY SUPPORT A LITTLE BIT. AND, YOU KNOW, IT TAKES ME TO THE 10,000- OR 20,000-FOOT LEVEL TO TALK ABOUT THIS A LITTLE BIT. AS WE HEAD INTO THE SUMMER MONTHS, THERE WILL BE A LOT OF NEBRASKANS WHO ARE HEADING DOWN THE INTERSTATE, TRAVELING, I-80 SPECIFICALLY, THROUGH IOWA EVEN MORE SPECIFICALLY. AND I GUARANTEE YOU, AS NEW SENATORS, WILL START GETTING PHONE CALLS AND E-MAILS FROM CONSTITUENTS WHO SAY, HOW COME WE DON'T HAVE MORE WIND TURBINES, THE WIND BLOWS ALL THE TIME IN NEBRASKA, HOW COME THERE AREN'T WIND TURBINES IN NEBRASKA? AND THIS WILL PROVIDE AN OPPORTUNITY FOR YOU TO DISCUSS WITH YOUR CONSTITUENTS WHETHER YOU'RE SUPPORTIVE OF THIS BILL OR NOT, THE FACT THAT WE ARE UNIQUE IN THE UNITED STATES IN THAT ALL OF OUR POWER COMES THROUGH PUBLIC POWER. BACK IN THE--I THINK IT WAS--'30s, WHEN THIS HAPPENED IT WAS CONSIDERED TO BE IMPORTANT FOR THE ECONOMIC DEVELOPMENT AND STABILITY OF THIS STATE THAT EVERYBODY HAVE ACCESS TO POWER AND THAT POWER BE PUBLIC POWER, NO PROFITEERING INVOLVED. BUT THE CHALLENGE NOW, OF COURSE, AS WE MOVE INTO THINGS LIKE WIND

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ENERGY, RENEWABLE ENERGY SOURCES, IS WHERE DOES THE CAPITAL COME FROM FOR THESE PROJECTS? AND SO MY COMMENT TO MY CONSTITUENTS WHO CONTACT ME ABOUT WIND TURBINES IS, HOW COMFORTABLE ARE YOU WITH INCREASING YOUR MONTHLY BILL SUBSTANTIALLY TO COME UP WITH THE CAPITAL NECESSARY TO UNDERTAKE THESE MAJOR WIND PROJECTS? AND OF COURSE, THE ANSWER FOR ALMOST EVERY CONSTITUENT IS, NOT AT ALL, THANK YOU VERY MUCH. SO THE LEGISLATURE HAS FOUND ITSELF TRYING TO COME UP WITH A VARIETY...AND HAS MADE A COMMITMENT IN PAST LEGISLATION, ANYWAY, TO PROVIDE OPPORTUNITIES TO BRING CAPITAL INTO THE STATE AND GET CAPITAL FROM WITHIN THE STATE SO THAT THESE PROJECTS CAN BE UNDERTAKEN. AND THIS BILL BUILDS ON THE PAST WORK OF THE LEGISLATURE TO TRY AND BRING IN MORE CAPITAL TO A PUBLIC POWER STATE SO THAT WE CAN DO PROJECTS LIKE WIND ENERGY. WIND ENERGY, RENEWABLE ENERGY IS NOT THE SOLUTION TO OUR FUTURE ENERGY NEEDS. BUT I WILL TELL YOU, I AM MORE SUPPORTIVE OF RENEWABLE ENERGY NOW THAN I WAS WHEN I CAME INTO THE LEGISLATURE BECAUSE I RECOGNIZE THAT IT STILL PLAYS A PORTION OF OUR NEEDS FOR THE FUTURE. AN UNUSUAL PUBLIC POWER STATE REQUIRES UNUSUAL, DIFFERENT WAYS TO DEAL WITH WAYS TO COME UP WITH CAPITAL. AND TAX CREDITS ARE SOMETHING THAT OUGHT TO BE USED SPARINGLY, AS SEVERAL OF THE OPPONENTS OF THIS BILL HAVE POINTED OUT. I GET IT. I RECOGNIZE THAT, YET, IN AN UNUSUAL SYSTEM LIKE PUBLIC POWER, THERE NEEDS TO BE A DEGREE OF DISCRETION USED OF USING UNUSUAL RESPONSES TO THAT, AND THAT'S THE REASON TAX CREDITS AND OTHER SITUATIONS WITH RENEWABLE ENERGY AND IN THIS SITUATION I THINK ARE APPROPRIATE. REMEMBER, THESE ARE SMALL PROJECTS GEARED TOWARDS SMALL DEVELOPERS. YESTERDAY, I ENCOURAGED PEOPLE TO LOOK AT THE COMMITTEE STATEMENT AND LOOK AT THOSE SUPPORTERS AND WHERE THEIR SUPPORTERS CAME FROM. THESE AREN'T PEOPLE WHO WOULD TRADITIONALLY SAY, WE WANT MORE GOVERNMENT TAX DOLLARS WAVED GOODBYE TO IN THE INTEREST OF DEVELOPING ALTERNATIVE ENERGY. I WOULD SAY THE GROUPS WHO CAME IN AND SPOKE ARE VERY CONSERVATIVE WHEN IT COMES TO THE USE OF GOVERNMENTAL RESOURCES... [LB423]

SPEAKER HADLEY PRESIDING

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR GLOOR: ...AND YET THEY WERE SUPPORTIVE. COMMENTS ABOUT THE FREE MARKET, LET THE MARKET PLAY. WE'RE A PUBLIC POWER STATE AND WE ARE TRYING TO BRING THE FREE MARKET IN THROUGH THIS BILL AND ITS

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COMMITTEE AMENDMENT. WE CAN'T TALK ABOUT THE FREE MARKET AND IGNORE THE FACT THAT WE'RE A PUBLIC POWER STATE AND IT REQUIRES UNUSUAL APPROACHES TO DEAL WITH THAT. AND ONE LAST COMMENT I WOULD MAKE: REMEMBER THAT WE ARE FINDING BUSINESSES FROM OUTSIDE THE STATE LOOKING TO LOCATE IN THIS STATE SAYING, AND WHAT'S YOUR COMMITMENT TO RENEWABLE ENERGY? ALL YOU HAVE TO DO IS READ THE HEADLINES IN THE NEWSPAPER RECENTLY TO KNOW THAT THERE ARE MAJOR CORPORATIONS ACROSS THIS COUNTRY WE WANT TO COME TO NEBRASKA WHO ARE ASKING THE QUESTION, WHAT'S THE STATE'S COMMITMENT TO RENEWABLE ENERGY? THIS IS A SMALL STEP IN THAT DIRECTION. WE'VE WHITTLED DOWN THE DOLLARS THAT ARE BEING ASKED FOR HERE IN COMMITTEE... [LB423]

SPEAKER HADLEY: TIME, SENATOR. [LB423]

SENATOR GLOOR: THANK YOU, SENATOR. [LB423]

SPEAKER HADLEY: THOSE IN THE QUEUE ARE SENATORS FRIESEN, SCHUMACHER, WATERMEIER, BRASCH, McCOLLISTER, AND OTHERS. SENATOR FRIESEN, YOU ARE RECOGNIZED. [LB423]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. SENATOR NORDQUIST, WOULD YOU YIELD TO A QUESTION? [LB423]

SPEAKER HADLEY: SENATOR NORDQUIST, WILL YOU YIELD? [LB423]

SENATOR NORDQUIST: YES. [LB423]

SENATOR FRIESEN: IN YOUR OPENING YOU TALKED ABOUT THE TAX CREDIT WOULD BE AVAILABLE ONLY TO THOSE WHEN YOU PRODUCE ENERGY, IT WOULD BE BASED ON THE AMOUNT PRODUCED. ARE THERE ANY OTHER TAX CREDITS IN THE BILL THAT ARE AVAILABLE? [LB423]

SENATOR NORDQUIST: THERE IS AN UP-FRONT... YOU HAVE THE OPTION TO CHOOSE A 30 PERCENT, ONE-TIME INVESTMENT CREDIT THAT IS THERE. IT'S CAPPED AT \$2 MILLION WHICH ESSENTIALLY MEANS THAT IT'S PRICED OUT EVERYBODY... I MEAN, IF YOU HAVE ANY PROJECT OF ANY SUBSTANTIAL SIZE AT ALL, AND I'LL DO THE QUICK MATH, IT'S ABOUT... I THINK TO GET MAXIMUM CREDIT YOU'RE LOOKING AT A \$7 MILLION OR \$8 MILLION, YOU KNOW, \$7

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MILLION. THERE REALLY AREN'T ANY PROJECTS OF THAT CALIBER THAT WOULD GO FORWARD, SO I DON'T KNOW THAT THAT PROVISION IS EVER GOING TO BE USED BECAUSE ANY PROJECT THAT WOULD BE WORTHWHILE TO ACTUALLY MOVE FORWARD WITH IS GOING TO EXCEED THAT \$7 MILLION NUMBER, SO THEY WOULD USE THE ONGOING CREDIT WOULD BE MY UNDERSTANDING...I MEAN WOULD BE MY THOUGHT. [LB423]

SENATOR FRIESEN: WOULD YOU SAY THAT THERE COULD BE...POSSIBLY LIKE A SOLAR PROJECT WOULD FIT MORE INTO THAT REALM THAN IT WOULD THE WIND ENERGY PORTION? [LB423]

SENATOR NORDQUIST: YEAH, THAT'S PROBABLY A MORE LIKELY POSSIBILITY, I ASSUME, BECAUSE I THINK YOU COULD DO WITH A SMALLER SOLAR PROJECT. BUT I ASSUME THAT ANYONE WHO'S MAKING A LARGE...I MEAN BECAUSE THERE ARE A LOT OF OTHER COSTS BESIDES JUST THE INFRASTRUCTURE ITSELF. JUST BESIDES THE GENERATING UNIT ITSELF, THERE'S INFRASTRUCTURE AROUND THE GENERATING UNIT, LEGAL COSTS, ALL OF THAT THAT...USUALLY THAT WILL EXCEED THE...THAT \$7 MILLION THRESHOLD THAT I'M TALKING ABOUT. [LB423]

SENATOR FRIESEN: OKAY. SOME OF THE OTHER PROJECTS, YOU KNOW, AND I DON'T KNOW, I GUESS, WHEN THE FEDERAL PRODUCTION TAX CREDIT ENDED, IT'S BEEN ON AND OFF AGAIN SO MANY TIMES THAT...YOU DID SAY THAT IT IS DONE WITH FOR THIS YEAR, THERE IS NO MORE TAX CREDITS AVAILABLE FOR PROJECTS ON THE FEDERAL LEVEL? [LB423]

SENATOR NORDQUIST: RIGHT. SO IT ENDED DECEMBER 2014, AND IT...I MEAN, LOOKS LIKE THE FACT THAT IT'S ACTUALLY ENDED AND IT ISN'T...YOU KNOW, IT WASN'T CONTINUED FORWARD INTO THE NEXT YEAR, THAT THAT MOST LIKELY IS THE END OF IT. FROM MY UNDERSTANDING TALKING TO THE FOLKS WHO ARE INVOLVED IN THE INDUSTRY, FOLKS WHO ARE LOBBYING CONGRESS, IT LOOKS LIKE THAT IS DONE. [LB423]

SENATOR FRIESEN: OKAY. HAS ANYBODY ADDED UP ALL THE TAX CREDITS THAT THEY MAY BE ABLE TO APPLY FOR UNDER A PROGRAM LIKE THIS? I MEAN THERE'S THE NEBRASKA ADVANTAGE ACT, THERE'S...THERE WOULD BE THIS TAX CREDIT AND, IN THE END, HOW MUCH RISK IS THERE IN PUTTING UP SOME OF THESE WIND-GENERATION FACILITIES? IN THE PAST, FROM SOME OF THE NUMBERS I'VE SEEN, THERE'S ACTUALLY WINDFARMS OUT THERE THAT VERY...NEEDED TO PRODUCE VERY LITTLE ENERGY, YOU KNOW, AND BASICALLY

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THEY WERE MAKING THEIR MONEY ON TAX CREDITS. SO WOULD YOU SAY THAT OUR TAX CREDIT STRUCTURE THAT WE'RE SETTING UP HERE IS QUITE A BIT LESS THAN THE FEDERAL PRODUCTION TAX CREDIT THAT WAS AVAILABLE AT ONE TIME? [LB423]

SENATOR NORDQUIST: YOU KNOW, I USED TO REMEMBER THE NUMBER, THE AMOUNT ON THE FEDERAL. I'LL LOOK THAT UP. THIS IS SEPARATE FROM NEBRASKA ADVANTAGE. YOU CANNOT... YOU ESSENTIALLY WOULDN'T BE DOUBLE DIPPING. WHEN YOU'RE A C-BED HERE, WE'RE QUALIFYING JUST FOR THIS CREDIT, SO IT ISN'T LIKE THEY'RE ABLE TO PIECE TOGETHER MULTIPLE CREDITS FROM MULTIPLE PROGRAMS. WE DID DO LB104, WHICH WAS SENATOR LATHROP'S BILL THAT WAS THROUGH NEBRASKA ADVANTAGE TO REMOVE SALES TAX. I BELIEVE SENATOR LATHROP AND SPEAKER HADLEY WORKED TOGETHER ON THAT TWO YEARS AGO. AND THAT WAS WHAT SENATOR BLOOMFIELD REFERENCED YESTERDAY,... [LB423]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR NORDQUIST: ...THE BIG PROJECT THAT WAS KIND OF PROMISED, NEVER CAME FORWARD. BUT BECAUSE OF THAT, THERE WAS NO TAX CREDITS GIVEN OUT SO THERE WAS NO COST TO THE STATE IN THAT RANGE. [LB423]

SENATOR FRIESEN: OKAY. SO YOU'RE SAYING THEN THAT THEY COULD NOT QUALIFY FOR THE NEBRASKA ADVANTAGE ACT. [LB423]

SENATOR NORDQUIST: RIGHT. [LB423]

SENATOR FRIESEN: THIS WOULD BE THE ONLY... [LB423]

SENATOR NORDQUIST: RIGHT. [LB423]

SENATOR FRIESEN: OKAY. ALL RIGHT, THANK YOU, MR. PRESIDENT. [LB423]

SPEAKER HADLEY: SENATOR SCHUMACHER, YOU'RE RECOGNIZED. [LB423]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER, MEMBERS OF THE BODY. BRIEFLY, ON TRANSFERABILITY, SENATOR WILLIAMS INDICATED THAT THE NEW

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MARKETS CREDIT WERE TRANSFERABLE; 77-1114 PROVIDES NO TAX CREDITS CLAIMED UNDER THE NEW MARKETS JOB GROWTH INVESTMENT ACT SHALL BE REFUNDABLE OR TRANSFERABLE. THE FIGURES THAT WERE USED THERE ON HISTORIC CREDITS AT 85-90 PERCENT, MEANING A 10-15 PERCENT LOSS BECAUSE OF TRANSFERABILITY, HISTORIC ACT WAS REDONE LAST YEAR TO ATTEMPT TO MAKE IT A CITY-COUNTY AID BILL, AND THE ONLY WAY THAT THEY COULD TAKE ADVANTAGES OF THE AID WAS TO HAVE IT TRANSFERABLE BECAUSE THEY DON'T PAY TAXES, 30 PERCENT LOSS ON THE HOUSING CREDITS, UNDERSCORING THE FACT THAT TAX CREDITS ARE AN EXPENSIVE WAY TO SUBSIDIZE A BUSINESS. IF WE'RE GOING TO SUBSIDIZE A BUSINESS, LET'S WRITE THEM A CHECK ON A PERFORMANCE SUBSIDY, PRODUCTION BASIS, FACE THE MUSIC IN OUR BUDGET, MAKE A CHOICE BETWEEN IT AND SOMETHING ELSE, NOT BURY IT IN A TAX CREDIT SYSTEM. THE REASON THE PERFORMANCE AUDIT COMMITTEE MOVED AHEAD WITH LB538 IS IT FOUND THAT THE INCENTIVE PROGRAMS HAD NO STATED OR MEASURABLE GOALS. THIS ONE DOES NOT. BUT THE DEBATE HAS TAKEN A LITTLE BIT OF AN INTERESTING TWIST BECAUSE WE START TALKING ABOUT PUBLIC POWER. FOLKS, ON WIND, WE'RE A DAY LATE AND A DOLLAR SHORT, NOT UNUSUAL FOR US. THE FEDERAL CREDIT, THE BIGGIE IS GONE. OUR LITTLE CREDITS, \$12 MILLION, \$15 MILLION OUT THERE ARE NOT GOING TO MAKE THE DIFFERENCE ON ANYTHING, NOT GOING TO MAKE THE DIFFERENCE IN RAISING CAPITAL TO DO ANYTHING. HOWEVER, IF WE THINK ABOUT WHAT WE HAVE, WE MAY BE ABLE TO MAKE THE DIFFERENCE IN ENERGY POLICY. ULTIMATELY, TO POWER THE NATION WE'RE GOING TO HAVE TO RELY ON SOMETHING THAT PRODUCES A LOT OF HEAT AND LOW RADIOACTIVITY AND LOW CARBON EMISSIONS. THAT COMES IN SEVERAL DIFFERENT POSSIBILITIES THAT WE SHOULD GET THE UNIVERSITY OF NEBRASKA OFF ITS BEHIND ON, THAT WE SHOULD GET OUR POWER COMPANIES CUED UP ON, AND THAT WE SHOULD START SEEKING CORPORATE PARTNERS FOR. I'M SPEAKING OF THE RECENT PRESS RELEASES OUT OF LOCKHEED MARTIN REGARDING THEIR SKUNK WORKS PROJECTS, A VERY ELITE TEAM AT LOCKHEED MARTIN CLAIMING THEY HAVE GOT A DESIGN FOR A FUSION REACTOR AND THEY ARE LOOKING FOR PARTNERS. THERE'S NO BETTER PARTNER THAN THE STATE OF NEBRASKA AND OUR PUBLIC POWER COMPANIES. WE NEED TO LOOK AT THAT. NEXT YEAR I INTEND TO MAKE THAT ONE OF MY PRIORITIES, TO GET OFF DEAD CENTER ON THAT PARTICULAR ENERGY THING. NEXT THING, THE THORIUM REACTOR, A PROVEN TECHNOLOGY NOT USED BECAUSE WE BURIED OURSELVES IN URANIUM- AND PLUTONIUM-BASED WEAPONS MATERIALS AS A CHOICE FOR POWER, WE NEED TO GET, AGAIN, THE UNIVERSITY OF NEBRASKA OFF ITS BEHIND AND OUR POWER COMPANIES CUED UP AND TRY TO WORK ON...WITH NATIONAL POLICY ON THAT SO WE CAN BE A LEADER IN THAT TYPE OF ENERGY,

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LOW-ENERGY NUCLEAR REACTIONS, AN ODD PHENOMENA THAT IS REPEATEDLY BECOMING...BEING ABLE TO BE REPLICATED IN WHICH A GREAT DEAL OF HEAT COMES FROM A VERY SIMPLE MECHANISM UNITING HYDROGEN AND NICKEL, REAL POTENTIAL. UNIVERSITY OF MISSOURI IS HOLDING SEMINARS ON IT, CAN'T GET THE UNIVERSITY OF NEBRASKA TO LOOK AT IT, AT ALL, DESPITE THREE YEARS OF TRYING TO GET THEM INTERESTED IN A LITTLE BIT OF IT. IF WE WANT TO BE LEADERSHIP, IF WE WANT TO LEVERAGE THE POWER OF OUR PUBLIC POWER COMPANIES, IF WE WANT... [LB423 LB538]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR SCHUMACHER: ...TO NOT BE BEHIND THE POWER CURVE BUT AHEAD OF IT, LET'S THINK OF WAYS WE CAN GET INTO THE GAME THAT WE KNOW IS GOING TO BE THE GAME OF THE FUTURE. WE KNOW THAT IT'S GOT TO COME FROM NUCLEAR ENERGY AND WE KNOW THAT THERE ARE SAFE MECHANISMS FOR THE DEVELOPMENT OF BOTH FISSION AND FUSION. THAT'S WHERE WE SHOULD HAVE OUR HEAD, NOT IN MAKE-BELIEVING THAT \$15 MILLION OR WHATEVER IT MIGHT GROW UP TO BE IN LITTLE WINDFARMS IN LITTLE COMMUNITIES IS SOMEHOW GOING TO MAKE A BIT OF DIFFERENCE. WE NEED TO GRAB THIS BY THE HORNS. WE NEED TO STUDY IT. IF WE'RE GOING TO BE A PLAYER IN ENERGY, LET'S BE A PLAYER, NOT SOMEBODY ENTERING THE GAME LATE, AFTER ALL THE FEDERAL CREDITS ARE GONE, AND HOPING WE CAN SOMEHOW RECOVER AND HAVE LITTLE WINDMILLS SPINNING ALL OVER THE PRAIRIE. WE HAVE OPPORTUNITY HERE, BUT WE GOT TO BE SMART ABOUT GOING AFTER IT, NOT THROWING AWAY \$15 MILLION ON... [LB423]

SPEAKER HADLEY: TIME, SENATOR. [LB423]

SENATOR SCHUMACHER: THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR WATERMEIER, YOU'RE RECOGNIZED. [LB423]

SENATOR WATERMEIER: THANK YOU, MR. PRESIDENT. I AM GOING TO STAND IN FAVOR OF FA48 AND OPPOSED TO LB423 PARTIALLY AND MAINLY BECAUSE OF THE TAX POLICY. AS I STUDIED IT A LITTLE BIT CLOSER, I BECAME CONCERNED ABOUT THE TAX POLICY AND WHAT WE ARE DOING WITH TRANSFERABILITY OF CREDITS. I DO BELIEVE THE ENERGY ISSUE AND THE ENERGY POLICY THAT NEBRASKA HAS TO FACE IS GOING TO BE CRITICAL. BUT I ALSO NEED TO ADDRESS A LITTLE BIT WHAT SENATOR NORDQUIST HAD BROUGHT UP WITH

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THE PERFORMANCE AUDIT BILL, LB538 THAT'S ON FINAL READING. YES, IT'S IN THERE THAT WE SHOULD DEVELOP, WE SHOULD PROMOTE, AND WE SHOULD BE INVOLVED IN PROMOTING WIND ENERGY, BUT NOT BLINDLY. THAT'S A DISTINCTION THAT I HAVE TO BRING THE BODY TO BE AWARE OF. YES, WE WANT TO PROMOTE IT, BUT NOT BLINDLY AS WE ARE DOING. AND I DO BELIEVE THAT THIS LEADS US DOWN A LITTLE BIT OF A DIFFERENT PATH AS FAR AS TAX POLICY. I'D LIKE TO YIELD THE REST OF MY TIME TO SENATOR SCHUMACHER. THANK YOU, MR. PRESIDENT. [LB423 LB538]

SPEAKER HADLEY: SENATOR SCHUMACHER, YOU'RE YIELDED 4:08. [LB423]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER, AND THANK YOU, SENATOR WATERMEIER. WE NEED...IF WE'RE GOING PLAY ENERGY, IF WE'RE GOING TO PUT THE TAXPAYERS' MONEY OUT, WE'VE HEARD FROM SENATOR GLOOR THAT THE RATEPAYERS AREN'T CRAZY ABOUT PAYING ANY HIGHER THINGS, BUT I KNOW ALL THE TAXPAYERS ARE LINED UP TO PAY A LITTLE MORE TAXES IN THE STATE, AT LEAST I'VE BEEN LOOKING FOR THEM. IF WE'RE GOING TO MAKE...GET INTO THIS ENERGY GAME, LET'S GET INTO IT, NOT THIS WAY. THINK OF THE RESOURCES WE HAVE AT THE UNIVERSITY OR COULD ASSEMBLE AT THE UNIVERSITY IF WE GOT AN ACT TOGETHER. THINK OF THE RESOURCES IN OUR PUBLIC POWER COMPANIES. AND ACTUALLY, I WAS TALKING TO AN OLD ENGINEER FROM NPPD LAST NIGHT. AND BACK IN THE, HE THOUGHT IT WAS THE '60s, THEY WERE EXPERIMENTING WITH WHAT WAS THEN SOME TYPE OF URANIUM SALT REACTOR. IT DIDN'T WORK OUT, BUT THEY HAD THE SPIRIT OF EXPERIMENTATION AND COOPERATION WITH NATIONAL REGULATORS. WE NEED TO FIRE THAT UP AGAIN. IF THIS BODY WERE TO APPROACH THE FOLKS IN WASHINGTON AND INDICATE THAT WE'RE WILLING TO PUT OUR SHOULDER TO THE WHEEL, MAYBE WE COULD MAKE A BIT OF A DIFFERENCE SO WE WOULDN'T LIVE IN THE FANTASY LAND OF SOLAR AND WIND WHICH REQUIRES BACKUP GENERATION CAPACITIES OTHERWISE THE LIGHTS DIM OUT. WE COULD DO IT, BUT IT'S LIKE SO MANY THINGS THAT WE DO HERE. WE DON'T HAVE A PLAN. WE DON'T THINK IT THROUGH. THERE'S NO FORUM FOR THINKING IT THROUGH, SO WE GOT TO TRY TO DO IT IN THE CONTEXT OF DEBATES ON WIND ENERGY BILLS AND TAX CREDITS. WE DON'T HAVE TO DO THIS WIND ENERGY BILL. THIS WIND ENERGY BILL WILL NOT MAKE BIG DIFFERENCE ANYWHERE. WHAT WE HAVE TO DO IS BE RESPONSIBLE IN OUR OBLIGATIONS AND IN OUR POSITION AS TRUSTEES OF OUR RESOURCES. AND I THINK, AS WE START THINKING HERE, THE IDEA OF TRANSFERABLE CREDITS THAT THE ONLY BIG WINNER IN IS THE FAT CAT WHO BUYS THEM AT A DISCOUNT AND ONLY HAS TO PAY \$850,000 INSTEAD OF \$1 MILLION IN TAXES, INSTEAD OF GETTING INVOLVED IN THIS--AND IT'S A

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LOSING GAME--LET'S GET INVOLVED IN SOMETHING REALLY GOOD. AND LET'S GET A FORUM SET UP ON THIS AND OTHER BIG ISSUES, WHETHER THEY'RE THE TAX ISSUE, WHETHER THEY'RE ENERGY ISSUES, WHETHER THEY'RE THE FUTURE OF AGRICULTURAL ISSUES, WHETHER THERE'S THE DESIGN OF THE TRANSPORTATION SYSTEM, WHETHER OR NOT THERE'S OPPORTUNITY FOR DEVELOPMENT IN WESTERN NEBRASKA, NOT GROWING A LITTLE TOWN BUT TRYING TO FOCUS ON THE DEVELOPMENT OF SOMETHING AT THE I-76 AND I-80 INTERCHANGE, WHICH HAS TREMENDOUS POTENTIAL. [LB423]

SPEAKER HADLEY: ONE MINUTE, SENATOR. [LB423]

SENATOR SCHUMACHER: THANK YOU. [LB423]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR SCHUMACHER: OH. WELL, THANK YOU ANYWAY. (LAUGH) [LB423]

SPEAKER HADLEY: SENATOR BRASCH, YOU'RE RECOGNIZED. [LB423]

SENATOR BRASCH: THANK YOU, MR. SPEAKER, AND GOOD MORNING, COLLEAGUES. THIS CONVERSATION IS DEFINITELY STARTING TO GET A LOT OF WIND BEHIND IT. AND SENATOR SCHUMACHER IS CORRECT. WE DO NEED TO THINK BIG. BUT I'M THINKING, AS I PULLED UP ON MY GADGET, THESE BIG COMPANIES USE WIND: INTEL CORPORATION; MICROSOFT CORPORATION; GOOGLE; WALMART STORES, INC.; APPLE, INC.; THE LIST GOES ON; JP MORGAN CHASE AND COMPANY; PEARSON; THE U.S. ARMY, FORT CARSON: WIND, WIND AND SOLAR. FOR THOSE WHO DRINK THE KEURIG COFFEE, THE KEURIG GREEN MOUNTAIN USES SOLAR AND WIND. MOTOROLA MOBILITY, THEY USE WIND. ADOBE SYSTEMS, INCORPORATED: WIND AND BIOGAS. I'M ONLY NAMING A FEW OF THE HUNDRED MOST-LEADING COMPANIES THAT USE RENEWABLE ENERGY, AND WIND IS NOT GOING AWAY. THE CITY AND THE UNIVERSITY OF NEBRASKA, UNL PARTNER ON INNOVATION CAMPUS RENEWABLE ENERGY SYSTEMS. THE MAYOR, THE UNIVERSITY OF NEBRASKA, THE CHANCELLOR PERLMAN ANNOUNCED FRIDAY A JOINT PROJECT USING RENEWABLES FOR THEIR ENERGIES. IT'S NOT WIND, BUT IT'S RENEWABLE. YESTERDAY I STOOD AND I STILL STAND SAYING THAT WE NEED TO DIVERSIFY OUR ENERGY. WE HAVE NUCLEAR POWER IN DISTRICT 16. AND WE ALSO HAVE SOLAR, AND WE HAVE WIND. ONE OF MY COUNTIES, AS I MENTIONED, IS BURT COUNTY AND THEY HAVE A VERY SMALL GROUP. AND THEY HAVE RUN SOME NUMBERS. THEY'RE

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WORKING WITH THE ENERGY OFFICE AT DIFFERENT OPPORTUNITIES. BUT WHAT THIS WOULD MEAN IN PROPERTY TAX RELIEF IS THAT THEY LOOK AT THE NUMBERS, THE CONSTRUCTION PAYMENTS TO NEBRASKA-BASED CONTRACTORS WOULD BE OVER \$5 MILLION. THE DEBT SERVICE AND INVESTMENT PAYMENTS TO A NEBRASKA-BASED BANK IS CLOSE TO \$18 MILLION. THE INSTATE TAX EQUITY INVESTOR RETURN IS \$10,125,000; INSTATE SPONSOR EQUITY INVESTOR RETURN, \$4,000,500; LAND-LEASE PAYMENTS, \$720,000; PROPERTY TAX PAYMENTS, \$750,000; OPERATOR AND MAINTENANCE, \$800,000. A TOTAL OVER A 20-YEAR LIFE OF THE PROJECT IS NEARLY \$40 MILLION. THAT'S BIG IN A SMALL COMMUNITY, IN ALL THE SMALL COMMUNITIES. AND BURT COUNTY WIND IS JUST ONE COMPANY. THE RENEWABLE POWER IN NEBRASKA, THERE WAS A HANDOUT GIVEN TO US IN COMMITTEE. NEBRASKA IS HOME TO MORE THAN 22,392 JOBS IN RENEWABLE POWER INDUSTRIES, ENERGY EFFICIENCY, AND OTHER CONSERVATION SERVICES. I DO BELIEVE THAT THIS IS GOOD. IT'S AN INVESTMENT IN THE FUTURE. IN OUR COMMUNITIES, ESPECIALLY THE RURAL COMMUNITIES WHERE GEOGRAPHY IS USED FOR AGRICULTURE, WE ALSO HAVE OUR MAIN STREETS AND HOME-BASED BUSINESSES THAT WELCOME AN OPPORTUNITY TO CONNECT, AND MANY DO, WITH INTEL AND OTHERS THAT I HAVE READ TO YOU, NATIONAL COMPANIES WHO HIRE VIRTUAL... [LB423]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR BRASCH: ...OFFICES. THIS IS BIG, AND THIS IS BIG FOR NEBRASKA. IT'S OPPORTUNITY. YES, WE ARE SLIGHTLY BEHIND THE CURVE. BUT NEBRASKA HAS NEVER BEEN ONE TO JUST GIVE UP AND GO HOME. WE HAVE REBOUND IN THE LAST QUARTER MINUTE IN MANY SITUATIONS. I BELIEVE WE NEED TO MOVE FORWARD WITH THIS. WE NEED TO KEEP IN MIND THAT ENERGY IS IMPORTANT IN MANY FORMS: COAL, OIL, BIOFUEL, METHANE, WIND, SOLAR. YOU KNOW, IT'S ALL PART OF OUR FUTURE. AND THIS IS AN INVESTMENT IN ENERGY, AND I DO SUPPORT LB423 AND THE FOLLOWING AMENDMENTS. THANK YOU, MR. SPEAKER, AND THANK YOU, COLLEAGUES. [LB423]

SPEAKER HADLEY: THOSE IN THE QUEUE ARE SENATORS McCOLLISTER, NORDQUIST, PANSING BROOKS, DAVIS, AND OTHERS. SENATOR McCOLLISTER, YOU'RE RECOGNIZED. [LB423]

SENATOR McCOLLISTER: THANK YOU, MR. SPEAKER, AND GOOD MORNING, MEMBERS OF THE BODY. SENATOR SCHNOOR I THOUGHT MADE SOME SAGE OBSERVATIONS. WE DO, IN FACT, HAVE A CHANGING ENERGY ENVIRONMENT IN

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THIS COUNTRY. THE FEDERAL GOVERNMENT IS PHASING OUT ITS TAX CREDITS FOR WIND GENERATION, BUT YET MANY STATES CONTINUE TO OFFER TAX CREDITS FOR WIND GENERATION. WE SEE SURROUNDING STATES WITH MANY PROGRAMS THAT ARE VERY GENEROUS TO THOSE FOLKS THAT ARE PRODUCING NEW WIND GENERATION. THE QUESTION IS WHETHER THE EXPIRATION OF THOSE FEDERAL TAX CREDITS IS GOING TO FUNDAMENTALLY CHANGE THE MARKETS. AND I THINK THERE'S A GOOD POSSIBILITY THAT THAT WILL OCCUR. IN ADDITION, THE GREAT REDUCTION IN NATURAL GAS PRICES WILL ROCK THE ENERGY MARKET. SO I THINK THOSE ARE FACTORS THAT WE NEED TO CONSIDER AS WE MOVE FORWARD WITH THIS. I THOUGHT SENATOR SCHILZ MADE ANOTHER SAGE OBSERVATION. THIS IS A DEVELOPMENT PROJECT. THE STATE OFFERS THE TAX CREDITS FOR INCOME TAX, BUT YET THE COUNTIES AND THE SCHOOLS RECEIVE ALL OF THE BENEFIT OF INCREASED PROPERTY TAXES THAT WILL BE GENERATED FROM THESE FACILITIES. SO THAT'S ANOTHER IRONY. THE PRIMARY IRONY IS THAT WHILE NEBRASKA DOES NOT OFFER TAX CREDITS, MANY STATES DO. BUT THEN THE POWER, THEN THE POWER, THAT CHEAP POWER IS IMPORTED IN NEBRASKA. SO YOU CAN ALMOST ARGUE THAT WE HAVE THE BEST OF BOTH WORLDS. WE DIDN'T OFFER THE TAX CREDITS, BUT YET WE GET THE ADVANTAGE OF THE CHEAP POWER. SO WITH THAT, I YIELD THE BALANCE OF MY TIME TO SENATOR SCHNOOR IF HE CARES FOR IT. [LB423]

SPEAKER HADLEY: SENATOR SCHNOOR, YOU'RE YIELDED 2:58. [LB423]

SENATOR SCHNOOR: THANK YOU, SIR, AND THANK YOU, SENATOR McCOLLISTER. I GUESS I'M JUST GOING TO REITERATE A LITTLE BIT OF HOW I FEEL. AND YOU KNOW, WE JUST HAVE TO LOOK AT THIS PURELY FROM AN ECONOMIC POINT OF VIEW. AND I KNOW EVERYTHING WE SAY CAN BE USED IN DIFFERENT WAYS. WE CAN SAY ECONOMIC DEVELOPMENT POINT OF VIEW. AND I UNDERSTAND THAT COMPLETELY. BUT THE FACT OF THE MATTER IS EVERY PERSON THAT I HAVE EVER TALKED TO ABOUT THIS FROM DAY ONE HAS SAID IF YOU BUILD A WINDMILL TOWER WITHOUT ANY SUBSIDIES, IT WILL NOT PAY FOR ITSELF. SO THAT ALONE SHOULD TELL US THAT WE ARE WASTING OUR TIME. AND IF ONE OF OUR BIGGEST INVESTORS IN THE WORLD IS SAYING THAT AS WELL, MAYBE WE OUGHT TO TAKE SOME ADVICE FROM HIM IN OUR STATE AND NOT MOVE FORWARD WITH THIS. AND I AGREE WITH SENATOR SCHUMACHER COMPLETELY. WE'RE BEHIND THE POWER CURVE. HAD WE DONE THIS MAYBE, OH, I DON'T KNOW, TEN YEARS AGO, THIS WOULD BE A DIFFERENT STORY. BUT WE NEED TO BE LOOKING ELSEWHERE AND LOOKING FOR BIGGER AND BETTER THINGS BECAUSE THIS IS JUST NOT THE BEST WAY FOR US TO GO. SO LET'S ALWAYS KEEP IN MIND FROM A VERY BASIC ECONOMIC POINT OF VIEW THAT THIS DOES NOT

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WORK. SO THAT IS ALL. THANK YOU FOR YOUR TIME, SENATOR McCOLLISTER. THANK YOU, SIR. [LB423]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU'RE RECOGNIZED, AND THIS IS YOUR THIRD TIME. [LB423]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. I APPRECIATE SENATOR BRASCH'S COMMENTS ABOUT THE NEED FOR A DIVERSE ENERGY PORTFOLIO. AND WE HAVE KIND OF SEEN THIS DEBATE GO OFF TRACK A LITTLE BIT. I GUESS THIS BILL MAYBE OPENS IT UP FOR THAT KIND OF DISCUSSION. BUT ON ONE HAND, WE'RE HEARING PEOPLE SAY, YOU KNOW, WE NEED TO JUST KEEP BUILDING COAL PLANTS. THAT'S THE MOST COST-EFFECTIVE WAY TO MOVE FORWARD. AND THEN ON THE OTHER HAND WE HAVE SENATOR SCHUMACHER WHO'S TALKING ABOUT AN ARTICLE THAT CAME OUT FROM LOCKHEED A MONTH AGO ABOUT A POTENTIAL ENERGY PRODUCTION SOURCE THAT THE FEDERAL GOVERNMENT HAS BEEN FUNDING FOR THREE DECADES AND STILL HASN'T COME UP WITH ANY KIND OF PRODUCTION. I WAS JUST READING ABOUT THE SKUNK PROJECT. IT SAYS THE GOVERNMENT HAS FUNDED FUSION RESEARCH PROJECTS FOR DECADES WITHOUT PRODUCING ANY DESIGN. WELL THAT...IT DOES SOUND PROMISING. BUT AGAIN, THE RESEARCH HAS BEEN GOING ON FOR DECADES. WE'VE HEARD, LET'S BUILD MORE NUCLEAR. FOLKS, THE LAST TIME A NUCLEAR POWER PLANT CONSTRUCTION PROJECT BEGAN WAS 1977. SO WE DON'T LEGISLATE IN A VACUUM HERE. AND WE ALSO HAVE HANGING OVER US, THE REASON PEOPLE AREN'T MOVING FORWARD WITH COAL AND ARE ACTUALLY SHUTTING DOWN COAL PLANTS IS THE LOOMING EPA REGULATIONS. SO THE FACT OF THE MATTER IS WE NEED, AS SENATOR BRASCH RIGHTFULLY SAID, TO DIVERSIFY OUR ENERGY PORTFOLIO. IT'S WHAT OUR UTILITIES LOCALLY AND UTILITIES NATIONALLY HAVE BEEN DOING. AND I GUESS THE ARGUMENT AGAINST WIND NOW THAT WE'RE COMING UP AGAINST IS IT JUST DOESN'T LOOK GOOD ON THE COUNTRYSIDE. BUT WE DO, AS SENATOR SCHILZ SAID, HAVE LOCAL CONTROL OVER THAT. NOW LET'S TALK ABOUT HOW WE'RE COMPETITIVE. FOR A WHILE, NEBRASKA WASN'T COMPETITIVE WHEN IT CAME TO RENEWABLE ENERGY PRODUCTION BECAUSE, WITH PUBLIC POWER, WE WEREN'T ABLE TO ACCESS THE FEDERAL TAX CREDIT, 2.3 CENTS PER MEGAWATT FEDERAL TAX CREDIT WHICH OBVIOUSLY IS SEVERAL TIMES LARGER THAN WHAT WE HAVE HERE. THAT TAX CREDIT HAS EXPIRED, AS WE TALKED ABOUT. NOW WE ARE IN THE GAME. NOW WE CAN COMPETE. AND I'VE BEEN INTRODUCING THIS BILL SINCE 2009, A PRODUCTION TAX CREDIT BILL. AND WE WEREN'T ABLE TO GET TRACTION ON IT UNTIL THE FEDERAL CREDIT WENT AWAY BECAUSE WE WEREN'T ABLE TO GET IN THE GAME. BUT NOW WE

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ARE ON A...AT LEAST WE'RE ABLE TO GET IN THE GAME WITH IOWA, OKLAHOMA, AND KANSAS AND WYOMING, ALSO. WYOMING, THE COAL STATE IS PRODUCING THREE TIMES THE WIND ENERGY THAT WE ARE IN NEBRASKA--THE COAL STATE IS AND THEY DON'T HAVE AS GOOD OF WIND POTENTIAL AS WE DO EITHER. SO THIS IS A WAY FOR US TO COMPETE. WE KNOW THAT THERE WILL BE NATIONALLY TENS IF NOT HUNDREDS OF BILLIONS OF DOLLARS OF INVESTMENT IN RENEWABLE ENERGY IN THE NEXT FIVE TO TEN YEARS. THERE'S NO QUESTION. EVEN IF LOCKHEED MARTIN MOVES FORWARD WITH NUCLEAR FUSION, WE'RE STILL GOING TO SEE HUNDREDS OF BILLIONS OF DOLLARS OF INVESTMENT IN RENEWABLE ENERGY. NOW, WE CAN ALLOW THAT...SOME OF THAT TO COME HERE INCLUDING A REQUIREMENT THAT 25 PERCENT OF IT GETS SPENT IN OUR COMMUNITIES. OR IT CAN GO TO IOWA, TO KANSAS, AND TO OKLAHOMA. BUT IT DOESN'T MEAN WE WON'T UTILIZE THAT ENERGY. WE CAN JUST LOOK TO THIS SUMMER WHEN LES WENT OUT AND PURCHASED 50 MEGAWATTS OF ENERGY FROM OKLAHOMA BECAUSE IT WAS CHEAPER, BECAUSE IT WAS...BECAUSE WE WEREN'T COMPETING. SO THAT ECONOMIC DEVELOPMENT WENT TO OKLAHOMA. THE PROPERTY TAXES BEING PAID WENT TO OKLAHOMA. THE INCOME TAXES... [LB423]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR NORDQUIST: ...BEING PAID WENT TO OKLAHOMA. AND IT'S DOLLARS BEING SUCKED OUT OF LINCOLN, NEBRASKA, THAT WENT TO OKLAHOMA. WE HAVE TO BE IN THE GAME. THIS IS A REASONABLE TAX CREDIT THAT PUTS US IN LINE WITH THOSE STATES, ALLOWS US TO COMPETE. AND IT IS A TAX CREDIT THAT EXTENDS FOR TEN YEARS BUT RETURNS REVENUE TO THE LOCAL LEVEL THROUGH PROPERTY TAXES AND TO THE STATE LEVEL THROUGH INCOME TAXES FOR DECADES, 60 YEARS PROBABLY...IS JUST...THAT'S TWO TIMES, MAYBE THE WIND TOWERS CAN EXTEND EVEN BEYOND THAT. BUT AT LEAST 60 YEARS OF REVENUE COMING TO THE STATE FOR A TAX CREDIT THAT WE PUT UP FRONT. THIS IS ABOUT BUILDING FOR THE FUTURE, FOLKS. THIS IS ABOUT MY DAUGHTER WHO'S 6 MONTHS OLD, ABOUT HER GENERATION. LET'S MOVE FORWARD WITH LB423. THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR PANSING BROOKS, YOU'RE RECOGNIZED. [LB423]

SENATOR PANSING BROOKS: THANK YOU, MR. PRESIDENT. AS I WAS GOING DOOR TO DOOR CAMPAIGNING FOR THIS POSITION, ONE OF THE TOP FIVE ANSWERS I RECEIVED ON WHAT PEOPLE WERE CONCERNED ABOUT IN LEGISLATIVE

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DISTRICT 28 WAS ABOUT RENEWABLE ENERGY. AND SO I HAD TO BECOME AT LEAST SEMIKNOWLEDGEABLE ABOUT SOME OF THE ISSUES AND SOME OF THE THINGS THAT RENEWABLE ENERGY MEANT TO NEBRASKA. AND ONE OF MY SOURCES WAS THE--I THINK IT WAS MENTIONED BEFORE BY SENATOR NORDQUIST--IT WAS A STUDY BY BLUESTEM AND BAIRD HOLM LAW FIRM UP IN OMAHA. AND THE TITLE OF IT WAS, WIND ENERGY IN NEBRASKA: ECONOMIC POLICY AND TAXES. IT WAS AN APRIL 12, 2014, STUDY. AND THEY DISCUSSED WHAT WE'VE HEARD A LITTLE BIT, THAT NEBRASKA RANKS 4th BEST IN WIND RESOURCES IN THE U.S., THAT NEBRASKA RANKS ONLY 16th IN TERMS OF WIND ELECTRICITY PER CAPITA, THAT NEARLY 92 PERCENT OF OUR LAND CAN BE USED FOR WIND-POWERED ELECTRICITY GENERATION. BUT WE ALSO, AS SENATOR NORDQUIST JUST MENTIONED, THAT WE ALSO LAG WAY BEHIND OUR NEIGHBORING STATES IN INVESTMENT AND USE OF WIND ENERGY. AT THE TIME OF THE STUDY, APRIL, 2014, NEBRASKA HAD 459 MEGAWATTS OF INSTALLED CAPACITY. IOWA HAD 5,133 MEGAWATTS; KANSAS, 2,713 MEGAWATTS; COLORADO, 2,301 MEGAWATTS; AND WYOMING, THE COAL STATE, HAD 1,410 MEGAWATTS AND NOWHERE NEAR OUR CAPACITY FOR WIND-POWERED ELECTRICITY GENERATION. SO WE HAVE PROBLEMS THAT NEBRASKA SUFFERS FROM A DECLINING RURAL POPULATION. AND IT'S RESULTING IN A DECREASING TAX BASE AND INCREASING PROPERTY BURDEN ON LANDOWNERS AS WE HEAR AD NAUSEAM. THE WIND ENERGY DEVELOPMENT PROVIDES A SIGNIFICANT PROPERTY TAX REVENUE BY INCREASING THE PROPERTY TAX BASE WITHOUT INCREASING THE CURRENT TAX RATE AND WITHOUT INCREASING A SIGNIFICANT AMOUNT OF PEOPLE TO HELP SUPPORT THAT BASE. THE TAXES THAT ARE INVOLVED IN WIND ENERGY DEVELOPMENT HAVE BEEN MENTIONED, BUT THEY INCLUDE A NAMEPLATE TAX. AND THAT'S A TAX ON THE WIND FACILITY ON PERSONAL PROPERTY. IT'S A TAX ON THE TURBINE ITSELF. AND IT'S A DEPRECIABLE, TANGIBLE PERSONAL PROPERTY TAX THAT IS EXEMPT AND COVERED BY THE NAMEPLATE CAPACITY TAX. THERE'S A REAL ESTATE PROPERTY TAX WHERE THE DEVELOPER PAYS THE REAL PROPERTY TAX ON THE FOUNDATION OF THE TURBINE, THE BUILDINGS, THE ACCESS ROADS, AND THE LANDOWNER PAYS REAL PROPERTY TAXES ON THE BALANCE OF THE AGRICULTURAL LAND SURROUNDING THE TURBINE. THERE'S NO ADDITIONAL TAX BURDEN ON THE LANDOWNER FOR HAVING A WIND GENERATION FACILITY ON THEIR LAND. SO THE BENEFITS ARE THAT THE NAMEPLATE CAPACITY TAX GENERATES \$1.4 MILLION PER YEAR ON A 400 MEGAWATT WINDFARM. THE REAL PROPERTY TAX FROM THE DEVELOPER ADDITIONAL IS \$1.2 MILLION PER YEAR ON FACILITY IMPROVEMENTS. SO THOSE REVENUES ARE \$2.6 MILLION PER YEAR. IT'S A 78 PERCENT INCREASE IN PROPERTY TAX REVENUE FOR THE COUNTY--78 PERCENT. THE LEASE PAYMENTS FROM THE DEVELOPER TO THE

