

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

Government, Military and Veterans Affairs Committee
February 19, 2015

[LB166 LB291 LB400 LB640]

The Committee on Government, Military and Veterans Affairs met at 1:30 p.m. on Thursday, February 19, 2015, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB291, LB166, LB400, and LB640. Senators present: John Murante, Chairperson; Tommy Garrett, Vice Chairperson; Dave Bloomfield; Joni Craighead; Mike Groene; Matt Hansen; and Beau McCoy. Senators absent: Tyson Larson.

SENATOR MURANTE: Okay, everyone. Welcome to the Government, Military and Veterans Affairs Committee. My name is John Murante. I'm the Chairman of this committee and state senator for District 49, which is Gretna, Chalco, and northwest Sarpy County. We are here today for the purpose of hearing four pieces of legislation. The bills will be taken up in the order on which they appear on the agenda which is located on the outside of the room. If you intend on testifying on any of the bills today, we would ask that you fill out one of these green sheets which are located on either side of the room. On that, you will indicate whether you are a proponent, opponent, or testifying in the neutral capacity on any piece of legislation. If you are here in support or opposition to a bill but do not wish to testify, we have a sign-in sheet also located on either side of the room, please fill that out and your opinions will be taken into consideration just as if you had testified on a given bill. When you testify if you come forward, we ask that you please state and spell your name for the record. That's very important for our Transcriber's Office. The order of business on a piece of legislation will be, first, the introducer of a bill will give an opening. That will be followed by the proponents, and then opponent testimony. That will be followed by neutral testimony, at which time the introducer will have an opportunity to close. We ask that you listen very carefully to the testimony that precedes you and not be repetitive. If a person who has already spoken has articulated the point that you wish to convey, again, we'd ask that you fill out the sign-in sheet and we will take your opinion into consideration. We do use the light system in the Government, Military and Veteran Affairs Committee. Each testifier will have an opportunity to speak for four minutes. When the amber light comes on, we will have one minute remaining and we would ask that you begin wrapping up your testimony. When the red light comes on, we ask that you end testimony, at which time we will open up the committee for questions. At this time, I'd ask everyone to turn off or silence any cell phones or other electronic devices. You will have...you may have noted that this committee is equipped for technology, so you may see senators using electronic devices or computers. We're just taking notes and pulling up information as we receive it. If you have a prepared statement, an exhibit, handouts, anything that you would like distributed to the committee, when you come up give it to the page. The page will distribute it for you. We need 12 copies, so please distribute 12 copies. If you don't have 12 copies, again, give it to the page and the page will take care of making copies for you. And our page today is Seth Thompson from Ogallala, Nebraska. Welcome, Seth. And with that, I'll proceed to the introduction of members. Again, my name is John Murante, state senator for District 49 and Chairman of the committee.

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To my immediate left is state Senator Matt Hansen from Lincoln, Nebraska; to his left is state Senator Beau McCoy from Omaha; followed by state Senator Joni Craighead, also of Omaha; Sherry Shaffer, our committee clerk, is at the end. To my immediate right is Charles Isom, our research analyst; to his right state Senator Tommy Garrett of Bellevue who is the Vice Chairman of the committee; to his right, state Senator Dave Bloomfield from Hoskins, Nebraska; Senator Larson sent me a note earlier that he will not be here today which just demonstrates he has a very good sense of humor in letting me know that he wouldn't be here; (laughter) followed by state Senator Mike Groene of North Platte, Nebraska. So with that, we have concluded the formalities and we'll proceed to the first item on the agenda, LB291, state Senator Colby Coash. Welcome. [LB291]

SENATOR COASH: (Exhibit 1) Thank you, Chairman Murante. Good afternoon, members of the Government, Military and Veterans Affairs Committee. For the record, I'm Colby Coash, C-o-l-b-y C-o-a-s-h, represent District 27 right here in Lincoln. So here is LB291. This bill removes professional wrestling from the jurisdiction of the State Athletic Commissioner. I am bringing this bill on behalf of the Pinnacle Bank Arena, which is in my district and, in addition, Omaha CenturyLink Center and for professional wrestling fans from across the state. Currently, Nebraska's Athletic Commission incorporates a 5 percent tax of gross revenue on the rights, broadcast fee for live televised events exclusive of state and federal taxes. By removing professional wrestling from this jurisdiction of the State Athletic Commission, the 5 percent television tax would not apply to live professional wrestling events. I hope there are no children here because I'm going to tell you guys something. Professional wrestling is not real. (Laughter) It's not a real sport. It's not a competitive sport. In fact, professional wrestling is no different than a play that you might go see at the Community Playhouse or a show that you might see at the Lied Center. Professional wrestling is not boxing and it's not mixed martial arts. It is entertainment, so it should not be under the same jurisdiction as these two sports. Professional wrestling has more in common with the Cirque du Soleil and the Ringling Brothers than it does with boxing. LB291 will help ensure that live professional wrestling events like WWE Monday Night RAW and Thursday Night Smackdown return to Nebraska. I have it on good authority that WWE may not send live events back to Nebraska because of this tax placed on ticket sales that go towards the State Athletic Commission. Last year alone, Nebraska saw the WWE sell out Omaha CenturyLink Center for Monday Night RAW and Lincoln's Pinnacle Bank Arena for Thursday Night Smackdown. WWE had to fork over \$60,000 of revenue for the event just in Lincoln that would not have been forfeited in cities like Des Moines or Kansas City. And losing out on these events would have a fiscal impact on the surrounding community and cities. The chances of attracting future live WWE events in Nebraska will be in jeopardy if this bill is not passed. Professional wrestling has a huge fan base and has incredible market appeal. Growing up, I watched the WWF on Sunday mornings and was caught up in the story lines or, as we referred to it, soap operas for guys. I remember guys like Randy "Macho Man" Savage, the Ultimate Warrior, Junkyard Dog, Captain Lou Albano, Bret "Hit Man" Hart, Hulk Hogan, Bam