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LANDOWNERS ARE ESTIMATED TO BE \$2.4 MILLION PER YEAR ON A 400 MEGAWATT WINDFARM. SO THE INCREASED TAX BASE FROM WIND ENERGY INVESTMENT ENABLES THE COUNTY TO LOWER THE TAX RATE CURRENTLY ASSESSED ON LANDOWNERS AND PROVIDES ADDITIONAL REVENUE FOR PUBLIC SERVICES. COMPARED TO CONSTRUCTING NEW HOMES AND INCREASING THE NUMBER OF TAXPAYERS, WIND ENERGY DEVELOPMENT INCREASES TAX REVENUE... [LB423]

SPEAKER HADLEY: ONE MINUTE, SENATOR. [LB423]

SENATOR PANSING BROOKS: ...WITHOUT INCREASING THE NEED FOR ADDITIONAL SERVICES. AGAIN, THIS IS A RENEWABLE ENERGY BILL. THIS IS NOT A WIND ENERGY BILL AS SOME OF MY COLLEAGUES HAVE COUCHED IT. AND AS SENATOR BRASCH MENTIONED, THE MONEY IS BIG FOR THE COMMUNITIES IN HER AREA AND RURAL NEBRASKA. SENATOR SCHILZ SAID LET THE COMMUNITY DETERMINE WHETHER OR NOT TO USE THE WIND TURBINES. THAT'S FINE. WE'RE TALKING ABOUT ALL SORTS OF FORMS. THE LAW TALKS ABOUT THE PROJECT USING WIND, SOLAR, BIOMASS, LANDFILL GAS, OR OTHER FUEL SOURCES. SO, AGAIN, ON EARTH DAY, I WOULD ASK YOU TO SUPPORT LB423 AND THE COMMITTEE'S AMENDMENT. AND I GIVE THE REST OF MY TIME TO SENATOR DAVIS. [LB423]

SPEAKER HADLEY: SENATOR DAVIS, YOU'RE NEXT IN THE QUEUE. [LB423]

SENATOR DAVIS: QUESTION. [LB423]

SPEAKER HADLEY: DO I SEE FIVE HANDS? I SEE FIVE HANDS. QUESTION FOR THE BODY IS, SHALL THE DEBATE CEASE? ALL IN FAVOR SIGNIFY BY VOTING AYE; THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB423]

CLERK: 27 AYES, 2 NAYS, MR. PRESIDENT, TO CEASE DEBATE. [LB423]

SPEAKER HADLEY: DEBATE IS CEASED. SENATOR SCHUMACHER, YOU'RE RECOGNIZED TO CLOSE ON YOUR FLOOR AMENDMENT. [LB423]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER, MEMBERS OF THE BODY. WE'VE DISCUSSED THE TAX POLICY BEHIND TAX CREDITS, REFUNDABLE TAX CREDITS. JUST VERY BRIEFLY RESUMMARIZING IT: A REFUNDABLE TAX CREDIT,

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THINK OF IT AS A PIECE OF MONOPOLY MONEY. THE COMPANY GETS THE MONOPOLY MONEY, AND THEN IT CAN USE IT TO PAY ITS TAXES, EXCEPT IF IT DOESN'T MAKE ANY MONEY--THESE THINGS APPARENTLY DON'T--THEN IT CAN SELL IN A TRANSFERABLE CREDIT TO SOMEBODY ELSE WHO DOES HAVE A TAX BILL. AND WHEN IT SELLS THAT MONOPOLY MONEY SO THAT THE SOMEBODY ELSE CAN USE IT TO PAY THEIR TAX BILL, AND THUS OUR REVENUES ARE LOWER AND OUR BUDGET CRUNCHES ARE TIGHTER AND WE HAVE LESS MONEY FOR OTHER THINGS, THE PERSON THAT BUYS IT GETS THE FULL VALUE, GETS TO TAKE \$1 OFF ITS TAX BILL OR \$1 MILLION. AND IT ONLY HAD TO PAY \$850,000 FOR THAT \$1 MILLION IN CREDITS. NOW YOU TAKE THAT TIMES THE \$15 MILLION GUESSTIMATE, AND THAT'S FOUR YEARS OUT. IF THIS KEEPS GROWING LIKE THE FISCAL NOTE SHOWS, WHO KNOWS WHAT IT COULD BE. AND YOU'RE GIVING A COUPLE MILLION DOLLARS OF TAXPAYER MONEY OFF TO SOMEBODY WHO IS IN THE MIDDLE OF THIS TRANSACTION. THAT'S A DUMB WAY TO SUBSIDIZE ANYTHING, WITH TRANSFERABLE CREDITS BECAUSE THE WINDFARM, ASSUMING IT'S A GOOD THING, IT ISN'T GETTING VALUE FROM THAT \$2 MILLION. IT'S ONLY GETTING \$13 MILLION OUT OF THE \$15 MILLION THAT WE SPENT. SO THIS SAYS, VERY SIMPLY, LET'S LIMIT THAT BONUS THAT THE TAX CREDIT PURCHASER GETS TO 3 PERCENT. THAT'S A REASONABLE NUMBER. IT'S WHAT YOU PAY AN AUCTIONEER ON A FARM SALE, FOR EXAMPLE. THREE PERCENT ON THAT \$1 MILLION MEANS THAT THAT'S \$30,000 PROFIT JUST FOR MIDDLE-MANNING THE TAX CREDIT. AND SO I THINK THIS IS A REASONABLE APPROACH. THE OTHER APPROACH WOULD BE JUST TO ELIMINATE THE TRANSFERABILITY ALTOGETHER. AND THE BEST APPROACH, IF WE REALLY BELIEVE IN WIND, WOULD BE TO PUT IT IN OUR BUDGETARY PROCESS AND GIVE A CASH SUBSIDY. TAXPAYERS WOULD CHEW ON OUR BEHINDS ON THAT, BUT MAYBE WE DESERVE TO HAVE THEM CHEWED ON. SO IT'S A VERY SIMPLE PROPOSITION. FA48 SAYS THE DISCOUNT CAN'T BE MORE THAN 3 PERCENT, AND YOU CAN'T PAY ANYBODY COMMISSION TO MARKET THESE CREDITS, THESE PIECES OF MONOPOLY MONEY THAT COSTS THE TAXPAYERS REAL MONEY. THANK YOU. [LB423]

SPEAKER HADLEY: THE QUESTION BEFORE THE BODY IS THE ADOPTION OF FA48. ALL IN FAVOR SIGNIFY BY VOTING AYE; OPPOSED VOTE NAY. THERE'S BEEN A REQUEST TO PUT THE HOUSE UNDER CALL. ALL IN FAVOR SIGNIFY BY VOTING AYE; OPPOSED, NAY. THE HOUSE IS UNDER...RECORD, MR. CLERK. [LB423]

ASSISTANT CLERK: 41 AYES, 0 NAYS TO GO UNDER CALL, MR. PRESIDENT. [LB423]

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SPEAKER HADLEY: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE OF THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR MELLO AND SENATOR CHAMBERS. SENATOR SCHUMACHER, HOW WOULD YOU LIKE TO PROCEED? THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE IN REGULAR ORDER, MR. CLERK. [LB423]

ASSISTANT CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGE 1237.) VOTE IS 13 AYES, 25 NAYS, MR. PRESIDENT, ON THE ADOPTION OF THE AMENDMENT TO THE AMENDMENT. [LB423]

SPEAKER HADLEY: THE AMENDMENT FAILS. MR. CLERK. THE CALL IS RAISED. [LB423]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT AMENDMENT TO THE COMMITTEE AMENDMENT, SENATOR McCOLLISTER, AM1328. (LEGISLATIVE JOURNAL PAGE 1237.) [LB423]

SPEAKER HADLEY: SENATOR McCOLLISTER, YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT. [LB423]

SENATOR McCOLLISTER: THANK YOU, MR. SPEAKER, AND ONCE AGAIN, GOOD MORNING, COLLEAGUES. I SIMPLY OFFER THIS AMENDMENT TO DO JUST TWO THINGS. THE AMENDMENT WOULD SIMPLY ESTABLISH A SUNSET DATE OF 2021 FOR THE ENTIRE STATUTE. AND SECONDLY, IT WOULD REQUIRE THE DEPARTMENT OF REVENUE TO ISSUE A REPORT ON: "THE NUMBER OF FACILITIES RECEIVING CREDITS UNDER THIS SECTION," SECONDLY, "THE AMOUNT OF CREDITS EARNED," THIRD, "THE AMOUNT OF CREDITS CLAIMED," AND FINALLY, "THE AMOUNT OF CREDITS OUTSTANDING." IF WE ARE GOING TO PASS THIS BILL, WE OUGHT TO AT LEAST UNDERSTAND WHAT WE'VE GOTTEN OURSELVES INTO. AND I THINK THIS IS A GOOD AMENDMENT, ALTHOUGH I HAVE DOUBTS THAT I'LL VOTE FOR LB423 IN ITS ENTIRETY. THANK YOU, MR. PRESIDENT. [LB423]

SPEAKER HADLEY: SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB423]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, PARTICULARLY YOU FRESHMEN COLLEAGUES, I'M GOING TO BE GONE IN TWO

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YEARS. I WON'T BE DEALING WITH THIS. BUT IN FIVE SHORT YEARS, FOUR ACTUALLY, WHEN YOU'LL BE RUNNING FOR REELECTION, IF THIS PASSES, THERE WILL BE A \$10 MILLION SHORTFALL IN WHAT YOU SEE COMING INTO THE STATE. THAT'S WHAT THIS TAX CREDIT WILL AMOUNT TO IN FOUR YEARS. IN FIVE YEARS, IT'S \$15 MILLION TO \$16 MILLION THAT WON'T BE COMING INTO THE STATE'S COFFERS. THAT'S WHAT YOU WILL BE LOOKING AT. YOU KNOW, I HAD A LITTLE BILL IN THE REVENUE COMMITTEE, LB191, THAT WOULD HAVE EXEMPTED SALES TAX FROM VETERANS' ORGANIZATIONS: AMERICAN LEGION, VFWs, AND SUCH THINGS. IT COULDN'T MAKE IT OUT OF COMMITTEE BECAUSE IT COSTS TOO MUCH AT \$170,000, AND THERE WAS FEAR OF WHO MIGHT COME BEHIND WANTING MORE TAX EXEMPTIONS. COLLEAGUES, THAT DIED IN COMMITTEE, AN ATTEMPT TO HELP VETERANS' GROUPS STAY ALIVE IN THE STATE WITH \$170,000 FOR THE BIENNIUM. AND WE'RE LOOKING AT GIVING AWAY \$15 MILLION HERE. SOMEHOW IT DOESN'T MAKE SENSE TO ME. BUT THEN AGAIN, THAT'S JUST ME. I'D YIELD THE REMAINDER OF MY TIME TO SENATOR SCHUMACHER IF HE COULD USE IT. [LB191 LB423]

SPEAKER HADLEY: SENATOR SCHUMACHER, YOU'RE YIELDED 3:05. [LB423]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER. THANK YOU, SENATOR BLOOMFIELD. SENATOR BLOOMFIELD HIT ON A THEME THAT IS PROBABLY REALLY GOOD TO HIT ON. WE MAKE A LOT OF TOUGH CHOICES IN THE REVENUE COMMITTEE BECAUSE WE NEED TO DRAG MONEY INTO HERE. AND AFTER TOMORROW, WE MAY NEED TO DRAG MORE MONEY INTO HERE IF THE NEWS IS BAD. SO WHO IS PAYING FOR THIS \$15 MILLION? THERE'S OTHER BILLS IN REVENUE COMMITTEE BESIDES THE HARD CHOICES WE HAD TO MAKE ON SENATOR BLOOMFIELD'S. DO YOU REALIZED THAT FOLKS WHO WORK A SECOND JOB, AND WE TAX THEM ON THAT SECOND JOB, THEY'RE PAYING \$40 MILLION IN TAXES? WELL, \$15 MILLION OF IT IS GOING TO GO TO THESE WIND PROJECTS. OR FOLKS WHO ARE OVER 65 YEARS OLD HAVING TO KEEP THEIR WORK UP IN ORDER TO MAKE ENDS MEET AND SUPPLEMENT THEIR SOCIAL SECURITY AND EVERYTHING ELSE, THEY PAY \$60 MILLION A YEAR IN TAXES BECAUSE IN THEIR OLD AGE WE TAX THEM ON THEIR EARNED INCOME, NOT THEIR INVESTMENT INCOME, THEIR EARNED INCOME. WELL, A FOURTH OF THAT MONEY, A FOURTH OF THOSE OLD FOLKS ARE WORKING TO PAY THIS SUBSIDY. THIS SUBSIDY OF \$15 MILLION A YEAR, THAT IS ABOUT EQUAL TO THE \$10 MILLION A YEAR THAT WE PATTED OURSELVES ON THE BACK LAST YEAR IN TAX BREAKS IN INCOME TAXES BECAUSE WE INDEXED THE TAX BRACKETS. AND THERE'S NOT BEEN A JUSTIFIABLE CASE FOR THIS BEING GOOD ENERGY POLICY. I DON'T INTEND TO FILIBUSTER THIS. I HADN'T HAD MY LIGHT ON NOW AND DIDN'T MUCH OF THE

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TIME ON THE PREVIOUS MOTION. BUT WE'RE GOING INTO UNCHARTERED TRANSFERABLE TAX POLICY AS FAR AS TRANSFERABILITY. WE ARE SPENDING A LOT OF MONEY. WE ARE MAKING... [LB423]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR SCHUMACHER: ...A COMMITMENT TO GO OUT IF THE SUNSET GOES, THAT'S OUT SIX, SEVEN YEARS INTO THE FUTURE. THIS IS JUST NOT THOUGHT THROUGH. AND WE HAVE NO GOALS FOR OURSELVES. WE DIDN'T MEET THE STANDARDS SET BY THE PERFORMANCE AUDIT RECOMMENDATIONS OF WHAT WE SHOULD LOOK AT WITH A TAX CREDIT. LB423 MAY CREATE SOME WINDMILLS OUT THERE, BUT IT SURE DOESN'T SOLVE MUCH. THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR GROENE, YOU'RE RECOGNIZED. [LB423]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. YOU KNOW, I'M NOT THE BRIGHTEST PERSON, BUT MY RURAL EDUCATION BACKGROUND HAS AFFORDED ME THE ABILITY TO INFUSE MULTIFACETED FACTORS INTO AN EQUATION WHEN I DECIDE ON AN ISSUE. SO COMMENTS ABOUT THIS IS DOWN TO ABOUT VISUAL ENVIRONMENTAL CONCERNS, IT'S MORE FACETS AND MORE FACTORS INVOLVED IN THIS DEBATE: ENVIRONMENTAL CONCERNS, ECONOMIC FEASIBILITY, LONG-TERM EFFECT ON OUR CHEAP PUBLIC POWER, AND I FORGOT THE ONE SENATOR BLOOMFIELD BROUGHT UP, FISCAL COMMON SENSE FOR A STATE BUDGET. AND THEN SENATOR SCHUMACHER ADDED TO THAT DEBATE. WE'RE GIVING AWAY MONEY, TAX DOLLARS, BEFORE WE EVEN KNOW ANY BENEFIT. I RECEIVED AN E-MAIL FROM THE STATE CHAMBER OF COMMERCE THAT SAID THEY TOOK NO STAND ON LB423, BUT THEY SENT ME AN ARTICLE THEY HAD IN THEIR NEWS UPDATE HERE A WHILE BACK. AND IT'S ON FEDERAL SUBSIDIES DISTORTED ELECTRICAL MARKET. IT'S IN A NEWSWEEK ARTICLE, AND NEWSWEEK ISN'T KNOWN FOR ANTI-ENVIRONMENT. THE SUMMATION OF IT IS RANDY SIMMONS, A PROFESSOR OF POLITICAL ECONOMY AT UTAH STATE UNIVERSITY WRITES THAT MASSIVE SUBSIDIES FOR RENEWABLE ENERGY ARE DISTORTING THE U.S. ELECTRICAL MARKET, AND THAT IF AMERICANS CAN REALIZE THE FULL COSTS OF GENERATING ENERGY FROM WIND POWER, THEY WOULD BE LESS WILLING TO FOOT THE BILL. ACCORDING TO SIMMONS' ANALYSIS: "OVER THE PAST 35 YEARS, WIND ENERGY--WHICH SUPPLIES JUST 4.4 PERCENT OF U.S. ELECTRICITY IN 2014--HAS RECEIVED \$30 BILLION IN FEDERAL SUBSIDIES AND GRANTS." "IN 2010 THE WIND ENERGY SECTOR RECEIVED 42 PERCENT OF TOTAL FEDERAL

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SUBSIDIES WHILE PRODUCING ONLY 2 PERCENT OF THE NATION'S ELECTRICITY," ACCORDING TO SIMMONS. HE WRITES, "AS OF 2010, 84 PERCENT OF THE TOTAL CLEAN-ENERGY GRANTS AWARDED BY THE FEDERAL GOVERNMENT WENT TO FOREIGN-OWNED WIND COMPANIES." HE ADDS THAT "THE COST OF WIND POWER RANGES FROM \$37 TO \$81 PER MEGAWATT HOUR," ALTHOUGH MANY ESTIMATES DON'T INCLUDE COSTS RELATED TO THE INHERENT UNRELIABILITY OF WIND POWER OR THE FACT THAT COAL AND NATURAL GAS PLANTS MUST BE KEPT ON AS BACKUP TO COMPENSATE. WIND WILL NEVER REPLACE IT, OUR POWER PLANTS THAT WE HAVE IN OUR POWER SYSTEM--WON'T EVEN COME CLOSE, 4.4 PERCENT, OF FEEL-GOOD LEGISLATION, UNPROVEN, UNRELIABLE, SO FOLKS WHO LIVE IN THE CITIES CAN FEEL GOOD AND WATCH NATIONAL GEOGRAPHIC AND SAY THEY DID SOMETHING WITH SOMEBODY ELSE'S TAX DOLLARS. I DON'T WORK THAT WAY. IF IT'S ECONOMICAL, FEASIBLE AND THE BANK WILL LOAN THEM THE MONEY AND OUR NEBRASKA PUBLIC POWER WILL WORK WITH THEM, GO FOR IT. THIS IS FEEL GOOD, WASTE TAX DOLLARS IN A HIGH-TAX STATE WHEN THE PEOPLE ARE SCREAMING FOR PROPERTY, INCOME, AND SALES TAX RELIEF, AND FEDERAL, BY THE WAY, IF YOU DID YOUR INCOME TAXES. MOST OF YOU PROBABLY PAID MORE FEDERAL THAN YOU DID STATE. THIRTY BILLION DOLLARS WASTED ON PIE IN THE SKY, FEEL GOOD BECAUSE ONE OR TWO PEOPLE, SELFISH PEOPLE MIGHT BE ABLE TO MAKE A BUCK ON THEIR LAND. THE REST OF US PAY. WELL, I DON'T OPERATE THAT WAY. I TRY DO WHAT'S BEST FOR ALL. AND THAT'S THE WAY I'LL VOTE. [LB423]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR GROENE: AND AS I SAID, UNLESS YOU'RE GOING TO GIVE EVERYBODY A TAX BREAK, NOBODY GETS ONE WITH MY VOTE. SO THANK YOU, MR. PRESIDENT. I APPRECIATE THE TIME. [LB423]

SPEAKER HADLEY: (VISITORS INTRODUCED.) THOSE IN THE QUEUE ARE SENATORS KEN HAAR, SENATOR NORDQUIST, SENATOR GLOOR, SENATOR DAVIS, AND OTHERS. SENATOR HAAR, YOU ARE RECOGNIZED. [LB423]

SENATOR HAAR: MR. PRESIDENT, MEMBERS OF THE BODY, I WOULD...SINCE SENATOR GROENE MENTIONED PROFESSOR SIMMONS, I JUST HAVE TO TELL YOU THAT HE'S A PROFESSOR OF POLITICAL ECONOMY AT UTAH STATE UNIVERSITY. HE'S THE "CHARLES G. KOCH PROFESSOR OF POLITICAL ECONOMY." "HE'S ALSO A SENIOR FELLOW AT THE KOCH- AND EXXONMOBIL-FUNDED PROPERTY AND ENVIRONMENTAL RESEARCH CENTER." IN OTHER WORDS, HE WORKS FOR THE

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OIL COMPANIES. SO WHEN WE READ HIS CRITICISMS OF RENEWABLE ENERGY, WE NEED TO KNOW WHO PAYS HIS BILLS. IT'S THE OIL COMPANIES. I JUST WANTED TO QUICKLY MENTION AS YOU GO OUT AT NOON, YOU'RE GOING TO SEE GREEN RIBBONS AROUND TREES. THOSE ARE ASH TREES THAT WILL BE DEAD AND DANGEROUS IN THE NEXT FEW YEARS IN LINCOLN AND ALL AROUND THE STATE. THE GREEN ASH BORER IS COMING AT US. AND THOSE ARE JUST SOME OF THE ASH TREES IN LINCOLN. AND IT'S VERY SOBERING AND VERY SAD. I JUST WANT YOU TO NOTICE THOSE GREEN RIBBONS. I'D ALSO JUST LIKE TO TELL YOU THAT THE AD AGENCY THAT PRODUCED CLEAN CIGARETTE ADS ARE ALSO THE ONES THAT PRODUCE THE CLEAN COAL ADS. SO LOOK AT THE SOURCE. I HANDED OUT THIS THING ON FUEL SUBSIDIES. AND IT'S REALLY INTERESTING AND IMPORTANT TO NOTE THAT WITHOUT SUBSIDIES, WE WOULD HAVE NO ENERGY IN THIS COMPANY...IN THIS COUNTRY. IF YOU LOOK AT THE CHART I HANDED OUT, THIS IS THE AVERAGE PER YEAR OF THE FEDERAL SUBSIDIES TO THE VARIOUS ENERGY SECTORS. AND I WANT TO TAKE JUST ONE, FOR EXAMPLE, AND TELL YOU THE KINDS OF SUBSIDIES THAT GO...YOU KNOW, AS WE LOOK AT RENEWABLES AND IT WAS CRITICIZED, THERE ARE SUBSIDIES TO MAKE IT WORK. NONE OF OUR ENERGY WOULD WORK WITHOUT SUBSIDIES. FOR EXAMPLE, HERE ARE SOME OF THE SUBSIDIES THAT GO TO COAL. AND I'M REFERRING TO ANOTHER SOURCE NOW THAT TALKS ABOUT THE SUBSIDY FROM 1950 THROUGH 2010. THE SHEET I HANDED OUT IS JUST THE AVERAGE YEARLY SUBSIDY. BUT COAL, FROM 1950 THROUGH 2010, FEDERAL INCENTIVES FOR COAL TOTALLED \$103.9 BILLION. AND HERE'S WHAT IT WENT FOR: TAX POLICY. THROUGH 2010, THE AUTHORS ESTIMATE THE PERCENTAGE DEPLETION ALLOWANCE FOR COAL, THE EXPENSES OF EXPLORATION AND DEVELOPMENT COSTS, CAPITAL GAINS TREATMENT OF ROYALTIES ON COAL, AND EXCLUSION OF INTEREST ON ENERGY FACILITY BONDS RESULTED IN TAX SUBSIDY OF \$34.6 BILLION AND A TOTAL, AGAIN, TO THE COAL INDUSTRY SINCE 1950 OF \$103 BILLION. THEN THERE'S THE COST OF REGULATION. FEDERAL EXPENDITURE FOR REGULATING MINE SAFETY, HEALTH AND SAFETY, AND OTHER ASPECTS OF THE COAL INDUSTRY AMOUNTED TO \$8.1 BILLION FROM 1950 TO 2010. THE SAME 60-YEAR PERIOD, THERE WAS \$36 BILLION THAT WENT TO THE COAL INDUSTRY IN TERMS OF R&D FUNDING, RESEARCH AND DEVELOPMENT. THEN MARKET ACTIVITY, INCENTIVES FOR THE COAL INDUSTRY FOR THOSE 60 YEARS WAS \$3 BILLION THROUGH THE ACTIVITIES OF THE BUREAU OF LAND AND MINES AND OTHER FEDERAL AGENCIES. GOVERNMENT SERVICES FOR COAL OVER THOSE 60 YEARS, FEDERAL SUPPORT OF PORTS AND WATERWAYS PRIMARILY THROUGH THE U.S. ARMY CORPS OF ENGINEERS ALLOCATED AND PRORATED TO THE COAL INDUSTRY TOTALLED \$16 BILLION. [LB423]

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SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR HAAR: AM I DONE? [LB423]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR HAAR: ONE MINUTE. THANK YOU. DISBURSEMENTS: AS FOR 60 YEARS, THE BLACK LUNG DISABILITY TRUST FUND HAD A NEGATIVE BALANCE OF \$10 BILLION, AND THE ABANDONED MINE RECLAMATION FUND HAD A POSITIVE BALANCE OF \$2.4 BILLION RESULTING IN NET FEDERAL DISTRIBUTIONS FOR THE COAL INDUSTRY OF APPROXIMATELY \$6.9 BILLION ON DISBURSEMENTS. SO IN THOSE 60 YEARS, THE FEDERAL GOVERNMENT SUBSIDIZED \$103.9 BILLION TO COAL. WITHOUT SUBSIDIES, WE'D HAVE NO ENERGY WHATSOEVER. THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU'RE RECOGNIZED. [LB423]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT. I THINK SENATOR KEN HAAR, THE INFORMATION HE PRESENTS IS VERY GOOD. WE TALKED A LOT ABOUT ENERGY SOURCES AND THEIR SUBSIDIZATION TODAY. AND CLEARLY, THE FACTS ARE WHAT THE FACTS ARE, THAT IN TERMS OF OTHER ENERGY SOURCES, RENEWABLE ENERGY IS ACTUALLY SUBSIDIZED AT A LOWER AMOUNT THAN THEM. A COUPLE OF POINTS I JUST WANT TO MAKE HERE, I AM IN SUPPORT. SENATOR McCOLLISTER CAME TO ME. WE TALKED ABOUT THIS AMENDMENT. I AM IN SUPPORT OF IT. IT MODELS WHAT WE DID ON THE HISTORIC TAX CREDIT BILL A YEAR AGO WHERE WE PUT A SUNSET, AND WE HAVE A REPORT REQUIRED BACK TO THE LEGISLATURE AFTER A COUPLE YEARS. SENATOR GROENE, I BELIEVE IT WAS, TALKED ABOUT, YOU KNOW, A FEW SELFISH LANDOWNERS. I'VE MET WITH A NUMBER OF SENATOR BRASCH'S CONSTITUENTS WHO HAVE COME FORWARD FROM THE BURT COUNTY PROJECT. THOSE DON'T SEEM LIKE SELFISH PEOPLE TO ME. THEY SEEM LIKE PEOPLE WHO CARE ABOUT THEIR COMMUNITY, CARE ABOUT THEIR PART OF THE STATE, AND ARE TRYING TO MAKE A SMART LONG-TERM INVESTMENT. THEY CERTAINLY DON'T SEEM LIKE GREEDY, SELFISH LANDOWNERS. I THINK MAYBE SENATOR SCHNOOR EARLIER SAID THAT WARREN BUFFETT WAS AGAINST RENEWABLE OR WIND ENERGY. WELL, I HAVE AN ARTICLE FROM JUST A...FROM JUST OCTOBER 2014. HE MAY BE AGAINST IT, BUT HE'S MAKING A \$30 BILLION INVESTMENT IN IT. AND HE DOESN'T SEEM LIKE SOMEONE WHO'S JUST GOING TO THROW HIS MONEY AWAY ON AN UNPROVEN ENTITY. BUT THINK ABOUT THIS. SO HIS

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COMPANY, BERKSHIRE HATHAWAY, WHICH ITS SUBSIDIARY--IT'S BERKSHIRE HATHAWAY ENERGY; IT USED TO BE MIDAMERICAN ENERGY--ESSENTIALLY IS HEADQUARTERED IN NEBRASKA. IT OPERATES A LOT IN IOWA BUT ESSENTIALLY IT'S HEADQUARTERED IN NEBRASKA. THEY'RE GOING TO MAKE A \$30 BILLION INVESTMENT IN WIND AND SOLAR. IMAGINE IF THEY JUST INVESTED, THROUGH THIS BILL, 1 PERCENT OF THAT IN THEIR HOME STATE. THAT'S \$300 MILLION OF INVESTMENT. AND WITH THIS BILL, THE 25 PERCENT REQUIREMENT MEANS THEY WOULD HAVE TO SPEND AT LEAST \$75 MILLION DIRECTLY IN NEBRASKA. THAT'S ONE COMPANY MAKING THIS INVESTMENT. THEY SEE THIS AS A LONG-TERM SOLUTION. BERKSHIRE HATHAWAY ISN'T GOING TO JUST THROW AWAY \$30 BILLION. THEY'RE NOT CHASING NUCLEAR FUSION RIGHT NOW, ALL RIGHT? THEY ARE INVESTING IN WHAT THEY KNOW WILL TURN A PROFIT FOR THEIR COMPANY. BUT IF WE DON'T HAVE THIS INCENTIVE IN PLACE, THEY WON'T EVEN LOOK AT NEBRASKA. WHY? BECAUSE THEY CAN GO TO ANY OTHER STATE IN THE REGION--THE BIG THREE RIGHT NOW ARE IOWA, KANSAS, AND OKLAHOMA--AND MAKE THEIR INVESTMENT AND TAKE THEIR \$30 BILLION ELSEWHERE. WE HAVE TO HAVE THIS IN PLACE TO BE COMPETITIVE. AGAIN, ONE COMPANY IS MAKING A \$30 BILLION INVESTMENT. THINK ABOUT HOW MANY MORE COMPANIES ARE OUT THERE THAT ARE GOING TO BE LOOKING TO MAKE SIMILAR INVESTMENTS. WE HAVE TO MOVE FORWARD WITH LB423 IF WE WANT TO BE COMPETITIVE IN THIS GAME. IF WE DON'T WANT TO LOOK AT WINDMILLS AND WE'RE WILLING TO TURN AWAY BILLIONS OF INVESTMENT IN OUR STATE, THAT'S ONE OPTION. I WOULD CHOOSE US MOVING FORWARD WITH LB423. THANK YOU. [LB423]

SPEAKER HADLEY: (VISITORS INTRODUCED.) SENATOR GLOOR, YOU'RE RECOGNIZED. [LB423]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. I WILL ALSO RISE IN SUPPORT OF AM1328 AND CONTINUE TO BE IN SUPPORT OF OUR COMMITTEE AMENDMENT AS WELL AS LB423. I WONDER IF SENATOR McCOLLISTER WOULD YIELD FOR A QUESTION. [LB423]

SPEAKER HADLEY: SENATOR McCOLLISTER, WILL YOU YIELD? [LB423]

SENATOR McCOLLISTER: I CERTAINLY WILL. [LB423]

SENATOR GLOOR: THANK YOU, SENATOR McCOLLISTER. SENATOR McCOLLISTER, YOU INTRODUCED THE BILL. I KNOW THAT YOU SAID THAT YOU'RE GOING TO BE

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SUPPORTIVE OF THE...EXCUSE ME. YOU INTRODUCED THE AMENDMENT. I KNOW YOU SAID YOU'RE SUPPORTIVE OF THE AMENDMENT BUT NOT LB423. CAN I ASK THEN, SINCE YOU'VE TRIED TO MAKE THIS BILL BETTER, WHAT ELSE WOULD YOU DO TO THE BILL TO MAKE IT SOMETHING YOU COULD SUPPORT? [LB423]

SENATOR McCOLLISTER: THANK YOU FOR THE QUESTION, SENATOR GLOOR. WE HAVE PUT TWO PROVISIONS IN THE AMENDMENT, AND I LISTED THOSE: ONE TO ESTABLISH A SUNSET DATE, AND THEN SECONDLY, TO ASK THE DEPARTMENT OF REVENUE TO GIVE US AN ANNUAL REPORT ON THE STATUS OF THE CREDITS. IF I HAD MY DRUTHERS, WE WOULD HAVE INCLUDED ALSO A LIMIT ON THE AMOUNT OF TAX CREDITS THAT THE STATE WOULD AWARD PER YEAR THAT WAY WE COULD CONTROL THE EXPENSE. IT HAS BEEN INDICATED THAT WE HAVE NO CLUE ON WHETHER THIS IS GOING TO BE USED WIDELY OR RARELY. SO IT'S...I WOULD LIKE TO ESTABLISH THAT, BUT WE DIDN'T DO THAT WITH THIS AMENDMENT. [LB423]

SENATOR GLOOR: OKAY. THANK YOU, SENATOR McCOLLISTER. I APPRECIATE YOUR CANDOR ON IT. YOU KNOW, SOMETIMES AS WE DEBATE THESE THINGS, IT'S GOOD TO KICK BACK AND FORTH WHAT WE LIKE AND WHAT WE DON'T LIKE SO THAT WE'RE NOT GETTING INTO COMPROMISES. SOMETIMES COMPROMISES IS LIKE PUTTING LIPSTICK ON A PIG AS THEY SAY. AND I WANT TO MAKE SURE THAT WE'RE NOT MISSING THE BOAT HERE AND COMING UP WITH SOMETHING THAT EVERYBODY IS LUKEWARM ON AND NOBODY IS PASSIONATE ABOUT. BUT I THINK AM1328 IS CERTAINLY SOMETHING THAT I CAN BE SUPPORTIVE OF. I ALSO WANT TO SPEAK TO THE COMMENTS OF MY FRIEND, SENATOR BLOOMFIELD, ABOUT THE BILL THAT'S BEING HELD UP IN THE COMMITTEE. AND BY WAY OF DEFENSE OF THE REVENUE COMMITTEE, MEMBERS, THERE WERE 92 BILLS THAT CAME TO THE REVENUE COMMITTEE THIS SESSION, 92. THAT'S A LOT OF BILLS. AND WE MET LONG HOURS WORKING OUR WAY THROUGH THOSE 92 BILLS. THE VAST MAJORITY OF THOSE BILLS WERE ASKING FOR CREDITS, EXEMPTIONS, DEDUCTIONS. THEY WERE ASKING FOR SOMETHING THAT ULTIMATELY WOULD HAVE BEEN AN EXPENSE BORNE BY NEBRASKA TAXPAYERS. VERY FEW OF THOSE BILLS CAME OUT OF OUR COMMITTEE. BILLS THAT CERTAINLY OR STILL SIT IN THE COMMITTEE INCLUDE THE ONE SENATOR BLOOMFIELD MENTIONED. BUT THERE ARE ALSO TAX CREDITS FOR STUDENTS ENROLLED IN PRIVATE SCHOOLS. THERE ARE EXEMPTIONS FOR RETIREMENT PAY, FOR MANY CLASSES OF RETIREES, EXEMPTIONS FOR SALES TAX ON TEXTBOOKS OF STUDENTS, TAX CREDITS FOR CAREGIVERS. THERE WERE A LOT OF BILLS THAT ARE ATTRACTIVE BILLS CERTAINLY FOR CONSTITUENTS AND FOR THE SENATORS WHO INTRODUCED THEM, AND YET THOSE ALL SIT IN COMMITTEE. WE'RE

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DISCERNING IN TERMS OF WHAT COMES OUT. AND TO DO A COMPARISON OF A BILL THAT'S STILL IN COMMITTEE THAT'S YOUR FAIR-HAIRED CHILD COMPARED TO THOSE WHO COME OUT THAT YOU DON'T LIKE I THINK DOES A DISSERVICE TO THE PROCESS, THE DIFFICULT PROCESS EVERY COMMITTEE HAS TO GO THROUGH OF SORTING THROUGH BILLS THAT HAVE MERIT OR THE SENATOR WOULD NOT HAVE INTRODUCED THEM, BUT ALSO THE CHALLENGE OF A COMMITTEE OF WORKING THROUGH THE DOLLARS, THE REASONABLENESS OF IMPLEMENTATION, AND THE TIME THAT MIGHT BE TAKEN IN DEBATE ON THE BILL... [LB423]

SPEAKER HADLEY: ONE MINUTE, SENATOR. [LB423]

SENATOR GLOOR: ...ON THE FLOOR. THANK YOU, MR. PRESIDENT. LET'S NOT GET INTO A COMPARISON OF MY BILL IS BETTER THAN YOUR BILL, IF WE CAN AVOID IT. I DON'T THINK IT GETS US ANYWHERE WHEN IT COMES TO THE LARGER ISSUE OF THE BILL THAT IS IN FRONT OF US AND WHETHER IT HAS MERIT ON ITS OWN. VOTE ACCORDINGLY ON THIS BILL TO HOW YOU FEEL ABOUT IT. BUT RIGHT NOW, I LIKE THE BILL. I LIKE THE AMENDMENTS ON THE BILL. AND I'M GOING TO CONTINUE TO BE SUPPORTIVE. THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB423]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I DO RISE IN SUPPORT OF AM1328. I DO THINK IT MAKES THE BILL BETTER. I STILL DON'T KNOW HOW I'M GOING TO VOTE ON LB423. I HAVE MY RESERVATIONS. I STILL THINK IN THE END, WE NEED TO LOOK AT ENERGY POLICY AS A WHOLE IN NEBRASKA AND FOCUS OUR EFFORTS, I GUESS, ON WHERE WE WANT TO HEAD IN THE LONG RUN, WHICH I DON'T THINK...WIND MAY BE A PART OF, BUT IT STILL WILL NOT BE OUR BASE LOAD EVER. IT WILL HAVE A PORTION OF OUR NEEDS IN WIND ENERGY. I SEE NO PROBLEM WITH THAT. BUT I JUST THINK WE NEED TO DO A LITTLE BIT MORE RESEARCH INTO HOW WE...OR WHERE WE WANT TO END UP IN THE LONG RUN AND WHERE WE SHOULD FOCUS TAX EFFORTS. BY SUNSETTING THIS TAX CREDIT, WE CAN LOOK AT IN THE FUTURE WHETHER IT WORKS OR NOT. IF IT'S WORKING REALLY GOOD AND EVERYBODY FEELS GOOD ABOUT IT, WE'LL EXTEND IT. IF IT'S NOT DOING WHAT IT'S SUPPOSED TO DO, WE CAN EITHER AMEND IT, COME UP WITH SOMETHING NEW, OR LET IT DIE. SO TO ME, THIS MAKES SENSE. IT DOES LET SOME PROJECTS THAT ARE UNDERWAY...AND THERE ARE A COUPLE OF GOOD PROJECTS OUT THERE. I WON'T DENY THAT. IT IS SOMETHING TO LOOK AT. THEY'RE NOT LARGE PROJECTS. THEY'RE SMALL

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PROJECTS. THEY'RE NOT GOING TO HAVE A HUGE IMPACT, BUT IF THESE PROJECTS CAN GO THROUGH, WE'LL SEE IN FIVE OR SIX YEARS, WE'LL SEE ONCE WHERE WE STAND. WE'LL SEE ONCE WHETHER THERE'S A GOOD PROGRAM OR NOT. SO I SPEAK IN SUPPORT OF AM1328, AND THEN WE WILL DISCUSS FURTHER ON LB423. THANK YOU, MR. PRESIDENT. [LB423]

SPEAKER HADLEY: SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB423]

SENATOR SCHNOOR: THANK YOU, SIR. SENATOR GLOOR BROUGHT UP A GOOD POINT ABOUT TAX CREDITS. AND IT'S BEING NOTICED BY OUR TAXPAYERS. VERY SIMPLY THAT, WHY IS IT ALL THE BIG GUYS, THE BIG COMPANIES GET ALL THE TAX CREDITS AND OUR COMMON, EVERYDAY PEOPLE THAT PAY ALL THE TAXES DON'T? SO THAT'S WHAT THIS IS BEING VIEWED AS, IS ONCE AGAIN, THE BIG INDUSTRY GETS THE BREAKS. THE COMMON GUY THAT PAYS ALL OF THE TAXES OR PAYS THE MAJORITY OF THEM, THAT WORKS THAT 40-HOUR WORK WEEK OR MORE, THEY DON'T GET ANY BREAKS. SO THAT WAS JUST THE POINT THAT WAS BROUGHT UP TO ME THROUGH AN E-MAIL. AND IRONICALLY SENATOR GLOOR, IN MY VIEWPOINT, VERIFIED THAT BECAUSE HE SAID THAT THE REVENUE COMMITTEE, THERE'S A LOT OF BILLS IN THERE FOR TAX CREDIT. BUT APPARENTLY, ONE OF THE FEW THAT HAS COME OUT HAS BEEN THIS ONE. SO I JUST WANTED TO POINT THAT OUT. SO THAT'S ALL I HAD. THANK YOU, SIR. [LB423]

SPEAKER HADLEY: SENATOR PANSING BROOKS, YOU'RE RECOGNIZED. [LB423]

SENATOR PANSING BROOKS: THANK YOU, MR. PRESIDENT. I RISE IN FAVOR OF AM1328 AS WELL AS AM1103, THE COMMITTEE AMENDMENT AND HOPE THAT EVERYONE WILL VOTE FOR LB423 AS WELL. I JUST WANTED TO QUICKLY JUST MENTION SINCE SENATOR HAAR BRIEFLY SPOKE ABOUT IT, TODAY WE HAD A PRESS CONFERENCE ON THE SOUTH LAWN OF THE CAPITOL BECAUSE THIS IS EARTH DAY. AND WE WERE CELEBRATING EARTH DAY BUT ALSO CELEBRATING...IT'S THE 45th ANNIVERSARY OF EARTH DAY. AND I KNOW THAT TENS OF THOUSANDS OF ELEMENTARY KIDS ACROSS THE COUNTRY IN THE 1970s HAD MAJOR CELEBRATIONS, AS DID CITIES. SO, MANY OF YOU MAY REMEMBER THAT. I WAS IN SCHOOL AT THE TIME. BUT TODAY WE WANTED TO FOCUS ON THE EMERALD ASH BORER, WHICH IS A BILL THAT I BROUGHT WHICH IS STILL STUCK IN APPROPRIATIONS. AND DON'T WORRY, I'M NOT GOING TO HAVE AN EXTENDED DEBATE ON THIS. BUT I DO WANT PEOPLE AWARE OF THE FACT THAT THE EMERALD ASH BORER IS A TREE (SIC) THAT WILL CAUSE DEVASTATING EFFECTS

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TO OUR COMMUNITIES AROUND THE STATE. IT WILL AFFECT ALL THE COMMUNITIES IN THE STATE. IT CURRENTLY IS AN INSECT THAT HAS DEVASTATED THE TREES IN THE STATES ALL AROUND NEBRASKA. AND SO IT'S NOT A MATTER OF IF, IT'S A MATTER OF WHEN THIS BUG IS GOING TO BE HERE. AND THE PROBLEM IS THERE ARE MANY COMMUNITIES IN THE WESTERN PART OF THE STATE THAT HAVE NOT EVEN CONSIDERED HAVING OR DON'T HAVE THE ABILITY TO HAVE A BUDGET TO DEAL WITH THESE TREES. ONE HUNDRED PERCENT OF THE TREES WILL BE GONE WITHIN 15 YEARS OF THE APPEARANCE OF THE EMERALD ASH BORER. AND THE PROBLEM WITH IT IS, IS IT THAT ONCE THE TREE DIES, THE ASH TREE IS A VERY BRITTLE TREE. SO IT WILL BE VERY DANGEROUS FOR PEOPLE AND FOR PROPERTY. SO ON THIS BEAUTIFUL DAY, I WANT TO MAKE EVERYBODY IN THE BODY AWARE OF SOMETHING THAT'S GOING TO BE AFFECTING YOUR COMMUNITIES. AND I HOPE THAT YOU WILL START INVESTIGATING THIS AND TRYING TO DETERMINE HOW WE CAN BEST PAY FOR THIS. THIS IS A DISCUSSION THAT I HAD PREFERRED TO BRING ON TO THE FLOOR OF THE LEGISLATURE. IT'S A POLICY DECISION. DO WE AS A STATE HELP TO HELP THE COMMUNITIES ACROSS THE STATE TO DEAL WITH THESE ISSUES, MANY OF WHICH ARE U.S.A. TREE-DESIGNATED CITIES? OR DO WE JUST LET THE LOCAL COMMUNITIES DEAL WITH IT THEMSELVES? AND ON THAT, I WOULD LIKE TO GIVE THE REST OF MY TIME TO SENATOR NORDQUIST. THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU'RE YIELDED 2:35. [LB423]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT. I'M GOING TO TAKE THE MOMENT TO MENTION THAT I AM IN SUPPORT OF SENATOR McCOLLISTER'S AMENDMENT. I KNOW SOME PEOPLE ARE IN AND OUT OF THE CHAMBER. JUST TO CLARIFY THAT AT THIS...AFTER TALKING TO SENATOR McCOLLISTER, HE CAME TO ME. THIS IS A FRIENDLY AMENDMENT, AND I WOULD APPRECIATE YOU SUPPORTING IT. THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR McCOLLISTER, YOU'RE RECOGNIZED TO CLOSE ON YOUR AMENDMENT. [LB423]

SENATOR McCOLLISTER: THANK YOU, MR. SPEAKER, MEMBERS OF THE BODY. THIS IS A FRIENDLY AMENDMENT. AND I THINK IT SIMPLY GIVES US AN OPPORTUNITY TO REVIEW THIS LEGISLATION AFTER A CERTAIN LENGTH OF TIME, DETERMINE WHETHER OR NOT IT'S FEASIBLE, WHETHER OR NOT IT'S A GOOD TAX POLICY FOR NEBRASKA. I THINK THERE'S BEEN A GENERAL DISCUSSION ABOUT THE CHANGING ENERGY MARKET IN THIS STATE AND

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NATIONALLY. AND GIVEN THE PASSAGE OF TIME, WE CAN DETERMINE WHETHER THIS POLICY THAT'S EMBODIED IN LB423 IS GOOD POLICY OR NOT. SO WITH THAT, I WOULD ASK FOR YOUR GREEN VOTE ON THE AMENDMENT. [LB423]

SPEAKER HADLEY: THE AMENDMENT BEFORE YOU IS AM1328. ALL IN FAVOR SIGNIFY BY VOTING AYE; ALL OPPOSED VOTE NAY. HAVE ALL VOTED THAT WISH? RECORD, MR. CLERK. [LB423]

ASSISTANT CLERK: 31 AYES, 0 NAYS ON THE ADOPTION OF THE McCOLLISTER AMENDMENT TO THE COMMITTEE AMENDMENTS. [LB423]

SPEAKER HADLEY: THE AMENDMENT IS ADOPTED. WE'LL RETURN TO DISCUSSION ON THE COMMITTEE AMENDMENT. SENATOR GROENE, YOU'RE RECOGNIZED. [LB423]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I'VE GOT A QUESTION FOR SENATOR McCOLLISTER IF HE WOULD RISE. [LB423]

SPEAKER HADLEY: SENATOR McCOLLISTER, WILL YOU YIELD? [LB423]

SENATOR McCOLLISTER: I CERTAINLY WILL. [LB423]

SENATOR GROENE: ON YOUR AMENDMENT, IS THERE THINGS GRANDFATHERED IN? WE'VE HAD THINGS LIKE THIS BEFORE. AS LONG AS THE PAPERWORK IS FILED, THEY GET FIVE YEARS. IS THIS SUNSET ON THE PAPERWORK OR JUST ON THE PROJECTS? [LB423]

SENATOR McCOLLISTER: AS THE BILL STANDS, THE GENERAL BILL, LB423, THERE IS NO APPLICATION PROCESS FOR PROJECTS IN THE STATE. SO SIMPLY THE TAX CREDITS WOULD EXPIRE AT THE END OF THAT TIME, AT THE END OF FIVE YEARS UNLESS THE LEGISLATURE IN ITS WISDOM DECIDES TO EXTEND THE PROGRAM. [LB423]

SENATOR GROENE: THANK YOU, BECAUSE WE'VE HAD OTHER TAX CREDITS. I'VE SEEN IT ON WELL PERMITS WHEN THERE'S BEEN MORATORIUMS PUT IN. WELL, AS LONG AS THEY GOT IT, THE PERMIT PUSHED IN THE LAST DAY, THEY HAD FIVE YEARS TO PUT THE WELL IN. I'VE SEEN IT ON ETHANOL PLANTS. AND I JUST WANTED TO MAKE SURE THIS WAS NOT...MIGHT BE SUNSET FOR APPLICATIONS,

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BUT APPLICATIONS HAD A LIFE SPAN. I'LL GO BACK TO ECONOMIC DEVELOPMENT. WHAT WE HAVE TO ENSURE WHEN THESE CREDITS DISAPPEAR AND THE FEDERAL ONES DISAPPEAR, THAT WE ARE COMPETITIVE IN POWER. THAT'S THE TRUE ACROSS THE STATE, RURAL, URBAN, WHEN WE ATTRACT INDUSTRY, IF WE CAN BE THE ONE WHO DIDN'T FALL INTO THE TRAP OF INEFFICIENT POWER AND WE CAN SUPPLY REASONABLY COST POWER THROUGH OUR PUBLIC POWER SYSTEM. WE SHOULDN'T BE...FALL INTO A FAD AND HARM THAT FOR THE LONG TERM. AND THIS WILL HAPPEN BECAUSE WIND IS NEVER GOING TO BE AS EFFICIENT. I'M SURE IT'S CHANGED, BUT AT ONE TIME I HAD READ THAT THE TURBINES LAST ABOUT THREE YEARS AND THEY HAVE TO BE REPLACED. THERE'S VERY HIGH MAINTENANCE ON THEM. SO IT ISN'T ONE OF THOSE DEALS LIKE BUILDING A PIPELINE, THAT ONCE YOU BUILD IT, IT HAS A LONG LIFE SPAN WITHOUT A LOT OF MAINTENANCE. IT'S HIGH COST, HIGH MAINTENANCE COSTS, HIGH OPERATING COST TO RUN THE WINDMILL FARMS, ENERGY FARMS. ANYWAY, I WOULD ENCOURAGE PEOPLE JUST VOTE NO ON LB423. AND AM1103 I'M NEUTRAL ON. ANYTIME I LIKE SUNSETS. BUT WE GOT TO USE COMMON SENSE. THERE'S A REASON WE HAVE LOW EMPLOYMENT IN THE STATE. BUSINESSES ARE HAPPY TO BE HERE. THERE'S A REASON WHY THE CHAMBERS DIDN'T TAKE A POSITION ON THIS. WE HAVE OTHER CONCERNS, MORE FACETS TO IT THAN A QUICK FIX. LET'S GRAB SOME MONEY. LET'S DO A LITTLE PEP INTO OUR ECONOMY. LONG TERM IS WHAT WE HAVE TO LOOK AS STATE SENATORS. AND WE NEED TO...I GOT AN E-MAIL FROM A RANCHER WHO WONDERED HOW THESE BILLS KEEP COMING THROUGH WHERE WE GIVE TAX BREAKS TO INSURANCE COMPANIES AND TO ZOOS AND TO BILLIONAIRES WHO OWN WINDMILL MANUFACTURERS. BUT WE CAN'T GET ANYTHING FOR THE COMMON MAN THROUGH ON THE FLOOR HERE, FOR THE AVERAGE PERSON WHO WORKS HARD AND PAYS THEIR TAXES. WE DON'T SEEM TO BE ABLE TO GET THAT, BECAUSE I'M NAIVE. YOU KNOW, I DIDN'T TAKE ANY MONEY FROM LOBBYISTS. SO THERE'S NOBODY THROWING BILLS THAT I OWE THEM SOMETHING TO PUSH IT ON TO THE FLOOR OR THROUGH A COMMITTEE. BUT THAT IS...YOU KNOW, THAT WAS A GOOD POINT--COMMON SENSE FROM A RANCHER IN BROWN COUNTY. [LB423]

SPEAKER HADLEY: ONE MINUTE. [LB423]

SENATOR GROENE: WHERE IS THAT TAX RELIEF FOR EVERYBODY? LOWEST UNEMPLOYMENT IN THE NATION, WE SHOULD HAVE A BOOMING ECONOMY HERE THAT AFFORDS TAX RELIEF FOR EVERYBODY. IT'S NOT HAPPENING. WHY? WHO DO WE REPRESENT? BILLIONAIRES? I'VE ALWAYS WONDERED, IF A CERTAIN BILLIONAIRE REGISTERED AS A DIFFERENT PARTY, IF PEOPLE WOULD LOOK AT

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HIM A LITTLE DIFFERENT ON ONE SIDE OF AN AISLE AND THE METHODS THEY USED. OR WOULD HE BE COMPARED TO THE KOCH BROTHERS? BUT THAT DON'T HAPPEN. SO ANYWAY, THANK YOU, MR. PRESIDENT, FOR THE TIME, AND I URGE FOLKS TO VOTE NO ON LB423. THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR PANSING BROOKS, YOU ARE RECOGNIZED. [LB423]

SENATOR PANSING BROOKS: OKAY, I PROMISE THIS IS NOT EXTENDED DEBATE, BUT I DID FORGET TO ADD ONE MORE THING. AGAIN, I AM HOPING WE SUPPORT AM1103 OUT OF THE REVENUE COMMITTEE AND ALSO BILL LB423. BUT I WANTED TO ADD ON LB461 SINCE THIS IS EARTH DAY, THAT THE COST OF REMOVAL OF THE ASH TREES IS GOING TO BE ABOUT \$265 MILLION FOR THE REMOVAL AND DISPOSAL OF THE PUBLIC ASH TREES ACROSS NEBRASKA. AND SO TODAY OVER 800 TREES HAVE BEEN TIED WITH GREEN RIBBONS AROUND OUR CITY. SO I AM HOPING THAT YOU WILL NOTICE THEM. AND IT'S TO DESIGNATE WHICH ONES ARE THE ASH TREES. AND SO I WANT TO THANK PUBLICLY THE McPHEE ELEMENTARY STUDENTS AND THE OTHER VOLUNTEERS WHO TIED THE 800 GREEN RIBBONS AROUND THE ASH TREES TO HELP ALL OF US TO VISUALIZE WHICH TREES ARE IN DANGER AND WHICH TREES WILL SOON BE DECIMATED AS THAT BUG COMES FORWARD. SO THE 800 TREES ARE AROUND THE CAPITOL. THEY'VE BEEN TIED AROUND THE PARKS DEPARTMENT AT 27th AND A, AND ALSO BOTH UNIVERSITY OF NEBRASKA-LINCOLN CAMPUSES. SO WHEN YOU GO OUTSIDE TODAY, JUST TAKE A PEEK DOWN GOODHUE TO SEE WHAT'S GOING TO HAPPEN WHEN THAT ASH BORER COMES TO NEBRASKA, JUST SO YOU CAN UNDERSTAND. AND NOW I WOULD LIKE TO GIVE THE REST OF MY TIME TO SENATOR NORDQUIST. HAPPY EARTH DAY, EVERYBODY. [LB423 LB461]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU ARE YIELDED 3:30. [LB423]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT, AND MEMBERS. I WANTED TO CLARIFY, I DON'T KNOW WHERE SENATOR GROENE HEARD THE THREE-YEAR NUMBER, THAT WIND TURBINES ARE A THREE-YEAR INVESTMENT. THEY ARE A 25- TO 30-YEAR INVESTMENT. THE GENERATING UNIT CAN BE REPLACED. AND ACTUALLY, WE'VE SEEN THAT ALREADY FOR WIND TURBINES THAT HAVE BEEN BUILT IN THE LATE '70s AND EARLY '80s IN CALIFORNIA. THEY ARE BEING...THE TOWER REMAINS. THE ROAD INFRASTRUCTURE REMAINS. AND THEN GENERATING UNIT IS REPLACED. AND THEY'RE GOOD FOR ANOTHER 25 OR 30 YEARS. SO WE'RE TALKING, YOU KNOW, A 60-YEAR INVESTMENT HERE. AND THAT AGAIN IS 60 YEARS OF INCOME TAXES, OF PROPERTY TAXES BEING PAID TO

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NEBRASKA. THAT IS WHY...YOU KNOW, SENATOR GROENE IS TRYING TO MAKE THIS SOME URBAN ELITIST THING, SITTING AROUND IN OMAHA WATCHING THE DISCOVERY CHANNEL AND TRYING TO DIVIDE US ON URBAN AND RURAL PERSPECTIVES. OBVIOUSLY, SENATOR BRASCH, SENATOR SCHILZ, SENATOR WILLIAMS, OTHER PEOPLE WHO SUPPORT THAT HAVE SPOKE ON THIS BILL, SENATOR DAVIS, CLEARLY SEE THE POSITIVE IMPACTS TO THEIR COMMUNITIES. AND I SEE THIS AS A POSITIVE IMPACT TO OUR STATE'S ECONOMY WHERE WE EITHER HAVE THE OPTION TO WELCOME BILLIONS OF DOLLARS OF RENEWABLE ENERGY INVESTMENT, OR TURN OUR BACKS TO IT AND LET IT GO TO NEIGHBORING STATES. THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR SCHUMACHER, YOU ARE RECOGNIZED. [LB423]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER, MEMBERS OF THE BODY. WOULD SENATOR McCOLLISTER YIELD TO A COUPLE OF QUESTIONS? [LB423]

SPEAKER HADLEY: SENATOR McCOLLISTER, WILL YOU YIELD? [LB423]

SENATOR McCOLLISTER: YES, I WILL. [LB423]

SENATOR SCHUMACHER: SENATOR McCOLLISTER, I WAS LISTENING AS YOU WERE TALKING WITH SENATOR GROENE WHEN HE HAD THE FLOOR. AND YOU INDICATED THAT THE WAY YOU WERE INTERPRETING YOUR AMENDMENT, THERE WOULD BE NO MORE CREDITS, NO MORE LIABILITY AFTER THE SUNSET DATE. DID I UNDERSTAND THAT CORRECTLY? [LB423]

SENATOR McCOLLISTER: YES, IN FACT, YOU DID. I TALKED TO SENATOR NORDQUIST. AND I THINK WE'LL...THE NEXT READING OF THE BILL WILL PROBABLY REQUIRE SOME EDITING OR SOME CORRECTION OF THE AMENDMENT SO WE CAN DEAL WITH THAT PROBLEM. [LB423]

SENATOR SCHUMACHER: SO IN DEALING WITH THAT PROBLEM, ARE WE TO BE GIVEN TO UNDERSTAND THAT WHEN THE SUNSET HAPPENS, ALL TAX CREDITS HAVE GOT TO BE CLAIMED AT THAT POINT, AND THERE IS NO MORE NEW ONES AND NO MORE CARRYFORWARDS OF OLD ONES? [LB423]

SENATOR McCOLLISTER: WELL, WE NEED TO WORK THAT ISSUE OUT. BUT THE INTENTION OF THE AMENDMENT WAS THAT IT WOULD REQUIRE THE

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LEGISLATURE TO ACT TO EXTEND THE PROVISIONS OF THE BILL. SO WE'LL HOPEFULLY CORRECT SOME OF THOSE ISSUES IN THE NEXT VERSION OF THE BILL. [LB423]

SENATOR SCHUMACHER: WELL, IF THAT'S THE CASE, THEN IF THESE LITTLE COMPANIES ARE DEPENDING UPON THESE CREDITS IN ORDER TO MAKE ENDS MEET, THEY WILL GET...BE LOOKING FORWARD TO SUBSTANTIALLY LESS CREDITS. THEY WILL BE CUT OFF AT THAT POINT. AND IF WE'RE LEAVING THEM IN "UNCERTAINTYVILLE" OVER, YOU KNOW, WHETHER THE LEGISLATURE MAY OR MAY NOT EXTEND THEIR LINE OF CREDITS, DOESN'T THAT REALLY SCREW UP THE GURUS WHO HAVE GOT TO FIGURE OUT WHETHER THINGS CASH FLOW? [LB423]

SENATOR McCOLLISTER: I AGREE WITH YOU, SIR. AND I WOULD SUGGEST THAT IN THE AMENDMENTS THAT ARE GOING TO COME FORTH ON THIS BILL, THAT WE PROVIDE FOR AN APPLICATION PROCESS THAT WOULD GO TO THE REVENUE DEPARTMENT SO WE COULD, IN FACT, TURN OFF THE LEGISLATION AT A DATE CERTAIN. I THINK THAT WOULD BE THE BEST WAY TO ANSWER THAT ISSUE. [LB423]

SENATOR SCHUMACHER: OKAY. BUT BASICALLY YOUR INTENTION IS AS OF DROP-DEAD DATE IN THE BILL, IF YOU HAVEN'T CLAIMED THEM BY THEN, YOU'RE DONE. [LB423]

SENATOR McCOLLISTER: YES, SIR. [LB423]

SENATOR SCHUMACHER: THANK YOU. [LB423]

SPEAKER HADLEY: SENATOR KINTNER, YOU'RE RECOGNIZED. [LB423]

SENATOR KINTNER: THANK YOU, MR. PRESIDENT. I GUESS I'VE BEEN UNUSUALLY QUIET THE LAST COUPLE OF DAYS. I'M NOT VERY COMFORTABLE WITH THIS SUBJECT MATTER AT ALL. IF YOU WOULD HAVE GONE BY SENATOR GROENE'S OFFICE YESTERDAY, YOU WOULD HAVE HEARD US...WALKING BY IN THE HALL YOU WOULD HAVE HEARD US SCREAMING AT EACH OTHER BACK AND FORTH ABOUT THIS BILL. HE WAS MAKING THE COMMENTS HE'S MADE TODAY, AND VERY ELOQUENTLY SO TODAY. I WAS MAKING THE COMMENTS. I WAS MAKING THE CASE THAT WE MIGHT AS WELL GIVE THE TAX CREDIT. IF NOT, WE'LL JUST

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LEAVE THE MONEY. IT WILL BE SPENT. THERE WILL BE A NEW PROGRAM, AND GOVERNMENT WILL GET BIGGER. SO YOU CAN PICK YOUR POISON BECAUSE THIS BODY IS GOING TO SPEND IT. WE'RE NOT GOING TO HAVE ANY TAX RELIEF IN TERMS OF TAX RATE CUTS, IT LOOKS LIKE, OTHER THAN ONE BILL BY SENATOR GLOOR. SO WHAT DO YOU WANT TO SPEND THE MONEY ON? YOU WANT TO SPEND IT ON A NEW PROGRAM, OR YOU WANT TO SPEND IT ON THIS? THIS LOOKS LIKE IT CREATES AT LEAST SOME REAL JOBS IN THE PRIVATE SECTOR AND MAYBE SOME TAX REVENUE FOR THE LOCAL SCHOOLS IN PROPERTY TAXES. SO I'VE BEEN PRETTY CONFLICTED. I HAVEN'T SAID A WORD ABOUT THIS. SO I'M STILL THINKING, I'M STILL LISTENING, AND I'M STILL TRYING TO FIGURE OUT WHERE I AM ON THIS. AND I THINK TODAY IS EARTH DAY. I THINK ABOUT 25 YEARS AGO TODAY I WAS IN WASHINGTON, D.C., FOR A MASSIVE EARTH DAY CELEBRATION RIGHT ON THE MALL. AND I WAS IN TOWN. I DIDN'T GO THERE FOR THAT, BUT I SAID, HEY, LET'S...GOT MY FRIEND. LET'S GO DOWN THERE AND SEE WHAT'S GOING ON. I SUSPECT IT'S A BUNCH OF LOONEY LEFTIES, THAT'S WHAT I THOUGHT AT THE TIME THEY WOULD PROBABLY BE. SO I WASN'T SURE WHAT IT WOULD BE. I DIDN'T KNOW IF THEY'D BE DOWN THERE WORSHIPPING THE EARTH OR WHAT THEY'D BE DOING. BUT I KNOW TOM CRUISE WAS SPEAKING, AND I LIKE TOM CRUISE. SO I GOT A CIGAR AND I WENT DOWN THERE AND IT WAS A BIG PARTY. PEOPLE THROWING FRISBEES, EATING PIZZA. I DON'T KNOW IF THEY WERE DRINKING BEER, PROBABLY DRINKING SOME BEER. THEY SEEMED TO HAVE NO INTEREST IN WHAT TOM CRUISE OR ANYONE ELSE WAS SAYING OR THE BAND WAS PLAYING OR WHATEVER. IT WAS JUST ONE BIG PARTY. I HAD A THOROUGHLY GOOD TIME. I DON'T THINK I DID ANYTHING THAT WOULD HONOR THE EARTH OR ANYTHING. I'M NOT SURE ANYONE ELSE DID. BUT I DO KNOW THAT WHEN IT WAS OVER, THERE WERE 700 POUNDS...TONS OF TRASH LEFT ON THE WASHINGTON MALL. AND THAT WAS MY INTRODUCTION TO ENVIRONMENTALISM AND EARTH DAY. AND I HAVEN'T FORGOTTEN THAT 25 YEARS LATER. SO I AM NOT SURE IF THAT'S HAD ANY IMPACT ON THE EARTH. BUT IF IT MAKES PEOPLE FEEL GOOD AND THEY'RE NOT DOING ANYTHING BAD, HEY, IT'S A FREE COUNTRY. LET'S DO IT. THANK YOU, MR. PRESIDENT. [LB423]

SPEAKER HADLEY: SENATOR NORDQUIST, YOU'RE RECOGNIZED. [LB423]

SENATOR NORDQUIST: I'D LIKE TO ASK SENATOR McCOLLISTER A QUESTION. [LB423]

SPEAKER HADLEY: SENATOR McCOLLISTER, WILL YOU YIELD? [LB423]

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SENATOR McCOLLISTER: YES, SIR, I WILL. [LB423]

SENATOR NORDQUIST: THANK YOU, SENATOR McCOLLISTER. I JUST WANT TO MAKE SURE WE CLARIFY IN CASE THE LANGUAGE ISN'T EXACTLY WHAT WE NEED, AND WE'LL WORK ON IT BETWEEN GENERAL AND SELECT. BUT OUR INTENT, AT LEAST MY INTENT, AND YOU CAN CONFIRM AND THEN WE ALSO JUST TALKED ABOUT AN APPLICATION PROCESS. MAYBE YOU CAN MENTION THAT. BUT MY INTENT IS SO THAT PEOPLE CAN QUALIFY FOR THE CREDITS FOR FIVE YEARS. AND THEN IF THEY'RE IN THE PIPELINE ESSENTIALLY, THEN WHEN THEY QUALIFY, THEY GET THEIR 10 YEARS OF TAX CREDITS. IS THAT YOUR UNDERSTANDING AS WELL? [LB423]

SENATOR McCOLLISTER: YES, SENATOR, IT IS. [LB423]

SENATOR NORDQUIST: GREAT, THANK YOU. AND I KNOW WE TALKED ABOUT MAYBE NEEDING AN APPLICATION PROCESS TO MAKE SURE THAT THAT'S THE CASE. AND WE CAN WORK ON THAT BETWEEN GENERAL AND SELECT. THANK YOU. [LB423]

SENATOR McCOLLISTER: THANK YOU, SENATOR. [LB423]

SENATOR SULLIVAN PRESIDING

SENATOR SULLIVAN: THANK YOU, SENATOR NORDQUIST. (VISITORS INTRODUCED.) THE CHAIR RECOGNIZES SENATOR SCHNOOR. [LB423]

SENATOR SCHNOOR: THANK YOU, MA'AM. I GUESS MY FINAL COMMENTS, I AM GOING TO BE IN FAVOR OF THE REVENUE COMMITTEE AND, ONCE AGAIN, VOTING AGAINST LB423. WE TALK A LOT ABOUT ENVIRONMENTALISTS, TREE-HUGGERS. I THINK SENATOR HAAR REFERRED TO THAT, AND THAT'S A TERM WE HEAR. I WOULDN'T CALL MYSELF A TREE-HUGGER. I DO OWN A CHAIN SAW, SO I CAN HELP CUT DOWN TREES. THAT WAS A JOKE. I DO CONSIDER MYSELF AN ENVIRONMENTALIST, I GUESS. I'VE NEVER REALLY THOUGHT OF THAT A LOT, BUT I MAKE MY LIVING OFF THE LAND, LITERALLY SPEAKING. I FARM. I FEED CATTLE. I USE THE MANURE FROM MY FEEDLOT TO FERTILIZE A LOT OF MY LAND: NATURAL FERTILIZER, WORKS A LOT BETTER THAN THE COMMERCIAL STUFF. SO I WOULD CONSIDER MYSELF AN ENVIRONMENTALIST. AND I THINK IF YOU TALK TO ANY LANDOWNER IN A COUNTRY OR IN OUR STATE, THEY WOULD

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CONSIDER THEMSELVES ENVIRONMENTALISTS BECAUSE THEY MAKE THEIR LIVING OFF THE LAND. AND THEY DON'T WANT THESE WINDMILLS. THEY DON'T WANT TO LOOK AT THEM. THEY DON'T WANT TO HAVE TO DEAL WITH THEM BECAUSE IT RUINS THEIR ENVIRONMENT. SO IT'S KIND OF IRONIC THAT THE ENVIRONMENTALISTS, ENVIRONMENTAL GROUPS, ARE PUSHING FOR THIS RENEWABLE ENERGY, BUT THE PEOPLE THAT LIVE IN THE COUNTRY, THAT LIVE OFF THE ENVIRONMENT, DON'T WANT THEM. SO I WOULD LIKE YOU TO KEEP THAT IN MIND WHEN YOU VOTE FOR THIS. AND JUST I'LL REMIND EVERYBODY THE RESULTS OF THE BRATTLE GROUP STUDY, THIS INTERIM STUDY THAT WAS, I THINK, LEGISLATIVELY CALLED FOR HERE SAYS THAT THIS DOESN'T MAKE THE BEST SENSE FOR OUR STATE. SO KEEP THOSE THINGS IN MIND WHEN YOU VOTE ON LB423. AND I ASK YOU TO OPPOSE THIS AND KEEP OUR ENVIRONMENT CLEAN FROM ALL OF THESE WINDMILLS OUT THERE. THANK YOU. [LB423]

SENATOR SULLIVAN: THANK YOU, SENATOR SCHNOOR. THE CHAIR RECOGNIZES SENATOR BLOOMFIELD. [LB423]

SENATOR BLOOMFIELD: THANK YOU, MADAM PRESIDENT. COLLEAGUES, I THINK WE HAVE A PROBLEM. THE AMENDMENT WE JUST PASSED I HEARD TWO DISTINCT QUESTIONS ASKED ON, AND THERE WERE TWO DISTINCTLY DIFFERENT ANSWERS GIVEN. DOES ANYBODY UNDERSTAND FOR SURE WHAT WE JUST PASSED? SENATOR McCOLLISTER, I WONDER IF HE WOULD YIELD FOR A QUESTION. [LB423]

SENATOR SULLIVAN: SENATOR McCOLLISTER, WOULD YOU YIELD FOR A QUESTION? [LB423]

SENATOR McCOLLISTER: YES, I WILL. [LB423]

SENATOR BLOOMFIELD: THANK YOU, McCOLLISTER. WHEN SENATOR SCHUMACHER ASKED IF, UNDER YOUR AMENDMENT, THE SUBSIDIES WENT AWAY AT THE END OF YOUR TIME ON YOUR AMENDMENT. YOU SAID, YES, THE SUBSIDIES GO AWAY IF I UNDERSTOOD YOU CORRECTLY. AND WHEN WE GOT TO SENATOR NORDQUIST, YOU SAID IF THEY WERE IN THE PIPELINE, THEY WERE ALL RIGHT. CAN YOU ELABORATE ON THAT, MAYBE CLARIFY WHERE WE'RE AT? [LB423]

SENATOR McCOLLISTER: WELL, YOU POINTED OUT A PROBLEM IN THE AMENDMENT. I RECOGNIZE THAT. AND I THINK WE CAN CORRECT THAT BY

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SETTING UP AN APPLICATION PROCESS. THOSE PEOPLE WANTING TO TAKE A TAX CREDIT WILL MAKE AN APPLICATION TO THE DEPARTMENT OF REVENUE. AND THAT WAY WE CAN SHUT THAT PROGRAM OFF AFTER FIVE YEARS, BUT THE CREDITS WOULD CONTINUE UNTIL THEY HAVE BEEN USED UP. [LB423]

SENATOR BLOOMFIELD: OKAY, THAT'S NOT THE AMENDMENT I VOTED FOR, COLLEAGUES. [LB423]

SENATOR McCOLLISTER: THAT'S CORRECT. [LB423]

SENATOR BLOOMFIELD: SO WE PASS AN AMENDMENT TO DO AN AMENDMENT BETWEEN NOW AND SELECT APPARENTLY. AND I HAVE SOME PROBLEMS WITH THAT. I SAID THAT'S NOT THE AMENDMENT I VOTED FOR. I'D YIELD THE REMAINDER OF MY TIME TO SENATOR SCHUMACHER. [LB423]

SENATOR SULLIVAN: THANK YOU, SENATOR BLOOMFIELD. SENATOR SCHUMACHER, YOU HAVE 3:00 LEFT. [LB423]

SENATOR SCHUMACHER: THANK YOU, MADAM PRESIDENT. SO UNDER THE REVISED AMENDED AMENDMENT, OR INTENTION TO AMEND THE AMENDED AMENDMENT, SOMEBODY HAS UNTIL DECEMBER OF 2021 TO GET THEIR APPLICATION IN. THEN THEY GET 10 YEARS OF CREDITS, PLUS A 5-YEAR POSSIBLE EXTENSION. SEE HOW THIS WORKS, FOLKS? WE ARE NOW SPENDING MONEY INTO THE YEAR--15 PLUS 21--2036. WE'RE GOING TO BE SADDLED WITH THIS PUP EVEN IF IT'S A BAD IDEA, EVEN IF WINDMILLS HAVE LONG CEASED TO BE THE FAD AND THOSE CRAZY PEOPLE, THE SKUNK WORKS AT LOCKHEED MARTIN ARE POWERING US WITH FUSION. WE ARE LOCKING OURSELVES IN FOR THAT PERIOD OF TIME. AND WE'RE CREATING A GOOD TRANSFERABLE DEAL TO THE MIDDLEMAN OF 15 PERCENT FOR DOING NOTHING BASICALLY. THAT'S HOW WE GET OURSELVES INTO FINANCIAL PROBLEMS AND WHY WE ARE A HIGH-TAX STATE, BECAUSE WE DON'T THINK DOWN THE ROAD. WE ARE CRIPPLING PEOPLE PROBABLY PAST THE POINT MOST OF US ARE DEAD. THAT'S A LONG TIME, 2036, TO BE OBLIGATING THE SYSTEM. AND WHEN WE PRESS THOSE BUTTONS, THAT'S WHAT WE'RE DOING. NOW, AT LEAST WE'RE CUTTING IT OFF AT 2021 INSTEAD OF LEAVING IT WIDE OPEN AND HAVING TO HAVE A FILIBUSTER-PROOF MOTION TO STOP IT, BUT PRETTY SERIOUS CONSEQUENCES. AND WE DO IT TIME AND TIME AND TIME AGAIN. AND PRETTY SOON \$15 MILLION IS \$30 MILLION IS \$45 MILLION, AND WE'VE GOT ALL THESE FINE PROGRAMS. AND BECAUSE THEY'RE

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TAX CREDITS, THEY'RE NOT SUBJECTED TO THE BUDGETARY REVIEW OF THE APPROPRIATIONS PROCESS. [LB423]

SENATOR SULLIVAN: ONE MINUTE. [LB423]

SENATOR SCHUMACHER: THEY'RE JUST LAYING THERE, SLEEPERS EATING AWAY AT US. AND WE DON'T KNOW FOR SURE IF THEY ARE DOING GOOD, AND IF THEY GET A REPORT, WHETHER THEY ARE DOING GOOD, IT WON'T TELL US FOR SURE IF THEY ARE DOING GOOD. AND THAT'S HOW WE BECOME A HIGH-TAX STATE. THANK YOU. [LB423]

SENATOR SULLIVAN: THANK YOU, SENATOR SCHUMACHER. THE CHAIR NOW RECOGNIZES SENATOR HADLEY. [LB423]

SPEAKER HADLEY: THANK YOU, MR. PRESIDENT. I'M NOT GOING TO SPEAK ON THE AMENDMENT OR THE BILL, BUT I WANTED TO CLARIFY SOME THINGS THAT I'VE HEARD SAID. TWO YEARS AGO WE HEARD A CONCERN ABOUT TAXES IN NEBRASKA. AND THE BODY VOTED THE TAX MODERNIZATION COMMITTEE THAT WE SPENT QUITE A BIT OF TIME TOURING THE STATE, COMING UP WITH A DOCUMENT, COMING UP WITH SOME PLANS, COMING UP WITH SOME IDEAS THAT WE HEARD FROM CONSTITUENTS. AND I'D LIKE YOU TO GO THROUGH THE LIST. I KEEP HEARING THAT WE'RE GOING NOTHING IN THE WAY OF TAX REDUCTIONS. THE TAX, THE REVENUE COMMITTEE THE LAST TWO YEARS ACTUALLY DID QUITE A BIT. WE INDEXED THE TAX BRACKETS. WE RAISED THE THRESHOLD FOR TAXATION OF SOCIAL SECURITY. WE STARTED IN ON EXEMPTION OF SOME MILITARY RETIREMENT. WE PASSED A NET OPERATING LOSS CARRYFORWARD. WE PASSED THE ALTERNATIVE MINIMUM TAX. THE PROPERTY TAX CREDIT FUND, WE PUT MONEY INTO IT AGAIN LAST YEAR. AND WE INCREASED THE HOMESTEAD EXEMPTION. THE GOVERNOR'S OFFICE PUT OUT A GREAT PRESS RELEASE, LAST YEAR'S GOVERNOR. THE COST OF THAT IS \$440 MILLION OVER THE NEXT FIVE YEARS. WITH THE INCREASE, THE POTENTIAL INCREASE OF PROPERTY TAX FUND THAT WE'RE GOING TO HEAR IN THE BUDGET, \$60 MILLION OVER THE NEXT... YOU TAKE THAT OVER THE NEXT FIVE YEARS, THAT'S TAX DECREASES OF ALMOST THREE-QUARTERS OF A BILLION DOLLARS FOR THE STATE OF NEBRASKA. I DON'T KNOW A LOT ABOUT IT, BUT I READ IN THIS MORNING'S PAPER THAT THERE'S QUESTION ABOUT WHAT THE FORECASTING BOARD IS GOING TO DO, THAT THERE MIGHT BE A QUESTION REGARDING A DOWNTURN IN THE REVENUES OF THE STATE OF NEBRASKA. AND DO YOU THINK IT'S POSSIBLE THAT SOME OF THESE TAX CUTS THAT WE PUT

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INTO EFFECT ARE BEGINNING TO WORK AND HENCE, THE DECLINE IN REVENUE IN THE STATE OF NEBRASKA? I DON'T KNOW. THAT'S PROBABLY A QUESTION WE HAVE TO ASK OURSELVES. BUT I'LL TELL YOU, I THINK THIS BODY THE LAST TWO YEARS, SPURRED BY THE REVENUE COMMITTEE, DID A LOT IN THE WAY OF MOVING US AHEAD IN REDUCING TAXES FOR THE PEOPLE OF NEBRASKA WHILE STILL PROVIDING THOSE NECESSARY SERVICES THAT WE NEED TO PROVIDE. I'M GOING TO HAVE MORE TO SAY ABOUT THIS WHEN WE GET INTO THE BUDGET BECAUSE I'M KEEPING AN EYE ON THAT EXPERIMENT TO THE SOUTH OF US IN KANSAS. YOU WANT TO SEE A LEGISLATURE THAT IS IN A BIG HURT RIGHT NOW? START READING A LITTLE BIT ABOUT THE TAX PROBLEMS AND THE REVENUE PROBLEMS IN THAT STATE TO THE SOUTH OF US. WE'RE TALKING ABOUT HAVING POTENTIAL MONEY TO SPEND, A 3.1 PERCENT INCREASE IN EXPENDITURES WHICH THE GOVERNOR ASKED FOR, HOPEFULLY SOME MONEY LEFT FOR THE FLOOR FOR BILLS. BUT JUST GOOGLE "KANSAS TAX PROBLEM" SOMETIME, JUST THE LAST MONTH. GOOGLE IT AND SEE THE PATH THAT THEY'VE GONE DOWN AND JUST ASK YOURSELF, IS THAT THE PATH THAT YOU WANT US TO DO? OR DO WE DO MEASURED TAX REFORM... [LB423]

SENATOR SULLIVAN: ONE MINUTE. [LB423]

SPEAKER HADLEY: ...MEASURED TAX REDUCTIONS, AT THE SAME TIME MEETING OUR OBLIGATION TO THE CITIZENS OF NEBRASKA? WE HEAR A LOT ABOUT, OH, THE CITIZENS ALWAYS WANT REDUCTION IN TAXES. YOU KNOW, THAT'S PROBABLY TRUE WHEN YOU PUT OUT AND JUST SAY DO YOU WANT YOUR TAXES REDUCED? SURE, BUT DO YOU WANT LESS TO HELP YOUR PARENTS WHO ARE IN THE NURSING HOME? DO YOU WANT LESS TO HELP THE CHILDREN IN HHS? DO YOU WANT US TO TRY AND CORRECT THE PRISON PROBLEMS? DO YOU WANT US TO CONTINUE TO FUND HIGHER EDUCATION AND K-12 EDUCATION APPROPRIATELY? DO YOU WANT GOOD ROADS? THOSE ARE THE QUESTIONS WE SHOULD BE ASKING OUR CONSTITUENTS. IF YOU WANT TO PAY LESS IN TAXES... [LB423]

SENATOR SULLIVAN: TIME, SENATOR. [LB423]

SPEAKER HADLEY: THANK YOU. [LB423]

SENATOR SULLIVAN: THE CHAIR RECOGNIZES SENATOR FRIESEN. [LB423]

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SENATOR FRIESEN: THANK YOU, MADAM PRESIDENT. I'VE HEARD MENTIONED SEVERAL TIMES ABOUT THE HUGE PROPERTY TAX RELIEF THAT'S GOING TO HAPPEN IN THESE AREAS. AND IT IS SIGNIFICANT FOR A FEW PEOPLE THAT LIVE IN THAT AREA, I'M SURE. WHEN WE TALK ABOUT ONE PROJECT HERE THAT LOOKS LIKE \$750,000 IN PROPERTY TAX RELIEF. THEY GO TO A COUPLE DOZEN PEOPLE. AND WHEN WE WANT TO TALK ABOUT PROPERTY TAX RELIEF IN THIS STATE, THOSE NUMBERS ARE FAIRLY INSIGNIFICANT. WHEN I'M TALKING ABOUT PROPERTY TAX RELIEF, WE'RE TALKING ABOUT MAYBE ANYWHERE FROM \$500 MILLION TO \$700 MILLION VERSUS \$700,000. THIS IS NOT A PROPERTY TAX RELIEF BILL FOR ANYONE...OR A HANDFUL. THIS IS VERY TARGETED. SO DON'T LOOK AT IT AS PROPERTY TAX RELIEF. THAT IS NOT THE ISSUE HERE. IT'S WHETHER OR NOT WE WANT TO OFFER TAX CREDITS AND WHERE WE WANT TO HEAD WITH ENERGY PRODUCTION IN THIS STATE. I'M NOT ABOUT TO FILIBUSTER THIS BILL OR ANYTHING ELSE. I THINK WE DO NEED TO PUT A CAP ON WHEN IT GOES AWAY. WE CANNOT...WE CAN TRY THIS AS AN EXPERIENCE...EXPERIMENT AND PUT A LID ON IT AND SEE IF WE WANT TO RENEW IT AT THAT TIME. BUT WHEN YOU TALK ABOUT PROPERTY TAX RELIEF FOR RURAL NEBRASKA, THIS IS NOT IT. THANK YOU, MADAM PRESIDENT. [LB423]

SENATOR SULLIVAN: THANK YOU, SENATOR FRIESEN. SEEING NO OTHER MEMBERS IN THE QUEUE, SENATOR GLOOR, YOU'RE RECOGNIZED TO CLOSE ON THE COMMITTEE AMENDMENT. SENATOR GLOOR WAIVES. THE QUESTION IS, SHALL THE COMMITTEE AMENDMENT TO LB423 BE ADOPTED. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL THOSE VOTED WHO WISH TO? RECORD, MR. CLERK. [LB423]

ASSISTANT CLERK: 29 AYES, 2 NAYS ON THE ADOPTION OF COMMITTEE AMENDMENTS, MADAM PRESIDENT. [LB423]

SENATOR SULLIVAN: THE AMENDMENT IS ADOPTED. FURTHER DISCUSSION ON THE ADVANCEMENT...MR. CLERK, ITEMS. [LB423]

ASSISTANT CLERK: THANK YOU, MADAM PRESIDENT. A REFERENCE COMMITTEE REPORT ON LR201; NEW RESOLUTION, LR203 BY SENATOR MELLO AND OTHERS. THAT WILL BE LAID OVER. (LEGISLATIVE JOURNAL PAGES 1238-1239.) [LR203]

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

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SENATOR SULLIVAN: YOU'VE HEARD THE MOTION TO RECESS UNTIL 1:30 P.M. ALL IN FAVOR SAY AYE. OPPOSED. WE ARE RECESSED.

RECESS

SENATOR WATERMEIER PRESIDING

SENATOR WATERMEIER: GOOD AFTERNOON, LADIES AND GENTLEMEN. WELCOME TO THE GEORGE W. NORRIS LEGISLATIVE CHAMBER. THE AFTERNOON SESSION IS ABOUT TO CONVENE. SENATORS, PLEASE RECORD YOUR PRESENCE. ROLL CALL. MEMBERS, COULD YOU PLEASE RETURN AND RECORD TO THE CHAMBER SO WE CAN BEGIN. MR. CLERK, PLEASE RECORD.

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

SENATOR WATERMEIER: THANK YOU, MR. CLERK. DO YOU HAVE ITEMS FOR THE RECORD?

ASSISTANT CLERK: MR. PRESIDENT, I DO. YOUR COMMITTEE ON ENROLLMENT AND REVIEW REPORTS LB629 TO SELECT FILE WITH AMENDMENTS. SERIES OF APPOINTMENT LETTERS FROM THE GOVERNOR TO THE LIQUOR CONTROL COMMISSION, THE PUBLIC EMPLOYEES RETIREMENT BOARD, THE COMMISSION FOR THE DEAF AND HARD OF HEARING, FOSTER CARE ADVISORY COMMITTEE, AND STATE EMERGENCY RESPONSE COMMISSION. THAT'S ALL THAT I HAVE. (LEGISLATIVE JOURNAL PAGES 1239-1242.) [LB629]

SENATOR WATERMEIER: THANK YOU, MR. CLERK. FIRST ITEM ON THE AGENDA.

ASSISTANT CLERK: MR. PRESIDENT, RETURNING TO LB423, THAT BILL WAS CONSIDERED THIS MORNING. AT THAT TIME, THE COMMITTEE AMENDMENTS WERE ADOPTED, AS WELL AS AN AMENDMENT TO THE COMMITTEE AMENDMENTS FROM SENATOR McCOLLISTER. THE ADVANCEMENT OF THE BILL IS NOW BEFORE US. [LB423]

SENATOR WATERMEIER: THANK YOU, MR. CLERK. SENATOR NORDQUIST, GIVE US A REFRESHER ON THE BILL. [LB423]

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SENATOR NORDQUIST: ALL RIGHT, THANK YOU, MR. PRESIDENT. I THINK EVERYONE GETS THE SENSE OF LB423. WE'VE ADOPTED THE COMMITTEE AMENDMENT AND SENATOR McCOLLISTER'S AMENDMENT. AND WE HAD A DISCUSSION ON THE MIKE BEFORE WE LEFT, BROKE FOR LUNCH, ABOUT MAYBE A NEED TO REFINE THAT LANGUAGE A LITTLE BIT TO ALIGN WITH OUR INTENT BETWEEN NOW AND SELECT FILE. AND I WOULD APPRECIATE YOUR SUPPORT TO ADVANCE LB423. [LB423]

SENATOR WATERMEIER: ARE THERE ANY MEMBERS WISHING TO SPEAK ON THIS BILL BEFORE WE DO GO TO CLOSING? SENATOR NORDQUIST, YOU WAIVE CLOSING? MEMBERS, THE QUESTION IS, SHALL LB423 BE ADVANCED TO E&R ENGROSSING? ALL THOSE IN FAVOR SAY AYE; ALL THOSE OPPOSED, NAY. APRIL FOOLS--FOR A MACHINE VOTE. IT'S BEEN CALLED FOR A RECORD VOTE. MR. CLERK. [LB423]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1242-1243.) VOTE IS 25 AYES, 3 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB423]

SENATOR WATERMEIER: LB423 DOES ADVANCE. MR. CLERK. [LB423]

ASSISTANT CLERK: MR. PRESIDENT, THE NEXT BILL, LB294, INTRODUCED BY... [LB294]

SENATOR WATERMEIER: MR. CLERK, LET ME INTERRUPT. THE SPEAKER WOULD LIKE A MOMENT. MR. SPEAKER, YOU ARE RECOGNIZED.

SPEAKER HADLEY: MR. PRESIDENT, YES, I'D LIKE JUST A...IF YOU GIVE ME JUST A MINUTE OR TWO TO GIVE YOU AN OVERVIEW OF WHAT WE'RE PLANNING AT THIS POINT IN TIME. TOMORROW WE'LL START WITH FINAL READING AND WE'LL HAVE ABOUT, GIVE OR TAKE, AN HOUR OF FINAL READING. AND THEN WE WILL CONTINUE ON, ON GENERAL FILE. ALSO TOMORROW, IF YOU'LL...AFTER THE AGENDA FOR NEXT TUESDAY WILL BE OUT TOMORROW LATE AFTER OUR...WE'RE DONE IN HERE. AND IT WILL INCLUDE THE CONSENT BILLS. AND THEY WILL BE HEARD ON WEDNESDAY, APRIL 29. WE'LL...THE CONSENT CALENDAR WILL BE THE 29th. ON TUESDAY OF NEXT WEEK, WHEN WE COME BACK, WE WILL GO TO SELECT FILE AND WE WILL TRY AND GET THROUGH THE SELECT FILE, THE BILLS WE HAVE ON SELECT FILE AT THAT POINT IN TIME. AND I PLAN ON, YOU KNOW, WORKING TO 6:00-6:30 ON TUESDAY NIGHT, JUST TO LET

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YOU KNOW. AND THE BUDGET, MY UNDERSTANDING IS, IS THE BUDGET SHOULD BE OUT TO YOU TUESDAY IN HARD FORM SO YOU'LL HAVE WEDNESDAY TO PREPARE FOR IT. AND THEN WE WILL START DEBATE ON THE BUDGET ON THE 30th OF MAY, ON THURSDAY, AND WE WILL CONTINUE THAT DEBATE ON INTO FRIDAY OF THAT WEEK ALSO. SO BASICALLY THAT GIVES YOU AN IDEA OF WHAT WE'RE GOING TO DO TOMORROW AND WHAT WE'RE GOING TO DO NEXT WEEK. SO TOMORROW IS FINAL READING AND GENERAL FILE. TUESDAY IS SELECT FILE. AND THEN WEDNESDAY WILL BE CONSENT CALENDAR, POSSIBLY, IF GET DONE IN TIME, SELECT OR GENERAL FILE, BUDGET ON THURSDAY AND FRIDAY OF NEXT WEEK. THANK YOU, MR. PRESIDENT.

SENATOR WATERMEIER: THANK YOU, MR. SPEAKER. NOW RETURNING TO THE AGENDA, MR. CLERK.

ASSISTANT CLERK: MR. PRESIDENT, LB294, INTRODUCED BY SENATOR SCHEER. (READ TITLE.) BILL WAS READ FOR THE FIRST TIME ON JANUARY 15. IT WAS REFERRED TO THE JUDICIARY COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH COMMITTEE AMENDMENTS. (AM1104, LEGISLATIVE JOURNAL PAGE 1125.) [LB294]

SENATOR WATERMEIER: THANK YOU, MR. CLERK. SENATOR SCHEER, YOU'RE RECOGNIZED TO OPEN ON LB294. [LB294]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT. LB294 IS A BILL DESIGNED TO IMPROVE OUR STATE'S EFFECTIVENESS IN COMBATTING HUMAN TRAFFICKING. LB294 IS INTENDED TO BUILD UPON THE WORK OF OUR FORMER SENATOR AMANDA MCGILL AND I WANT TO ACKNOWLEDGE AND APPRECIATE AND ADMIRE HER EFFORTS TO BRING THIS IMPORTANT ISSUE TO THE FOREFRONT OF THE BODY. LB294 IS THE RESULT OF A COLLABORATIVE EFFORT AMONGST LOCAL, STATE, FEDERAL LAW ENFORCEMENT, LOCAL AND FEDERAL PROSECUTORS, VICTIM ADVOCATES, SERVICE PROVIDES, AND VARIOUS TASK FORCES, SUCH AS THE GOVERNOR'S TASK FORCE ON HUMAN TRAFFICKING, THE OMAHA CHILD EXPLOITATION TASK FORCE. HUMAN TRAFFICKING IS NOT AN ISSUE THAT'S FOREIGN TO NEBRASKA. IT IS A MARKET-DRIVEN, CRIMINAL ENTERPRISE THAT TREATS THE MOST VULNERABLE AS A LUCRATIVE COMMODITY. THE CONCEPT OF LB294 HAS MORE ADEQUATELY ADDRESSED HUMAN TRAFFICKING BY TARGETING...IS ADDRESSING ITS...TARGETING ITS BUSINESS MODEL. AND TO THAT END, LB294 ADDRESSES THE RECRUITMENT OF TRAFFICKING VICTIMS BY THE PIMPS BY INCREASING PENALTIES FOR

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PANDERING. IT ALSO TARGETS THE CONSUMER OF SEX TRAFFICKING BY INCREASING PENALTIES FOR THE SOLICITATION OF PROSTITUTION. IT HEIGHTENS THE PENALTY ON KEEPING A HOUSE OF PROSTITUTION AND AFFORDS GREATER ABILITY TO SUBPOENA ILLICIT MARKETERS OF SEX TRAFFICKING LIKE BACKPAGE. LB294 IS REALLY DESIGNED TO DIMINISH THE PROFITABILITY AND INCREASE THE RISK OF ENGAGING IN THIS CRIMINAL ENTERPRISE. THEREFORE, IT ALSO PROVIDES FOR A FORFEITURE PROVISION THAT IS SOLELY INTENDED TO PROVIDE FOR CARE, TREATMENT, AND SERVICES FOR TRAFFICKING VICTIMS IN A NEW VICTIM ASSISTANCE FUND. LB294 PROVIDES AN OPPORTUNITY FOR VICTIMS TO SEEK CIVIL REMEDY AGAINST THEIR TRAFFICKERS BY CREATING A HUMAN TRAFFICKING VICTIMS CIVIL REMEDY ACT. AND LASTLY, LB294 TASKS THE FOSTER CARE REVIEW OFFICE WITH THE COLLECTION OF INFORMATION ON HUMAN TRAFFICKING VICTIMS RESCUED BY THE STATE WHO GO INTO FOSTER CARE. THIS WILL ALLOW THE STATE TO ENSURE THAT THESE INDIVIDUALS ARE RECEIVING THE CARE THEY NEED WITHIN THE EXISTING SYSTEM. I'VE INTRODUCED THIS BILL FUNDAMENTALLY BECAUSE I AM CONCERNED WITH THE ABSENCE OF A STRICT MESSAGE OF INTOLERANCE FOR HUMAN TRAFFICKING, OUR STATE ONLY ENCOURAGES THE FUTURE GROWTH OF THIS DEPLORABLE ENTERPRISE. THE COMMITTEE AMENDMENT, AM1104, IS A BY-PRODUCT OF WEEKS OF NEGOTIATIONS BETWEEN MEMBERS OF THE JUDICIARY, VICTIM ADVOCATES GROUPS, COUNTY ATTORNEYS, THE ATTORNEY GENERAL'S OFFICE, MYSELF, AND MANY OTHERS. I'D LIKE TO ALSO THANK SENATOR SEILER, SENATOR KRIST, SENATOR COASH, WILLIAMS, AND PANSING BROOKS, AS WELL, ESPECIALLY, SENATOR MORFELD WHO HAS AN ENDORSEMENT...AMENDMENT AS WELL TO ADD TO THIS TO SECURE WHAT I BELIEVE IS MUCH-NEEDED LEGISLATION TO FURTHER IMPLEMENT WHAT WE HAVE ON OUR STATUTES AT THIS TIME. I WILL TELL YOU THAT I BELIEVE THAT THE COMMITTEE AMENDMENT, AS WELL AS SENATOR MORFELD'S AMENDMENT, ARE FRIENDLY AMENDMENTS AND ALLOWS US TO MOVE THE BILL FORWARD, MAKING ANOTHER STEP FORWARD IN THE STATE'S FIGHT AGAINST HUMAN TRAFFICKING. IN CLOSING, I WOULD LIKE TO THANK ALL THOSE THAT WORKED AND THAT WERE INVOLVED IN THE PROCESS. AND I WOULD APPRECIATE A GREEN VOTE ON BOTH THE COMMITTEE AMENDMENT, SENATOR MORFELD'S AMENDMENT, AND LB294 AS A PRODUCT. THANK YOU, MR. PRESIDENT. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR SCHEER. AS THE CLERK STATED, THERE ARE AMENDMENTS FROM THE JUDICIARY COMMITTEE. SENATOR SEILER, YOU ARE RECOGNIZED TO OPEN. [LB294]

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SENATOR SEILER: MR. PRESIDENT, MEMBERS OF THE UNICAMERAL, AM1104 TO LB294 WAS ADVANCED FROM THE JUDICIARY COMMITTEE ON A 5-0 VOTE WITH ONE MEMBER NOT VOTING AND TWO MEMBERS NOT PRESENT, DOES BASICALLY THREE THINGS. AM1104 REMOVES THE SECTION OF THE ORIGINAL GREEN BILL THAT WOULD HAVE CHANGED THE WAY THE VICTIMS OF TRAFFICKING WERE TREATED IN COUNTY COURT...OR IN JUVENILE COURT. AM1104 REMOVES THE PROVISION THAT WOULD HAVE DEEMED THE ACTUAL DAMAGES OF TRAFFICKING VICTIM TO BE A MINIMUM OF \$150,000. FOR YOUR INFORMATION, THAT'S CALLED PUNITIVE DAMAGES AND WE DO NOT HAVE PUNITIVE DAMAGES IN NEBRASKA SO THAT HAS BEEN STRICKEN BY THIS BILL. THE AMENDMENT ALSO DIRECTS THE FOSTER CARE REVIEW OFFICE TO COLLECT INFORMATION RELATED TO CHILD TRAFFICKING VICTIMS AND EXPAND THE ALLOWABLE SOURCES OF FUNDING FOR THE HUMAN TRAFFICKING VICTIM ASSISTANCE FUND. I ASK YOU TO VOTE GREEN ON THIS AMENDMENT, TO SUPPORT THE GREEN COPY OF LB294. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR SEILER. MR. CLERK FOR AN AMENDMENT. [LB294]

ASSISTANT CLERK: MR. PRESIDENT, I DO HAVE AMENDMENTS TO THE COMMITTEE AMENDMENTS, THE FIRST, SENATOR MORFELD, AM1305, BUT I HAVE A NOTE TO WITHDRAW THAT AMENDMENT. IN THAT CASE, MR. PRESIDENT, SENATOR MORFELD WOULD OFFER AM1323. (LEGISLATIVE JOURNAL PAGE 1243.) [LB294]

SENATOR WATERMEIER: SENATOR MORFELD, YOU ARE RECOGNIZED TO OPEN ON YOUR AMENDMENT TO THE COMMITTEE AMENDMENT. [LB294]

SENATOR MORFELD: THANK YOU, MR. PRESIDENT. AS SENATOR SEILER NOTED, AND SENATOR SCHEER, THIS IS A FRIENDLY AMENDMENT. JUST A FEW DAYS AGO WE WERE LOOKING INTO THE COMMITTEE AMENDMENT AND REALIZED THAT THE AFFIRMATIVE DEFENSE FOR PEOPLE WHO HAVE BEEN TRAFFICKED AGAINST SOLICITATION HAD BEEN TAKEN OUT. THIS WAS ORIGINALLY IN THE GREEN COPY OF THE BILL AND THERE WAS I THINK SOME QUESTIONS AS TO WHETHER OR NOT IT WAS REDUNDANT BECAUSE THERE IS SOME IMMUNITIES PROVIDED FOR VICTIMS OF SEX TRAFFICKING AGAINST CHARGES IF IT'S BEEN FOUND BY THE COURT THAT THEY, IN FACT, HAVE BEEN TRAFFICKED. AND SO WHAT THIS AMENDMENT DOES IS IT PUTS THAT AFFIRMATIVE DEFENSE BACK INTO THE COMMITTEE AMENDMENT AND IT ALSO PROVIDES SOME LANGUAGE

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THAT NEEDED TO BE CLEANED UP FROM THE ATTORNEY GENERAL'S OFFICE FOR THE FORFEITURE REQUIREMENT. WE HAVE A CONSTITUTIONAL PROVISION IN OUR CONSTITUTION THAT ANY FUNDS FORFEITED IN A LAW ENFORCEMENT CONTEXT HAS TO BE SPENT ON EDUCATION. SO THE ORIGINAL BILL HAD THE FORFEITED FUNDS BEING SPENT ON SERVICES OR A VICTIMS FUND. HOWEVER, IT HAS TO BE SPENT ON EDUCATION, ACTUALLY, PURSUANT TO THE CONSTITUTION. SO THIS AMENDMENT DOES TWO THINGS IS IT MAINTAINS THE EXISTING AFFIRMATIVE DEFENSE FOR VICTIMS OF SEX TRAFFICKING AND THEN IT ALSO CLEANS UP THE FORFEITURE LANGUAGE TO ENSURE THAT IT'S CONSTITUTIONAL. AND I URGE A GREEN VOTE ON AM1323. THANK YOU. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR MORFELD. MEMBERS, YOU'VE HEARD THE OPENING ON THE AMENDMENT TO THE COMMITTEE AMENDMENT. SENATOR KRIST, YOU ARE RECOGNIZED. [LB294]

SENATOR KRIST: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, COLLEAGUES, AND GOOD AFTERNOON, NEBRASKA. I THINK IT'S VERY IMPORTANT THAT YOU TAKE A STEP BACK AND LOOK AT THE WAY THAT THE LANGUAGE IN THE GREEN COPY OF THE BILL WAS DRAFTED. AND SOMETHING THAT WE WORKED VERY HARD THE LAST THREE OR FOUR YEARS TO GET TO, THANKS TO SENATOR MCGILL AND OTHERS, AND THAT'S TO MAINTAIN IN THIS CASE THE VICTIM OR THE PERSON WHO HAS BEEN SOLICITED OR ATTRACTED OR ENTICED TO BE A PROSTITUTE AND TREAT THEM THAT WAY. IT'S EXTREMELY IMPORTANT THAT THE JUVENILE COURT CLASSIFICATION OF (3)(a), WHICH IS ESSENTIALLY ABUSE AND NEGLECT, BE MAINTAINED FOR THOSE INDIVIDUALS AND THAT THE FOSTER CARE REVIEW PROCESS WOULD OVERSEE AND MAKE SURE THAT THOSE JUVENILES ARE AFFORDED THE SERVICES THAT THEY NEED AND ARE REUNITED WITH THEIR FAMILIES AND/OR GIVEN THE SERVICE THAT WILL CREATE AN ATMOSPHERE FOR THEM TO RECOVER FROM THE TRAVESTY THAT THEY HAVE BEEN INVOLVED WITH. WE HAD A LENGTHY CONVERSATION ABOUT THE PRESERVATION OF THAT (3)(a), OR ABUSE AND NEGLECT, STATUS CLASSIFICATION. AND YOU'LL SEE, IF NOT IN THE NEXT FEW MONTHS, AT LEAST BEFORE THE END OF THE CONGRESSIONAL YEAR, THAT THERE IS LEGISLATION THAT'S COMING FORWARD THAT PRESERVES THAT STATUS ON A NATIONAL LEVEL. YOU SEE, FOLKS, YOUNG PEOPLE ARE ENTICED TO DO MANY THINGS EARLY IN THEIR LIFE THAT, EITHER FOR REASONS OF A BROKEN HOME, AN ADDICTION, OR JUST PLAIN AN INTEREST OR THE INTEREST IN EXCITEMENT OF DOING SOMETHING ELSE. AND WE HAVE TO MAINTAIN A SENSIBILITY IN TERMS OF OUR TOUGH-ON-CRIME ATMOSPHERE BECAUSE THOSE TRULY ARE VICTIMS. AT SOME POINT WE MAY FIND THAT THOSE VICTIMS BECOME SOMETHING ELSE,

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BUT THAT PROBABLY WILL BE BECAUSE WE DIDN'T OFFER THE OPPORTUNITY FOR REHABILITATION OR SERVICES OR REUNIFICATION WITH THEIR FAMILIES. I DO WANT TO THANK SENATOR SCHEER FOR BRINGING THE BILL BECAUSE IT GAVE US AN OPPORTUNITY, ALONG WITH WORKING WITH THE AG'S OFFICE, TO MAKE SURE THAT WE WERE TRULY BEING AS TOUGH ON THE TRUE PERPETRATORS OF THIS CRIME AND PUTTING A SPOTLIGHT ON THOSE THAT WERE VICTIMIZED BY THE CRIME. IT'S A GOOD COMPROMISE. SENATOR MORFELD'S AM1323 TO THE COMMITTEE AMENDMENT, AM1104, AND LB294 NEED THREE GREEN VOTES FROM EACH OF YOU. AND I THANK YOU FOR YOUR TIME. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR KRIST. SENATOR BRASCH, YOU ARE RECOGNIZED. [LB294]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT. AND GOOD AFTERNOON, COLLEAGUES. I WANT TO VOICE MY SUPPORT FOR LB294 AND THE AMENDMENTS. AND I DID WANT TO THANK SENATOR SCHEER FOR HIS INTRODUCTION AND PRIORITIZING THIS BILL. I KNOW EVERYONE HAS WORKED VERY DILIGENTLY ON THIS ISSUE. IT IS AN IMPORTANT ISSUE. I WANT TO BE ON RECORD TODAY TO HIGHLIGHT SOME FACTS REGARDING THE MODERN FORM OF SLAVERY THAT IS HUMAN TRAFFICKING. HUMAN TRAFFICKING IS A MULTIDIMENSIONAL ISSUE. WHILE LB294 IS KEY LEGISLATION TO ADDRESSING THE CRIMINAL AND CIVIL ASPECTS OF HUMAN TRAFFICKING, THIS IS NOT JUST A MATTER OF STOPPING CRIMINALS AND THEIR EVIL ACTIVITY BUT, ALSO, WORKING TOWARDS A CULTURE OF HEALTH AND HEALING FOR THE VICTIMS INVOLVED. AS I STATED, THIS IS A MULTIDIMENSIONAL ISSUE. HUMAN TRAFFICKING IS A HUMAN RIGHTS ISSUE, AS IT DEPRIVES PEOPLE BEING BOUGHT AND SOLD OF THEIR BASIC RIGHTS AND FREEDOMS. IT'S A HEALTH PROBLEM AND IT IS ALSO CONNECTED WITH THE SPREAD OF HIV AND AIDS, OTHER COMMUNICABLE DISEASES AS WELL, THAT ARE DEEPLY CONNECTED TO DRUG USE AND SUBSTANCE ABUSE, FORCED ABORTION, AND ABORTION-RELATED COMPLICATIONS, AMONG A NUMBER OF VAST OTHER DEATHS CONCERNED RELATED TO PHYSICAL AND PSYCHOLOGICAL WELFARE. PREVENTING HUMAN TRAFFICKING WILL ELIMINATE COSTS TO THE HEALTHCARE SYSTEM THAT ARE INEVITABLE CONSEQUENCES OF HUMAN TRAFFICKING. IN ADDITION, IT'S A NATIONAL SECURITY ISSUE AS IT FUELS ORGANIZED CRIME. IT THREATENS THE RULE OF LAW AND IT CREATES TRAFFICKING PIPELINES THAT CAN BE USED BY TERRORIST ORGANIZATIONS. AT THE LOCAL LEVEL, THERE ARE ALSO DIRECT CONNECTIONS BETWEEN HUMAN TRAFFICKING AND GANG-RELATED ACTIVITIES. THIS LAW IS ALSO A TEACHER.

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AS IT HAS BEEN POINTED OUT BY MANY STUDIES, RESEARCHERS, ADVOCATES, RELIGIOUS LEADERS, AND PUBLIC OFFICIALS, THERE NEEDS TO BE INCREASED PUBLIC AWARENESS ON HUMAN TRAFFICKING. BY PASSING LB294, NEBRASKA TAKES A BIG STEP IN AWARENESS BY STRENGTHENING OUR CIVIL AND CRIMINAL LAWS ON HUMAN TRAFFICKING. THIS LAW PROVIDES AN IMPORTANT OPPORTUNITY FOR NEBRASKA TO FUNCTION AS A TEACHER. THE LAW TEACHES OUR CITIZENS THAT WE ARE SERIOUS ABOUT SUCH ATROCIOUS EVILS AS HUMAN TRAFFICKING. IT WILL RAISE AWARENESS ABOUT THE NEED TO ASSIST VICTIMS AND REPRIMAND PERPETRATORS. THERE IS A NEED FOR STATE ACTION. VARIOUS STUDIES AND DATA HAVE ALSO SHOWN THAT WHILE THE FEDERAL GOVERNMENT HAS TAKEN IMPORTANT STEPS IN ADDRESSING HUMAN TRAFFICKING, THERE IS MUCH TO DO AT THE STATE LEVEL. THE DEPARTMENT OF STATE'S 2011 TRAFFICKING IN PERSONS REPORT FOUND THAT LESS THAN 10 PERCENT OF STATE AND LOCAL LAW ENFORCEMENT AGENCIES HAVE ANY KIND OF PROTOCOL OR POLICY ON HUMAN TRAFFICKING. AS WAS SHARED IN THIS MORNING'S HANDOUT FROM SENATOR SCHEER, SHARED HOPE INTERNATIONAL HAS EVALUATED EACH STATE IN ITS ABILITY TO EFFECTIVELY RESPOND TO THE CRIME OF DOMESTIC MINOR SEX TRAFFICKING AND GIVES NEBRASKA A GRADE OF "D,"... [LB294]

SENATOR WATERMEIER: ONE MINUTE. [LB294]

SENATOR BRASCH: ...PLACING US 35th IN THE NATION. LB294 OFFERS US THE OPPORTUNITY TO ADDRESS THIS CONCERN AT THE STATE LEVEL AND ASSIST IN THE INTERNATIONAL EFFORTS TO STIFLE AND END HUMAN TRAFFICKING. AGAIN, I WANT TO THANK SENATOR SCHEER, THE JUDICIARY COMMITTEE. AND, COLLEAGUES, THIS IS IMPORTANT. PLEASE VOTE GREEN. THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR BRASCH. SENATOR PANSING BROOKS, YOU ARE RECOGNIZED. [LB294]

SENATOR PANSING BROOKS: THANK YOU, MR. PRESIDENT. JUST BEFORE I START MY COMMENTS, I WANTED TO POINT OUT THAT THIS IS ANOTHER CASE OF THE JUDICIARY COMMITTEE NOT BEING SOFT ON CRIME. THESE ARE...THE PENALTIES IN THE UNDERLYING BILL WHICH CAME OUT OF JUDICIARY WITH NO NEGATIVE VOTE, WITH ALL POSITIVE VOTES, INCREASED THE PENALTIES FOR JOHNS AND THOSE THAT ARE TRAFFICKING YOUNG WOMEN AND CHILDREN, OR ALL WOMEN AND CHILDREN. AND SO I AM PLEASED TO BE ABLE TO HAVE

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COSPONSORED THIS BILL AFTER BEING ASKED BY ATTORNEY GENERAL PETERSON TO DO SO WITH SENATOR SCHEER. I'VE BEEN HIGHLY AWARE OF THIS ISSUE BECAUSE OUR DAUGHTER, WHO IS A SENIOR AT SOUTHEAST HIGH SCHOOL HERE IN LINCOLN, HAS COCHAIRLED THE HUMAN TRAFFICKING TASK FORCE AT LINCOLN SOUTHEAST HIGH SCHOOL AND HAS OVER FOUR YEARS RAISED THOUSANDS OF DOLLARS TO HELP COMBAT THIS ISSUE. WHILE IT SEEMS IMPOSSIBLE TO MOST NEBRASKANS TO BELIEVE THAT HUMAN TRAFFICKING IS PRESENT IN NEBRASKA, FACTS SHOW TO THE CONTRARY, CLEARLY. LAW ENFORCEMENT AGENCIES AGREE THAT THE EXISTENCE OF INTERSTATE 80 COUPLED WITH INTERNET SEX ADVERTISING MAKES NEBRASKA ESPECIALLY VULNERABLE TO HUMAN TRAFFICKING, ESPECIALLY IN LIGHT OF THE VAST AMOUNTS OF MONEY THAT CAN BE MADE IN THIS INDUSTRY. THIS INDUSTRY IS CONSIDERED SECOND TO THE DRUG TRADE IN THE MONEY THAT IS BEING MADE IN THIS INDUSTRY. RECENT RESEARCH HAS ALSO SHOWED THAT THERE IS, IN FACT, A FLOURISHING SEX TRADE IN NEBRASKA AND THAT COMBINED WITH A LARGE DEMAND WHICH CREATES SIGNIFICANT OPPORTUNITY FOR SIZABLE AMOUNTS OF MONEY TO BE MADE, EXACERBATING THE SITUATION. PART OF THIS INDUSTRY, HOWEVER, IS HIDDEN AND SOME OF WHAT WE DON'T KNOW IS SURPRISING. STATEWIDE, INFORMATION ON ARRESTS RELATED TO TRAFFICKING IS NOT CURRENTLY AVAILABLE AND, THEREFORE, THE TRUE EXTENT OF TRAFFICKING IS NOT KNOWN AND SOMETIMES DIFFICULT FOR LAW ENFORCEMENT OFFICIALS TO ASSESS. LAW ENFORCEMENT AGENCIES HAVE STRUGGLED TO FIGHT THIS INDUSTRY DUE TO THE HIDDEN NATURE OF THE CRIME AND THE COMPLETELY VULNERABLE MAKEUP OF ITS VICTIMS. THERE ARE HIDEOUS STORIES RIGHT NOW ABOUT WOMEN BEING BRANDED BY CERTAIN JOHNS SO THAT IF THEY RUN AWAY, THEY ARE CAPTURED BY ANOTHER JOHN AND THEN TAKEN BACK TO THEIR FORMER CAPTOR. THIS IS ABOUT THE POWER OF ONE GROUP OVER ANOTHER AND GENERALLY THOSE MOST AT RISK ARE MARGINALIZED WOMEN AND CHILDREN. I RISE IN SUPPORT OF THE AMENDMENT, AM1323, THE JUDICIARY'S AMENDMENT, AM1104, AS WELL AS THE UNDERLYING BILL PRESENTED BY SENATOR SCHEER, LB294. AND I WILL GIVE THE REST OF MY TIME TO SENATOR SCHEER IF HE WOULD LIKE IT. [LB294]

SENATOR WATERMEIER: SENATOR SCHEER, 2:00. [LB294]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT. THANK YOU, SENATOR PANSING BROOKS. FELLOW SENATORS, THIS IS A SERIOUS ISSUE. UNFORTUNATELY, WE DON'T HAVE A LOT OF DATA THAT'S AVAILABLE TO US TO KNOW THE TRUE EXTENT THAT IT IS IN NEBRASKA. BUT REST ASSURED, IT IS IN NEBRASKA. IN MY OPENING I MADE COMMENTS ABOUT A WEB PAGE BACKPACK (SIC), I BELIEVE,

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OR SOMETHING THEREABOUTS. AND THAT'S SORT OF THE CRAIGSLIST OF THIS ILLICIT SEX ADVERTISEMENTS. THIS TYPE OF ACTIVITY FOLLOWS, MORE TIMES THAN NOT, SPORTING EVENTS. A YOUNG LADY IN OMAHA TRACKED THE ADS FOR OMAHA LAST YEAR STARTING ABOUT THE FIRST PART OF APRIL. THERE WOULD BE ONE OR TWO, MAYBE THREE A DAY. AND IT GOT TO BE THE SECOND WEEK IN JUNE, WORLD SERIES HITS OMAHA, AND THOSE ADVERTISEMENTS WENT UP OVER 80. IT WAS ALIVE AND WELL IN OMAHA, NEBRASKA,... [LB294]

SENATOR WATERMEIER: ONE MINUTE. [LB294]

SENATOR SCHEER: ...IN NEBRASKA. THIS IS SOMETHING THAT WE CAN NO LONGER LOOK AWAY FROM. IT EXISTS. IT FEEDS UPON THOSE THAT ARE THE LEAST ABLE TO TAKE CARE OF THEMSELVES ONCE THEY ARE ABSORBED INTO THE NETWORK. PLEASE HELP ME HELP THE REST OF THOSE YOUNG PEOPLE AND WOMEN THAT HAVE BEEN BROUGHT INTO THAT TYPE OF ACTIVITY. THEY NEED YOUR HELP. THANK YOU, MR. PRESIDENT. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR SCHEER AND SENATOR PANSING BROOKS. SENATOR COOK, YOU ARE RECOGNIZED [LB294]

SENATOR COOK: THANK YOU, MR. PRESIDENT, AND GOOD AFTERNOON, COLLEAGUES. I ALSO RISE IN SUPPORT OF THIS MEASURE AND THE UNDERLYING AMENDMENT. I BECAME AWARE INITIALLY OF THE ISSUE OF HUMAN TRAFFICKING AS SOMEONE WHO MAINTAINS AN INTEREST IN INTERNATIONAL ISSUES. AND FOR YEARS AND YEARS, OF COURSE, WE'D HEARD ABOUT WOMEN BEING BROUGHT INTO THE UNITED STATES AS SEX SLAVES WHO WERE TRAFFICKED ACROSS THE UNITED STATES. THEY DON'T KNOW WHERE THEY ARE. THEY DON'T HAVE ANY FAMILY TO GO BACK TO. WHAT I HAVE LEARNED THIS YEAR AND IN THE YEARS PAST, WHEN SENATOR MCGILL BROUGHT THE ISSUE FORWARD, IS THAT THIS IS ALSO VERY MUCH A DOMESTIC ISSUE. AND WHAT IS ALSO PERHAPS SURPRISING TO MANY OF US IS THAT IT IS AN ISSUE CERTAINLY THAT IS MAYBE MORE PREVALENT AMONG CHILDREN AND WOMEN COMING FROM A POOR SOCIOECONOMIC BACKGROUND, BUT THERE ARE YOUNG WOMEN AND YOUNG MEN WORKING ACROSS SOCIOECONOMIC BACKGROUNDS WHO ARE BEING HUMAN TRAFFICKED OR BEING USED AS SEX SLAVES ACROSS THE UNITED STATES. THAT WAS SOMETHING THAT WAS SURPRISING TO ME. I'D ALSO LIKE TO FOCUS ON THE FACT THAT THE RESEARCH THAT HAS BEEN DONE IN NEBRASKA HIGHLIGHTS THE NECESSITY FOR US TO REALLY TAKE CARE OF AND BE AWARE OF THE QUALITY OF OUR CHILD WELFARE SYSTEM. IN ADDITION

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TO THE FACTS THAT I'VE MENTIONED EARLIER, MANY OF THE CHILDREN THAT ARE, LET'S SAY, RESCUED FROM A PIMP IMMEDIATELY, ALMOST IMMEDIATELY, LEAVE FOSTER CARE WITH A QUICK PHONE CALL BACK TO THEIR JOHN, WHO HAS TAKEN CARE OF THEM IN A WAY THEY'RE ACCUSTOMED TO, BECAUSE THAT IS MORE TO THEIR LIKING, SHALL WE SAY--JUST A TEENAGER'S MIND-SET ABOUT WANTING TO DO WHAT SHE WANTS TO DO VERSUS BEING IN WHAT, TO HER, IS AN UNFAMILIAR FAMILY SETTING. SO I WANTED TO MAKE THAT FACT KNOWN TOO. WE NEED TO TAKE CARE OF OUR FOSTER CHILDREN, OFFER THEM OPPORTUNITIES. JUST THE WAY BUSINESS HAS BEEN DONE IN NEBRASKA IN THE CHILD WELFARE SYSTEM, AS WE'VE COME TO KNOW OVER THE LAST FEW YEARS, IS NOT ENOUGH AND IT CONTRIBUTES TO THE CYCLES RELATED TO HUMAN TRAFFICKING. A FACT UPON WHICH SENATOR PANSING BROOKS TOUCHED THAT I'D LIKE TO HIGHLIGHT IS THAT THE ATTRACTION OF CRIMINALS TO THE ENTERPRISE OF HUMAN TRAFFICKING IS GREATER THAN IT IS TO DRUG SALES OR SALES OF STOLEN GOODS OR THINGS LIKE THAT BECAUSE A HUMAN CAN BE SOLD MORE THAN ONE TIME. AND ONCE DRUGS OR THE MAKINGS OF DRUGS OR THEFT OF A PHYSICAL OBJECT, OF PERSONAL PROPERTY, A HUMAN BEING CAN BE SOLD MORE THAN ONE TIME. SO WITH THAT, I WOULD YIELD THE BALANCE OF MY TIME TO THE CHAIR. THANK YOU VERY MUCH. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR COOK. SENATOR KINTNER, YOU ARE RECOGNIZED. [LB294]

SENATOR KINTNER: THANK YOU, MR. PRESIDENT. AND, YOU KNOW, WHEN SENATOR SCHEER BRINGS IT HOME AND TALKS ABOUT THE COLLEGE WORLD SERIES AND THE MARKET FOR THIS TYPE OF ACTIVITY AND THE PEOPLE THAT ARE FORCED TO DO IT, IT REALLY... YOU THINK ABOUT THIS IN TERMS OF CALIFORNIA AND NEW YORK; YOU THINK ABOUT IT IN TERMS OF THE COASTS. YOU DON'T THINK ABOUT IT IN OUR LITTLE STATE. WE'RE KIND OF ISOLATED HERE. AND IT REALLY BRINGS IT HOME. AND I WANT TO THANK SENATOR SCHEER FOR INTRODUCING THIS BILL AND I FULLY SUPPORT IT. AND WITH THAT BEING SAID, I DID WANT TO JUST TALK TAXES FOR A SECOND. OUR SPEAKER BROUGHT UP KANSAS. SO OVER LUNCH I PULLED OUT AN ARTICLE FROM INVESTOR'S BUSINESS DAILY. IT SAYS, "KANSAS' JOB-CREATING MACHINE SHOWS THAT TAX CUTS WORK," AND THIS IS FROM MARCH 31 OF THIS YEAR. IT SAYS: LIBERALS THREW EVERY PUNCH THEY HAD AT KANSAS GOVERNOR SAM BROWNBACK LAST FALL, HOPING TO UNSEAT THE REPUBLICAN FOR THE SIN OF CUTTING TAX RATES TO STIMULATE JOB GROWTH AND ECONOMIC REVIVAL. WELL, GUESS WHO'S STILL STANDING. FROM THE NEW YORK TIMES TO THE KANSAS CITY STAR, BROWNBACK'S AGENDA WAS DENOUNCED AS A FAILURE

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AND A WARNING TO OTHERS OF WHAT HAPPENS WHEN YOU TO RIDE THE LAFFER CURVE AND CUT TAXES. AND I'VE HEARD THAT QUITE A BIT FROM PEOPLE THAT LIKE TO SPEND OTHER PEOPLE'S MONEY. HERE'S WHAT YOU WON'T READ TODAY: THE TAX CUT IS WORKING. LABOR DEPARTMENT DATA SHOW JOB GROWTH IN KANSAS TIED WITH UTAH AS THE FASTEST GROWING IN THE NATION IN FEBRUARY. BACK IN 2012, BROWNBACK SIGNED TAX CUTS THAT CUT THE HIGHEST INCOME RATE FROM 6.4, WHICH IS LOWER THAN OURS, I MIGHT ADD, DOWN TO 4.8, WITH THE GOAL OF EVENTUALLY ELIMINATING THE STATE INCOME TAX ENTIRELY. THE TAX ON SMALL-BUSINESS INCOME WAS ZEROED OUT. IT WAS DENOUNCED AS "TRICKLE-DOWN ECONOMICS," THOUGH THE STATE'S EMPLOYMENT RATE IS NOW DOWN TO 4.5 PERCENT AND IT'S GONE DOWN SINCE THEN. THE NUMBER-ONE COMPLAINT I'M HEARING NOW, BROWNBACK TELLS IT, IS WE CAN'T FIND THE WORKERS, AND THAT'S A GOOD PROBLEM TO HAVE. WHERE JOBS ARE REALLY SHOWING UP IS ON THE KANSAS SIDE OF KANSAS CITY BECAUSE THE TAX RATES ARE LOWER IN KANSAS NOW THAN THEY ARE IN MISSOURI. THE KANSAS SIDE OF THE METRO AREA PRODUCED TWICE AS MANY JOBS AS THE MISSOURI SIDE FROM 2012 TO 2014. AND I WON'T READ ANY MORE. BUT NO MATTER WHAT, YOU CAN DISAGREE WITH THOSE NUMBERS A LITTLE BIT AND SAY THEY WERE MASSAGED A LITTLE BIT, BUT I'LL TELL YOU WHAT, YOU CAN'T ARGUE THAT THEY BROUGHT THE GROWTH OF GOVERNMENT TO A STANDSTILL, SOMETHING WE'VE NEVER BEEN ABLE TO DO HERE. ONE THING WE KNOW HOW TO DO IS GROW GOVERNMENT HERE IN NEBRASKA, AND THAT'S PROBABLY NOT SOMETHING WE WANT TO BRAG ABOUT BEING GOOD ABOUT. SO IF YOU WANT TO STOP THE GROWTH OF GOVERNMENT, YOU'VE GOT TO STARVE THE BEAST. AND THERE IS...I HAVEN'T PROPOSED ANYTHING TO DO THAT, BY THE WAY. EVERYTHING I HAVE PROPOSED HAS BEEN MEASURED AND A LITTLE BIT AT A TIME, TAKING SMALL BITES OF THE APPLE. BUT THERE IS SOMETHING TO BE SAID BY JUST CUTTING OFF THE MONEY SO THE BEAST CAN'T EAT ANYMORE. THANK YOU, MR. PRESIDENT.
[LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR KINTNER. SENATOR SCHUMACHER, YOU ARE RECOGNIZED. [LB294]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. WOULD SENATOR SCHEER YIELD TO SOME QUESTIONS? [LB294]

SENATOR WATERMEIER: SENATOR SCHEER, YOU'RE RECOGNIZED. [LB294]

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SENATOR SCHEER: I WILL TRY. [LB294]

SENATOR SCHUMACHER: OKAY. SENATOR SCHEER, IS THERE ANYTHING IN HERE THAT EXEMPTS THE PARENT FROM A CIVIL CLAIM MADE BY THE CHILD? [LB294]

SENATOR SCHEER: NOT THAT I'M AWARE OF. [LB294]

SENATOR SCHUMACHER: OKAY. SO THE TRICKY PART OF A LOT OF THIS LEGISLATION IS IT INCORPORATES DEFINITIONS FROM SOMEWHERE ELSE. AND IT REFERS TO 28-830, WHICH IS THE DEFINITIONS ON ALL THESE THINGS OF FORCED LABOR AND HUMAN TRAFFICKING AND THESE THINGS THAT SOUND SO SCARY. BUT YOU GOT TO READ THE WORDS. AND IF THERE IS NOTHING BURIED IN THIS LANGUAGE THAT EXEMPTS THE PARENT, IT WOULD SEEM TO ME--AND I'M TRYING TO SEE WHETHER OR NOT THERE IS ANYWHERE IN HERE THAT WOULD CLEARLY STATE THAT THIS IDEA IS WRONG--IF THE PARENT SAYS TO THE KID, MOW THE LAWN, CLEAN OUT THE BARN, PULL THE WEEDS, OR GO TO YOUR ROOM, OKAY, IT SEEMS TO FIT THE DEFINITION OF: FORCED LABOR MEANS SERVICES OR LABOR THAT ARE PERFORMED OR PROVIDED BY ANOTHER PERSON AND ARE OBTAINED OR MAINTAINED THROUGH PHYSICALLY RESTRAINING OR THREATENING TO PHYSICALLY RESTRAIN THE OTHER PERSON--MOW THE LAWN OR GO TO YOUR ROOM--OR CAUSING OR THREATENING TO CAUSE FINANCIAL HARM TO ANOTHER PERSON--MOW THE LAWN OR YOU LOSE YOUR ALLOWANCE. IS THERE ANYTHING IN HERE THAT SAYS THAT THAT ISN'T THE CASE? [LB294]

SENATOR SCHEER: SENATOR SCHUMACHER, I'M NOT ONE OF YOUR BRETHREN LAWYERS AND SO MY INTERPRETATION IS NOT ONE OF A LEGAL SUBSTANCE. BUT I MIGHT SUGGEST THAT YOU ASK THE JUDICIARY CHAIRMAN. I THINK HE WOULD BE FAR BETTER EXPERT TO TRY TO DETERMINE IF THAT'S THE CASE OR NOT. [LB294]

SENATOR SCHUMACHER: THANK YOU, SENATOR SCHEER. SENATOR SEILER, WOULD YOU YIELD TO SOME QUESTIONS? [LB294]

SENATOR WATERMEIER: SENATOR SEILER, FOR...YIELD? [LB294]

SENATOR SEILER: YES. [LB294]

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SENATOR SCHUMACHER: OKAY. (LAUGH) SENATOR SEILER, IS THERE ANYTHING THAT YOU KNOW IN HERE THAT EXEMPTS A PARENT FROM BEING SUED BY HIS KID BECAUSE, AS I READ THIS, THIS COULD GO A LONG TIME. AND I DON'T SEE A STATUTE OF LIMITATIONS IN HERE. SO MAYBE WHEN IT COMES DOWN TO FIGHTING FOR AN ESTATE AND WHEN IT GETS TO YOUR SUPER PIECE OF IT, YOU START CLAIMING THAT YOU'RE SUFFERING FROM LONG-TERM MENTAL ANGUISH OR WHATEVER THE WORDS ARE. IS THERE ANYTHING IN HERE THAT EXEMPTS A PARENT? [LB294]

SENATOR SEILER: I DON'T REMEMBER READING ANYTHING, BUT I AGREE WITH YOU. THERE IS SOME CONFUSION IN THERE BECAUSE IF YOU GO TO THE REGULAR STATUTES 80 OR...I CAN'T REMEMBER THE FIRST...WHAT IS IT, 880 (SIC)? THEN IT SAYS...THE DEFINITION SENDS YOU TO 881 (SIC). AND THEN IT KIND OF REFERS YOU BACK TO 880 (SIC) AGAIN. SO OUR PREVIOUS DRAFTERS HAD REALLY MESSED IT UP ON A CIRCULAR DEFINITION. BUT TO ANSWER YOUR QUESTION, NO, I DIDN'T SEE AN EXEMPTION FROM PARENTS. [LB294]

SENATOR SCHUMACHER: THANK YOU, SENATOR SEILER. AND THAT'S WHAT ALWAYS CONCERNS ME ABOUT THIS KIND OF LEGISLATION. IT SEEMS TO SWEEP WITH A BROAD BRUSH AND YOU BEGIN TO LOOK AT IT, AS YOU HAVE TO IF YOU'RE PROSECUTING OR DEFENDING THESE THINGS OR IF YOU'RE A JUDGE READING THESE THINGS, AND DECIDING WHETHER YOU'RE GOING TO THROW THE WHOLE LAW OUT BECAUSE IT'S OVERBROAD, IT DIDN'T HIT THE NAIL ON THE HEAD, AND IT GOT A LOT OF--WHAT'S MY LINE?--SHARKS IN WITH THE DOLPHINS OR DOLPHINS WITH THE SHARKS. [LB294]

SENATOR WATERMEIER: ONE MINUTE. [LB294]

SENATOR SCHUMACHER: BUT I'M GENUINELY CONCERNED HERE THAT YOU HAVE CASES WHICH TECHNICALLY MEET THE DEFINITION, THERE IS NO PROSECUTOR INVOLVED BECAUSE THIS ISN'T CRIMINAL, BUT WOULD ENABLE A CHILD TO SUE THE PARENT FOR CLAIMS THAT THEY WERE FORCED TO DO LABOR AND THEY WERE PHYSICALLY RESTRAINED AND I DON'T THINK THAT'S WHAT'S INTENDED BY THIS LAW. BUT UNLESS SOMEBODY CAN SHOW ME SOME ESCAPE CLAUSE, IT APPEARS TO BE WHAT'S COVERED BY THE LAW. AND I THINK THIS STUFF NEEDS TO BE FIXED BEFORE WE CREATE SOMETHING WITH NO STATUTE OF LIMITATIONS THAT MAY COME UP AND BITE A PARENT 20 YEARS AFTER HE TOLD THE KID TO MOW THE LAWN. THANK YOU. [LB294]

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SENATOR WATERMEIER: THANK YOU, SENATOR SCHUMACHER, SENATOR SEILER, SENATOR SCHEER. SENATOR SEILER, YOU ARE RECOGNIZED. [LB294]

SENATOR SEILER: WOULD SENATOR SCHUMACHER YIELD? [LB294]

SENATOR WATERMEIER: SENATOR SCHUMACHER, YIELD? [LB294]

SENATOR SCHUMACHER: TURNABOUT IS FAIR PLAY. [LB294]

SENATOR SEILER: (LAUGH) THE QUESTION I HAD IS THE CASE OUT AT KEARNEY WHERE...AND SOUTH OF KEARNEY WHERE THE MOTHER WAS ACTUALLY THE PIMP FOR THE GIRLS. WOULD...IF YOU START "BROAD-BRUSHING" PARENTS AS EXEMPT, YOU WOULD HAVE LEFT HER OFF THE HOOK AND SHE'S NOW BEEN FOUND GUILTY AND SERVING TIME. SO I THINK YOU'VE GOT A PROBLEM JUST TAKING A BROAD SWEEP THAT WAY ALSO. [LB294]

SENATOR SCHUMACHER: AND I HAVE TO AGREE. AND THAT'S WHY THIS KIND OF LEGISLATION HAS GOT TO BE SO CAREFULLY DRAFTED BECAUSE WE DON'T MEAN TO LET MAMA PIMP GO BUT, AT THE SAME TIME, WE DON'T WANT TO HAVE PEOPLE SUED. AND I CAN SEE HOW THIS COMES UP IN AN ESTATE CATEGORY WHERE SOMEBODY WANTS TO GET A BIGGER SHARE OF THE ESTATE AND SO THEY START CLAIMING THAT THEY WERE DAMAGED BY MOWING THE LAWN OR SOMETHING AND THAT THEY WERE...THE THREAT OF HAVING THEIR ALLOWANCE TAKEN AWAY AND IT CAUSED THEM TO LOSE THEIR FIRST GIRLFRIEND AND...LAWYERS CAN MAKE UP GOOD THINGS. [LB294]

SENATOR SEILER: YOU'VE GOT TO STAY OFF THAT HIGHWAY BETWEEN HERE AND COLUMBUS. (LAUGHTER) THANK YOU VERY MUCH. AND I'LL WAIVE MY TIME. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR SEILER, SENATOR SCHUMACHER. SENATOR PANSING BROOKS, YOU ARE RECOGNIZED. [LB294]

SENATOR PANSING BROOKS: THANK YOU, MR. PRESIDENT. JUST ADDING MY TWO CENTS INTO THIS DISCUSSION, WHEN YOU LOOK AT THE BILL ON THE FIRST PAGE...SORRY, IS THAT SECOND PAGE? PAGE 2, SENATOR SCHUMACHER, IT TALKS ABOUT, ON LINE 8, THE TRAFFICKING VICTIM HAS THE SAME MEANING IN SECTION 28-830. SO IF YOU GO TO 28-830 IN OUR NEBRASKA STATUTES, IT TALKS

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ABOUT HUMAN TRAFFICKING AND HUMAN TRAFFICKING INCLUDES ALL SORTS OF DIFFERENT THINGS: ACTOR MEANS A PERSON WHO SOLICITS, PROCURES, AND SUPERVISES. SO THIS IS THE CONTROLLING STATUTE REGARDING THIS BILL. AND IT GOES ON TO TALK ABOUT FINANCIAL HARM MEANS THEFT BY EXTORTION IN SECTION (4), OR SUBSECTION (4), IT SAYS, FORCED LABOR OR SERVICES MEANS LABOR OR SERVICES THAT ARE PERFORMED BY ANOTHER PERSON AND ARE OBTAINED THROUGH (a) INFLICTING OR THREATENING TO INFLICT SERIOUS PERSONAL INJURY, AS DEFINED BY SECTION 28-318; (b) PHYSICALLY RESTRAINING OR THREATENING TO PHYSICALLY RESTRAIN ANOTHER PERSON; (c)...AND IT GOES ON: KNOWINGLY DESTROYING, CONCEALING...SO I DON'T THINK THAT ANY JUDGE WOULD FIT FORCING A CHILD TO DO THEIR CHORES AT THEIR HOUSE INTO THIS SEXUAL TRAFFICKING STATUTE. AND SO I DON'T...DO YOU WANT TO YIELD TO A DISCUSSION ON THAT? [LB294]

SENATOR WATERMEIER: SENATOR SCHUMACHER? [LB294]

SENATOR SCHUMACHER: YES. [LB294]

SENATOR PANSING BROOKS: OKAY. I MEAN, HOW DO YOU SEE THAT, SENATOR SCHUMACHER, THAT THERE MIGHT BE A PARENT BROUGHT UNDER THESE CHARGES FOR SEXUAL AND HUMAN TRAFFICKING SOLELY BECAUSE OF THE FACT THAT THEY FORCED SOMEBODY TO MOW THEIR YARD, THEIR CHILD TO MOW THEIR YARD? THAT'S NOT WHAT ANY OF THIS IS TALKING ABOUT. IT'S NOT THE INTENT OF THE STATUTE. IT'S NOT THE SPIRIT OF THE STATUTE. IT'S NOT THE SPIRIT OF THE BILL. [LB294]

SENATOR SCHUMACHER: WE AREN'T DEALING WITH SPIRITS. WE'RE DEALING WITH LANGUAGE. AND THIS SAYS FORCED LABOR MEANS LABOR OR SERVICES THAT ARE PERFORMED OR PROVIDED BY ANOTHER PERSON AND OBTAINED THROUGH PHYSICALLY RESTRAINING OR THREATENING TO PHYSICALLY RESTRAIN THE OTHER PERSON--GO TO YOUR ROOM AND STAY THERE OR MOW THE LAWN; PULL THE COCKLEBURS AND...OR SIT IN THE BARN. THAT'S...I MEAN, THIS...WE...IN THIS NEW LAW THAT WE'RE ADOPTING, IT'S A MEAN, MEAN LAW CREATING CIVIL RIGHTS. THERE'S RIGHTS TO SUE IN CIVIL COURT OR HARASS YOUR RELATIVES OR GET AN UPPER ARM IN AN ESTATE PROCEEDING. SO, YOU KNOW, THERE'S NO...YOU'RE IN THE MIDDLE OF THIS SITUATION AND YOU READ THIS LAW, THIS 28-830, IT FITS IN THERE. THIS FITS THE...MOW THE LAWN OR GO TO YOUR ROOM FITS. [LB294]

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SENATOR PANSING BROOKS: I DON'T AGREE WITH THAT. BUT YOU ALSO LOOK AT SECTION 2 WHICH SAYS, "COMMERCIAL SEXUAL ACTIVITY MEANS ANY SEX ACT ON ACCOUNT OF WHICH ANYTHING OF VALUE IS GIVEN, PROMISED TO, OR RECEIVED BY ANY PERSON." BUT THANK YOU SO MUCH FOR BRINGING UP THE ISSUE. I THINK THAT IF WE LOOK AT THE CURRENT LAW, THAT THIS BILL WILL FIT WITHIN THAT. THANK YOU. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR PANSING BROOKS AND SENATOR SCHUMACHER. SEEING NO ONE IN THE QUEUE, SENATOR MORFELD, YOU ARE RECOGNIZED TO CLOSE ON YOUR AMENDMENT TO THE COMMITTEE AMENDMENT. SENATOR MORFELD WAIVES CLOSING ON THE AMENDMENT TO THE COMMITTEE AMENDMENT. MEMBERS, THE QUESTION IS, SHALL THE AMENDMENT TO THE COMMITTEE AMENDMENT TO LB294 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB294]

ASSISTANT CLERK: 35 AYES, 0 NAYS ON THE ADOPTION OF SENATOR MORFELD'S AMENDMENT TO COMMITTEE AMENDMENTS. [LB294]

SENATOR WATERMEIER: THE AMENDMENT IS ADOPTED. SEEING NO ONE IN THE QUEUE, SENATOR SEILER, YOU ARE RECOGNIZED TO CLOSE. SENATOR SEILER WAIVES ON THE COMMITTEE AMENDMENT TO LB294. MEMBERS, THE QUESTION IS, SHALL THE COMMITTEE AMENDMENT TO LB294 BE ADOPTED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB294]

ASSISTANT CLERK: 36 AYES, 0 NAYS ON THE ADOPTION OF COMMITTEE AMENDMENTS AS AMENDED. [LB294]

SENATOR WATERMEIER: THE AMENDMENT IS ADOPTED. SEEING NO ONE IN THE QUEUE, SENATOR SCHEER, YOU ARE RECOGNIZED TO CLOSE ON THE LB294. [LB294]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT, AND THANK YOU, FELLOW SENATORS, FOR YOUR TIME AND ATTENTION. THANK YOU, SENATOR SCHUMACHER, FOR BRINGING UP YOUR COMMENTS. AND IT'S ALWAYS GOOD TO HAVE THOSE ON THE RECORD SO THAT PERHAPS, IF THERE WAS A QUESTION, AT LEAST OUR LEGISLATIVE INTENT IS SHOWN AT THIS POINT IN TIME. I WILL MENTION AS WELL AT THIS TIME THAT I DO THINK IT'S IMPORTANT THAT THIS BILL BE ENACTED AND GO INTO EFFECT AS QUICKLY AS POSSIBLE. SO AT SELECT

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FILE, I WILL BRING AN AMENDMENT TO PUT THE EMERGENCY CLAUSE ON IT AS WELL. AND WITH THAT, I WOULD URGE YOUR ADOPTION OF LB294. THANK YOU, MR. PRESIDENT. [LB294]

SENATOR WATERMEIER: THANK YOU, SENATOR SCHEER. MEMBERS, YOU HEARD THE CLOSING TO LB294. THE QUESTION IS THE ADVANCEMENT OF LB294 TO E&R INITIAL. ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB294]

ASSISTANT CLERK: 34 AYES, 0 NAYS ON THE ADVANCEMENT OF THE BILL, MR. PRESIDENT. [LB294]

SENATOR WATERMEIER: THE BILL DOES ADVANCE. MR. CLERK FOR AN ANNOUNCEMENT. [LB294]

ASSISTANT CLERK: MR. PRESIDENT, A COUPLE OF ITEMS. YOUR COMMITTEE ON EDUCATION REPORTS LB371 TO GENERAL FILE WITH AMENDMENTS. TWO AMENDMENTS TO BE PRINTED TO LB599 FROM SENATOR NORDQUIST. (LEGISLATIVE JOURNAL PAGE 1244.) [LB371 LB599]

SENATOR WATERMEIER: MR. CLERK, WE'LL PROCEED TO GENERAL FILE.

ASSISTANT CLERK: MR. PRESIDENT, LB67, INTRODUCED BY SENATOR SCHUMACHER. (READ TITLE.) THE BILL WAS READ FOR THE FIRST TIME ON JANUARY 8 OF THIS YEAR. IT WAS REFERRED TO THE BANKING, COMMERCE AND INSURANCE COMMITTEE. THAT COMMITTEE PLACED THE BILL ON GENERAL FILE WITH NO COMMITTEE AMENDMENTS. [LB67]

SENATOR WATERMEIER: MR. SCHUMACHER, SENATOR SCHUMACHER, YOU ARE RECOGNIZED TO OPEN ON THE LB. [LB67]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. I'D LIKE TO THANK ALL THE PEOPLE WHO HAVE OFFERED TO HELP WITH THIS BILL AND FILED AMENDMENTS ON IT. (LAUGHTER) YOUR HELP IS GREATLY APPRECIATED. IT'LL MAKE FOR A LONG AND PROFITABLE DISCUSSION. LB67, THIS IS THE SECOND TIME AROUND FOR THIS BILL. IT IS BASICALLY REFLECTIVE OF THE CONCERNS OF THE NEBRASKA BANKERS ASSOCIATION AND A RESULT OF THE DETROIT AND OTHER LARGE MUNICIPAL BANKRUPTCY CASES. THOSE

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CASES, AND AS A FEDERAL JUDGE RULED IN THEM, PUTS INTO DOUBT THE PRIORITY OF PEOPLE WHO BUY BONDS FROM OUR CITIES. THESE ARE LARGELY INDIVIDUALS, ANNUITIES, THINGS THAT PEOPLE INVEST THEIR PENSION MONEY IN, SOME COMMERCIAL, SOME BANKS. BUT NEVERTHELESS, IT IS A WAY THAT YOU LOAN MONEY TO A CITY, OR TO A COUNTY OR A STATE FOR THAT MATTER. IN NEBRASKA, WE PRIDE OURSELVES ON HAVING NO DEBT AS A STATE. WELL, AS WE FOUND OUT IN THE PLANNING COMMITTEE, THAT'S NOT QUITE TRUE. WE HAVE A LOT OF DEBT AS A STATE. BUT THE WAY WE CARRY THAT DEBT IS WE DON'T TAKE IT OUT IN THE STATE'S NAME. WE LET OUR CITIES BORROW MONEY AND PUT IT TOWARD GOVERNMENT PURPOSES, ALONG WITH SOME OTHER ENTITIES, BUT PRINCIPALLY THE CITIES. THE BANKRUPTCY COURT SAID THAT THE BONDHOLDERS, THE PEOPLE THAT LOAN THE MONEY TO THE CITY, IN THE EVENT OF BANKRUPTCY ARE GOING TO BE TREATED JUST LIKE ANYBODY ELSE THE CITY OWES MONEY TO. THEY DO NOT COME FIRST IN LINE, UNLESS-- UNLESS--THE STATE LAW SAYS SO. THEY CALL IT A STATUTORY LIEN. AND IF THE STATE LAW SAYS SO, THEN THE BANKRUPTCY COURT WILL HONOR THAT. NEBRASKA STATE LAW DOES NOT SAY SO IN VERY CLEAR LANGUAGE. THERE IS A COURT CASE THAT SAYS IN AN SID MATTER THAT THERE IS SOME PRIORITY FOR BONDHOLDERS, BUT THAT'S CERTAINLY LESS THAN CLEAR. AND WHENEVER YOU'RE DEALING WITH LARGE SUMS OF MONEY AND PEOPLE LOANING THEIR PENSION MONEY AND THEIR SAVINGS TO YOU, YOU SHOULD BE CLEAR WITH THEM. AND SO IT WOULD BE ALMOST, YOU WOULD THINK, A NO-BRAINER THAT SINCE THE GOVERNMENT OF NEBRASKA, THROUGH ITS CITIES, IS PLEDGING FULL FAITH AND CREDIT OF THE PEOPLE OF THE CITIES TO THE BONDHOLDER WHEN THEY BORROW THE MONEY, THAT THEY NATURALLY COME FIRST. AND THAT, A YEAR AGO, INITIALLY WAS THE POSITION OF THE CITIES SPEAKING THROUGH THE LEAGUE OF MUNICIPALITIES. THERE IS A LOT OF DEBT IN SOME OF OUR BIG CITIES. WE'RE TALKING BILLION DOLLAR-TYPE DEBT. THERE IS ALSO THE ISSUE THAT COMPLICATES THIS. THOSE SAME CITIES HAVE MADE BIG PROMISES: EMPLOY NOW, PAY LATER. AND THEY TOOK UP THOSE PROMISES WHEN THEY ENTERED INTO LABOR UNION NEGOTIATIONS. AND THEY PROMISED THE FOLKS WHO WORKED FOR THE LABOR UNIONS THAT THEY WOULD HAVE A NICE PENSION. BUT THEY DIDN'T FULLY FUND THOSE PENSIONS. AND SO NOW THAT PART OF THE POPULATION IS SAYING, WAIT A MINUTE, WE DON'T WANT THE BONDHOLDERS TO COME BEFORE US BECAUSE WE'VE BEEN PROMISED A NICE PENSION AND THE CITY HAS NOT ANTED UP THE MONEY AND IS NOT MAKING ENOUGH CONTRIBUTIONS TO THAT FUND, SO STOP. SO THE LEAGUE OF MUNICIPALITIES FLIPPED SIDES AND SAID, GEE, WE DON'T WANT TO GET INTO TROUBLE WITH LABOR NEGOTIATIONS. SO WHERE ARE WE? WELL, THE CITY OF OMAHA SAID IT QUITE HAPPILY IN THE HEARING. IF WE GO

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BANKRUPT, THEY SAID, FIGHT IT OUT IN THE BANKRUPTCY COURT, LET THE JUDGE DECIDE, MEANING IT WANTED TO CONTINUE TO BORROW MONEY TO SAVERS WHO THOUGHT THEY WOULD BE NUMBER ONE AND THINK THEY WOULD BE NUMBER ONE UNDER NORMAL RULES AND CONTINUE TO MAKE BIG PROMISES TO THE UNIONS AND CONTINUE TO BORROW MONEY. NOW THERE WAS A SUGGESTION, VERY, VERY STERNLY OPPOSED BY THE CITIES, THAT SAID, OKAY, IF YOU'RE GOING TO DO THAT AND YOU'RE GOING TO BORROW THAT MONEY FROM THE...FROM PEOPLE, THEN PUT IT IN BIG LETTERS THAT THEY'RE GOING TO BE IN THE SAME BOAT AS EVERYBODY ELSE AND THAT YOU'RE NOT GIVING THEM THE FULL FAITH AND CREDIT IN THE EVENT YOU GO INTO BANKRUPTCY. BUT THEY DIDN'T LIKE THAT, BECAUSE THAT WOULD MAKE THEM CONFRONT THE ISSUE. AND SO THEY'D PREFER WE JUST GO AWAY AND LET EVERYTHING RIDE AND HOPE THAT THERE IS NO BANKRUPTCY. BUT YOU KNOW, WHERE WE GET HOOKED ON IT IS, AS A STATE, WE KNOW THAT IF THESE SITUATIONS EVER GET BAD BECAUSE OF SOME ECONOMIC DOWNTURN OR MUNICIPAL BLUNDER, WHERE THOSE BIG CITIES ARE GOING TO BE: RIGHT IN HERE CRYING, TOO BIG TO FAIL, GIVE US SOME MONEY, BAIL US OUT. SO THIS BILL GRAPPLES WITH THAT PROBLEM AND STARTS OUT WITH TAKING THE POSITION, WHICH IS WHAT PROBABLY MOST PEOPLE THINK IT IS, PARTICULARLY IF THEY'RE NOT THINKING ABOUT READING THE DETROIT BANKRUPTCY CASE, AND THAT IS THAT FULL FAITH AND CREDIT MEANS FULL FAITH AND CREDIT. IF YOU LOAN A CITY MONEY, YOU'RE GOING TO GET PAID OUT OF THE GENERAL FUNDS BEFORE ANYBODY ELSE GETS PAID. THAT'S WHAT FULL FAITH AND CREDIT, THAT'S WHAT OUR WORD MEANS: YOU'RE GOING TO GET PAID FIRST. AND SO THAT'S WHAT THE BOND COUNSEL HAS DRAFTED IN THIS PARTICULAR BILL. BONDHOLDERS, SAVERS, PEOPLE WHO HAVE INVESTED THEIR PENSION AND ANNUITY MONEY GET PAID FIRST. THEY ARE PEOPLE WHO HAD NO HAND IN MAKING THE DECISIONS THAT MIGHT LEAD TO THE FINANCIAL PROBLEM OR BANKRUPTCY OF A CITY. THEY ARE THE INNOCENT PARTIES. THEY HAD NO ABILITY TO SIT DOWN AND NEGOTIATE TERMS OF A CONTRACT. NOW, I THINK PROBABLY IN THE COURSE OF DISCUSSION, EVERYONE IS OPEN TO LOOKING TO A WAY TO TRY TO ACCOMMODATE AT LEAST SOME OF THE INTEREST OF THE FOLKS WHO WORKED FOR THE CITIES. BUT IT'S A VERY DIFFICULT THING TO TRY TO MAKE SUCH AN ACCOMMODATION WHEN THERE IS NO CLEAR KNOWLEDGE OF EXACTLY WHAT IS WANTED. WHAT IS TRUE IS THE WORST POSSIBLE SITUATION IS WHAT WE HAVE NOW WHERE NOBODY KNOWS WHERE THEY STAND. NOBODY IS SURE WHICH WAY THAT BANKRUPTCY COURT IS GOING TO INTERPRET THAT NEBRASKA LAW. NOTHING IS CLEAR. SO IF YOU'RE WORKING FOR A UNION AND THINKING YOU'VE GOT A NEAT PENSION, YOU GOT TO HAVE A BIT OF A TUMMY ACHE IF YOU HEAR US TALKING. AND IF YOU'RE SOMEBODY

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WHO IS INVESTING MONEY IN BONDS OF THE CITY OF, SAY, OMAHA OR LINCOLN, YOU GOT TO BEGIN WONDERING WHETHER THE GUY OR THE FINANCIAL COUNSELOR WHO TOLD YOU TO BUY THOSE BONDS REALLY READ THE SMALL PRINT OR NOT AND YOU GOT TO HAVE AN UNCOMFORTABLE FEELING. NOW IS THE TIME TO DEAL WITH THE PROBLEM. NOW IS THE TIME FOR US TO SPEAK AS A LEGISLATURE AND DEFINE THOSE RIGHTS SO EVERYBODY KNOWS WHERE THEY'RE AT. AND IF WE SAY, BONDHOLDERS, YOU'RE IN THE SOUP WITH EVERYBODY ELSE, WELL, THEN THE BONDHOLDER IS GOING TO WANT MORE INTEREST. AND IF WE SAY, LABOR UNIONS, YOU'RE GOING TO COME UP SHORT, THEN YOU'D BET THAT THE NEXT NEGOTIATING SESSION BETWEEN THE CITY AND THE LABOR UNION IS GOING TO HAVE TO DIFFERENT TONE ON IT. OR IF WE SAY, LABOR UNIONS, YOU COME FIRST, IT WOULD HAVE A DIFFERENT TONE, AS WOULD THE INTEREST RATE THAT THE BONDHOLDERS WOULD REQUEST. BUT NOW IS THE TIME TO DEAL WITH IT, NOT 10 OR 15 YEARS FROM NOW IN A FINANCIAL CRISIS WHEN THESE OBLIGATIONS, ON EITHER THE PART OF THE LABOR UNIONS OR ON THE PART OF THE BONDHOLDERS, COME TO FRUITION. [LB67]

SENATOR WATERMEIER: ONE MINUTE. [LB67]

SENATOR SCHUMACHER: SO THAT'S WHAT LB67 IS ABOUT. YOU CAN SEE THE POWERFUL INTEREST. YOU HAVE THE LABOR UNION INTEREST. YOU HAVE THE BOND HOLDER INTEREST. YOU HAVE THE INTEREST OF THE MUNICIPALITIES WANTING TO CONTINUE TO BORROW AND JUST LET US ALONE BECAUSE IT'S EASIER TO BORROW THAN RAISE TAXES. WELL, THAT'S WHY I HAVE SO MANY HELPERS ON THIS BILL. THANK YOU. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR SCHUMACHER. MR. CLERK FOR AN AMENDMENT. [LB67]

ASSISTANT CLERK: MR. PRESIDENT, THE FIRST AMENDMENT TO THE BILL IS FROM SENATOR NORDQUIST, AM1080. (LEGISLATIVE JOURNAL PAGE 1129.) [LB67]

SENATOR WATERMEIER: SENATOR NORDQUIST, YOU ARE RECOGNIZED TO OPEN ON YOUR AMENDMENT. [LB67]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT AND MEMBERS. AS SENATOR SCHUMACHER SAID, THIS UNDERLYING BILL WOULD GIVE PREFERENCE TO BONDHOLDERS IN THE EVENT OF MUNICIPAL BANKRUPTCY. MY

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CONCERN IS JUST THAT: GIVING BONDHOLDERS THE PREFERENCE OVER OTHER CREDITORS, ESPECIALLY, CERTAINLY, OVER THOSE THAT HAVE A PENSION WITH THE CITY. AND I THINK IT JUST COMES DOWN TO THIS FACT THAT, WHEN YOU ARE PURCHASING BONDS, THERE ARE NO GUARANTEES. I JUST PULLED UP MY FIDELITY ACCOUNT ON MY COMPUTER AND ONE OF THE BOND FUNDS THAT I HAVE IS IN THE RED RIGHT NOW SINCE I BOUGHT IT. IT'S HAD A NEGATIVE RETURN. THERE WAS NO GUARANTEE WHEN I BOUGHT THAT BOND FUND THAT IT WAS GOING TO BE POSITIVE. AND AT THE TOP, WHEN I...AT THE TOP OF THE SCREEN, THERE IS A CHART ON EVERY MUTUAL FUND I OWN THAT SAYS WHAT THE RISK IS ON IT. IT DOESN'T SAY ZERO RISK. IT SAYS THAT THERE IS RISK; MINIMAL, BUT THERE IS RISK. THAT'S WHAT PEOPLE WHO PURCHASE BONDS KNOW. THEY SHOULD KNOW. THERE IS NO 100-PERCENT, LOCK, STOCK, GOLD-STANDARD, THIS THING WILL NEVER LOSE MONEY. YOU ARE TAKING A RISK AND YOU GET PAID SOME PREMIUM FOR TAKING ON THAT RISK. GRANTED, IT'S BEEN LOWER NOW THAN IN THE PAST, BUT YOU STILL GET PAID A PREMIUM FOR TAKING ON THAT RISK. WE ARE WITH THIS BILL, IF WE MOVE FORWARD WITH IT, PUTTING THOSE PEOPLE AT THE FRONT OF THE LINE, THOSE THAT HAVE TAKEN ON THAT RISK. AND WHO ARE WE PUTTING THEM IN THE FRONT OF THE LINE IN FRONT OF? PEOPLE WHO WE HAVE MADE A PROMISE TO, PEOPLE WHO MANY OF THEM ARE WORKING JOBS THAT ARE PAYING \$30,000, MAYBE \$40,000 A YEAR PLOWING OUR CITY STREETS, FILLING POTHOLES, PROTECTING US FROM FIRES, POLICE OFFICERS PROTECTING US. WE ARE PUTTING THE PEOPLE WHO KNEW THEY WERE TAKING A RISK TO PURCHASE BONDS AT THE FRONT OF THE LINE AHEAD OF PEOPLE WE HAVE MADE A PROMISE TO. AND OUR COURTS HAVE ALWAYS HELD THAT PENSIONS ARE THAT, THEY ARE A PROMISE. THEY CAN'T BE YANKED OUT FROM UNDER YOU. NOW, IF IT GOES BEFORE A BANKRUPTCY JUDGE, THE POTENTIAL CERTAINLY IS THERE. BUT THEY ARE A PROMISE. AND WE ARE SAYING TO THOSE WORKERS, WELL, WE'RE GOING TO PUT THE PEOPLE THAT TOOK A RISK WITH THEIR INVESTMENT AHEAD OF YOU. EVEN THOUGH YOUR ENTIRE LIVELIHOOD AND RETIREMENT DEPENDS ON THIS, YOU DON'T GET TO BE AT THE FRONT OF THE LINE. SO THE AMENDMENT I FILED, AND I FILED TWO OF THEM, AND THEY REALLY CAME UP FROM READING THROUGH THE COMMITTEE TRANSCRIPT AND JUST MY FUNDAMENTAL PRINCIPLE THAT PUBLIC WORKERS, PUBLIC SERVANTS WHO HAVE GIVEN THEIR CAREER TO US, SHOULD BE ENTITLED TO A LEVEL OF PROTECTION. SO THIS AMENDMENT CARVES OUT THOSE WORKERS, CARVES OUT PENSIONS SO THIS BILL DOES NOT IMPACT THEM. SO ESSENTIALLY, IT WOULD PUT THE BONDHOLDERS AND THE PENSIONERS IN LINE TOGETHER AT THE SAME TIME. IT DOESN'T PICK ONE ABOVE THE OTHER. AND I THINK THAT'S THE DIRECTION WE CERTAINLY NEED TO GO WITH LB67. JUST READING SOME OF THE...JUST READING FROM THE

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TRANSCRIPT, SENATOR SCHUMACHER SAID, WE COULD DIVIDE THE PIE, WE COULD SAY THE PENSIONERS COME FIRST AND THE BONDHOLDERS COME SECOND, BUT THIS PARTICULAR BILL SAYS THE BONDHOLDERS COME FIRST, BUT WE NEED TO LET SOMEBODY KNOW WITH CERTAINTY WHAT WOULD HAPPEN IF ONE OF OUR MAJOR CITIES OR SMALL CITIES DECLARED BANKRUPTCY. SENATOR SCHEER ASKED, THEN IS A FAIR TREATMENT THEN FOR BOTH THE RETIREMENT PROGRAMS AND THE BONDHOLDERS TO SHARE FIRST POSITION, RATHER THAN TO HAVE TO CHOOSE ONE OR ANOTHER? CERTAINLY, I WOULD AGREE WITH THE QUESTION THAT SENATOR SCHEER ASKED, THE PREMISE OF IT. AND THAT IS EXACTLY, AS I SAID, WHAT WE'RE TRYING TO ACCOMPLISH WITH AM1080. AGAIN, IT'S THE DIFFERENCE. IT COMES DOWN TO THE DIFFERENCE OF A PROMISE VERSUS...A PROMISE MADE TO SOMEBODY VERSUS SOMEBODY ELSE KNOWINGLY TAKING ON A RISK BY PURCHASING A BOND. IT'S NO DIFFERENT THAN MAKING OTHER, ANY OTHER, INVESTMENT PURCHASE. THERE IS NO GUARANTEE ON ANY OF THEM. AND BECAUSE OF THAT, THOSE INDIVIDUALS SHOULD NOT BE PUT AHEAD OF PENSIONERS. THANK YOU. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR NORDQUIST. MEMBERS, YOU'VE HEARD THE OPENING ON THE AMENDMENT TO THE LB67. THOSE IN THE QUEUE WISHING TO SPEAK: SENATOR CRAWFORD, SENATOR HANSEN, SENATOR BURKE HARR, AND OTHERS. SENATOR CRAWFORD, YOU ARE RECOGNIZED. [LB67]

SENATOR CRAWFORD: THANK YOU, MR. PRESIDENT. I STAND IN OPPOSITION TO LB67, STILL LISTENING IN TERMS OF AM1080, BUT IN OPPOSITION TO LB67. I ADMIRE AND RESPECT SENATOR SCHUMACHER BECAUSE HE LIKES TO SOLVE PROBLEMS. BUT, COLLEAGUES, I FUNDAMENTALLY DISAGREE THAT WE HAVE A PROBLEM HERE. WHAT SENATOR SCHUMACHER HAS SAID IN HIS OPENING IS THAT WE HAVE THE WORST POSSIBLE SITUATION BECAUSE WE DO NOT KNOW FOR SURE WHAT THE BANKRUPTCY JUDGE IS GOING TO DECIDE. AND THEN WE HEARD FROM SENATOR SCHUMACHER SOME ARGUMENTS IN FAVOR OF HAVING THE BONDHOLDERS FIRST IN LINE. AND YOU'VE HEARD FROM SENATOR NORDQUIST SOME OF THE REASONS WHY THE PENSIONERS SHOULD HAVE AN EARLY PLACE IN LINE. COLLEAGUES, MY ARGUMENT IS THAT IS...IT HELPS IN TERMS OF PRUDENCE AND IT HELPS IN TERMS OF JUSTICE TO HAVE UNCERTAINTY ABOUT WHERE PEOPLE ARE IN LINE, THAT THAT...THE FACT THAT WE HAVE UNCERTAINTY IN OUR CURRENT STRUCTURE IS VALUABLE. AND LET ME LAY OUT SOME OF THOSE REASONS WHY. SO, FIRST, THE FACT THAT YOU DON'T KNOW FOR SURE HOW A BANKRUPTCY JUDGE IS GOING TO RULE, THAT HELPS...THAT UNCERTAINTY ACTUALLY MAKES IT LESS LIKELY THAT

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MUNICIPALITIES ARE GOING TO WANT TO FILE BANKRUPTCY. THEY'RE GOING TO WANT TO LOOK FOR ALL OTHER OPTIONS FIRST. AND WHAT WE HAVE SEEN IN THE STATE OF NEBRASKA, DESPITE THE FACT THAT WE'VE HAD SOME SERIOUS ECONOMIC CHALLENGES SINCE WE ALLOWED MUNICIPALITIES THE ABILITY TO DECLARE BANKRUPTCY, ONLY SIDs HAVE DECLARED BANKRUPTCY. AND WE'LL HAVE MORE TO SAY ABOUT THAT LATER. SO THIS REMINDS ME OF THE BIBLICAL JUSTICE IN MATTHEW 5 THAT SAID, IF YOU HAVE A CONFLICT WITH AN ADVERSARY, WHY DON'T YOU SETTLE IT BEFORE YOU GET TO COURT BECAUSE YOU DON'T KNOW WHAT'S GOING TO HAPPEN WHEN YOU GET THERE. AND SO THAT UNCERTAINTY I THINK IS AN IMPORTANT PART OF DISCOURAGING BANKRUPTCY AND ENCOURAGING ALL OF THE MUNICIPALITIES AND ALL OF THE OTHER PEOPLE WHO ARE OWED MONEY, TRYING TO WORK THINGS OUT BEFORE THEY GO TO BANKRUPTCY. SECOND, EVEN IF IT DOES GO TO BANKRUPTCY OR EVEN IF YOU THINK IT MIGHT, AGAIN, THE UNCERTAINTY IS VERY IMPORTANT IN ENCOURAGING PRUDENCE ON ALL SIDES. IF YOU DON'T KNOW WHERE YOU'RE GOING TO BE IN THAT LINE, EVERYONE HAS AN INCENTIVE TO TRY TO TAKE GOOD CARE OF THOSE ASSETS BECAUSE YOU WANT TO MAKE SURE THERE'S SOMETHING LEFT WHEN YOUR PART IN THE LINE COMES UP. IF YOU KNOW YOU'RE FIRST IN LINE, THEN YOU DON'T HAVE TO WORRY ABOUT ANYTHING LEFT FOR EVERYBODY ELSE IN LINE BECAUSE YOU'RE FIRST IN LINE AND SO YOU HAVE AN INCENTIVE TO PERHAPS ENCOURAGE RISKIER BEHAVIOR BECAUSE YOU'RE FIRST IN LINE. COLLEAGUES, IF YOU KNOW THAT YOU ARE THIRD IN LINE OR LAST IN LINE, YOU HAVE EVERY INCENTIVE TO EAT THE PIE TODAY BECAUSE THERE MAY BE NO PIE TOMORROW. SO, KNOWING WHERE YOU ARE IN LINE CREATES INCENTIVES FOR PERVERSE BEHAVIORS. SO AGAIN, I FUNDAMENTALLY DISAGREE THAT UNCERTAINTY IN THIS CASE IS A PROBLEM OR A CRISIS AND I DEFINITELY DO NOT AGREE WITH SENATOR SCHUMACHER IT'S THE WORST POSSIBLE SITUATION. I ACTUALLY THINK THAT, IN THIS CASE, HAVING THE UNCERTAINTY ENCOURAGES PRUDENT BEHAVIOR BY ALL PARTIES INVOLVED AND IT'S A VERY WISE POLICY TO HAVE BECAUSE IT DOES ENCOURAGE THIS PRUDENT BEHAVIOR ON ALL PARTS. AND, IN FACT, IT'S ALSO A FUNDAMENTAL JUSTICE PRINCIPLE. SO ONE OF THE FUNDAMENTALS OF JUSTICE IS THAT...IS THE ARGUMENT THAT YOU GET MORE JUST SYSTEMS WHEN NO ONE KNOWS FOR SURE WHERE THEY ARE IN THE LINE. THIS IS RAWLSIAN VEIL-OF-IGNORANCE ARGUMENT THAT YOU GET... [LB67]

SENATOR WATERMEIER: ONE MINUTE. [LB67]

SENATOR CRAWFORD: THANK YOU, MR. PRESIDENT...YOU GET THE MOST JUST DECISIONS WHEN NO ONE KNOWS FOR SURE IF YOU'RE GOING TO BE ON THE TOP

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OR ON THE BOTTOM. AND OUR CURRENT STRUCTURE THAT ALLOWS A BANKRUPTCY JUDGE TO DECIDE KEEPS THAT UNCERTAINTY AND KEEPS THAT INCENTIVE FOR ALL PARTIES TO ACT IN A PRUDENT MANNER AND PRESERVES JUSTICE IN OUR SYSTEM. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR CRAWFORD. SENATOR HANSEN, YOU ARE RECOGNIZED. [LB67]

SENATOR HANSEN: THANK YOU, MR. PRESIDENT. I RISE IN OPPOSITION TO LB67. I WAS IMPRESSED BY SENATOR CRAWFORD'S COMMENTS. I WAS NOT EXPECTING TO GET INTO THE DEPTHS OF THE VEIL OF IGNORANCE ON THE FIRST TEN MINUTES OF DEBATE IN THE BILL, BUT I THINK THAT WILL BE A VERY INTERESTING COMPONENT TO GO FORWARD. I RISE BECAUSE I FEEL LIKE THIS BILL, FUNDAMENTALLY, IS NOT PROTECTING THE BEST INTERESTS OF NEBRASKA CITIZENS. WHEN WE LOOK AT THIS CONCEPT OF BONDING PRIORITY AND GUARANTEEING A CERTAIN AMOUNT OF CITY REVENUE, OR I SHOULD SAY POLITICAL SUBDIVISION REVENUE, GUARANTEED TO BONDHOLDERS. AS BEEN ILLUSTRATED EARLIER BY SENATOR NORDQUIST, WE ARE ESSENTIALLY GUARANTEEING BANKS, INSURANCE COMPANIES, OTHER INVESTMENT COMPANIES WHO MIGHT NOT EVEN...WHO LIKELY AREN'T EVEN IN OUR STATE, WE'RE GUARANTEEING THEM THE FIRST SLICE OF OUR CITY BUDGET OR SID BUDGET OR WHATEVER POLITICAL SUBDIVISION WE ARE TALKING ABOUT IN THIS CONTEXT IN THE EVENT OF A WORST-CASE SCENARIO. SO IN A WAY, WE'RE PUTTING THOSE INTERESTS, REGARDLESS OF WHERE THEY'RE LOCATED, ABOVE OUR NEBRASKA CITIZENS. THAT'S IN TERMS OF SERVICES BEING PROVIDED TO OUR CITIZENS OF OUR CITIES, OUR COUNTIES. THAT'S ABOVE OUR EMPLOYEES OF OUR CITIES, OUR COUNTIES, AND OTHER POLITICAL SUBDIVISIONS. IF THE UNCERTAINTY, AND IT CERTAINLY...I IMAGINE BETWEEN SENATOR CRAWFORD, SENATOR SCHUMACHER, AND I, WE CAN GET A LIVELY DEBATE ON THE MERITS OF UNCERTAINTY, BUT IF WE'RE GOING TO RESOLVE UNCERTAINTY AND DECIDE IT IN FAVOR OF ONE GROUP, WELL I WANT TO DECIDE IT IN FAVOR OF THE WORKERS AND OF THE CITIZENS OF NEBRASKA. AND I WANT TO MAKE SURE THAT IN A WORST-CASE SCENARIO, WHEN THERE IS NOT ENOUGH SLICES OF PIE FOR EVERYBODY, WE PRIORITIZE NEBRASKA. ESPECIALLY THOSE THAT HAVE WORKED AND HELPED TO BUILD UP OUR CITIES, OUR COUNTIES, AND OUR POLITICAL SUBDIVISIONS OF ALL KINDS IN THE STATE OF NEBRASKA. I WANT TO MAKE SURE THOSE PEOPLE, THOSE WORKERS, THOSE PEOPLE WHO HAVE PUT IN ALL THAT EFFORT AND TIME IN EXCHANGE FOR THINGS LIKE PENSIONS AND...ARE THE ONES THAT ARE FIRST PROTECTED AND MOST PROTECTED. SO THAT'S THE CRUX OF MY REAL CONCERN WITH LB67. AGAIN, LOOKING AT

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REVIEWING THE TESTIMONY, REVIEWING THE COMMITTEE STATEMENT, WE SEE THAT THIS REALLY HASN'T BEEN AN ISSUE IN NEBRASKA, AT LEAST ON THE TERMS OF THE LARGE BONDHOLDERS. I THINK IT'S ALREADY BEEN SAID, BUT NO CITY HAS DECLARED BANKRUPTCY. AND OF THE CASES THAT HAVE BEEN BANKRUPTCIES, THEY'VE BEEN SANITARY IMPROVEMENT DISTRICTS. AND AS I'VE LEARNED FROM MY BRIEF TIME ON THE URBAN AFFAIRS COMMITTEE, WE HAD SANITARY IMPROVEMENT DISTRICT HERE, THOSE ARE A VERY UNIQUE SITUATION THAT ARE UNIQUE TO NEBRASKA AND HAVE A UNIQUE PURPOSE. AND IF THOSE ARE...IF WE ARE GENERALLY CONCERNED ABOUT THE STABILITY OF THOSE, WELL WE SHOULD WORK ON, AS THE URBAN COMMITTEE HAS DONE THIS YEAR, WORKED ON IMPROVING AND HELPING SANITARY IMPROVEMENT DISTRICTS, SIDs, THEMSELVES. SO THAT BRINGS ME BACK TO MY ORIGINAL POINT OF WHO ARE WE LOOKING OUT FOR HERE? I WAS THINKING OF THE COMMITTEE TESTIMONY, AND I MIGHT GET UP AND HAVE SOME DIRECT QUOTES THE NEXT TIME ON MY MIKE, BUT ONE OF THE TESTIFIERS IN OPPOSITION WAS TALKING ABOUT WHO BUYS THE BONDS. [LB67]

SENATOR WATERMEIER: ONE MINUTE. [LB67]

SENATOR HANSEN: THANK YOU, MR. PRESIDENT. WHO BUYS THE BONDS? AND HE SAID IT'S EXCLUSIVELY WALL STREET BANKS, LARGE INSURANCE COMPANIES, OTHER ENTITIES OUTSIDE OF OUR STATE. SO WHEN PUSH COMES TO SHOVE AND WE GET DOWN INTO THE REAL NITTY-GRITTY AND HAVE A WORST-CASE SCENARIO OF A BANKRUPTCY OF A POLITICAL SUBDIVISION, THAT'S AN INSTANCE WHERE I WOULD CERTAINLY HOPE WE AS A LEGISLATURE, AND I CERTAINLY KNOW I WILL, BE STANDING UP FOR THE WORKERS AND CITIZENS OF NEBRASKA. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR HANSEN. (VISITORS INTRODUCED.) SENATOR BURKE HARR, YOU'RE RECOGNIZED. [LB67]

SENATOR HARR: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. THIS IS AN INTERESTING BILL. THIS BILL IS ABOUT ASSUMPTION OF THE RISK. WHO BEARS THE RISK OR WHO SHOULD BEAR THE RISK? ON THE ONE SIDE YOU HAVE INDIVIDUALS WHO, AS SENATOR NORDQUIST SAID, ARE GOOD PUBLIC SERVANTS, WHO GIVE THEIR LIFE AND THEIR WORKING YEARS TO US AS PUBLIC SERVANTS TO THE PEOPLE. IN RETURN, WE HAVE AN AGREEMENT, YOU PROBABLY DON'T MAKE AS MUCH IN THE PUBLIC SECTOR AS YOU DO IN THE PRIVATE. BUT IN RETURN, YOU WILL HAVE A DEFINED BENEFIT, THIS PENSION.

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AND UNDER OUR CURRENT LAW, IT HAS TO BE A 50-50 MATCH. IT CAN'T BE THE STATE'S RESPONSIBLE FOR 100 PERCENT OF THE WORK OR NONE. THAT'S JUST HOW IT IS. AND THEN YOU HAVE ON THE OTHER SIDE THE INVESTOR WHO IS NOT A BAD GUY, PERSON. THIS INDIVIDUAL IS LOOKING FOR A RETURN ON THEIR INVESTMENT. THEY'RE LOOKING FOR A SAFE PLACE TO PARK THEIR MONEY. BUT THEY'RE NOT GOING TO PARK IT THERE FOR FREE. THEY WANT A RATE OF RETURN. SO WHAT THEY DO IS THEY MEASURE THE RISK VERSUS THE RETURN. WE ALREADY GIVE A PREFERENCE ON MUNI BONDS ON THESE TYPE OF BONDS BY SAYING THEY'RE TAX FREE. SO INDIVIDUALS ARE MORE LIKELY TO INVEST IN THIS. IF YOU HAVE AN INTEREST RATE THAT IS EQUIVALENT BETWEEN A BOND OF A COMPANY AND A BOND OF A MUNI, THEY'RE GOING TO GIVE TO THE MUNI. THEY'RE GOING TO GIVE THEIR MONEY, INVEST WITH THE MUNICIPALITY. IT'S INTERESTING, SO THE QUESTION IS--WHO SHOULD BEAR THE RISK, THE WORKER OR THE INVESTOR? NOW THE WORKER ISN'T GETTING, REALLY, ANY RETURN ON THEIR INVESTMENT. THEIR PRODUCT, WHAT THEY'RE GIVING IN, IS PART OF THEIR SALARY AND THEIR LABOR. THAT'S THEIR INVESTMENT. AND THEIR RETURN IS TO, HOPEFULLY, HAVE A PENSION DOWN THE ROAD, ASSUMING THEY LIVE THAT LONG. BUT THEY CAN'T NECESSARILY GO AND INVEST SOMEWHERE ELSE. IF THEY WANT TO INVEST SOMEWHERE ELSE, THEY HAVE TO LEAVE THE STATE OR...BY THE STATE, I MEAN THE GOVERNMENT. WE WANT TO ENCOURAGE LONGEVITY. WE WANT TO ENCOURAGE GOOD EMPLOYEES AND WE WANT THE BEST. AND IF WE WANT THE BEST, WE HAVE TO GIVE THEM SOME REASSURANCES. IF WE CAN'T AFFORD TO GIVE THEM THE MONEY UP FRONT, WE CAN AT LEAST AFFORD TO GIVE IT ON THE BACK END. ON THE OTHER SIDE YOU HAVE THE INVESTOR. THE INVESTOR IS AN INDIVIDUAL WHO IS TAKING A RISK. AND FOR THAT RISK, THEY ARE REWARDED. AND THAT REWARD IS THE INTEREST RATE. THIS BILL, IF YOU READ THE TRANSCRIPT, IS MODELED AFTER A RHODE ISLAND BILL. IN RHODE ISLAND, THERE WAS A CITY THAT WENT BANKRUPT. AND GUESS WHAT HAPPENED--BONDHOLDERS REIMBURSED 100 PERCENT. THEY GOT EVERY BIT OF THEIR MONEY BACK. AND THE WORKER, THE WORKER WHO GAVE THEIR LIFE, WHO WORKED, WHO CONTRIBUTED--55 CENTS, 55 CENTS ON THE DOLLAR. NOW, GUESS WHO PICKS UP THAT COST ON THE BACK END WHEN THERE ISN'T MONEY, THAT PENSIONER DOESN'T HAVE ENOUGH MONEY--IT'S US. AND THAT'S MEDICARE, MEDICAID, IT'S FOOD STAMPS, IT'S SUBSIDIZED HOUSING, IT'S HOMESTEAD EXEMPTIONS, THE LIST GOES ON AND ON AND ON. AND WE SHOULD, BECAUSE THESE ARE PEOPLE WHO HAVE WORKED AND PROBABLY CAN'T WORK ANY LONGER. SO DON'T THINK THIS IS A SAVINGS TO THE CITIES. [LB67]

SENATOR WATERMEIER: ONE MINUTE. [LB67]

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SENATOR HARR: THANK YOU. THIS IS A COST BECAUSE THEY BECOME A BURDEN. THEY NO LONGER HAVE MONEY FOR SALES TAX. THEY NO LONGER HAVE MONEY FOR INCOME TAX. AND THE BONDHOLDERS? PROBABLY NOT CITIZENS IN THE AREA. SO DO YOU WANT TO KEEP THE MONEY WHERE IT IS OR DO YOU WANT TO EXPORT THAT MONEY? I UNDERSTAND WHY WE'RE DOING THIS; WE WANT CERTAINTY. AND I'M NOT AGAINST THAT. I'M GOING TO HIT MY LIGHT, I'M GOING TO TALK ABOUT THIS SOME MORE. WE'RE GOING TO HAVE A LOT OF TIME TO TALK ABOUT THIS. THANK YOU, MR. SPEAKER, OR MR. PRESIDENT. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR HARR. (VISITORS INTRODUCED.) SENATOR JOHNSON, YOU ARE RECOGNIZED. [LB67]

SENATOR JOHNSON: THANK YOU, MR. PRESIDENT. I WAS APPROACHED BY THE LEAGUE OF MUNICIPALITIES AND I'VE WORKED WITH THEM A LOT AS THE MAYOR; BEEN APPROACHED BY THE BANKERS. AND I HAD SOME INITIAL QUESTIONS AND IT DOESN'T COME UP WHEN WE START TALKING ABOUT AM1080. AT THIS POINT, I DON'T KNOW FOR SURE WHETHER TO ASK SENATOR NORDQUIST THE QUESTION OR SENATOR BURKE HARR BECAUSE HE JUST TALKED ABOUT IT. I'LL GO TO SENATOR NORDQUIST. WOULD YOU YIELD TO A QUESTION? [LB67]

SENATOR WATERMEIER: SENATOR NORDQUIST, WOULD YOU YIELD FOR A QUESTION? [LB67]

SENATOR NORDQUIST: YES. [LB67]

SENATOR JOHNSON: THANK YOU. I WAS INVOLVED IN ONE OF THE COMPANIES THAT I WORKED FOR WHERE THERE HAD BEEN A HUGE EMBEZZLEMENT AND THERE WAS NOT ENOUGH MONEY TO PAY OFF EVERYBODY. AND I KNOW THAT THE EMPLOYEE PENSION FUND, WE COULD NOT TOUCH THAT IN TRYING TO SETTLE UP IN ORDER TO RECOVER ANY OF THE FUNDS, AND I UNDERSTAND THAT, I WAS FRUSTRATED A LITTLE BIT WITH IT. MY QUESTION NOW IS WITH THE RETIREMENT PLAN, AND THIS IS A DEFINED BENEFIT, PROBABLY, THAT WE'RE TALKING ABOUT, SO WILL AN EMPLOYEE...THERE IS THE PORTION THAT THE EMPLOYEE PUTS IN. THERE IS SUPPOSEDLY A PORTION THAT'S VESTED. THERE IS A PORTION NOW THAT'S UNFUNDED AND THAT'S MAYBE WHY AN AGENCY OR MUNICIPALITY WOULD GO BROKE, OR FILE BANKRUPTCY. WHAT PART OF THE EMPLOYEES' FUNDS WOULD BE PROTECTED WITH YOUR AMENDMENT? [LB67]

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SENATOR NORDQUIST: SO UNDER THIS AMENDMENT, WE BASICALLY WOULD BE GIVING THE BANKRUPTCY JUDGE THE KIND OF THE ABILITY TO SORT IT OUT ON AN EVEN PLAYING FIELD BETWEEN THE BONDHOLDERS AND THE PENSIONERS. SO I DON'T THINK THAT THERE IS ANY DISTINCT PROVISION THAT SAYS THIS PIECE IS DEFINITELY PROTECTED. BUT IT DOESN'T PUT THE BONDHOLDERS AHEAD OF THEM. IT WOULD PUT THOSE TWO ON A LEVEL PLAYING FIELD ABOVE ALL OTHER OPERATION COSTS OR ANYTHING THE CITY MIGHT HAVE AFTER THAT. [LB67]

SENATOR JOHNSON: AND THAT WOULD PROBABLY BE THE ONLY MONEY WOULD BE INVOLVED WOULD BE THE MONEY THAT THE EMPLOYEE ACTUALLY PUT IN THEMSELVES? [LB67]

SENATOR NORDQUIST: NO, SO, ESSENTIALLY, THE ENTIRE TRUST FUND IS STILL PROTECTED. CERTAINLY THE MONEY THAT'S THERE IS PROTECTED. AND AS FAR AS FUTURE BENEFITS, THE UNFUNDED PORTION, AS YOU MENTIONED, YEAH, THAT ALSO IS TAKEN INTO CONSIDERATION BY THE BANKRUPTCY JUDGE. BUT WE'RE NOT DICTATING ONE PORTION OF THE PENSION OR THE OTHER. BUT I GET YOUR POINT ABOUT THE PRIVATE SECTOR PENSION THAT YOU MENTIONED. THE PUBLIC SECTOR IN NEBRASKA AND IN OTHER STATES IS VERY WELL PROTECTED IN LAW THAT YOU ARE ENTITLED TO THE BENEFITS THAT YOU HAVE ACCRUED TO DATE, THAT THOSE REALLY CAN'T BE TAKEN AWAY FROM YOU, AND AT LEAST BY LAW, WE CAN'T DO THAT. IF IT WENT THROUGH A BANKRUPTCY PROCEEDING, THEN THIS WOULD GIVE THE JUDGE THE ABILITY TO CONSIDER THE BONDHOLDERS AND THE PENSIONERS ON THE SAME LEVEL. [LB67]

SENATOR JOHNSON: OKAY. THANK YOU. I WILL CONTINUE TO LISTEN AND I WILL YIELD YOU THE BALANCE OF MY TIME IF YOU WOULD LIKE IT. [LB67]

SENATOR WATERMEIER: SENATOR NORDQUIST, 1:20. [LB67]

SENATOR NORDQUIST: I THINK THE...JUST TO BE CLEAR ON THE PENSION SIDE HERE, IN NEBRASKA, FOR MUNICIPALITIES, ONLY OMAHA AND LINCOLN HAVE DEFINED BENEFIT PLANS FOR THEIR MUNICIPAL WORKERS. OMAHA HAS A PLAN FOR POLICE AND FIRE IN ONE PLAN AND A CIVILIAN PLAN, AND I KNOW LINCOLN HAS POLICE AND FIRE, I'M NOT 100 PERCENT SURE IF THEY HAVE A CIVILIAN PLAN. THE ISSUE WITH THESE PLANS, AND IT'S WHY SO...WHEN WE BRING BILLS BEFORE THE LEGISLATURE ON RETIREMENT ISSUES, IT'S ABSOLUTELY CRITICAL THAT THESE PLANS ON AN ANNUAL BASIS ARE MAKING

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THEIR REQUIRED CONTRIBUTION, BECAUSE THAT'S WHY THESE PLANS ARE...THAT OMAHA AND LINCOLN PLAN ARE IN THE SHAPE THEY'RE IN, BUT EVEN WORSE, THE PLANS THAT KIND OF LED TO THE STRUGGLES IN DETROIT AND OTHER STATES AROUND THE COUNTRY. IF YOU DON'T, ON AN ANNUAL BASIS, AND THIS IS KIND OF PUTTING A WORD IN FOR FUTURE LEGISLATORS WHEN I'M GONE, IF WE DON'T BUDGET FOR THAT AMOUNT AND MAKE THAT ANNUAL PAYMENT, THE PENSION FUND STARTS TO ERODE AND CAN LEAD YOU DOWN THAT WAY. AND THAT'S WHY YOU SEE STATES LIKE ILLINOIS IN REAL DEEP TROUBLE WHERE THEY'RE ACTUALLY HAVING TO ISSUE BONDS TO MAKE THEIR ANNUAL PAYMENTS NOW. [LB67]

SENATOR WATERMEIER: TIME, SENATOR. [LB67]

SENATOR NORDQUIST: THANK YOU. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR JOHNSON AND SENATOR NORDQUIST. SENATOR STINNER, YOU'RE RECOGNIZED. [LB67]

SENATOR STINNER: THANK YOU, MR. PRESIDENT. COLLEAGUES, I JUST NEED TO MAKE A COUPLE STATEMENTS RELATIVE TO THIS BILL. I DO SUPPORT LB67; I FIND AM1080, MAYBE, A WORKABLE SOLUTION. BUT I DO WANT TO TALK ABOUT THE FACT THAT...I THINK SOME PEOPLE THINK THIS IS A BANKER BILL. FIRST OF ALL, I WANT TO SAY THAT THE MUNICIPAL BOND MARKET IS \$3.7 TRILLION MARKET. FIFTY PERCENT OF THAT ARE INDIVIDUAL INVESTORS, 25 PERCENT ARE MUTUAL FUNDS; 11 PERCENT ARE BANKS. SO I JUST WANTED TO DISPEL THAT. AND THE REASON THAT WE HAVE THIS ISSUE IN FRONT OF US IS BECAUSE OF THINGS THAT HAVE HAPPENED OUTSIDE OF OUR CONTROL, OUTSIDE OF OUR STATE, THAT ARE AFFECTING BONDS AND HOW WE LOOK AT BONDS AND HOW CREDITORS ARE TREATED. SO WE DO NEED TO GET SOME RESOLVE. THE ONE RESOLVE WOULD BE THIS STATUTORY LIEN TO BE PASSED BY THE LEGISLATURE. THERE'S 28 OTHER STATES THAT HAVE LOOKED AT THIS AND PASSED A STATUTORY LIEN. SO IT HAS BEEN WORKED ON BEFORE. AS FAR AS PENSIONS ARE CONCERNED, IF IT IS FUNDED, AND I THINK SENATOR NORDQUIST SAID THIS, WE DON'T TOUCH THE FUNDS THAT ARE IN TRUST, THAT ARE IN THE DEFINED BENEFIT PLAN. IT IS THE FUTURE FUNDING OR THE UNFUNDED LIABILITY THAT HAS TO BE ADDRESSED IN THE BANKRUPTCY. I BELIEVE THAT IS TRUE. BUT THE OTHER WAY THAT WE CAN PROBABLY GET AROUND THIS THING IS TO ATTACH SPECIAL REVENUE FLOWS. WE TALKED A LITTLE BIT ABOUT THAT IN ANOTHER BILL THAT WE HAD ABOUT SETTING UP A CORPORATION AND

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PLEDGING CERTAIN REVENUE FLOWS, MAYBE THAT IS AN IDEA. BUT I WILL TELL YOU THIS IN DEALING WITH BOND MARKETS THROUGHOUT MY CAREER, THEY DON'T LIKE UNCERTAINTY. AND THE MORE AND MORE THAT STANDARD AND POOR'S, THE MORE AND MORE FITCH, THE MORE AND MORE MOODY'S WEIGHS IN ON THESE TYPES OF SITUATIONS, THE MORE UNCERTAINTY THAT THEY HAVE. AND WE NEED TO CLARIFY THIS, WE NEED TO GET SOME LANGUAGE PUT TOGETHER SO THAT OUR MUNICIPALITIES HAVE ACCESS TO CAPITAL MARKETS. WE TALKED ABOUT THE GAS TAX AND WHAT THE GAS TAX IS ALL ABOUT. AND I TALKED ABOUT THE UNFUNDED MANDATES THAT WE HAVE AT OUR CITIES AND COUNTIES. AND I DID HAVE A BILL; I TALKED IN APPROPRIATIONS ABOUT THE FACT THAT WE NEED INFRASTRUCTURE IMPROVEMENTS AND FUNDING FOR THOSE INFRASTRUCTURE IMPROVEMENTS. THAT'S BRIDGES, THAT'S SEWER SYSTEMS, THAT'S ROADS. THAT IS WHAT NEEDED TO HAPPEN AND IT IS GETTING MORE AND MORE DEFERRED, MORE AND MORE CRITICAL AS WE MOVE DOWN THE ROAD. SO WE NEED A FUNDING SOURCE. PART OF THAT FUNDING SOURCE COMES FROM GOs, GENERAL OBLIGATION BONDS. SO THEY'RE AN IMPORTANT MECHANISM. I BUY, IN MY BANK, A LOT OF NONRATED GOs. AND I WILL TELL YOU THAT THE REGULATORS, BECAUSE OF SOME OF THESE UNCERTAINTIES, ARE TAKING A HARDER AND HARDER LOOK AT THE CREDIT QUALITY OF THE ASSETS THAT WE ARE BUYING. SO THERE ARE SITUATIONS, IF WE DON'T GET THIS CLARIFIED, THAT I'M GOING TO HAVE TO STEP BACK AND QUIT FUNDING THE BAIRDS AND THE MITCHELLS AND SOME OF MY SMALL TOWNS, OR ELSE PLACE SO MUCH RESTRICTION ON THEM THAT I HAVE TO ATTACH SPECIAL REVENUE SOURCES TO AVOID SOME OF THOSE UNCERTAINTIES SO THAT I'M NOT SITTING AT AN EXAM AND HAVING AN EXAMINER BEAT ME OVER THE HEAD FOR ACCEPTING NON-QUALIFIED ASSETS. I THINK WE JUST HAVE TO STEP BACK A LITTLE BIT AND UNDERSTAND WHAT THESE BOND MARKETS ARE ABOUT AND ACCESS TO CAPITAL. THEY LIKE CERTAINTY; THEY LIKE PROVISIONS. AND I THINK MAYBE WE CAN REACH SOME KIND OF AN AGREEMENT ABOUT THESE REVENUE FLOWS IN A BANKRUPTCY SITUATION. I DO NOT, AND I WANT TO MAKE THIS...STRESS, I DO NOT SEE ANYTHING IN NEBRASKA THAT WOULD PRESENT US WITH A BANKRUPTCY. MOST OF THESE THINGS HAPPEN BECAUSE OF BIG UNFUNDED PENSION LIABILITIES, BUT IT ALSO HAPPENS BECAUSE OF SOMETHING... [LB67]

SENATOR WATERMEIER: ONE MINUTE. [LB67]

SENATOR STINNER: ...OUTSIDE OF THEIR CONTROL--AN UNFUNDED...A MANDATE BY THE FEDERAL GOVERNMENT, A MANDATE BY THE STATE THAT THEY HAVE TO COMPLY WITH, THAT THEY DON'T HAVE THE ABILITY TO RAISE TAXES AND

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TAX REVENUE TO PAY THOSE THINGS. SO I'M GOING TO SIT AND LISTEN TO THE REST OF THIS. I MIGHT BE BACK ON THE MIKE TO TRY TO CLARIFY SOME OF THE BOND ISSUES, BUT I JUST WANTED TO SHARE WITH YOU SOME OF THAT INFORMATION, AND SHARE WITH YOU THE CONCERN. I'M IN SUPPORT OF LB67 AND I WANT TO REITERATE THAT I THINK WE CAN PROBABLY WORK OUT SOMETHING ON SENATOR NORDQUIST'S CONCERN RELATIVE TO AM1080. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR STINNER. SENATOR WILLIAMS, YOU ARE RECOGNIZED. [LB67]

SENATOR WILLIAMS: THANK YOU, MR. PRESIDENT, AND GOOD AFTERNOON, COLLEAGUES. AND I ALSO WOULD LIKE TO RISE IN SUPPORT OF LB67 AND TALK A LITTLE BIT ABOUT SOMETHING THAT HASN'T BEEN TALKED ABOUT HERE. FIRST OF ALL, THE CIRCUMSTANCE OCCURS BECAUSE OF THE POTENTIAL BANKRUPTCIES THAT WE ARE CONCERNED ABOUT THAT COULD BE FILED. AND THE DISPUTE ON LB67 HAS TO DO WITH THE COMMUNITIES OF OMAHA AND LINCOLN IN PARTICULAR, THAT POTENTIALLY HAVE UNFUNDED LIABILITIES TO THEIR PENSIONERS. BUT ALL ACROSS OUR STATE, COMMUNITIES DEPEND ON BEING ABLE TO ISSUE MUNICIPAL BONDS TO FINANCE ALL KINDS OF PROJECTS THAT THEY HAVE. THOSE COMMUNITIES OUTSIDE OF LINCOLN AND OMAHA DON'T HAVE THE SAME ISSUE THAT LINCOLN AND OMAHA HAVE WITH THE UNFUNDED PENSION LIABILITIES. WE'RE NOT PARTICULARLY WORRIED THAT A COMMUNITY WOULD FAIL AND HAVE TO DECLARE BANKRUPTCY. BUT YOU DON'T HAVE TO LOOK TOO FAR WHEN YOU THINK ABOUT A TORNADO THAT HAPPENED IN PILGER, NEBRASKA, THAT KNOCKED DOWN A GREAT PORTION OF THE COMMUNITY AND HAS LEFT THAT COMMUNITY IN A DIFFICULT FINANCIAL SITUATION. I'M NOT SUGGESTING THAT THAT COMMUNITY IS GOING TO BE BANKRUPT. BUT I AM SUGGESTING THAT THOSE COMMUNITIES THAT ISSUE BONDS THAT ARE BACKED BY THE FULL FAITH AND CREDIT OF THE COMMUNITY ARE SUBJECT TO RISK ABOUT THEIR ABILITY TO RAISE FUNDS TO DO PROJECTS THAT ARE MOST NEEDED. SMALL COMMUNITIES LIKE I READ IN OUR LOCAL PAPER, BRADY, NEBRASKA, THAT IS GOING TO BE RAISING SEVERAL MILLION DOLLARS TO DO SOME MUCH-NEEDED STREET REPAIRS IN THEIR COMMUNITY WILL BE ISSUING GENERAL OBLIGATION BONDS TO DO THAT. IF THAT SOURCE OF FINANCING IS LIMITED OR COSTS MORE BECAUSE OF MORE RISK INVOLVED UNDER THE PROSPECTUS, WE HAVE DAMAGED LOTS OF COMMUNITIES ACROSS OUR STATE. I THINK WE NEED TO PAY VERY SPECIAL ATTENTION TO WHAT THOSE BONDHOLDERS BELIEVE IS THE FULL FAITH AND CREDIT OF THOSE BONDS. WE NEED TO BE SURE THAT WHAT WE ARE DOING WORKS WITH THE LARGEST COMMUNITIES IN OUR STATE, BUT ALSO WORKS

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WITH THE SMALLEST COMMUNITIES IN OUR STATE. I AGREE IN CONCEPT WITH WHAT SENATOR NORDQUIST IS PROPOSING WITH AM1080. AND IF WE CAN COME TO SOME FORM OF AGREEMENT ON THAT AMENDMENT AND THEN MOVE FORWARD WITH LB67, I THINK WE HAVE DONE THE BEST WE CAN DO IN CREATING SOUND PUBLIC POLICY MOVING FORWARD FOR OUR STATE. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR WILLIAMS. SENATOR KEN HAAR, YOU ARE RECOGNIZED. [LB67]

SENATOR HAAR: MR. PRESIDENT AND MEMBERS OF THE BODY, I DON'T UNDERSTAND, I'LL BE HONEST WITH YOU, I DON'T UNDERSTAND PENSION ISSUES VERY WELL. BUT I DO KNOW THAT I'M VERY CONCERNED ABOUT OUR PUBLIC SERVANTS. AND WHAT ALWAYS HAPPENS IS THE SECOND WORD IS UNDERSCORED--SERVANTS, PUBLIC SERVANTS. SOMEHOW...AND THAT OFTEN CARRIES A SECONDARY IN-LINE KIND OF CONNOTATION TO IT. IT'S BEEN SAID OFTEN, AND I CAN BUY THAT, I'VE BEEN WORKING WITH PRIVATE DEVELOPERS ON WIND AND SO ON, THAT BUSINESS PEOPLE WANT CERTAINTY. BUT I WANT CERTAINTY FOR OUR PUBLIC SERVANTS. I WANT THE CERTAINTY THAT THEY KNOW THAT AFTER THEY'VE SERVED US AS PUBLIC SERVANTS, THAT WHEN THEY GET READY TO RETIRE, THAT MONEY WILL BE THERE. YOU KNOW, IT HAS BEEN SAID, BUT BONDHOLDERS DO KNOW THAT THERE IS A RISK AND THEY SHOULD SHARE SOME OF THE RISKS, CERTAINLY; INVESTMENTS ALWAYS CARRY RISK. AND OF COURSE, THE FLIP SIDE OF THAT IS THE...BY BEING A BONDHOLDER YOU ALSO HAVE A RISK OF MAKING MONEY, NOT JUST A RISK OF LOSING MONEY, BUT A RISK OF MAKING MONEY, CERTAINLY. SO MY CONCERN IS THAT PUBLIC SERVANTS HAVE CERTAINTY IN THEIR RETIREMENT. THEY'VE DONE THEIR JOB, THEY'VE SERVED US WELL. WE CAN'T GET ALONG WITHOUT THEM. AND I KNOW THAT THERE ARE SOME THINGS BEING WORKED ON WITH AM1080 RIGHT NOW THAT MIGHT SOLVE SOME OF THE PROBLEMS. BUT UNTIL THAT CAN BE WORKED OUT, I RISE IN OPPOSITION TO LB67, BECAUSE I WANT OUR PUBLIC SERVANTS TO BE FIRST IN LINE. THEY DESERVE IT. THEY'VE WORKED HARD FOR US, AND THEY DESERVE THE FRUITS OF THEIR LABOR. THANK YOU VERY MUCH. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR HAAR. SENATOR CRAWFORD, YOU ARE RECOGNIZED. [LB67]

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SENATOR CRAWFORD: THANK YOU, MR. PRESIDENT. I RISE IN OPPOSITION TO LB67. AND I JUST WANT TO CLARIFY AN IMPORTANT POINT FOR THE DEBATE. SO, IN THE TESTIMONY IN THE DEBATE, AND ALSO IT HAS BEEN MENTIONED HERE ON THE FLOOR BY SENATOR STINNER THAT 28 OTHER STATES HAVE STATUTORY LIENS. COLLEAGUES, WE SEARCHED AND SEARCHED, AND WHILE IT IS TRUE THAT OTHER STATES HAVE STATUTES THAT HAVE SOME KIND OF STATUTORY LIEN, THAT MEANS THE STATUTES IN SOME WAY PRIORITIZE OR ALLOW A LIEN AGAINST SOMETHING IN THAT STATE OR MUNICIPALITY IN THEIR STATUTES, ONLY RHODE ISLAND, ONLY ONE STATE GOES AS FAR AS LB67 GOES. SO THERE ARE 49 OTHER STATES THAT ARE STILL ABLE TO BORROW MONEY AND FUNCTION WITHOUT GOING AS FAR AS RHODE ISLAND WENT. ONLY RHODE ISLAND GOES AS FAR AS LB67 TO SAY OUTRIGHT THAT THE BOND OWNERS HAVE THIS FIRST PLACE IN LINE. AND ONLY RHODE ISLAND, AS FAR AS I UNDERSTAND IT, GOES SO FAR AS TO PLEDGE ALL OF THESE ASSETS WE'RE TALKING ABOUT. IF YOU LOOK IN THE NEBRASKA STATUTES, THERE ARE SOME EXAMPLES OF STATUTORY LIEN LANGUAGE IN OUR STATUTES ALREADY. MOST OF THOSE ARE STATUTORY LIENS ON SOME KIND OF REVENUE, A REVENUE FROM AN OPERATION OF A BRIDGE, OR A REVENUE FROM A PARKING AUTHORITY. SO THOSE LIENS THAT WE HAVE IN OUR STATUTES NOW ARE LIENS ON SOME KIND OF INCOME...INCOMING REVENUE SOURCE. THEY ARE NOT LIENS ON FUTURE PROPERTY TAXES, WHICH IS WHAT YOU GET IN LB67. SO, COLLEAGUES, AGAIN, 28 OTHER STATES HAVE SOME KIND OF STATUTORY LIEN LANGUAGE; BUT ONLY RHODE ISLAND HAS THE KIND OF STATUTORY LANGUAGE THAT'S IN LB67. AND RHODE ISLAND DID THAT IN THE FACE OF AN IMPENDING BANKRUPTCY. THAT IS WHY THEY PASSED IT. COLLEAGUES, WE HAVE NO IMPENDING BANKRUPTCY. IN FACT, THE CITY OF LINCOLN SENT US A LETTER SAYING THEY HAVE A AAA BOND RATING, RIGHT? THIS IS NOT AN IMPENDING BANKRUPTCY. AND THE CITY OF OMAHA HAS MADE SOME VERY IMPORTANT STEPS IN DEALING WITH PENSION ISSUES. WE, IN THIS BODY, HAVE PASSED TOUGH POLICIES ON CONTRIBUTIONS TO PENSIONS, TO MAKE SURE OUR PENSIONS ARE ON THE RIGHT TRACK. AND SO WE DO NOT HAVE THE IMPENDING SITUATION RHODE ISLAND FACED; WE SHOULD NOT GO THE WAY THAT RHODE ISLAND HAS GONE, WHICH IS WHAT LB67 DOES. I ALSO WANT TO CALL TO YOUR ATTENTION THE COMMITTEE STATEMENT. SO IF YOU LOOK ON YOUR GADGET ON THE COMMITTEE STATEMENT, YOU'RE GOING TO SEE WHO THE PROPONENTS OF THIS BILL ARE. THE PROPONENTS IS NEBRASKA BANKERS ASSOCIATION. IF YOU READ THE TRANSCRIPT, YOU'LL SEE SENATOR SCHEER SAID--NEXT PROPONENT, AND THERE WERE NONE. ALL RIGHT? THIS IS A BANKERS BILL. RIGHT? THE BANKERS ARE THE ONLY PEOPLE WHO CAME IN SUPPORT OF THIS BILL. CONTRAST THIS TO THE SITUATION WE'RE TALKING ABOUT WITH ANOTHER BILL WITH OPPD

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WHERE OPPD SAID--WE NEED TO DO SOMETHING TO HELP US BE ABLE TO FINANCE MANDATED PROJECTS. IN THAT CASE, OPPD WAS COMING TO US TO TALK TO US ABOUT THE SITUATION. THE MUNICIPALITIES DO NOT WANT THIS. THE LARGE ONES DO NOT WANT IT. IT IS ALSO THE CASE WE DID NOT HAVE PILGER OR OTHER CITIES, OTHER SMALL TOWNS, THEY DIDN'T COME TO US AND SAY WE'RE A SMALL TOWN, WE DON'T HAVE A BOND RATING, WE REALLY NEED YOUR HELP, WE NEED YOU TO PASS SOMETHING THAT MAKES SURE THE BONDHOLDERS ARE FIRST IN LINE SO THAT WE IN OUR LITTLE...IN OUR VILLAGE OR SECOND-CLASS CITY CAN GET LOANS. [LB67]

SENATOR WATERMEIER: ONE MINUTE. [LB67]

SENATOR CRAWFORD: WE DID NOT HAVE THAT. SO THIS...THE ONLY PEOPLE WHO ARE PUSHING FOR THIS ARE THE BANKERS. AND IF YOU LOOK YOU WILL SEE ON THE OTHER SIDE, THE OTHER PEOPLE THAT ARE ENGAGED IN THIS SITUATION ARE STAKEHOLDERS IN THIS SITUATION ARE OPPONENTS. AND SO THIS IS NOT A CRISIS IN OUR STATE, AS WE'VE SAID. OUR CURRENT POLICY OF HAVING THE BANKRUPTCY JUDGE DECIDE AND HAVING UNCERTAINTY IS THE BEST POLICY. SO WHILE I LIKE AM1080, I LIKE IT BETTER THAN LB67 WITHOUT THAT AMENDMENT; I DO NOT THINK THAT LB67, EVEN AS AMENDED, THAT IS NOT BETTER THAN OUR CURRENT POLICY. SO I WOULD VOTE AGAINST LB67, EVEN IF IT WERE AMENDED WITH AM1080. THANK YOU. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR CRAWFORD. SENATOR MORFELD, YOU ARE RECOGNIZED. [LB67]

SENATOR MORFELD: THANK YOU, MR. PRESIDENT. I RISE IN OPPOSITION TO LB67. AND AS SENATOR CRAWFORD JUST STATED, I'M DEFINITELY MORE COMFORTABLE WITH LB67 WITH AM1080, BUT I'M STILL DECIDING WHETHER OR NOT, EVEN AS AMENDED, WHETHER I WOULD SUPPORT LB67. AND IT IS FOR A FEW REASONS. FIRST, WE HAVE JUDICIAL DISCRETION IN THESE MATTERS FOR A REASON. IT'S TO WEIGH THE DIFFERENT INTERESTS AND THE DIFFERENT OBLIGATIONS THAT THE MUNICIPALITIES HAVE WHEN THEY DECLARE BANKRUPTCY. AND THAT JUDICIAL DISCRETION IS IMPORTANT, BECAUSE NOT EVERY BANKRUPTCY IS THE SAME WHEN IT COMES TO MUNICIPALITIES AND IN REGARD TO ITS OBLIGATIONS AND ITS INTERESTS. AND WHEN WE BALANCE THESE DIFFERENT INTERESTS, I WANT TO REMIND MY COLLEAGUES HERE, THAT IN MANY CASES, PARTICULARLY WHEN IT COMES TO PENSIONS, THE PENSION IS NOT DIVERSIFIED FOR THAT EMPLOYEE. THEY RECEIVED THAT PENSION FROM

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THE CITY, AND WHETHER THE CITY CAN PAY IT OR NOT, IS NOT AN ISSUE OF DIVERSIFICATION. SO, FOR INSTANCE, YOU RECEIVE ONE CHECK FROM ONE POOL OF MONEY AND IF THAT CHECK DOESN'T COME, MOST EMPLOYEES, UNLESS THEY HAVE INVESTMENTS ELSEWHERE, WHICH SOME MAY, ARE OUT OF A PENSION. AND THAT IS A BIG DEAL FOR A PERSON THAT IS RETIRED AND HAS LIMITED EMPLOYMENT OPTIONS AFTER GIVING THEIR TIME AND SERVICE TO THE CITY, WHEREAS, MOST BONDHOLDERS AND PEOPLE THAT HAVE INVESTED IN BONDS HAVE VERY DIVERSIFIED INTERESTS. I WAS LOOKING AT SOME OF MY INVESTMENTS AND IT IS INVESTED IN ABOUT A HUNDRED OR SO DIFFERENT FUNDS AND DIFFERENT INTERESTS. AND SO THIS BALANCING OF INTERESTS THAT WE PROVIDE JUDICIAL DISCRETION FOR NOW IS VERY IMPORTANT. AND THAT IS WHY I'M NOT IN FAVOR OF LB67. I BELIEVE THAT WE NEED TO MAINTAIN JUDICIAL DISCRETION; WE NEED TO ALLOW THAT BALANCING OF INTERESTS, AND I AM OPPOSED TO LB67. THANK YOU. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR MORFELD. SENATOR HANSEN, YOU ARE RECOGNIZED. [LB67]

SENATOR HANSEN: THANK YOU, MR. PRESIDENT. SENATOR MORFELD BROUGHT UP A GOOD POINT AND I'LL TIE IT INTO WHAT...MY REMARKS NOW. BUT JUDICIAL DISCRETION--PART OF THE REASON THAT IS SO IMPORTANT IN A BANKRUPTCY PROCEEDING IS IT IS A TIME WHEN, SAY, IN A PERSON'S CASE, THEY ARE DEALING WITH SOME OF THE MOST DIFFICULT FINANCIAL DECISIONS IN THEIR LIFE. AND IT'S A BALANCING ACT WHERE YOU HAVE TO DECIDE BETWEEN THE DIFFERENT PEOPLE WHO ARE OWED MONEY AND THE RESOURCES YOU HAVE AVAILABLE TO YOU AND THE OPTIONS IN FRONT OF YOU, WHAT THE BEST CASE IS. AND THAT'S WHY WE ALLOW JUDICIAL DISCRETION TO HELP CRAFT A SOLUTION THAT MAKES SENSE IN EACH INDIVIDUAL CONTEXT. YOU KNOW, IT MAKES NO SENSE FOR...TO ONE CASE, CUT ALL SITUATION WHERE YOU...IT MIGHT MAKE SENSE, SOMEONE MIGHT HAVE EXTRA ASSETS THAT COULD BE GIVEN TO CREDITORS, LIQUIDATED. BUT, IN ANOTHER CASE, THAT PERSON MIGHT USE THOSE ASSETS AS THE BASIS OF THEIR INCOME AND SO IT MAKES NO SENSE TO PUT THEM IN A WORSE SITUATION RIGHT NOW IN ORDER TO ALLEVIATE SOME OF THE RISK AS OPPOSED TO PUTTING THEM IN A BETTER SITUATION TO PAY BACK THE DEBT LATER. AND WHY THAT'S IMPORTANT TO NEBRASKANS IN TERMS OF LB67 IS THERE'S THE WORRY THAT IF WE TAKE AWAY THE JUDICIAL DISCRETION FOR BANKRUPTCIES FOR POLITICAL SUBDIVISIONS, IT REALLY PUTS A BIND ON THE CITY'S BUDGET, YOU KNOW, ESPECIALLY IF IT'S A SITUATION WHERE...WHERE, YOU KNOW, WE WORRY ABOUT A SITUATION. A NATURAL DISASTER, A TORNADO WAS BROUGHT UP. YOU KNOW, I WORRY

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ABOUT A SCENARIO IN WHICH THERE IS SOME SORT OF A NATURAL DISASTER, THERE IS SOME SORT OF UNFORESEEN OCCURRENCE THAT PUTS A CITY INTO A REAL BIND AND THEN, BECAUSE OF THE REAL BIND, THEY HAVE TO GO INTO BANKRUPTCY. AND BECAUSE OF THE POTENTIAL OF LB67, THEY GO TO BANKRUPTCY AND THEY SAID--I'M SORRY, YOU CAN'T REBUILD YOUR CITY; I'M SORRY YOU CAN'T GET NEW BONDS; I'M SORRY YOU CAN'T PAY YOUR FIRE DEPARTMENT. YOU HAVE TO PAY BACK THE BANKS, RIGHT NOW. IT'S THE FIRST THING YOU HAVE TO DO. AND SO, IF THE SITUATION IN WHICH THE WORST CASE HAPPENS, YOU KNOW, THERE SIMPLY MIGHT NOT BE THE TAX REVENUE, THE BASE TO DO OTHER THINGS, TO BOTH WORK ON PAYING DOWN THE BONDS AND THE DEBT OWED, AS WELL AS, YOU KNOW, PAYING FOR THE DAY-TO-DAY OPERATIONS OF THE CITY, AS WELL AS PAYING DEBT AND OTHER OBLIGATIONS SUCH AS PENSIONS, WHICH IS WHY IT IS REALLY IMPORTANT FOR JUDICIAL DISCRETION FOR THE CITIZENS OF NEBRASKA, FOR THE CITIZENS TO BE PROTECTED. THAT IS THE SITUATION WHERE, IN THE CURRENT SITUATION, IN FRONT OF A BANKRUPTCY JUDGE, A JUDGE COULD LOOK AT THE CITY AND SAY, YES, YOU OWE A FAIR AMOUNT IN BONDS; YES, YOU OWE A FAIR AMOUNT PENSION OBLIGATIONS, BUT YOU ALSO HAVE TO FOCUS ON YOUR DAY-TO-DAY OPERATIONS. YOU HAVE TO PAY THE FIRE DEPARTMENT. YOU HAVE TO, YOU KNOW, HAVE WATER AND SEWERS GOING. YOU HAVE TO DO ALL THE THINGS A CITY HAS TO DO. AND SO MAYBE WE'LL MAKE YOU TRIM SOME THINGS DOWN; MAYBE WE MAKE YOU PUT OFF SOME, YOU KNOW, NEW RENOVATIONS TO CITY HALL, BUT WE DON'T NECESSARILY MAKE YOU STOP PAYING THE FIRE DEPARTMENT. AND THAT'S THE TYPE OF THING WE CAN DO WITH JUDICIAL DISCRETION. SO MY WORRY IS, IS IF WE DO SOMETHING THIS WHERE WE DO BONDHOLDERS, PARTICULARLY, YOU KNOW, THE BONDHOLDERS THAT WE'RE TALKING ABOUT FOR OUR CITIES ARE, IN MANY INSTANCES, OUT-OF-STATE INTERESTS, WE TALK ABOUT PUTTING THEM FIRST UP IN FRONT SO THAT A NATURAL DISASTER OR A FLOOD OR A TORNADO SOMETHING DOES HAPPEN IN NEBRASKA, OR EVEN JUST OTHER ECONOMIC THINGS THAT COULD IMPACT THE CITY, WHETHER IT WOULD BE A VERY...VERY...LOCAL AND A CHANGE TO THE LOCAL ECONOMY, MAYBE A CHANGE IN EMPLOYERS... [LB67]

SENATOR WATERMEIER: ONE MINUTE. [LB67]

SENATOR HANSEN: ...PRODUCERS--THANK YOU, MR. PRESIDENT--OR SOMETHING THAT HITS THE STATE AND COUNTRY AS A WHOLE, WE REALLY DO NEED THE OPTIONS THERE SO THAT EACH INDIVIDUAL COUNTY, EACH INDIVIDUAL CITY, EACH INDIVIDUAL VILLAGE, EACH INDIVIDUAL SCHOOL DISTRICT CAN SEE AND FIGURE OUT WHAT IS BEST FOR THEM AND BUDGET THERE, YOU KNOW. AFTER

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ALL, WHY DO WE HAVE ELECTED LEADERS? WHY DO WE HAVE JUDGES AND EMPOWER THEM TO DO...MAKE SUCH TOUGH DECISIONS? AND THEN JUST SAY-- I'M SORRY, WE'RE LOOKING TO THE FUTURE RIGHT NOW AND WE'RE GOING TO BIND YOUR HANDS. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR WATERMEIER: THANK YOU, SENATOR HANSEN. THOSE IN THIS QUEUE WISHING TO SPEAK: SENATOR NORDQUIST, SENATOR KRIST, SENATOR BURKE HARR, SENATOR CAMPBELL. SENATOR NORDQUIST, YOU ARE RECOGNIZED. [LB67]

SENATOR NORDQUIST: THANK YOU, MR. PRESIDENT. I THINK THE...YOU KNOW, MY UNDERLYING CONCERN WITH THE LB67, TO BEGIN WITH, IS JUST THE ORDER OF PREFERENCE AND THE STRONG PREFERENCE THAT WOULD BE GIVEN TO THE BONDHOLDERS UNDER LB67 WITHOUT ANY AMENDMENTS. ESSENTIALLY, YOU KNOW, IF YOU WENT WITH LB67, UNAMENDED, INTO BANKRUPTCY PROCEEDINGS, THAT THE BONDHOLDERS...EVERY SINGLE DOLLAR OF THE BOND LIABILITIES WOULD HAVE TO BE TAKEN CARE OF BEFORE A DOLLAR WOULD GO TO THE UNFUNDED PENSION LIABILITIES. THAT IS VERY CONCERNING THAT WE WOULD CREATE THAT STEEP OF A...STEEP OF A DISPARITY BETWEEN THE BONDHOLDERS AND THE PENSIONERS, AGAIN, WHO...YOU KNOW, SOME PEOPLE MAY HAVE THEIR OWN 401(k) OR IRAs INVESTED IN BONDS, AS I DO, BUT IT MOST LIKELY ISN'T ALL OF THEIR RETIREMENT ASSETS; HOPEFULLY NOT COMPLETELY. BUT FOR THE PENSIONERS, A LOT OF THEM SOLELY RELY ON THE DEFINED BENEFIT PENSION PLAN THAT THEY HAVE EARNED THROUGHOUT THEIR ENTIRE CAREER. AND, AGAIN, TO RECEIVE A DEFINED BENEFIT PLAN MOST PEOPLE ARE PUTTING IN 25 OR 30 YEARS OF SERVICE AND AREN'T WORKING IN OTHER CAREERS, DON'T HAVE ANY OTHER RETIREMENT ASSETS SET ASIDE, SO IT IS SOLELY THEIR...THEIR SOLE RETIREMENT SOURCE OF INCOME. AND WITHOUT THAT BEING FULFILLED, WE ALSO WOULD SEE A NEGATIVE IMPACT IN OUR CITIES. WE KNOW STUDIES SHOW THAT NATIONALLY AND ALSO WE HAVE NUMBERS FROM NEBRASKA, SHOW ABOUT 90 PERCENT OF DEFINED PUBLIC SECTOR, DEFINED BENEFIT RECIPIENTS LIVE IN THE AREA THAT THEIR PENSION WAS GENERATED FROM. AND THOSE DOLLARS, THAT MEANS EVERY MONTH, THOSE DOLLARS GO BACK INTO COMMUNITIES ACROSS THE STATE, CERTAINLY, WITH OUR STATEWIDE DEFINED PENSION PLANS FOR TEACHERS, WE HAVE TENS OF MILLIONS OF DOLLARS, EVERY SINGLE MONTH, THAT GO BACK INTO NEBRASKA COMMUNITIES BECAUSE OF PENSION PAYMENTS THAT ARE BEING MADE TO OUR TEACHERS, OUR JUDGES, AND OUR STATE PATROL OFFICERS, IN OUR CITIES, IN OMAHA AND LINCOLN, THE SAME THING. IF THOSE RETIREES DON'T HAVE THE ASSETS THAT THEY WERE

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PROMISED THROUGHOUT THEIR CAREER AND THROUGH THE NEGOTIATED AGREEMENTS FOR THEIR PENSION PLANS, THEN THOSE CITIES' ECONOMIES ARE GOING TO BE DAMPENED. SO, CERTAINLY, AGAIN, LB67 IS...AT THE END OF THE DAY, IT IS LOOKING AT A HYPOTHETICAL SITUATION THAT A COMMUNITY IN NEBRASKA FILES BANKRUPTCY. AND LARGELY, YOU KNOW, IT CERTAINLY ISN'T JUST OMAHA AND LINCOLN, AS SENATOR WILLIAMS MENTIONED IN HIS COMMENTS, BUT WE NEED TO MAKE SURE THAT IF THAT UNFORTUNATE SITUATION ARISES, THAT PENSIONERS CERTAINLY ARE TREATED AS WELL AS THE BONDHOLDERS WHO HAVE STEPPED UP...OR WHO HAVE TAKEN A RISK WITH THEIR PENSIONS. I WANT TO READ A LITTLE BIT FROM THE TRANSCRIPT HERE. THERE WAS MENTION ABOUT WHETHER OR NOT THIS WOULD HAVE AN IMPACT ON THE RATINGS...THE BOND RATINGS FOR THE CITIES. AND WE HAD TESTIMONY FROM PAUL KRATZ, WHO IS THE CITY ATTORNEY OF OMAHA... [LB67]

SENATOR GLOOR PRESIDING

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR NORDQUIST: ...AND STEPHEN CURTISS, WHO IS MAYOR STOTHERT'S FINANCE DIRECTOR. AND I THINK SENATOR LINDSTROM ASKED STEPHEN CURTISS DURING THE HEARING, HE SAID--IF THE BOND RATING IS AA, IF THEY WERE TO JUMP AHEAD OF, SAY, PENSIONS, WOULDN'T THAT GIVE THEM PRIORITY WHICH WOULD CAUSE THE RATE TO INCREASE BECAUSE THEY ARE HIGHER...BECAUSE THEY'RE HIGHER THAN PENSIONS. AND STEPHEN CURTISS, AGAIN WHO IS MAYOR STOTHERT'S FINANCE DIRECTOR, SAID JUST--NO, NOTHING WILL CHANGE ACCORDING TO WHAT WE HAVE BEEN TOLD; NOTHING WILL CHANGE OUR RATING. AND THE SAME THING WAS SAID BY PAUL KRATZ, WHO IS THE CITY ATTORNEY IN OMAHA, THAT ACCORDING...IN THEIR DISCUSSIONS WITH THE BOND RATING AGENCIES, THAT A CHANGE IN LB67 DOESN'T NECESSARILY...WON'T, ACCORDING TO THEM, WON'T IMPROVE THE BOND RATING OF THE CITIES. [LB67]

SENATOR GLOOR: TIME, SENATOR. [LB67]

SENATOR NORDQUIST: THANK YOU. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR NORDQUIST. SENATOR KRIST, YOU ARE RECOGNIZED. [LB67]

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SENATOR KRIST: GOOD AFTERNOON...THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, COLLEAGUES, AND GOOD AFTERNOON, NEBRASKA. I HAVE A VERY DEAR CHILDHOOD FRIEND, ACTUALLY. HIS NAME IS JERRY STILMOCK. WE GREW UP A FEW BLOCKS FROM EACH OTHER; GREW UP BEATING EACH OTHER UP AND HITTING HOME RUNS OVER EACH OTHER'S HEADS AND TACKLING EACH OTHER ON THE SAND LOT. AND JERRY WALKED UP TO ME THIS MORNING AND SAID--I KNOW I ASKED YOU LAST YEAR ON THIS BILL, HAVE YOU CHANGED YOUR MIND? AND I SAID--YOU KNOW, JERRY, I HAVE BEEN WITH YOU ON ALMOST EVERY SUBJECT. YOU HAVE BEEN INSTRUMENTAL IN THE ATM BILL AND WORKING WITH SENATOR SCHEER'S COMMITTEE. BUT I AM WHERE I WAS LAST YEAR. I CAN'T SUPPORT ANYBODY CUTTING IN LINE IN TERMS OF THE SETTLEMENT IN THE CASE OF A BANKRUPTCY, BECAUSE I DO BELIEVE, AS SENATOR MORFELD POINTED OUT, THERE IS A JUDICIAL FUNCTION HERE. IF SOMETHING DOES HAPPEN, WE HAVE A SYSTEM IN PLACE THAT TAKES CARE OF BANKRUPTCY AND LINES UP THOSE CREDITORS AS THEY WOULD COME IN. I DO RESPECT THAT THE DIFFERENCE THIS YEAR IS THAT WE HAVE TWO VERY SUCCESSFUL, AND I CONSIDER THEM TO BE MORE THAN JUST COLLEAGUES, FRIENDS, SENATOR STINNER AND SENATOR WILLIAMS, WHOSE OPINIONS I RESPECT GREATLY ON BANKS. I DON'T THINK IT IS JUST A BANKING BILL. I THINK AS, AGAIN, THAT SAYING THAT I DON'T LIKE, AS SENATOR UTTER WOULD HAVE SAID, IT'S ANOTHER SLIPPERY SLOPE. SO THIS SLOPE NOW HAS EVOLVED INTO AN AMENDMENT THAT WOULD FAVOR ANOTHER GROUP OF PEOPLE OVER ALL THE OTHER GROUPS OF PEOPLE SO THAT WHAT'S GOING TO HAPPEN IS THE PENSIONERS AND THE BANKERS ARE GOING TO DUKE IT OUT FOR FIRST RIGHT. AND THEN EVERYBODY ELSE IS GOING TO BE PRIORITIZED ON THE LIST. I HAVE LISTENED, NOT JUST TO THE LOBBY, THE FOLKS IN THE ROTUNDA, BUT TO THE PEOPLE ON THE FLOOR WHO HAVE OFFERED THEIR OPINIONS. SENATOR HUGHES STOOD UP A FEW WEEKS AGO, MAYBE ABOUT A WEEK-AND-A-HALF AGO AND SAID, YOU KNOW, HE IS AWARE THAT WE HEAR SOME OF THE SAME THINGS OVER AND OVER AGAIN, THE REPETITIVENESS OF...AND I'M PARAPHRASING OBVIOUSLY, THE REPETITIVENESS OF THINGS TO COME UP, AND HE APPRECIATES THE FACT THAT THERE HAVE BEEN PEOPLE HERE BEFORE AND POTENTIALLY TERM LIMITS COULD BE EXPANDED, AND AGAIN I'M PARAPHRASING. BUT I WOULD SAY THIS IS ANOTHER ONE OF THOSE THAT I HAVE SEEN IN ITS PRESENT FORM AT LEAST TWICE, AND MY FIRST OR SECOND YEAR, THERE WAS SOMETHING SIMILAR. I'M STILL WHERE I WAS BEFORE, AND MAYBE EVEN A LITTLE STRONGER NOW BECAUSE WE'RE MAKING CONCESSION...A CONCESSION ON THE ORIGINAL INTENT OF THE BILL. AND IF THE BOND RATING AND THE BANKERS' INITIATIVES ARE THE MOST IMPORTANT THING, THEN NOW WE'RE READY TO SAY--NO, WELL, WE WEREN'T SERIOUS

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ABOUT THAT, THERE IS ANOTHER REALLY MORE IMPORTANT THING. I WILL CLOSE BY JUST SIMPLY SAYING--ANYTIME I SEE CITY GOVERNMENT, LEAGUE OF MUNICIPALITIES, AND THE UNIONS ALL AGREEING ON SOMETHING, MY ATTENTION GOES "BING"; THERE MUST BE SOMETHING TO THIS--THERE MUST BE SOMETHING TO THIS. I WILL NOT SUPPORT AM1080 ONLY BECAUSE I THINK IT DIGRESSES IN ANOTHER DIRECTION THAT WE SHOULDN'T GO. AND I DO NOT SUPPORT LB67, THE WAY I DIDN'T LAST YEAR, EVEN WITH ALL THE LEARNED PEOPLE IN THIS CHAMBER. I HAVE A STRONG CONVICTION THAT IT IS OUR BANKRUPTCY COURTS THAT ARE STRONG ENOUGH TO HANDLE THESE ISSUES AND THIS PARTICULAR ISSUE... [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR KRIST: THANK YOU, MR. PRESIDENT...THIS PARTICULAR ISSUE IS SOMETHING THAT, THANK GOD, WE HAVE NOT HAD TO DEAL WITH IN THE STATE OF NEBRASKA AND I HOPE WE NEVER WILL HAVE TO. THANK YOU FOR YOUR ATTENTION. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR KRIST. MEMBERS IN THE QUEUE: CAMPBELL, WILLIAMS, HANSEN, PANSING BROOKS, AND OTHERS. SENATOR CAMPBELL, YOU ARE RECOGNIZED. [LB67]

SENATOR CAMPBELL: THANK YOU, MR. PRESIDENT. I WAS ONE OF THE TWO PEOPLE IN THE COMMITTEE THAT VOTED AGAINST LB67. AND I ALSO VOTED AGAINST IT LAST YEAR WHEN IT WAS IN COMMITTEE. AND MY MAJOR CONCERN HAD TO DO WITH THE NUMBER OF YEARS THAT I WORKED WITH COUNTY EMPLOYEES AND THE IMPORTANCE OF PUBLIC EMPLOYEES TO KEEPING SERVICES GOING FOR ALL OF OUR TOWNS, VILLAGES, CITIES, ACROSS THE STATE OF NEBRASKA. AND I DID NOT WANT THEM TO BE...TO SEE THEIR PENSION AND THEIR LIFE SAVINGS THAT THEY HAD PUT INTO THOSE PENSIONS AT RISK AT ALL. I ALSO SPOKE TO SEVERAL BOND COUNSELS THAT I WORKED WITH OVER THE YEARS AND BOTH OF THEM INDICATED TO ME THAT WE PROBABLY DIDN'T NEED LB67 AT THIS POINT IN TIME, THAT THERE REALLY, AS FAR AS THEY COULD SEE, WAS NOT A RISK FOR A BANKRUPTCY ACROSS THE STATE. BUT THEY DID SAY TO ME THAT WE NEED TO KEEP TABS ON THE SITUATION AND WE MAY AT SOME POINT LOOK AT LB67 OR THE NEED FOR IT. AT THIS POINT, I AM SUPPORTING AM1080, DEFINITELY, BECAUSE IT ADDRESSES THE MAJOR CONCERN THAT I HAD IN COMMITTEE. AND I WILL LISTEN TO THE REST OF THE DISCUSSION ON LB67. THANK YOU, MR. PRESIDENT. [LB67]

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SENATOR GLOOR: THANK YOU, SENATOR CAMPBELL. SENATOR WILLIAMS, YOU ARE RECOGNIZED. [LB67]

SENATOR WILLIAMS: THANK YOU, MR. PRESIDENT. AND ONE MORE TIME I JUST WANT TO TALK A LITTLE BIT ABOUT THE COMMUNITIES OUTSIDE OF LINCOLN AND OMAHA AND THE IMPORTANCE OF RECOGNIZING THAT THEIR ABILITY TO DO PROJECTS IN THEIR COMMUNITIES IS DEPENDENT UPON THEIR ABILITY TO ISSUE GO BONDS. AND AGAIN, THEY DO NOT HAVE UNFUNDED PENSION LIABILITY. SO IT'S A COMPLETELY DIFFERENT ISSUE THAT WE ARE FOCUSING ON THERE. AND YET WE HAVE THE OPPORTUNITIES THAT PRESENT THEMSELVES THROUGH DISASTERS OR OTHER THINGS THAT CAN HAPPEN OF CAUSING SEVERE FINANCIAL HARM TO THEM. WHEN WE TALK, THOUGH, ABOUT THE PENSION LIABILITIES AND THE BONDHOLDERS, REMEMBER, THE ONLY REASON THERE IS EVER A BONDHOLDER IN ANY OF THESE SITUATIONS, THE ONLY REASON THERE IS A BONDHOLDER, IS BECAUSE THE CITY OF OMAHA OR THE CITY OF LINCOLN OR THE CITY OF GOTHENBURG OR THE CITY OF PILGER ASKS THEM TO BE THERE. THEY ARE INVITED TO COME TO OFFER THEIR SERVICE TO FINANCE A PROJECT. THEY AREN'T RESIDENTS OF THE COMMUNITY. AND THIS HAS BEEN TERMED A BANKING BILL, AND I THINK AS YOU HEARD FROM SENATOR STINNER, ONLY 11 PERCENT OF THE BONDS THAT WE ARE TALKING ABOUT ACROSS OUR ENTIRE COUNTRY ARE OWNED BY BANKS. THESE ARE PEOPLE THAT DON'T SIT AT THE TABLE WHEN LABOR NEGOTIATIONS GO ON. THEY DON'T SIT AT THE TABLE WHEN CITY COUNCILS DECIDE HOW THEY ARE GOING TO FUND THINGS OR WHAT THEY ARE GOING TO DO OR WHAT THEY ARE GOING TO SPEND MONEY ON. BUT AGAIN I WOULD POINT OUT, LET'S NOT JUST FOCUS ON THE LARGEST TWO COMMUNITIES IN OUR STATE, LET'S REMEMBER THAT THE SMALLEST COMMUNITIES IN OUR STATE STILL DEPEND ON THEIR ABILITY TO FINANCE. AND IF WE DO NOT CREATE A STRUCTURE THAT BACKS THE FULL FAITH AND CREDIT OF THOSE COMMUNITIES TO SUPPORT GENERAL OBLIGATION BONDS THAT WE'RE TALKING ABOUT HERE, WE MAY BE SEVERELY DAMAGING THEIR ABILITY TO PROSPER IN THE FUTURE. I WOULD URGE YOU TO SUPPORT SENATOR NORDQUIST'S AMENDMENT, AM1080, AND LB67. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR WILLIAMS. SENATOR HANSEN, YOU ARE RECOGNIZED. AND, SENATOR HANSEN, THIS IS YOUR THIRD TIME ON THE MIKE. [LB67]

SENATOR HANSEN: THANK YOU, MR. PRESIDENT. I WANT TO ADDRESS THE ISSUE; CERTAINLY PENSION OBLIGATIONS HAS COME UP A LOT, OBVIOUSLY, WITH

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BEING SUBJECT MATTER OF AM1080. BUT THAT'S NOT THE ONLY INSTANCE OF A THING THAT CAN IMPACT AN ISSUE OF A CITY AND MUNICIPALITY OR COUNTY OR SCHOOL OR WHATEVER OTHER GOVERNMENT ENTITY COULD BE IN BANKRUPTCY. SO I JUST WANTED TO KIND OF REMIND PEOPLE--TAKE A STEP BACK, REFRAME. AND WE'RE NOT NECESSARILY TALKING SOLELY ABOUT...SOLELY ABOUT PENSIONS VERSUS BONDS. CERTAINLY, THOSE ARE, MANY TIMES, THE TWO BIGGEST OBLIGATIONS AND, OFTENTIMES, OBLIGATIONS THAT DO LOOK AT THE SAME POOL. BUT WE'RE TALKING ABOUT...WE'RE TALKING ABOUT EVERYTHING THAT A COMMUNITY DOES. IF WE'RE TALKING ABOUT GENERAL OBLIGATION BONDS, AND I TOUCHED ON THIS AGAIN, THE NATURAL DISASTER, YOU KNOW, IF WE'RE WORRIED ABOUT TOWN'S ABILITY TO GET BONDINGS IN THE SENSE OF A NATURAL DISASTER, WELL, WE SHOULD ALSO BE WORRIED ABOUT THE TOWNS DRIVEN INTO BANKRUPTCY BY A NATURAL DISASTER. AND IF THAT IS THE INSTANCE, WE'RE GOING TO BE DEALING WITH MORE THAN JUST WORRYING ABOUT PENSIONS AND WORRYING ABOUT BONDS, WE'RE GOING TO BE WORRYING ABOUT THE OTHER CITY SERVICES, WE'RE GOING TO BE WORRIED ABOUT THE INITIAL REPAIR, THE INITIAL SHORT-TERM EFFECTS. SO THERE IS MORE TO JUST PENSIONS VERSUS BONDS. I CERTAINLY THINK CONCERNED ABOUT PENSIONS, AND I DO UNDERSTAND THAT THEY MAY AFFECT LINCOLN AND OMAHA DIFFERENTLY THAN THE REST OF THE STATE. HOWEVER, WE HAVE TO REALIZE THAT LINCOLN AND OMAHA ARE A SIGNIFICANT PORTION OF THE STATE AND DO HAVE A SIGNIFICANT PORTION OF THE PUBLIC EMPLOYEES AND OTHER WORKERS IN THE STATE RELYING ON THOSE PENSIONS. SO, YOU KNOW, LET'S NOT ALSO JUST SAY, IT'S ONLY, YOU KNOW, THE PENSIONS ONLY REALLY ARE CONCERNED WITH TWO CITIES. THEY ARE TWO OF THE CITIES, BUT THEY ARE MANY HUNDREDS OF THOUSANDS OF OUR POPULATION. MOVING ON, WE'RE TALKING ABOUT JUDICIAL DISCRETION, LAST TIME I WAS ON THE MIKE, AND IT IS REALLY IMPORTANT FOR JUDICIAL DISCRETION TO HAVE THE ABILITY TO DECIDE IN SITUATIONS. CERTAINLY, MANY DIFFERENT CIRCUMSTANCES, AS HIGHLIGHTED BY THE FACT THAT WE ARE TALKING ABOUT THE DIFFERENCE BETWEEN GOTHENBURG, PILGER, LINCOLN, AND OMAHA. I IMAGINE WE CAN LINE UP THOSE FOUR CITIES IN A ROW AND KIND OF DO SOME CHARTS AND TABLES, DO SOME PICTURES AND SEE DRASTIC DIFFERENCES. AND THAT'S, I THINK, VERY IMPORTANT, AND I THINK THAT ACTUALLY ARGUES A BIT AGAINST LB67 IN THE SENSE OF, YOU KNOW, LB67, THERE MIGHT BE A SCENARIO IN WHICH IT'S GOOD FOR PILGER AND BAD FOR OMAHA. IT MIGHT BE A SITUATION IN WHICH IT'S GOOD FOR OMAHA, BAD PILGER. YOU KNOW, IT REALLY DEPENDS ON ALL OF THE SPECIFIC DETAILS IN EACH SPECIFIC TOWN, EACH SPECIFIC COMMUNITY, EACH SPECIFIC POLITICAL SUBDIVISION. I KEEP REFERENCING TOWNS AND

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CITIES, BUT THERE ARE MANY OTHERS IMPACTED BY THIS BILL. AND WE REALLY HAVE TO WORRY ABOUT THEM AND THEIR SPECIFIC INSTANCES, YOU KNOW. I WANT EACH CITY, I WANT, SAY, THE TOWN OF PILGER TO BE ABLE TO GO IN FRONT OF A BANKRUPTCY COURT AND SAY--WE HAVE THESE OBLIGATIONS TO OUR CITIZENS, WE HAVE THESE OBLIGATIONS TO OUR WORKERS, AND WE HAVE THESE OBLIGATIONS TO BANKS AND LENDERS. WE WANT TO WORK OUT A SCENARIO IN WHICH EVERYONE CAN BE PROTECTED AND HELPED AS BEST THEY CAN. I'M LOOKING FOR THAT. [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR HANSEN: AND I FEAR...THANK YOU MR. PRESIDENT, AND I FEAR WITH LB67, WE'RE GOING TO GIVE THE PRIORITY JUST TO THE BONDHOLDERS. AND THE BONDHOLDERS ARE GOING TO HAVE THE AUTHORITY, WHETHER THEY LIKE IT OR NOT, WHETHER THEY ARE GOOD CORPORATE CITIZENS OR NOT, TO JUST (INAUDIBLE) ROLL THE OTHER INTERESTS IN THE TOWN, THE INTEREST IN THE TOWN IN ITS CURRENT WORK FORCE, IN THE INTEREST IN THE TOWN AND ITS RETIREES, IN THE INTEREST IN THE TOWN AND IN ITS FUTURE GROWTH. SO THAT'S, AGAIN, ONE OF MY MAIN CONCERNS WITH LB67. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR HANSEN. SENATOR PANSING BROOKS, YOU ARE RECOGNIZED. [LB67]

SENATOR PANSING BROOKS: THANK YOU, MR. PRESIDENT. I RISE IN OPPOSITION OF LB67. I REALLY CAN'T QUITE UNDERSTAND WHAT SOME OF THIS DISCUSSION IS ABOUT, IN A WAY, BECAUSE IF YOU LOOK AT SOME OF THE TESTIMONY THAT HAPPENED IN THE COMMITTEE HEARING, PAUL KRATZ, THE CITY ATTORNEY OF OMAHA, POINTED OUT THAT WE NEED TO KEEP IN MIND THAT WHEN THE BANKS BUY BONDS, THEY INVEST IN THOSE BONDS AND THEY GET PAID AN INTEREST RATE. THAT INTEREST RATE INCLUDES AND IS THERE BECAUSE OF THE ELEMENT OF RISK. AND ON THE OTHER HAND, WE HAVE PENSIONERS AND THE CITY EMPLOYEES AND THE CITY...THE GOVERNMENT AND THE EMPLOYEES DO NOT HAVE THAT LUXURY. THEY HAVE...THEY WORK OFTEN FOR LESS THAN THE MARKET VALUE AND COUNT VERY MUCH ON THEIR PENSIONS. AND TO ME, IT SEEMS UNFAIR...I'M A BIG SUPPORTER OF BANKS. THEY DO SO MUCH FOR OUR ECONOMY AND HOW WE GO FORWARD AND HOW THIS STATE MAKES MONEY AND DOES BUSINESS AND WE NEED THE BANKS TO BE SUCCESSFUL. BUT I'M NOT SURE THAT ANYONE EVER THOUGHT THAT THEY SHOULD HAVE A 100 PERCENT

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GUARANTEE ON THEIR INVESTMENT, WHEREAS THE PENSIONERS AND THE GOVERNMENT WORKERS DO NOT GET THAT. AGAIN, I BELIEVE IN JUDICIAL DISCRETION. IT MAY VERY WELL BE THAT THE BANKERS WILL GET FIRST PRIORITY. BUT I TRUST THE BANKRUPTCY COURTS WHO ARE LOOKING AT ALL THE FACTS AND LOOKING AT ALL THE DEBTORS AND CREDITORS AND DETERMINE WHO SHOULD BE FIRST. AND FOR US TO COME IN AND ARBITRARILY STATE THAT ONE GROUP OVER ANOTHER DESERVES A PRIORITIZATION WITHIN THE BANKRUPTCY COURT, I THINK, IS NOT CORRECT UNDERSTANDING OF HOW BANKRUPTCY LAWS WORK. IT SHOULD BE LEFT UP TO THE BANKRUPTCY JUDGE AND NOT DICTATED BY STATE LAW. AGAIN, JUDICIAL DISCRETION, IF ALL OF THE REVENUE OF THE CITY IS TAKEN FOR CERTAIN PRIORITIES, IT MAKES IT MORE DIFFICULT, IN A WAY, FOR THE CITY TO BE ABLE TO CONTINUE TO WORK OUT AND TO FUNCTION AND TO SPEND ITS REVENUE APPROPRIATELY AS IT DEALS WITH THE BANKRUPTCY. SO, AGAIN, THE BANKRUPTCY JUDGE WHO IS DEALING WITH THE BANKRUPTCY AT THE TIME UNDERSTANDS THAT THE CITY NEEDS TO FUNCTION, THAT CERTAIN PRIORITIES OF THE CITY MUST BE FUNDED. AND IT IS, I BELIEVE, UP TO THE DISCRETION OF THE JUDGE TO WORK THAT OUT AND DETERMINE HOW BEST THE MONEY SHOULD BE SPENT AT THAT TIME. AND AGAIN, BANKERS MAY END UP IN FIRST PRIORITY. BUT THAT IS THEIR JOB TO ARGUE FOR THEIR POSITION IN FRONT OF THE BANKRUPTCY JUDGE. AND SO WITH THAT, I YIELD MY TIME TO SENATOR NORDQUIST, IF HE'D LIKE IT. SENATOR NORDQUIST, DO YOU WANT TIME? OKAY. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR PANSING BROOKS. SENATORS IN THE QUEUE: McCOLLISTER, BURKE HARR, MORFELD, FRIESEN, AND OTHERS. SENATOR McCOLLISTER, YOU ARE RECOGNIZED. [LB67]

SENATOR McCOLLISTER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. I WOULD ASK SENATOR...I HAVE A FEW QUESTIONS FOR THE SENATOR AND I THINK IT COMES TO SENATOR SCHUMACHER, IF HE'D YIELD FOR SOME QUESTIONS. [LB67]

SENATOR GLOOR: SENATOR SCHUMACHER, WOULD YOU YIELD? [LB67]

SENATOR SCHUMACHER: YES. [LB67]

SENATOR McCOLLISTER: WAS THERE AN IMPLICIT ASSUMPTION, PRIOR TO THE AFFAIR IN DETROIT, THAT BONDHOLDERS HAD AN IMPLICIT PREFERENCE IN THE EVENT OF A BANKRUPTCY? [LB67]

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SENATOR SCHUMACHER: I THINK PROBABLY IT WAS STRONGER THAN IMPLICIT. THE BOND MARKET GENERALLY FELT THAT BECAUSE THEY WERE FIRST BEFORE BANKRUPTCY, BECAUSE THE FULL FAITH AND CREDIT WAS PLEDGED, THAT THEY WERE FIRST. AND THEY HAD AN UNHAPPY REVELATION IN THE DETROIT BANKRUPTCY. [LB67]

SENATOR McCOLLISTER: WHEN THE DETROIT BANKRUPTCY OCCURRED, DID THOSE ASSUMPTIONS CHANGE? [LB67]

SENATOR SCHUMACHER: YES. AND BASICALLY NOW, AS I UNDERSTAND IT, THE BANKRUPTCY COURT IS SAYING--LOOK, I'M GOING TO LOOK TO STATE LAW TO SEE WHETHER OR NOT THERE IS ANY PECKING ORDER AND WHO IS FIRST. AND IF THE STATE LAW IS CLEAR AND THERE IS A STATUTORY LIEN, THEN THE PEOPLE THAT HAVE THAT ARE FIRST. BUT IF THERE IS NOT, THEN I WILL LOOK TO COURT DECISIONS AND TRY TO FIGURE OUT FROM THEM IF THERE IS ANY STATE PREFERENCE OF WHICH NEBRASKA HAS ONE KIND OF, IFFY, MAYBE COURT DECISION. AND IF NOT, I'M JUST GOING TO DO WHAT BANKRUPTCY JUDGES DO AND TREAT THEM ALL IN THE SAME BOAT AND START DIVVYING UP THE MONEY AFTER I MAKE SURE THAT THE STATE HAS...OR THE CITY HAS OPERATING EXPENSES SO THAT THERE'S POLICE ON THE STREETS AND FIREMEN AND THINGS LIKE THAT. [LB67]

SENATOR McCOLLISTER: UNDER THE LEGISLATION, LB67, THOSE ASSUMPTIONS WOULD CHANGE, WOULD THEY NOT? [LB67]

SENATOR SCHUMACHER: THE LB67, PRIOR TO AM1080, WOULD SAY BONDHOLDERS WERE FIRST BEFORE THE BANKRUPTCY, BONDHOLDERS ARE FIRST AFTER THE BANKRUPTCY--DONE. [LB67]

SENATOR McCOLLISTER: SO THAT IS REALLY RETURNING THE SITUATION TO WHAT IT WAS PRIOR TO DETROIT? [LB67]

SENATOR SCHUMACHER: AS MOST PEOPLE THOUGHT IT WAS. YES. [LB67]

SENATOR McCOLLISTER: OKAY. THANK YOU VERY MUCH. I'D ASK SENATOR NORDQUIST IF HE'D YIELD TO A QUESTION? [LB67]

SENATOR GLOOR: SENATOR NORDQUIST, WOULD YOU YIELD? [LB67]

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SENATOR NORDQUIST: YES. [LB67]

SENATOR McCOLLISTER: THANK YOU. SENATOR, THE DISCUSSION WE HAD OFF MIKE WOULD CHANGE THE PECKING ORDER IN THE EVENT OF A BANKRUPTCY, ISN'T THAT TRUE? [LB67]

SENATOR NORDQUIST: YOU KNOW, I THINK MY INTENTION HERE AND I'LL...IF YOU'RE ALL RIGHT FOR ME KIND OF JUST EXPLAIN WHAT I WOULD LIKE TO SEE. AND I THINK THE CONSENSUS IS, IS FIRST WE MAKE SURE CITIES ARE ABLE TO CONTINUE OPERATIONS, NUMBER ONE. AND THEN AFTER THAT, ON THE BANKRUPTCY PROCEEDINGS, THAT THE BOND LIABILITY AND THE UNFUNDED PENSION LIABILITY GO IN, KIND OF FIRST DIBS, IT DOESN'T MEAN THEY'RE GOING TO GET SPLIT UP 50-50, THAT A DOLLAR HERE AND A DOLLAR THERE, BUT THEY GO IN FIRST, GET FIRST RANKING WITH THE JUDGE, AND THEN ALL OTHER LIABILITIES COME AFTER THAT. THAT'S, I THINK, GENERALLY CONSENSUS HERE, AND I THINK WE ARE JUST TRYING TO FIGURE OUT HOW WE GET THERE. [LB67]

SENATOR McCOLLISTER: ALL RIGHT. DID I HEAR YOU CORRECTLY, IT IS THE UNFUNDED PENSION LIABILITY WOULD GO TO THE FRONT OF THE LINE ALONG WITH THE BONDHOLDERS? [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR NORDQUIST: RIGHT, BECAUSE THE PENSION ASSETS THAT ARE ALREADY HELD, THEY'RE HELD IN TRUST AND PROTECTED BY FEDERAL LAW, THOSE AREN'T ASSETS THAT THE CITY...WHETHER IT'S DEFINED BENEFIT OR ANY OTHER TYPE OF 401(k), THOSE AREN'T ASSETS THAT THE CITY CAN USE FOR ANY OTHER PURPOSE. SO WHEN WE'RE TALK BANKRUPTCY, WE'RE REALLY TALKING ABOUT THE LIABILITIES THAT ARE HELD BY THE CITY AND THE UNFUNDED PORTION AND THE BOND LIABILITY ARE THE TWO PIECES THAT THE CITY DOESN'T HAVE RESOURCES TO ADEQUATELY ADDRESS. SO THAT IS WHAT WOULD BE GOING IN. AND I THINK THAT WAS THE CONVERSATION I WAS JUST HAVING WITH SENATOR WILLIAMS AND STINNER AND OTHERS AS WELL. [LB67]

SENATOR McCOLLISTER: THANK YOU, SENATOR NORDQUIST. AND THANK YOU, MR. PRESIDENT. [LB67]

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SENATOR GLOOR: THANK YOU, SENATOR McCOLLISTER, SENATOR NORDQUIST, SENATOR SCHUMACHER. SENATOR MORFELD, YOU ARE RECOGNIZED. [LB67]

SENATOR MORFELD: THANK YOU, MR. PRESIDENT. JUST WANTED TO REITERATE JUST A FEW DIFFERENT POINTS. WE'VE ALREADY TALKED ABOUT JUDICIAL DISCRETION AND THE IMPORTANCE OF IT IN SOME OF THESE PROCEEDINGS. I ALSO WANT TO NOTE THAT AM1080 ONLY GOES AS FAR TO EXEMPT PENSIONS FROM THE STATUTE. IT ACTUALLY DOES NOT PUT PENSIONS IN FIRST PRIORITY. IT JUST SAYS THE STATE IS NOT PUTTING PENSIONS BEHIND BONDHOLDERS IN THIS ACT. SO IT IS IMPORTANT TO NOTE THAT AM1080, WHILE AN IMPROVEMENT ON LB67, I'M NOT QUITE SURE, IN MY MIND, WHETHER OR NOT IT ACTUALLY MAKES LB67 PALATABLE FOR ME TO SUPPORT. AND THEN I ALSO WANT TO NOTE THAT MY COLLEAGUE, SENATOR WILLIAMS, BROUGHT UP THE POINT THAT THESE BONDHOLDERS ARE NOT IN THE CITY COUNCILS OR THE DECISION-MAKING PROCESSES OF SOME OF THESE LOCAL COMMUNITIES. BUT THEY DO TAKE ON THESE BONDS AND THEY DO DECIDE TO ISSUE THESE BONDS KNOWING THAT THESE COMMUNITIES ARE GOING TO MAKE THESE TYPES OF DECISIONS AND KNOWING THAT SOME OF THESE THINGS ARE GOING TO BE OUTSIDE OF THEIR CONTROL, LIKE ANY OTHER INVESTMENT. SO I DON'T REALLY SEE THAT AS AN ARGUMENT, NECESSARILY, TO SUPPORT LB67, BECAUSE THESE INVESTORS GO INTO THESE TRANSACTIONS AND INTO THESE INVESTMENTS KNOWING THAT THESE COMMUNITIES ARE GOING TO MAKE DECISIONS, THEY ARE LIKELY, IN ALMOST ALL CASES, GOING TO BE OUT OF THEIR CONTROL. AND SO I RISE IN OPPOSITION, AGAIN, TO LB67 AND I'M SOMEWHAT SKEPTICAL AS TO AM1080, THE AMENDMENT. THANK YOU. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR MORFELD. SENATOR FRIESEN, YOU ARE RECOGNIZED. [LB67]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I'M NOT AN ATTORNEY, NOT A CPA, BUT I HAVE BEEN ON A CITY COUNCIL THAT HAS ISSUED SOME BONDS. WE'VE DONE REVENUE BONDS; WE'VE DONE GENERAL OBLIGATION BONDS. WHEN I LOOKED AT THIS WHEN IT FIRST CAME OUT, WE HAD DISCUSSED IT WITH SOME DIFFERENT BANKERS, PROBABLY THREE OR FOUR YEARS AGO ALREADY, SO IT WAS NOT A TOPIC THAT WAS UNFAMILIAR TO ME. BUT I...I...IN NEBRASKA HERE, IT SEEMS LIKE THERE ARE A LOT OF BONDS PURCHASED, ESPECIALLY IN THE RURAL AREAS, BY INDIVIDUALS, SO IT'S NOT REALLY...I WILL NOT USE THE TERM "BANKS" WHEN I'M TALK ABOUT PROTECTING THE BONDHOLDERS. WE WILL REFER TO THEM STRICTLY AS BONDHOLDERS. BUT WHEN I LOOK AT THE...WHAT THIS DOES IS THAT WHEN A CITY ISSUES BONDS, THE LESS RISK

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THAT I CAN PLACE ON THOSE BONDS, THE CHEAPER THE RATE WILL BE. JUST TRYING TO SIMPLIFY IT A LITTLE BIT HERE, IF I CAN... YOU KNOW, WE PROMISE THE FULL TAXING AUTHORITY OF THE CITY TO PAY THOSE BONDS, AND THE BONDHOLDERS AT THE TIME TRULY BELIEVED THEY WERE FULLY, 100 PERCENT PROTECTED BECAUSE NO CITY WOULD GO BANKRUPT. AND THEN WHEN DETROIT HAPPENED, AND THERE HAVE BEEN SEVERAL OTHERS SINCE, THAT FAITH HAS BEEN SHAKEN BECAUSE THEY ARE NOT FULLY PROTECTED. SO, IN THE END, YOU CAN... I CAN ARGUE BOTH SIDES OF THIS PROBLEM WE'RE HAVING. I LOOK AT IT LIKE CITIES THAT HAVE SPENT TOO MUCH MONEY, OR ARE NOT FUNDING THEIR OBLIGATIONS CORRECTLY, THE RETIREMENT FUNDS, WHATEVER IT MIGHT BE, THE BONDHOLDERS EVENTUALLY WOULD PUNISH THAT MUNICIPALITY BY RAISING THE COST OF THOSE BONDS OR ABSOLUTELY REFUSING TO BUY THEM. AND SO THERE IS ALWAYS THAT THIRD-PARTY THERE THAT IS MAYBE TAKING THE ROLE OF THE CITY COUNCIL AND SAYING-- YOU GUYS NEED TO CLEAN UP YOUR ACT, YOU NEED TO SPEND LESS MONEY OR RAISE TAXES OR DO WHATEVER YOU NEED TO DO, BUT WE DON'T WANT TO BUY YOUR BONDS. SO BY DOING THIS, IF WE WOULD PASS THIS, THEN YOU COULD ALSO SAY THAT WE HAVE TAKEN ALL THE RISK AWAY FROM THE BONDHOLDERS, AND WE'VE LEFT IT TOTALLY UP TO THE CITY COUNCILS, OR WHOEVER, TO MAKE SURE THAT WE DON'T SPEND TOO MUCH MONEY. SO WE HAVE CREATED SURETY FOR THE BOND BUYERS, BUT NOW WE HAVE PUT ALL THE PRESSURE TO HAVE THE RESTRAINTS MAYBE PUT ON THE CITY COUNCILS AND TO HOLD DOWN SPENDING AND MAKE SURE THAT ALL THEIR OBLIGATIONS ARE CORRECTLY FUNDED AND THINGS ARE RUNNING SMOOTHLY. AND I, TOO, DON'T WANT TO SEE PENSION FUNDS RAIDED AND A FIGHT OVER THAT. BUT, IN ANY INDUSTRY, IF BONDS OR THEIR PENSION FUNDS ARE HELD BY THAT CORPORATION OR WHATEVER, THERE IS ALWAYS RISKS. WE ALWAYS... WE HAVE TO UNDERSTAND THAT. MUNICIPAL EMPLOYEES ARE NO DIFFERENT. IT IS JUST... I THINK THIS DOES PROVIDE CLARITY, WHETHER WE PASS THIS BILL OR WE DON'T PASS THIS BILL, THE BONDHOLDERS WILL LOOK AT THIS WITH A DIFFERENT VIEW THAN THEY DID BEFORE WE HAD THIS DISCUSSION. THEY WILL REALIZE THAT NOW THERE ARE RISKS OUT THERE THAT THEY DIDN'T SEE BEFORE. I PERSONALLY KNOW PEOPLE WHO PURCHASED MUNICIPAL BONDS IN THE PAST AND THOUGHT THEY WERE FULLY COVERED. AND IF THEY ARE FOLLOWING THIS AT ALL OR THE NEWSPAPERS REPORT IT, THEY WILL SUDDENLY REALIZE THAT MAYBE THEY ARE NOT COVERED. AND SO THE COST OF THOSE BONDS WILL GO UP, AND THE OBLIGATIONS TO THE TAXPAYERS WILL RISE, AND, THEREFORE, TAXES WILL GO UP. SO IT IS A VICIOUS CIRCLE. AND, HOPEFULLY, IF WE JUST KEEP TALKING LONG ENOUGH, THEY'LL COME UP WITH A SOLUTION. THANK YOU, MR. PRESIDENT. [LB67]

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SENATOR GLOOR: THANK YOU, SENATOR FRIESEN. SENATOR CRAWFORD, YOU ARE RECOGNIZED, AND THIS IS YOUR THIRD TIME, SENATOR. [LB67]

SENATOR CRAWFORD: THANK YOU, MR. PRESIDENT. I RISE IN OPPOSITION TO LB67. AND I JUST WANTED TO SPEAK ON A COUPLE OF ISSUES ON THIS TURN. SO FIRST, I WANT TO GO BACK AGAIN TO WHY HAVING A BANKRUPTCY JUDGE HAVE DISCRETION IN THESE CASES IS APPROPRIATE AND WISE. SO I WANT TO GO BACK TO THE CASE THAT SENATOR WILLIAMS MENTIONED, THE...IT WAS ACTUALLY THE VILLAGE OF PILGER. SO IN A CASE WHERE SOMETHING HAPPENS IN THAT MUNICIPALITY THAT IS UNUSUAL, ALL THE MORE REASON THAT YOU WOULD WANT TO HAVE DISCRETION ON THE PART OF THE JUDGE. SO IF THE JUDGE HAS DISCRETION, THE JUDGE CAN TAKE INTO ACCOUNT WHAT IS OUTSIDE OF THE CONTROL OF THE MUNICIPAL OFFICIALS. YOU KNOW, WHAT HAS BEEN THE HISTORY IN TERMS OF FUNDING THOSE PENSIONS? THE JUDGE CAN TAKE THOSE KINDS OF FACTORS INTO ACCOUNT AND MAKE A WISE DECISION. BUT ALSO ON THIS TURN I WANT TO, ON THE RECORD, STRESS THAT WE DO NOT HAVE A CRISIS OF MUNICIPAL BANKRUPTCIES AND ALSO STRESS THAT THIS IS NOT A CRISIS...THERE IS NO CRISIS CREATED BY PENSIONS. I THINK THERE IS AN ASSUMPTION, SOME OF THE DISCUSSION IN THIS ROOM, THERE'S A HUGE LOOMING PENSIONS AND UNFUNDED PENSIONS ARE AN INCREDIBLE CRISIS. SO I WANT TO REPORT THE RESULTS FROM A STUDY FROM BOSTON COLLEGE, AND THIS IS BOSTON COLLEGE RESEARCHERS FROM THE CENTER FOR STATE AND LOCAL GOVERNMENT EXCELLENCE, AND CENTER FOR RETIREMENT RESEARCH AND THEY LOOKED AT CITIES THAT ACTUALLY HAD FINANCIAL PROBLEMS. AND LESS THAN 10 PERCENT OF THOSE CASES WHERE A CITY HAS FINANCIAL PROBLEMS, IS THAT ARE PENSIONS A MAJOR FACTOR. LESS THAN 10 PERCENT OF THE CASES WHERE A CITY THAT HAD A FINANCIAL PROBLEM, IN LESS THAN 10 PERCENT OF THOSE CASES WAS THAT BECAUSE OF PENSIONS. THIRTY-TWO PERCENT OF THE CASES, IT WAS SOME ISSUE OF FISCAL MISMANAGEMENT; AND IN 28 PERCENT OF THE CASES, IT WAS SOME OUTSIDE ECONOMIC ISSUE. SO, AGAIN, IF THERE ARE MUNICIPALITIES THAT ARE IN FINANCIAL PROBLEMS, WE SHOULD NOT ASSUME THAT PENSIONS ARE A DRIVING FACTOR FOR THAT. FOR THE 25-YEAR PERIOD ENDING JUNE 30, 2013, WHICH SAW THREE ECONOMIC RECESSIONS AND 4 YEARS OF NEGATIVE MEDIAN PUBLIC FUND INVESTMENT RETURNS, ACTUAL PUBLIC PENSION INVESTMENT RETURNS AVERAGED 8.6 PERCENT AND THE 10-YEAR RETURN WAS 7.1 PERCENT. SO WE DO NOT HAVE THAT ISSUE. AND AGAIN I WANT TO STRESS, WHEN PEOPLE TALK ABOUT WORRIES ABOUT INCREASING NUMBER OF MUNICIPALITY BANKRUPTCIES, THOSE NATIONAL STUDIES, THOSE FIGURES, INCLUDE SPECIAL DISTRICTS WHEN THEY ARE TALKING ABOUT WHAT BANKRUPTCIES ARE OCCURRING. AND IN THIS

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REPORT, IT TALKS ABOUT THE FACT THAT ONLY 20 PERCENT OF CHAPTER 9 CASES FILED IN THE U.S. SINCE 1981 ARE BY TOWNS, CITIES, OR COUNTIES. MOST OF THE BANKRUPTCIES THAT YOU HEAR ABOUT ARE SPECIAL DISTRICT BANKRUPTCIES. AND IN NEBRASKA, THOSE ARE SANITARY IMPROVEMENT DISTRICT BANKRUPTCIES. AND IN NEBRASKA WE HAVE THAT AS A UNIQUE SPECIAL DISTRICT AND WE SET THEM UP TO ALLOW THEM TO ENGAGE IN MORE RISKY BEHAVIOR. AND SO THAT ACTUALLY PULLS RISK AWAY FROM OUR OTHER MUNICIPALITIES. AND OF THE ACTUAL MUNICIPALITY BANKRUPTCIES THAT ARE CITIES, TOWNS, OR COUNTIES, THREE STATES ARE THE LEADING STATES: CALIFORNIA, ALABAMA AND TEXAS. AND THE REASON... [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR CRAWFORD: THANK YOU, MR. PRESIDENT. THE REASON SO MANY OF THE MUNICIPALITIES AND THOSE...THE REASON THAT MUNICIPALITIES IN THOSE STATES, NOT THAT MANY, BUT THE REASON THERE ARE MUNICIPALITIES IN THOSE STATES THAT ARE AT RISK IS BECAUSE THOSE THREE STATES HAVE STRONG RESTRICTIONS ON REVENUE RAISING AND LOW BARS TO BANKRUPTCY FILING. SO WHERE THE BANKRUPTCIES THAT ARE OCCURRING THAT ARE CITIES OR COUNTIES ARE TENDED TO BE CONCENTRATED IN THOSE STATES THAT ARE NOT WELL SET UP FOR EFFECTIVE GOVERNANCE AND MAKING SURE THAT THOSE CITIES ARE ABLE TO RESPOND TO THE FINANCIAL NEEDS IN FRONT OF THEM. SO AGAIN, I URGE YOU TO VOTE AGAINST LB67. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR CRAWFORD. SENATORS IN THE QUEUE: THE SENATORS HAAR/HARR, KEN AND BURKE; LINDSTROM, PANSING BROOKS, MORFELD, AND GROENE. SENATOR KEN HAAR. [LB67]

SENATOR HAAR: MR. PRESIDENT, MEMBERS OF THE BODY. AT THE MOMENT, I STAND OPPOSED TO LB67 AND WAITING TO SEE, I GUESS, IF SOME KIND OF COMPROMISE CAN BE WORKED OUT HERE. BUT I WANTED TO GO TO THE TESTIMONY AT THE HEARING; OBVIOUSLY, I WASN'T AT THE HEARING. AND THIS WAS TESTIMONY BY PAUL KRATZ, I BELIEVE IS HOW YOU PRONOUNCE THE NAME, HE IS THE CITY ATTORNEY FOR THE CITY OF OMAHA. AND HE CAME IN AS AN OPPONENT. AND I'D JUST LIKE TO READ THAT BECAUSE IT, I THINK, SUMMARIZES REALLY WELL WHY I CURRENTLY OPPOSE LB67. IN HIS TESTIMONY HE SAID: I SUGGEST TO YOU IT OUGHT TO BE LEFT UP TO THE BANKRUPTCY JUDGE AS TO MAKE THE DECISION AND IT NOT OUGHT TO BE

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GIVEN ONE SIDE PREFERENCE OVER THE OTHER SIDE. KEEP IN MIND THAT BANKS, WHEN THEY BUY BONDS, WHEN THEY INVEST IN BONDS, THEY GET PAID AN INTEREST RATE. THAT INTEREST RATE INCLUDES AN ELEMENT OF RISK. ON THE OTHER HAND, THE PENSIONERS--THE CITY EMPLOYEES, THE CITY GOVERNMENT ITSELF, DO NOT HAVE THAT LUXURY. PENSIONARIES WORKING AND CITY EMPLOYEES USUALLY WORK FOR LESS IN THE MARKET VALUE. THEY COUNT VERY MUCH ON THEIR PENSIONS. AND IT SEEMS FUNDAMENTALLY UNFAIR TO HAVE A SITUATION WHERE THE BANKS WILL GET ALL OF THEIR MONEY BACK, GET PAID 100 PERCENT WHILE THE PENSIONARIES WON'T. AND THEN HE GOES ON IN A LATER PLACE TO SAY...HE'S ASKED THE QUESTION THEN ABOUT, TO SORT OF SUMMARIZE WHAT HE'S TALKING ABOUT, AND HE SAYS--LET ME ANSWER THAT IN TWO WAYS: NUMBER ONE, I THINK IT SHOULD BE LEFT UP TO THE BANKRUPTCY JUDGE AND NOT DICTATED BY STATE LAW. BANKRUPTCY JUDGES WILL LOOK AT THE FACTS, LOOK AT THE REVENUES COMING IN, AND MAKE A DECISION BASED ON A NUMBER OF FACTORS. THEN SECONDARILY, REMEMBER, AS I SAID EARLIER, THE BONDHOLDERS ARE MAKING MONEY OFF THEIR INVESTMENTS AND THEY WILL CONTINUE TO MAKE MONEY, I GUESS, UP UNTIL THE POINT OF BANKRUPTCY AND EVEN THEREAFTER. EMPLOYEES DO NOT, THEY SIMPLY WORK. THEY PUT MONEY INTO THEIR PENSION AND THEY EXPECT THAT PENSION AT THE END OF THEIR WORK LIFE. AND I WOULD ADD--THEY DESERVE THAT PENSION AT THE END OF THEIR WORK LIFE. SO WHEREAS BONDHOLDERS...AND IT MAY NOT EVEN BE A WHOLE LOT, DEPENDING ON THE BOND, MAKE A REGULAR INCOME FROM THEIR BOND INVESTMENT, THE PENSIONERS KEEP PUTTING MONEY IN AND PUTTING MONEY IN AND PUTTING MONEY IN. THE ONLY TIME THEY GET TO TAKE OUT THE MONEY IS WHEN THEY TERMINATE THEIR EMPLOYMENT. AND TO NOT HAVE THAT PENSION THERE IS CATASTROPHIC, AS WE'VE SEEN WITH THE FAILURE OF VARIOUS COMPANIES AND, HOPEFULLY, WE'LL NEVER SEE THAT IN THE FAILURE OF A NEBRASKA CITY. SO FOR THOSE REASONS, AGREEING WITH THE CITY OF OMAHA, BASICALLY, I OPPOSE, AT THIS POINT, LB67. I THINK WORKERS DESERVE THEIR PENSIONS. THEY NEED TO BE AT THE TOP OF THAT LIST. THANK YOU VERY MUCH. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR HAAR. SENATOR BURKE HARR, YOU'RE RECOGNIZED. [LB67]

SENATOR HARR: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. THERE'S A LOT OF WORK GOING ON, ON THIS BILL, AND I THINK THAT'S GOOD BECAUSE LB67, AS CURRENTLY WRITTEN, REALLY DOES...IT'S A SHIFT IN POWER FROM, AGAIN, FROM THE WORKER WHO CAN'T DIVERSIFY THEIR PENSION PLAN, THEY ONLY HAVE ONE, TO A BOND WHO CAN DIVERSIFY HOW THEY INVEST AND CAN

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SPREAD THAT RISK AND ALSO CAN ACCOUNT FOR THAT RISK THROUGH THE INTEREST RATE. BUT I DO SEE WE DON'T WANT TO ENCOURAGE OR INCENTIVIZE DANGEROUS BEHAVIOR EITHER THROUGH OUR PENSIONS. SO I THINK THERE IS SOME WORK OUTSIDE THE GLASS TO FIGURE OUT HOW TO DO THIS, HOW TO FIX IT. AND I LIKE AM1080, I THINK IT'S A GOOD FIRST STEP. I'M NOT SURE IF IT IS...GETS US COMPLETELY WHERE WE NEED TO BE. I DO PRACTICE LAW, NOT AS MUCH AS I'D LIKE, BUT I DON'T KNOW BANKRUPTCY OR BOND LAW VERY WELL, IF AT ALL. AND SO I KNOW THERE'S CONVERSATIONS GOING ON OUTSIDE WITH ATTORNEYS WHO PRACTICE IN THAT AREA, TALK ABOUT THE RAMIFICATIONS. FOR INSTANCE, IT WAS MENTIONED EARLIER THAT IF A CITY DOES GO INTO BANKRUPTCY, THEY ARE GIVEN GENERAL OPERATING FUNDS. AND THEN THE LIABILITIES ARE LINED UP, AND WE SEE. I GUESS...MY ISSUE WITH THIS BILL IS THAT WHEN AN INDIVIDUAL BUYS A BOND, THEY CAN INVESTIGATE TO SEE--IS THERE A CLAUSE IN THERE, IN THE STATE, THAT SAYS WHO HAS FIRST PRIORITY? I HEARD EARLIER THAT THIS IS NOT A BANKER'S BILL, ALTHOUGH THIS BILL BROUGHT BY THE BANKERS ASSOCIATION, BUT I HAVEN'T HEARD ANYTHING THAT SAYS THOSE BOND-RATING AGENCIES, OR EVEN THOSE BOND INSURANCE COMPANIES WHEN DETERMINING VALUE OR COST LOOK TO SEE IF THIS SITUATION...IF THERE IS A BILL OR A LAW LIKE LB67 ON THE BOOKS; S&Ps, MOODY'S, STANDARD AND POOR'S, I HAVEN'T SEEN OR HEARD ANY TESTIMONY TO THAT DEGREE. AS A MATTER OF FACT, I WOULD CHALLENGE ANYONE TO READ A PROSPECTUS ON A BOND ISSUANCE AND SEE IF IT'S EVER MENTIONED. AND I'LL TELL YOU, I'M EMBARRASSED TO ADMIT THIS, I'VE ACTUALLY READ ONE, BUT ONLY ONE IN MY LIFE. IT'S A LONG, BORING, ARDUOUS DOCUMENT; IT'S A LEGAL DOCUMENT, AND IT WASN'T MENTIONED THERE. NOW, THIS ALL HAPPENED PRE-2008 THAT I READ IT. BUT I'M NOT SURE THAT IS TAKEN INTO ACCOUNT. AND SO WE MAY BE SHIFTING A BURDEN, BUT NOT HAVING ANY CONSEQUENCE THAT WE WANT, BECAUSE I THINK WE ALL AGREE BANKRUPTCY IS PRETTY FAR FROM REALITY AND PROBABLY NOT GOING TO HAPPEN IN NEBRASKA. BUT WHERE THE SAVINGS COMES IN IS BY HAVING THIS ON THE BOOKS; HOPEFULLY THIS CREATES A LOWER BOND RATE. BUT I HAVEN'T SEEN ANY EVIDENCE TO THAT DEGREE THAT, HEY, A CITY CAN, WHEN IT ISSUES ITS BONDS, WILL GET A LOWER RATE, OR IT CAN OFFER AT A LOWER RATE AND HAVE TO PAY LESS INTEREST BECAUSE THIS IS ON THE BOOKS. IF SOMEONE SEES THAT, I'D LOVE TO SEE IT. AND, PLEASE, I ENCOURAGE SOMEBODY TO GIVE IT TO ME. [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

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SENATOR HARR: THANK YOU, MR. PRESIDENT. AGAIN, THIS BILL IS ABOUT WHERE RISK BELONGS. IS IT WITH THE INDIVIDUAL WHO CAN BEST ASSESS IT? THOSE WHO ARE INVESTING THEIR CAPITAL, WHO UNDERSTAND RISK, WHO CAN THEN DETERMINE--I WILL OR WILL NOT INVEST IN THAT. OR THE WORKER WHO HAS NO CONTROL, WHO WANTS TO DO THE WORK, WHO WANTS TO BE A PUBLIC SERVANT, WHO ONLY HAS ONE PENSION PLAN? WHERE DOES THAT RISK BELONG? YOU KNOW, A JUDGE IS BETTER ABLE TO LOOK AT THAT SITUATION AND SEE WHAT IS FAIR AND EQUITABLE INSTEAD OF US TRYING TO FIGURE OUT WHAT A CITY MAY OR MAY NOT DO 10, 15, 20, A HUNDRED YEARS FROM NOW. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR GLOOR: AND THANK YOU, SENATOR HARR. SENATOR LINDSTROM, YOU ARE NEXT IN THE QUEUE. [LB67]

SENATOR LINDSTROM: THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. AND I'M HOPING DEALS ARE GETTING WORKED OUT IN THE BACK AS WE SPEAK, BUT I WANTED TO TOUCH ON RISK A LITTLE BIT BECAUSE RISK IS AN INTERESTING THING, AND IT'S DIFFERENT FOR DIFFERENT PEOPLE. AND IN MY CAPACITY IN THE PRIVATE SECTOR, I WORK IN THE FINANCIAL WORLD AS AN ADVISER, AND WE WORK WITH INDIVIDUALS THAT OWN MUNICIPAL BONDS, PARTICULARLY OLDER FOLKS, AND I SAY THAT (LAUGH) WITH TREPIDATION, BUT INDIVIDUALS TYPICALLY ANYWHERE FROM 60 TO...ON. AND THEIR UNDERSTANDING OF WHAT RISK IS REALLY IS QUITE DIFFERENT. AND YOU TALK ABOUT DIVERSIFICATION IN A PORTFOLIO, AND MOST PEOPLE THAT ARE ELDERLY THAT OWN MUNICIPAL BONDS, THE MAKEUP OF THEIR OVERALL PORTFOLIO IS AROUND 80 PERCENT OF BONDS TYPICALLY, AND THEY TAKE THEIR RISK THAT WAY. NOW WHEN YOU TALK ABOUT THAT PARTICULAR RISK, PARTICULARLY WITH WHERE INTEREST RATES ARE, MOST PEOPLE DON'T UNDERSTAND WHAT'S CALLED TAX EQUIVALENT YIELD. SO, FOR EXAMPLE, IF I OWN A 3 PERCENT BOND, MUNI BOND, A TAX EQUIVALENT YIELD, IF YOU'RE AT 40 PERCENT FEDERAL TAX RATE, IS ABOUT A 5 PERCENT BOND, CORPORATE BOND OR WHATEVER IT MIGHT BE OUTSIDE OF THAT. SO THERE'S DIFFERENT RISK. WHAT ALSO COMES INTO PLAY AND WHAT'S HAPPENING NOW WITH OLDER FOLKS IS THAT...WHAT'S CALLED PURCHASING POWER. SO YOUR MUNI BOND THAT MIGHT BE GETTING A 3 PERCENT RETURN, WELL, INFLATION IS EATING THAT ALIVE. SO ESSENTIALLY, YOU'RE GETTING NO RETURN ON YOUR MONEY, SO THERE IS RISK INVOLVED WITH THAT. SO I WANTED TO TOUCH ON THAT A LITTLE BIT AS FAR AS DIVERSIFICATION, TAX EQUIVALENT YIELD. BECAUSE I THINK TOO OFTEN WE THINK ABOUT THE BIG BANKS, THE GOLDMAN SACHSES OF THE WORLD, THE MORGAN STANLEYS. AND MOST OF THE TIME IT IS AN

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INDIVIDUAL PERSON, NEIGHBOR DOWN THE STREET THAT LIVES...I HEARD SOMEBODY SAY IT'S, ON THE PENSION SIDE OF THINGS, YOU KNOW, THE GRANNY DOWN THE STREET WITH A PENSION. WELL, GRANNY, HER NEIGHBOR ALSO HAS A MUNICIPAL BOND. SO JUST FOR WHAT IT'S WORTH, TAKE THAT INTO CONSIDERATION. AS WE...I'M HOPING, AGAIN, THAT WE GET SOMETHING WORKED OUT IN THE BACK. AS OF RIGHT NOW, SO, THINKING ABOUT WHERE I'M GOING TO BE ON AM1080, BUT I DO SUPPORT LB67; I BELIEVE IT IS THE RIGHT THING TO DO. AND AS FAR AS CLARIFICATION IN THE LANGUAGE, WHEN YOU LOOK AT THE PRIVATE SECTOR, WHEN DIFFERENT BUSINESSES GO OUT OF..FILE FOR BANKRUPTCY, IT'S THE BONDHOLDER THAT DOES GET...IS ON TOP OF THE FOOD CHAIN RELATIVE TO, SAY, THE COMMON STOCK. SO WITH THAT, IF I HAVE ANY TIME LEFT, MR. PRESIDENT, I WOULD YIELD IT TO SENATOR GROENE. [LB67]

SENATOR GLOOR: SENATOR GROENE, 2:05. [LB67]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. THANK YOU, SENATOR LINDSTROM. I JUST HAVE A COUPLE OF COMMENTS. I DON'T KNOW HOW ON MARK THEY ARE, BECAUSE I COME FROM THE FREE MARKET SECTOR. BUT A COUPLE OF SITUATIONS THAT CONCERNS ME ABOUT THIS IS WHAT WOULD HAPPEN IF A CITY IS ON THE BRINK, SITTING THERE ON THE LEDGE, AND THEY DO ELECT A REASONABLE, COMMONSENSE MAYOR WHO SAYS HE CAN TURN IT AROUND BUT HE NEEDS MONEY, HE NEEDS TO GO OUT AND BORROW MONEY? WHAT BOND COMPANY IN ITS RIGHT MIND WOULD BORROW (SIC) MONEY TO THAT CITY, EVEN THOUGH THEY THINK MAYBE THAT MAYOR COULD TURN IT AROUND, WHEN THEY KNOW IN A YEAR IT COULD GO UNDER, AND THEY WOULD...? SO BY NOT GIVING FIRST LIEN TO THE BONDHOLDER, ARE WE GOING TO PUSH SOME MUNICIPALITY OVER THE BRINK SOONER THAN IT SHOULD BECAUSE THEY JUST CAN'T GET ANY FUNDS? THAT'S A CONCERN. THE SAME INSTANCE: WHY WOULD ANY UNION AGREE TO A REDUCTION OF BENEFITS OR AGREE TO HAVE THE CONTRIBUTIONS INCREASED TO TRY TO ADD TO THEIR TRUST FUND SO IT BECOMES SOLVENT IF THEY KNEW THE CITY WAS PROBABLY IN A BAD SITUATION? WHY DO THAT WHEN THEIR TRUST FUND MONEY IS PROTECTED, BUT THEY DON'T HAVE TO WORRY? THEY CAN MAX OUT BENEFITS AND KEEP LOW CONTRIBUTIONS BECAUSE THEY'RE FIRST IN THE FOOD LINE. SO YOU GOT TWO INSTANCES THAT COULD COME UP. BUT MAYBE THE QUESTION IS...AND SENATOR MELLO WILL ANSWER THIS BECAUSE I'VE TALKED TO HIM, THAT MAYBE THIS BODY SHOULD BE WORRIED ABOUT PUTTING SOME PRESSURE ON MUNICIPALITIES THAT THEY FUND, FULLY FUND THEIR TRUST FUNDS. SO THAT WORKING MAN THAT WORKS FOR THE CITY, JUST TRYING TO RAISE HIS FAMILY, ISN'T CONCERNED ABOUT THIS. HE JUST THINKS HE'S GOT IT

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COMING, AND HE DOES; DOESN'T HAVE TO WORRY ABOUT THE NEXT POLITICIAN THAT COMES AND RUNS FOR MAYOR... [LB67]

SENATOR GLOOR: TIME, SENATOR. [LB67]

SENATOR GROENE: ...AND MAKES...THANK YOU. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR GROENE. SENATOR MORFELD, YOU ARE RECOGNIZED. AND, SENATOR, THIS IS YOUR THIRD TIME. [LB67]

SENATOR MORFELD: MR. PRESIDENT, I YIELD MY TIME TO SENATOR HANSEN, IF HE'S STILL...AND HERE HE COMES. [LB67]

SENATOR GLOOR: SENATOR HANSEN, 4:50. [LB67]

SENATOR HANSEN: THANK YOU, MR. PRESIDENT. AND THANK YOU, SENATOR MORFELD. AND APOLOGIZE FOR THE DELAY, COLLEAGUES. THERE'S...AS I THINK MORE AND MORE ABOUT THIS BILL AND I WORK MORE AND MORE UPON IT, I'M REMINDED OF ALL THE MOVING PARTS AND MOVING INTERESTS THAT ARE RELATED IN THIS BILL. YOU KNOW, YOU HAVE...EARLIER IT WAS TALKED ABOUT HOW BOND...THOSE WHO PURCHASE BONDS ARE INVITED INTO THE COMMUNITY AND INVITED IN TO PROVIDE INVESTMENT, AND THAT'S VERY TRUE. WE DO. WE DO. IT'S BE SAID TODAY, IT'S BEEN IN THE COMMITTEE HEARINGS. YOU KNOW, A LOT OF THESE BONDHOLDERS ARE FROM OUT OF THE STATE. AND YOU KNOW THERE CERTAINLY ARE THINGS THAT WE AS CITIZENS, WE AS OUR POLITICAL SUBDIVISIONS COULDN'T DO WITHOUT BOND PRIORITY. I KNOW, BASED ON SOME RECENT EVENTS HERE IN THE CITY OF LINCOLN, YOU KNOW MY DISTRICT IS GETTING A NEW FIRE STATION, IN PART BECAUSE OF BONDING AND THE ABILITY TO BE BONDING. HOWEVER, THAT DOES BRING UP A RELATED POINT WHERE THE BOND PRIORITY...WITH THE BOND PRIORITY WHERE THOSE PEOPLE PURCHASING THE BONDS, THOSE PEOPLE HAVING THE BONDS ARE ALSO AT THIS POINT THE ONES LEAST TIED TO THE COMMUNITY. YOU KNOW, WHEN WE'RE TALKING ABOUT THE CITY OFFICIALS THEMSELVES, THEY OBVIOUSLY HAD A VESTED INTEREST IN THE CITY AND IN KEEPING THE CITY GOING FORWARD. WHEN WE TALK ABOUT THE CITY'S WORKERS, THEY OBVIOUSLY HAVE A VESTED INTEREST IN BOTH THEIR RETIREMENT BUT THEIR CONTINUED EMPLOYMENT AND JUST THEIR COMMUNITY AS CITIZENS, BECAUSE WE KNOW, LIKELY, THE VAST MAJORITY OF CITIZENS WHO ARE PUBLIC EMPLOYEES ARE CITIZENS OF THOSE COMMUNITIES AND THOSE SUBDIVISIONS.

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SO THAT LEAVES US WITH THOSE WHO OWN THE BONDS. IF WE PASS LB67 AS IT IS, IT'S MY WORRY THAT WE THEN REMOVE ANY INTEREST FOR THEM TO BE COOPERATIVE, BE GOOD CORPORATE CITIZENS, IN THE SENSE OF THEY'RE 100 PERCENT PROTECTED. THEY HAVE DEFINED BENEFITS. THEY'RE GUARANTEED, FOR THE LARGE PART. YOU KNOW, WE'RE NOT...WE'RE REMOVING RISK FOR...ON INVESTMENT. AND THAT WOULD GIVE THEM NO INCENTIVE TO TAKE ANY STOCK IN HOW ANY MUNICIPALITY, ANY POLITICAL SUBDIVISION IS DOING. IT COULD BE DOING WELL; IT COULD BE DOING POORLY. IT DOESN'T MATTER. PEOPLE WHO ARE HOLDING THE BONDS ARE GOING TO GET THEIR MONEY. THEY CAN GO BANKRUPT; THEY'RE GOING TO GET THEIR MONEY. THEY DO GREAT, THEY GET THEIR MONEY. AND THAT REALLY, AS OPPOSED TO, SAY, THE WORKERS OF THE CITY, WHERE THE CITY DOES GREAT. YOU KNOW, THEY'RE HAVING BENEFICIAL SERVICES. THEY'RE HAVING BENEFICIAL EVENTS. THEY'RE CONTINUING THEIR EMPLOYMENT. THEY KNOW THEIR PENSIONS ARE BEING FUNDED, WHETHER IT'S DEFINED BENEFIT OR DEFINED CONTRIBUTION. BUT WHEN THERE'S A SITUATION WHERE A COMMUNITY IS DOING POORLY--THERE'S AN ECONOMIC DOWNTURN, THERE'S A DISASTER, THERE'S OTHER UNFORESEEN CIRCUMSTANCES--YOU KNOW, THOSE IN THE COMMUNITY, THOSE CITIZENS, THOSE PUBLIC EMPLOYEES HAVE A REAL VESTED INTEREST IN MAKING SURE THEY DO WHAT THEY CAN TO TURN THE CITY AROUND, TO TURN THE COMMUNITY AROUND, TO PROMOTE IT, WHETHER THAT'S VOLUNTEERING, WHETHER THAT'S CHANGING A POLICY, WHAT HAVE YOU. BUT THEY HAVE A VESTED INTEREST, BECAUSE THAT'S WHERE THEY LIVE. WHEN A PROBLEM COMES UP, IT'S GOING TO BE THE PEOPLE WHO LIVE WITH THE PROBLEM, PEOPLE WHO ARE INVESTED IN IT THAT ARE REALLY GOING TO BE IMPACTED. IF WE'RE TALKING ABOUT AN ECONOMIC DOWNTURN AND WE'RE CUTTING LIBRARY HOURS, WE'RE CLOSING CITY SWIMMING POOLS, WHAT HAVE YOU,... [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR HANSEN: THANK YOU, MR. PRESIDENT...THAT REALLY IMPACTS THE LOCAL FOLKS, THE LOCAL CITIZENS. AND THOSE ARE THE ONES THAT NEED TO...THAT HAVE A VESTED INTEREST, THAT ARE GOING TO LOSE OUT WHEN CITIES STRUGGLE. YOU KNOW, BONDHOLDERS, IN MANY INSTANCES, ARE DIVERSIFYING THEIR RISK AND HAVING MANY DIFFERENT INVESTMENTS AND DON'T HAVE THE SAME COMMITMENT, SAME CONNECTION TO CITIES. AND SO WE REALLY NEED TO MAKE SURE WE'RE STANDING UP FOR THE CITIZENS OF NEBRASKA IN ORDER TO MAKE SURE THEIR INTERESTS IN BOTH THEIR

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COMMUNITY AND THEIR...BOTH THEIR COMMUNITY ACTIONS AS WELL AS THEIR COMMUNITY ECONOMICS. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR HANSEN. SENATORS REMAINING IN THE QUEUE: GROENE, PANSING BROOKS, AND MELLO. SENATOR GROENE, YOU'RE RECOGNIZED. [LB67]

SENATOR GROENE: THANK YOU. I DON'T HAVE MUCH MORE TO SAY, BUT SINCE I RAN OUT OF TIME, YOU KNOW, MAYBE THIS BODY OUGHT TO BE LOOKING CLOSER AT PENSION PLANS AND REGULATING MUNICIPALITIES. IT SOUNDS LIKE THERE'S ONLY A COUPLE IN THE STATE THAT HAVE A PROBLEM. I ALSO WOULD LIKE TO REMIND YOU, WE WENT THROUGH THIS IN THE '80s, THE DEFINED BENEFIT PACKAGES THAT IN THE SMALLER TOWNS, NORFOLK, NORTH PLATTE WHERE I REPRESENT WHERE WE ABOUT HAD A DISASTER. AND WE CHANGED THOSE PLANS TO DEFINE CONTRIBUTIONS FOR OUR FIREMEN AND POLICE BECAUSE WE WERE FACING A CRISIS. POLITICIANS WERE MAKING PROMISES TO GET ELECTED. AND MORE POWER TO THE UNIONS, THEY WERE TAKING THE PROMISES, AND DOING FOR THEIR WORKERS WHAT THEY COULD. BUT THE TAXPAYERS COULDN'T KEEP UP, SO. BUT MAYBE WE OUGHT TO BE LOOKING AND PUTTING MORE STRICTER REQUIREMENTS ON FUNDING THE TRUST FUNDS AND BINDING THE HANDS OF THE POLITICIAN THAT WOULD MAKE PROMISES THAT THE TAXPAYERS CAN'T FULFILL AFTER HE'S GONE. YOU KNOW, I'M ON THE RETIREMENT COMMITTEE, LED BY SENATOR NORDQUIST, AND HE DOES A GOOD JOB. BUT I'VE LEARNED A LOT THAT AT LEAST ON THE STATE LEVEL THERE'S A MANDATE THAT WE KEEP THESE FUNDS, TRUST FUNDS, FUNDED; PROTECT THE EMPLOYEES, PROTECT THE RETIREES, AS POLITICIANS COME AND GO BUT THEY'RE THERE. THEY'RE THERE FOR THEIR LIFE SPANS, AND FOR THEIR WORKING LIFE SPAN, SO. BUT THAT'S ANOTHER ISSUE, AND MAYBE WE COULD FIX THAT. AND SENATOR MELLO TOLD ME THEY DID PASS SOMETHING LAST YEAR, BUT IT'S THE FIRST STEPS. BUT BACK TO THE POINT THAT I'M TORN ON THIS ISSUE, BECAUSE I WANT THE CITIES TO BE ABLE, AND THE TAXPAYERS, TO GET THE BEST RATES THEY CAN. AND I UNDERSTAND TO THE BOND BANKER OR BOND SELLER THAT IT'S A BUSINESS DECISION, IT'S A COLD CUT: CAN THEY GET REPAYED? CAN WE GIVE A BETTER INTEREST RATE IF WE CAN BE GUARANTEED? THAT HELPS THE TAXPAYER. THAT HELPS THE CITY FUNCTION. SO YOU TAKE THAT FIRST GETTING PAID BY THE BONDHOLDER AWAY FROM THEM, WE'VE GOT SOME SERIOUS PROBLEMS ABOUT KEEPING CITIES OUT OF TROUBLE. AND THEN ON THE OTHER SIDE OF IT, LIKE I SAID, WHAT RATIONALE WOULD ANY UNION GIVE UP SOME OF THEIR BENEFITS OR INCREASE THEIR CONTRIBUTIONS IF THEY DIDN'T HAVE TO? THEY KNEW THE CITY WAS IN TROUBLE; THEY KNEW THEY

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WERE FIRST IN LINE IF THE CITY WENT UNDER. SO ON ONE SIDE OF IT, I WOULD LIKE TO SEE THE UNIONS BE A PARTNER WITH THE CITIES TO MAKE SURE THAT THOSE CITIES STAY SOLVENT AND FUNCTIONING AND ASK HARD QUESTIONS. ON THE OTHER PART OF IT, THE STATE SHOULD PUT SOME MORE REGULATIONS ON POLITICIANS MAKING PROMISES, ONCE THEY GET ELECTED, TO THE WORKING PEOPLE OF THE CITY. AND THE THIRD SIDE OF IT, IF YOU'RE GOING TO BORROW MONEY, YOU SHOULD BE EXPECTED TO BE PAID (SIC) BACK. SO I'LL WAIT AND SEE AND TAKE GUIDANCE FROM SENATOR STINNER AND SENATOR SCHUMACHER AND THE REST OF THEM, AND SEE WHICH WAY TO GO HERE. BUT A LOT OF PROBLEMS, AND WHICHEVER WAY WE GO, WE FAVOR ONE OVER THE OTHER AND CAN CAUSE PROBLEMS. MAYBE YOU LEAVE IT IN THE JUDGE'S HAND, BUT THEN WHAT'S HIS POLITICAL VIEW? WHO DOES HE FAVOR? AND THAT'S WHAT HAPPENED IN DETROIT AND A FEW OTHER AREAS. THE BANKRUPTCY JUDGE IS ALSO, AT HEART, A POLITICIAN, SO HOW MUCH LEEWAY DO WE GIVE HIM? I GUESS THAT'S WHY WE ALL RAN FOR OFFICE, TO TAKE THESE ISSUES ON AND TO MAKE THE HARD DECISIONS. I'M NOT READY TO MAKE ONE RIGHT NOW ON THIS ISSUE, SO I WILL YIELD THE REST OF MY TIME TO THE CHAIR. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR GROENE. SENATOR NORDQUIST. IT'S MY UNDERSTANDING YOU WISH TO WITHDRAW AM1080 AND OFFER A SUBSTITUTE IN ITS PLACE. [LB67]

SENATOR NORDQUIST: THAT IS CORRECT. [LB67]

SENATOR GLOOR: ANY OBJECTIONS? SEEING NONE, SENATOR NORDQUIST, YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT. (FA50, LEGISLATIVE JOURNAL PAGE 1245.) [LB67]

SENATOR NORDQUIST: THANK YOU. FA50 SIMPLY KIND OF CLARIFIES WHAT WE'RE TRYING TO ACCOMPLISH HERE, AFTER TALKING TO LEGAL EXPERTS ON THE PENSION PIECE. SO ESSENTIALLY IT SAYS THAT, RATHER THAN JUST THE INITIAL LANGUAGE, IT WOULD ADD, "RETIREMENT ACCOUNTS, PENSION FUNDS AND ANY OTHER VESTED POST-EMPLOYMENT BENEFIT WHETHER SAID BENEFIT IS PAYABLE OR PAYABLE IN THE FUTURE CONTINGENT UPON A FUTURE QUALIFYING EVENT." SO THE POST-EMPLOYMENT BENEFIT, THAT WOULD BE IF YOU ARE ENTITLED AS A PART OF YOUR EMPLOYMENT AND PENSION. A POST-EMPLOYMENT BENEFIT WOULD BE SOMETHING LIKE HEALTH INSURANCE THAT'S FUNDED THROUGH THE PENSION PLAN. AND THEN THE PIECE ABOUT

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PAYABLE OR PAYABLE IN THE FUTURE UPON A CONTINGENT...CONTINGENT UPON A FUTURE QUALIFYING EVENT, THAT IS SO WHEN YOU'RE IN A PENSION PLAN, YOUR BENEFITS WHEN YOU LEAVE ARE CALCULATED USUALLY UPON SOME QUALIFYING EVENT. SO, FOR INSTANCE, IN OUR SCHOOL PLAN, IT'S RULE OF 85, WHEN YOUR AGE AND YEARS OF SERVICE REACH 85. IT'S SIMILAR IN ALL OTHER PENSION PLANS. SO TO ENSURE PEOPLE GET THE BENEFITS THAT THEY'RE ENTITLED TO, IT'S THE BENEFITS BASED ON IF YOU HAD ACTUALLY REACHED THAT QUALIFYING EVENT. SO THIS IS REALLY PROBABLY MORE TECHNICAL IN NATURE, TO CLARIFY THAT THIS IS TO ENSURE THAT THE PENSIONERS GET THEIR...THE UNFUNDED LIABILITY INCLUDES ALL THE ASPECTS OF THE PENSION. AND I'D APPRECIATE YOUR SUPPORT OF IT. THANK YOU. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR NORDQUIST. MEMBERS, YOU'VE HEARD THE OPENING ON FA50. WE NOW MOVE TO DEBATE. SENATOR MELLO, YOU'RE RECOGNIZED. [LB67]

SENATOR MELLO: THANK YOU, MR. PRESIDENT, MEMBERS OF THE LEGISLATURE. I KIND OF WALKED IN A LITTLE BIT AS THERE WAS DISCUSSION ON THE UNDERLYING BILL. AND A NUMBER OF COLLEAGUES HAD STARTED TO DISCUSS THE ISSUE IN REGARDS TO THE CONCERNS OF MUNICIPAL SOLVENCY, SO TO SPEAK, OR FINANCIAL SOLVENCY DUE TO UNFUNDED PENSION LIABILITIES AND, UNFORTUNATELY, SOME HYPERBOLE IN REGARDS TO UNIONS GETTING EVERYTHING THEY WANT AND TRYING TO RUN CITY GOVERNMENTS INTO THE GROUND WITH UNOBLIGATED PENSION BENEFITS THAT ARE GOING TO GET...NOT GET PAID. AND I WANT TO HOPEFULLY TRY TO DRAW EVERYONE BACK FROM THE BRINK OF THAT HYPERBOLE BECAUSE THE LEGISLATURE LAST YEAR, IT PASSED A BILL UNANIMOUSLY THAT I HAD WORKED ON WITH THE RETIREMENT COMMITTEE THAT CREATES A NEW PROCESS FOR THE LEGISLATURE OF THE STATE MOVING FORWARD TO PROVIDE THE APPROPRIATE OVERSIGHT OVER LOCAL PENSION PLANS ACROSS THE STATE, PARTICULARLY THOSE WHO FALL UNDER 80 PERCENT OF BEING FUNDED BECAUSE THE ISSUE WAS RAISED BEFORE, WHICH IS THE CONCERN SURROUNDING UNFUNDED PENSION LIABILITIES AND WHAT WOULD HAPPEN IF A CITY LIKE OMAHA FELL INTO A VERY SIMILAR STATE THAT DETROIT DID, WHERE THEY HAD TO FILE FOR BANKRUPTCY. AND THE REALITY IS NONE OF OUR PENSION PLANS ACROSS THE STATE, OUR DEFINED PENSION...OUR DEFINED BENEFIT PLANS ACROSS THE STATE, WHETHER THEY'RE MUNICIPAL, PUBLIC POWER, OR COUNTY PLANS, ARE IN THE STATE, SO TO SPEAK, THAT WOULD RAISE THAT RED FLAG OF MUNICIPAL BANKRUPTCY. BUT TO HELP PROTECT AGAINST THAT IN THE FUTURE, WHAT WE DID LAST YEAR IN THE RETIREMENT COMMITTEE IS WE PASSED A BILL, LB759,

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THAT NOW REQUIRES EVERY POLITICAL SUBDIVISION IN THE STATE OF NEBRASKA THAT HAS A DEFINED BENEFIT PLAN BELOW 80 PERCENT OF BEING FUNDED, THEY HAVE TO COME IN FRONT OF THE RETIREMENT COMMITTEE EVERY SINGLE YEAR AND PROVIDE HOW THEY'RE GOING TO RECTIFY THEIR UNFUNDED PENSION PLAN. ARGUABLY, THAT'S UNPRECEDENTED, COLLEAGUES, OF THE LEGISLATURE EXERTING OUR AUTHORITY OVER POLITICAL SUBDIVISIONS TO ENSURE THAT THEY ARE ESSENTIALLY FIXING THEIR BROKEN FISCAL HOUSE; THAT THEY WILL FIND A WAY TO FUND THEIR PENSION SHORTFALLS MOVING INTO THE FUTURE. NOW FOR THE RETURNING MEMBERS, THANK YOU FOR VOTING FOR THAT BILL. AND IT WAS PART OF A BIGGER PACKAGE OF BILLS THAT WE DID LAST YEAR IN THE RETIREMENT COMMITTEE. BUT THE THOUGHT WAS WHEN WE PASSED THE BILL, IT WAS INTENDED TO HELP US MOVE AWAY FROM ANY OF THE FEAR-MONGERING THAT SOMEDAY ALONG THE PATH THAT WE MAY HAVE A CITY OR COUNTY HAVE TO FILE FOR BANKRUPTCY BECAUSE OF AN UNFUNDED PENSION OBLIGATION. THIS PAST FALL WE HAD THE CITY OF OMAHA AND THE CITY OF LINCOLN COME IN, BECAUSE THEIR PENSION PLANS WERE BELOW THE 80 PERCENT OF THE FUNDED LIABILITY THAT REQUIRES THAT PROVISION OF THE BILL TO KICK IN. AND THOSE TWO MUNICIPALITIES CAME IN AND PROVIDED THE RETIREMENT COMMITTEE THEIR PENSION REPORTS AND STARTED TO WALK US THROUGH HOW THEY WERE GOING TO RECTIFY THEIR LONG-TERM PENSION OBLIGATIONS, AND UNDERSTANDING THAT THEY WILL BE BACK IN FRONT OF THE RETIREMENT COMMITTEE THIS FALL WITH A NEW ACTUARIAL REPORT AND, ARGUABLY, THEIR FINANCING REPORT OF HOW THEY'RE GOING TO PAY OFF THEIR UNFUNDED PENSION LIABILITY. SO SENATOR GROENE RAISED THAT ISSUE JUST RECENTLY ON THE MIKE, WHICH WE KICKED THAT BILL OFF IN THIS PAST FALL. THIS UPCOMING FALL, SENATOR GROENE, SENATOR KOLTERMAN, NEW MEMBERS ON THE RETIREMENT COMMITTEE WILL BE ABLE TO COME FORWARD AND ASK SOME MORE QUESTIONS OF THE CITY OF OMAHA, THE CITY OF LINCOLN, AND IF THERE IS ANY OTHER MUNICIPALITY THAT HAS AN UNFUNDED PENSION LIABILITY BELOW 80 PERCENT OF THEIR FUNDED...THEIR ACTUARIAL REQUIRED FUNDEDNESS. COLLEAGUES, I FUNDAMENTALLY DON'T THINK THE ISSUE IN LB67 IS A PROBLEM WE NEED TO TRY TO ADDRESS. IF THE CONCERN IS UNFUNDED PENSION LIABILITY OR MUNICIPAL BANKRUPTCY, WE'VE STARTED THE LEGISLATURE AND THE STATE DOWN A PATH TO ADDRESS THAT. LET'S LET THAT PROCESS WORK OUT... [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

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SENATOR MELLO: ...BEFORE WE JUMP TO SOME CONCLUSION THAT WE HAVE TO CREATE SOME KIND OF PRIORITY LIEN STATUS OR PRIORITY STATUS WITHIN WHO IS GOING TO BE REPAID BACK ON GENERAL OBLIGATION BONDS AND NOT, ARGUABLY, TRY TO UPSET WHAT WE'RE SEEING IN THE DEBATE RIGHT NOW AS PUBLIC EMPLOYEES, RETIREES WHO START TO GET CONCERNED IN REGARDS TO WHAT HAPPENS IF WE START CREATING A PRIORITY LIST, EVEN THOUGH, ARGUABLY, COLLEAGUES, WE DON'T HAVE A CITY OR A COUNTY OR A POLITICAL SUBDIVISION THAT'S ANYWHERE NEAR MUNICIPAL BANKRUPTCY. SO LET'S TAKE A STEP BACK FROM THE BRINK. LET'S TRY TO REIN IN A LITTLE BIT OF THE HYPERBOLE. AND LET'S LET THE LEGISLATIVE PROCESS THAT WE PASSED LAST YEAR THAT WE STARTED TO UTILIZE IN 2014 CONTINUE TO WORK THROUGH THE PROCESS IN THIS CURRENT YEAR AND IN COMING YEARS. THANK YOU, MR. PRESIDENT. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR MELLO. SENATORS IN THE QUEUE: FRIESEN, JOHNSON, SCHUMACHER, HUGHES, BLOOMFIELD, AND KINTNER. SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB67]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. WELL, IT IS KIND OF INTERESTING WHEN WE TALK ABOUT THIS BILL THAT THERE ARE NO MUNICIPALITIES OR ANY ORGANIZATIONS THAT ARE ON THE VERGE OF BANKRUPTCY, AND YET THAT'S BASICALLY WHAT WE'RE TALKING ABOUT HERE IS PROTECTING SOMEONE FROM BANKRUPTCY. BUT I LOOK AT IT AS A CLARITY. SO EITHER WAY, IT'S JUST A MATTER OF HOW YOU WANT TO PERCEIVE IT AND FROM WHICH END YOU'RE WORKING ON IT. SO WE HAVE A GOOD DISCUSSION GOING HERE AND I THINK EVERYBODY HAS LEARNED ABOUT AS MUCH AS THEY'RE PROBABLY GOING TO LEARN, SO I'LL YIELD MY TIME TO SENATOR SCHUMACHER. [LB67]

SENATOR GLOOR: SENATOR SCHUMACHER, YOU HAVE 4:15. [LB67]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. WE'VE BEEN WORKING REALLY HARD TO TRY TO COME TO AN ACCOMMODATION THAT WILL YIELD SOME CERTAINTY FOR NOT ONLY THE BONDHOLDERS BUT ALSO FOR THE PENSIONERS OF THE UNIONS WHO HAVE BEEN ENGAGED IN BARGAINING FOR THEIR PENSIONS OVER THEIR YEARS IN THEIR CAREERS. AND THERE ARE SEVERAL DIFFERENT VERSIONS OF WHAT SHOULD BE THERE, NOT MUCH MATERIAL DIFFERENCE BETWEEN THEM. SENATOR NORDQUIST HAS FILED A LITTLE DIFFERENT VERSION. BUT WHAT'S

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HAPPENING IS ALL THIS IS DEALING WITH INCREDIBLY COMPLEX BANKRUPTCY LAW, NONE OF WHICH THERE'S A GREAT DEAL OF EXPERTISE, NOT ONLY IN THE BODY BUT ALSO IN THE LOBBY. AND SO A LOT OF CALLS ARE BEING MADE TO PEOPLE WHO HAVE BANKRUPTCY EXPERIENCE. AND AS ONE MIGHT EXPECT, IT'S 4:30 AND GOOD LAWYERS ARE MAYBE PLAYING GOLF OR SOMETHING BUT...OR OUT, YOU KNOW. BUT AT ANY RATE, SO WE'RE TRYING TO GET A COMFORT LEVEL AMONG THE BANKS AND THE PUBLIC PENSIONERS, AND IN DOING SO, WE THINK PROBABLY, HOPEFULLY OVERNIGHT, WE'LL BE ABLE TO PUT THAT ALL TOGETHER. SO IN BRIEF REVIEW OF WHAT HAS HAPPENED AND WHAT'S LED US TO THIS POINT IS THE UNCERTAINTY CREATED BY THE DETROIT BANKRUPTCY SITUATION. AND WHILE IT WAS GENERALLY BELIEVED THAT THE BONDHOLDERS WERE FIRST AND ALL OTHER CREDITORS WERE BENEATH THEM, BECAUSE THE BONDHOLDERS HAD BEEN PLEDGED FULL FAITH AND CREDIT AND NO ONE ELSE HAD BEEN PLEDGED THAT KIND OF RANKING, THAT THE BANKRUPTCY COURT WOULD HONOR THAT RANKING SHOULD THERE BE A BANKRUPTCY. DETROIT BANKRUPTCY COURT AND OTHERS HAVE INDICATED, NO, THAT'S NOT EXACTLY RIGHT, YOU BETTER SPELL IT OUT IN STATE LAW BECAUSE WE'RE GOING TO LOOK TO THAT FIRST, AND AFTER THAT WE'RE GOING TO EXERCISE OUR AUTHORITY AS BANKRUPTCY COURT TO TRY AND FIGURE OUT WHAT A STATE MIGHT DO OR WHAT WOULD BE APPLICABLE UNDER BANKRUPTCY LAW, LEAVING A LOT OF PEOPLE WITH UNCERTAINTY. WHAT HAS BEEN EXTREMELY INTERESTING ABOUT THIS BILL AND THIS PROCEEDING, THAT IN SPITE OF ALL THE PROTESTATIONS LAST YEAR AND THIS YEAR ABOUT "DON'T WORRY ABOUT IT, NO CITY IS CLOSE TO BANKRUPTCY, YOU'RE WORRIED ABOUT SOMETHING THAT'S NEVER GOING TO HAPPEN," THERE'S ALL THIS RESISTANCE TO SAYING, OKAY, IF IT'S NEVER GOING TO HAPPEN, THEN LET'S MAKE A RULE THAT WHAT IS THOUGHT TO BE THE CASE IS IN FACT THE CASE, AND THE BONDHOLDERS ARE FIRST. AND THERE'S IMMEDIATE RESISTANCE TO THAT NOTION BECAUSE, IT APPEARS, THERE MUST BE SOME CONCERN ABOUT BANKRUPTCY OR WE WOULDN'T HAVE THIS RESISTANCE TO IT. WE WENT FARTHER, INTRODUCED A BILL THAT SAID, LOOK, IF YOU'RE GOING TO NOT HONOR THE POSITION OF THE BONDHOLDERS, THEN TELL THE BONDHOLDERS THAT IN BIG PRINT ON YOUR BOND OFFERINGS. AND THAT BILL IS STILL IN JUDICIARY COMMITTEE, BUT THERE WAS RESISTANCE FROM THE CITIES ON THAT:... [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR SCHUMACHER: ...NO, ANYBODY BUYING A BOND KNOWS TO READ THE SMALL PRINT; WE REALLY DON'T WANT TO HIGHLIGHT THE FACT THAT THERE'S THIS UNCERTAINTY. WELL, THERE IS UNCERTAINTY, AND WE'RE TRYING TO

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WORK THROUGH IT. HOPEFULLY, WE WILL COME TO SOMETHING THAT ACCOMMODATES THE PUBLIC EMPLOYEES, AND WE BELIEVE WE'RE VERY CLOSE. IN FACT, IT'S A MATTER OF HOW YOU SAY IT, BECAUSE SENATOR NORDQUIST'S FIRST AMENDMENT SAID IT PRETTY GOOD AND SEEMED TO BE OKAY. WELL, THERE'S AN ADDITIONAL CLARIFICATION THAT EVERYBODY IS LOOKING AT RIGHT NOW. THIS IS AN ISSUE THAT IS UNRESOLVED, AND UNLESS WE RESOLVE IT, IT'S GOING TO HAUNT FUTURE LEGISLATURES AND IT'S GOING TO HAUNT THE CITIES BECAUSE, BELIEVE ME, THE FOLKS THAT BUY BONDS WERE QUITE AWARE OF THE HEARING IN WHICH... [LB67]

SENATOR GLOOR: TIME, SENATOR. [LB67]

SENATOR SCHUMACHER: THANK YOU. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR SCHUMACHER. SENATOR JOHNSON, YOU'RE RECOGNIZED. [LB67]

SENATOR JOHNSON: THANK YOU, MR. PRESIDENT. I'LL JUST KIND OF ECHO WHAT SENATOR SCHUMACHER HAS SAID AND WHERE I'M AT ON THIS. EARLY ON, ON AM1080, I ASKED THE QUESTIONS ABOUT PENSION FUNDS AND MY EXPERIENCE ON THAT. AND I APPLAUD BOTH SIDES. I KNOW WE'VE HAD A LOT OF...THERE'S A LOT OF AMENDMENTS OUT THERE WAITING. HOPEFULLY, TOMORROW WE CAN PULL MOST OF THOSE AND MOVE FORWARD. I THINK THIS EXHIBITS A FINE PROCESS THAT WE'VE GONE THROUGH WHERE THERE'S BEEN NEGOTIATION GOING ON, THERE'S BEEN CONSENSUS BUILDING. AND NOW I THINK IT'S...IT IS GETTING CLOSE TO THAT HOUR, BUT AS I OFTEN DID IN MY BUSINESS, IF I HAD SOME CONCERNS AND THOUGHT I KNEW WHAT I WANTED TO SAY OR DO, I'D WRITE THAT OUT, I'D PUT IT IN MY DRAWER. IF I CAME BACK THE NEXT MORNING AFTER THINKING IT OVER AND CAME UP WITH THE SAME DECISION, I'D PROCEED WITH THAT LETTER. I THINK THAT'S WHERE WE'RE AT RIGHT NOW. WITH THE TIMING OF THE DAY AND THE SITUATION, WE NEED TO GO OUT FROM HERE, DISCUSS IT, GET THE ATTORNEYS INVOLVED. AND WE'RE GOING TO DO SOME FINAL READING FIRST SO WE'LL HAVE SOME TIME TOMORROW MORNING IN ORDER TO SOAK ALL THIS UP. AND I WOULD HOPE THAT EARLY TOMORROW AFTERNOON WE'RE ABLE TO HAVE RESOLUTION ON THIS. SO AGAIN, I'M FIGHTING FOR THE RIGHTS OF THE EMPLOYEES IN THIS SITUATION. AND WITH THAT, I THINK WE'LL BE OKAY WITH LB67. THANK YOU, MR. SPEAKER. [LB67]

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SENATOR GLOOR: THANK YOU, SENATOR JOHNSON. SENATOR SCHUMACHER, YOU'RE NEXT IN THE QUEUE. [LB67]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. TO CONTINUE TO WHERE WE WERE AT, THE FOLKS THAT BUY BONDS ARE WATCHING THIS. THEY WERE WATCHING THE HEARING BEFORE THE BANKING COMMITTEE. AND PROBABLY MORE THAN ANY OTHER BILL THAT I'VE EVER INTRODUCED, I'VE GOT CALLS FROM FOLKS IN MAJOR NEWS ORGANIZATIONS, MAJOR FINANCIAL PAPERS ASKING VARIOUS QUESTIONS, EXPRESSING CONCERNS OVER THE COMMENTS THAT WERE MADE BY THE CITY OF OMAHA THAT, HEY, AS FAR AS WE'RE CONCERNED, IF WE GET INTO BANKRUPTCY, THEY ALL CAN FIGHT IT OUT. THAT DOESN'T GIVE ANYBODY A WARM AND FUZZY FEELING. CERTAINLY DIDN'T GIVE BONDHOLDERS OR THE FOLKS WITH THE UNIONS A VERY FUZZY FEELING ABOUT ANYTHING. THE CITY OF OMAHA DOES EXPRESS AND DID EXPRESS LAST YEAR THE INTEREST IN PROTECTING THE PUBLIC EMPLOYEES' FUNDS, AND I THINK THE DISCUSSIONS THAT HAVE BEEN GOING ON HAVE CENTERED ON, OKAY, WE'LL TRY TO AT LEAST NOT MAKE THE PUBLIC...SECURED PUBLIC EMPLOYEES' PENSION FUNDS SUBJECT TO THE TERMS OF THIS ACT. IT IS IN THE INTEREST OF EVERYONE TO KNOW WHERE YOU STAND. THINK ABOUT YOU WITH YOUR PERSONAL SAVINGS. ARE YOU GOING TO BUY A BOND IN WHICH YOU KNOW THAT THERE MAY BE AN ISSUE? THINK ABOUT IT FROM THE CITY OF OMAHA OR IF YOU'RE ON THE CITY COUNCIL THERE. WE HAVE A LAW CALLED THE NEBRASKA SECURITIES ACT WHICH SAYS WHEN YOU SELL A SECURITY--AND A CITY BOND IS A SECURITY--YOU HAVE GOT TO TELL WHOLE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH, AND YOU CAN'T OMIT ANYTHING OR YOU ARE PERSONALLY LIABLE. WELL, THIS HAS GOT TO BE SPELLED OUT, THIS LEVEL OF CONCERN BECAUSE I'D WANT TO KNOW THIS LEVEL OF CONCERN. I'D WANT TO KNOW THAT THE CITY POSITION IS NOT TO MAKE THIS KIND OF DISCLOSURE IF I WERE BUYING A BOND OR I'D CERTAINLY REQUIRE A HIGHER INTEREST RATE. SO WE'RE IN THE SOUP NOW AND WE'VE BEEN IN THERE SINCE THE BANKRUPTCY COURT IN DETROIT SPOKE, AND WE NEED TO SIMPLY MAKE IT VERY, VERY CLEAR THAT WHAT EVERYBODY ALWAYS THOUGHT WAS THE LAW IS THE LAW. AND THE DISCUSSIONS ARE SUCH THAT, OKAY, WE WILL NOT MAKE THE FINAL DETERMINATION IN STATUTE AS BETWEEN WHO WOULD GET PREFERENCE IF THERE WAS A BANKRUPTCY DECISION HAD TO BE MADE BETWEEN THE PUBLIC EMPLOYEE UNIONS AND THE BONDHOLDERS. WE'LL DEFER THAT QUESTION TO BE DECIDED AS IF THERE WERE NO LAW PASSED TODAY OR TOMORROW, WHENEVER, AND THAT THE BANKRUPTCY COURT WILL HAVE TO DEAL WITH BASED ON EXISTING NEBRASKA LAW AND EXISTING PENSION LAW AND BANKRUPTCY PROCEEDING

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PRIORITIES. SO THAT'S WHERE WE'RE AT. AND I THINK THAT THIS BILL, AS IN THE SPIRIT OF THE TENTATIVE AGREEMENT, WILL GO A LONG WAY IN RESOLVING THAT PARTICULAR ISSUE. IT HAS BEEN INTERESTING THE REACTION THAT IT HAS GOTTEN, BECAUSE, QUITE FRANKLY, WHEN I FIRST INTRODUCED THIS A YEAR AGO, NO ONE REALLY THOUGHT IT WAS GOING TO BE A BIG ISSUE, THAT THE LAW WAS PRETTY WELL SETTLED. AND NOW WE FIND THAT EVERYBODY IS CONCERNED THAT SOMEBODY ELSE IS GOING TO COME UP SHORT. AND SO WE'RE DEALING WITH THAT, AS WE NEED TO. BECAUSE IF THIS THING WOULD EVER TURN INTO A BANKRUPTCY, WE KNOW WHERE THE FIRST STOP OF A MAJOR CREDITOR WOULD BE...OR A MAJOR CITY WOULD BE BEFORE THE BANKRUPTCY COURT, AND IT WOULD BE RIGHT HERE IN THIS ROOM, ASKING FOR A HANDOUT FROM THE STATE TO BAIL OUT OF A CRITICAL SITUATION. AND WE'D BE HARD-PRESSED... [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR SCHUMACHER: THANK...IS TIME, MR. PRESIDENT? [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

SENATOR SCHUMACHER: ONE MINUTE YET. AND WE'D BE VERY HARD-PRESSED UNDER THOSE CONDITIONS TO SAY NO, AND OUR TAXPAYERS ACROSS THE STATE WOULD HAVE TO ANTE UP. THE OTHER POINT THAT'S BEEN MADE, WHICH IS WORTHY OF REMENTIONING AT THIS TIME, IS THAT THERE ARE SITUATIONS WHICH THE SMALLER CITIES AND TOWNS MAY FACE A BANKRUPTCY. IF A TORNADO TAKES AN ENTIRE TOWN AND YOU CANNOT PRIORITIZE THE BONDS THEN WHAT BOND RATING OR WHO'S GOING TO WANT TO BUY THOSE BONDS IN THE BEGINNING BECAUSE IT'S SO VULNERABLE TO A WEATHER EVENT, FOR EXAMPLE, OR A FLOOD? AND SO WITHOUT HAVING THE BONDHOLDERS BE IN FIRST SPOT, AS THEY WOULD BECAUSE THESE SMALLER MUNICIPALITIES DON'T HAVE UNION OBLIGATIONS,... [LB67]

SENATOR GLOOR: TIME, SENATOR. [LB67]

SENATOR SCHUMACHER: THANK YOU. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR SCHUMACHER. SENATOR HUGHES, YOU'RE NEXT IN THE QUEUE. [LB67]

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SENATOR HUGHES: WHO? I'M UP? YES. [LB67]

SENATOR GLOOR: SENATOR HUGHES. [LB67]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. I DIDN'T QUITE HEAR. I WAS WONDERING IF SENATOR MELLO WOULD ANSWER A FEW QUESTIONS FOR ME, BEING THE OMAHA SENATOR. [LB67]

SENATOR GLOOR: SENATOR MELLO, WOULD YOU YIELD? [LB67]

SENATOR MELLO: OF COURSE. [LB67]

SENATOR HUGHES: SENATOR MELLO, LISTENING TO THE DEBATE, AND IT'S FAIRLY EVIDENT THAT THE CONCERN IS COMING FROM OMAHA AND THE UNDERFUNDED PENSION PLANS. COULD YOU GIVE ME SOME BACKGROUND ON WHO THE BIG UNDERFUNDED PENSION PLANS WOULD BE IN OMAHA? [LB67]

SENATOR MELLO: WELL, RIGHT NOW THERE ARE THREE UNDERFUNDED PENSION PLANS THAT COME NOW AND REPORT TO THE LEGISLATURE: THE CIVILIAN EMPLOYEES DEFINED BENEFIT PENSION PLAN YOU HAVE, AND ESSENTIALLY THE POLICE AND FIRE, I SHOULD SAY, ARE BOTH IN ONE PLAN, SO TO SPEAK. AND THE REALITY, THOUGH, THEY HAVE TWO SEPARATE COLLECTIVE BARGAINING CONTRACTS. SO IT'S...THOSE ARE THE DEFINED PENSION BENEFIT PLANS IN OMAHA: CIVILIANS AND THEN ONE FOR PUBLIC SAFETY EMPLOYEES. [LB67]

SENATOR HUGHES: OKAY. WHAT ARE...WHAT WOULD BE THE UNDERFUNDED AMOUNTS? IS THAT A PUBLIC FIGURE OR DO YOU HAVE ANY IDEA? [LB67]

SENATOR MELLO: THAT'S, YOU KNOW WHAT, I THINK, SENATOR HUGHES, I DON'T HAVE THE EXACT NUMBER OFF THE TOP OF MY HEAD IN REGARDS TO WHERE THEY'RE CURRENTLY AT IN REGARD TO THEIR FUNDING STATUS. I KNOW THEY'RE WELL BELOW 80 PERCENT. I BELIEVE THEY'RE...THE CIVILIAN PLAN, I KNOW, IS THE LOWEST FUNDED PERCENTAGE PLAN, AND THEY ARE CURRENTLY JUST GOING THROUGH SOME RECENT REFORMS AND NEW COLLECTIVE BARGAINING CONTRACTS THAT HAVE BEEN AGREED TO. THE POLICE AND FIRE ARE DOING THE SAME THING AS WE SPEAK. BUT MY UNDERSTANDING, AT LEAST THE POLICE AND FIRE PENSION PLAN WILL BE FULLY FUNDED WITHIN 30

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YEARS, BASED ON THE REFORMS THAT THEY HAVE DONE OVER THE LAST FEW YEARS. [LB67]

SENATOR HUGHES: OKAY. THANK YOU, SENATOR MELLO. WOULD SENATOR SCHUMACHER ANSWER SOME QUESTIONS, PLEASE? [LB67]

SENATOR GLOOR: SENATOR SCHUMACHER, WOULD YOU YIELD? [LB67]

SENATOR SCHUMACHER: YES, I WILL. [LB67]

SENATOR HUGHES: SENATOR SCHUMACHER, WOULD YOU WALK ME THROUGH A MUNICIPALITY BANKRUPTCY? BEING A FARMER, YOU KNOW, I'M AWARE OF CHAPTER 7, YOU KNOW, CHAPTER 11, CHAPTER 13. WHAT WOULD A MUNICIPALITY BANKRUPTCY...I MEAN, IS IT...WHAT'S THE NUMBER AND HOW WOULD THAT WORK? [LB67]

SENATOR SCHUMACHER: I THINK THE FEDERAL BANKRUPTCY CHAPTER THAT MUNICIPALITIES COME UNDER IS WHAT THEY CALL CHAPTER 9, WHEREAS THE FARM BANKRUPTCIES ARE USUALLY CHAPTER 11, OR CHAPTER 7 IF THEY'RE COMPLETELY BROKE AND THEY JUST LIQUIDATE, CHAPTER 13 FOR AN INDIVIDUAL BANKRUPTCY. AS I UNDERSTAND IT, THE FIRST STEP IS THAT THE BOARD OF DIRECTORS OR THE CITY COUNCIL HAS GOT TO TAKE THE ACTION TO DECLARE BANKRUPTCY. AT THAT POINT THE BANKRUPTCY COURT, THE BANKRUPTCY JUDGE TAKES JURISDICTION OF THE CASE AND BEGINS TO HANDLE THE FINANCES. I THINK A TRUSTEE IS APPOINTED VERY EARLY ON IN THE GAME IN ORDER TO HANDLE THE DAY-TO-DAY MANAGEMENT OF SOME OF THOSE FINANCES, AND THE FIRST THING THE COURT DOES, OF COURSE, IS WANT TO MAKE SURE THAT THE POLICE AND FIRE AND SNOW REMOVAL AND PARKING METERS AND ALL THAT KIND OF NORMAL BUSINESS IS ALLOWED TO CONTINUE. AND I BELIEVE THE FIGURE IS, WOULD BE IN NEBRASKA, .5 CENT, OR THE CITY PROPERTY TAX LIMIT, IS DEDICATED TO THOSE SERVICES TO THE EXTENT THAT'S NEEDED. BUT THE FIRST OBJECT IS TO KEEP THE SERVICES GOING, BECAUSE YOU NEED... YOU HAVE PEOPLE THAT ARE LIVING THERE. AND THEN, AS I UNDERSTAND IT, IN THE DETROIT THING, IT WENT ON FOR MONTHS AND MONTHS AS THEY TRIED TO SORT OUT THE PRIORITY OF WHO GOT PAID, WHAT THEY GOT PAID, WHETHER OR NOT ADDITIONAL TAXES... [LB67]

SENATOR GLOOR: ONE MINUTE. [LB67]

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SENATOR SCHUMACHER: ...WERE GOING TO HAVE TO BE LEVIED IN ORDER TO MEET SOME OF THE OBLIGATION, AND SOME OF THE SAME PAIN AND SUFFERING THAT GOES ON IN A FARM BANKRUPTCY. AND THE UNSECURED CREDITORS, OF COURSE, COME OUT ON THE SHORT END OF THE STICK, AND THE ONES WITH SECURITY ARE, IF THERE'S MONEY AVAILABLE, PAID OUT FIRST, AFTER THE MEETING OF ESSENTIAL SERVICES. [LB67]

SENATOR HUGHES: SO WHO WOULD BE FINANCING THE OPERATION OF THE CITY DURING THIS TRANSITION TIME WHILE THE COURTS AND BOTH SIDES OF LAWYERS WERE TRYING TO WORK THAT OUT? IS THERE...WOULD THAT BE A STATE OBLIGATION OR THE CITY WOULD HAVE SOME RESERVES OR WHO'S UNDERWRITING THAT PORTION? [LB67]

SENATOR SCHUMACHER: AND I UNDERSTAND IT. THE CITY HAS CONTINUING REVENUE STREAMS COMING IN FROM ITS TAXES, SO THERE'S A REVENUE STREAM THAT COMES INTO THE SYSTEM FROM WHICH THINGS ARE FUNDED AND, TO THE EXTENT NECESSARY, TO MAINTAIN PUBLIC SERVICES--POLICE, FIRE, THAT KIND OF... [LB67]

SENATOR GLOOR: TIME, SENATORS. [LB67]

SENATOR HUGHES: THANK YOU. [LB67]

SENATOR GLOOR: THANK YOU, SENATOR HUGHES AND SENATOR SCHUMACHER. MR. CLERK, ITEMS FOR THE RECORD? [LB67]

ASSISTANT CLERK: THANK YOU, MR. PRESIDENT. AMENDMENTS TO BE PRINTED: SENATOR LINDSTROM TO LB317, SENATOR BURKE HARR TO LB605, SENATOR SCHEER TO LB294. I HAVE A REPORT FROM THE REFERENCE COMMITTEE REGARDING THE REFERENCE OF VARIOUS GUBERNATORIAL APPOINTMENTS TO STANDING COMMITTEE FOR HEARING. (LEGISLATIVE JOURNAL PAGES 1245-1250.) [LB317 LB605 LB294]

FINALLY, SENATOR CAMPBELL WOULD MOVE TO ADJOURN UNTIL THURSDAY, APRIL 23, 2015, 9:00 A.M.

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

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SENATOR GLOOR: MEMBERS, YOU'VE HEARD THE MOTION TO ADJOURN UNTIL TOMORROW MORNING AT 9:00 A.M. THOSE IN FAVOR SAY AYE. THOSE OPPOSED SAY NAY. WE STAND ADJOURNED.