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Bam Bigelow, Andre the Giant, the Undertaker, Big Fred, Big Boss Man, Rowdy, Roddy Piper, the Road Warriors, Bushwackers, Ravishing Rick (laughter) Rude, Shamrock, Dusty Rhodes, "Stone Cold" Steve Austin, and of course the Rock. It would be a travesty if none of these entertainers and future generations of professional wrestlers never had the opportunity to provide live entertainment to Nebraskans. So in closing, I ask you for your support of LB291 so that professional wrestling organizations like the WWE will return to Nebraska. Thank you. I do have a letter from them. It is not signed by Hulk Hogan. It was my hope but, nevertheless, they have indicated their support via letter. Thank you for your time. [LB291]

SENATOR MURANTE: Thank you, Senator Coash. Senator Garrett. [LB291]

SENATOR GARRETT: Thank you, Mr. Chairman. Senator Coash, thank you for bringing this bill. I actually have a daughter who follows this very passionately. She travels to Chicago. She travels to Kansas City. She travels to Des Moines, spends a lot of my money (laughter). So, I indeed, I agree with what you're saying and the fact that it does have a large fan base and there's a lot of folks that support that. It'd be really nice to see those events take place here. I think, you know, looking at the fiscal note, you know, where we lose, what is it, \$53,000 in revenue or \$51,000, I think we would more than make up for that if we had events here, just hotels and... [LB291]

SENATOR COASH: Well, thank you, Senator Garrett, and I'll address that. They're not going to come back if this tax remains on there, so we're not going to see that anyway. So in effect by the current law we've lost that money already. The tax implications aside, when this was brought to my attention, I thought, you know, there's reasons that the State Athletic Commission regulates boxing. It's for safety. There's reasons that they regulate mixed martial arts. Prior to...and I was in the Legislature when we started to talk about this, there were backyard...I shouldn't say backyard, they were done in bars where people were putting up a rope in the middle of their bar and asking two patrons to had too much to drink to start going at it. And it wasn't a sanctioned fight but it certainly was dangerous. And so there needs to be regulation, and I won't dispute that. But there needs to be regulation on sports. This is entertainment. We know who's going to win these, right? They're certainly athletic in nature, but it's not a competitive sport. And so I thought from a practical matter it made sense to pull this out of here. [LB291]

SENATOR GARRETT: And, again, thank you. We were in Korea in the Air Force before we moved here and a bunch of the old stars, some of the ones you mentioned, came to Camp Red Cloud while we were in Korea and my son and I went there. It was a packed house. It truly does have a big following and it is entertainment. And so, again, thank you. [LB291]

SENATOR MURANTE: Thank you, Senator Garrett. Senator Groene. [LB291]

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SENATOR GROENE: Thank you, Chairman Murante. A couple of questions. I don't even follow any of this. My dad was a big fan. Dodge had it. Joe Stecher, world champion for a few years, claimed the fame for that town. But, anyway, is that mixed martial arts the one that everybody is into now where they fight and kick and bite and... [LB291]

SENATOR COASH: Mixed martial arts is, and that's... [LB291]

SENATOR GROENE: So that is covered? [LB291]

SENATOR COASH: That's still under the State Athletic Commission as it should be. [LB291]

SENATOR GROENE: Right. Now do we get sales tax on these tickets? [LB291]

SENATOR COASH: We do. [LB291]

SENATOR GROENE: So this 5 percent was on top of the sales tax. [LB291]

SENATOR COASH: This 5 percent is on top of any city, state... [LB291]

SENATOR GROENE: So we're getting sales tax for this revenue? [LB291]

SENATOR COASH: Yep, yep. This doesn't exempt. You'll still pay...if you go and buy a ticket to this event, you'll still pay the state and any local sales tax on the price of the ticket. This 5 percent is on the gross revenue that they bring in. [LB291]

SENATOR GROENE: On top of that. [LB291]

SENATOR COASH: And we've got some representatives from the... [LB291]

SENATOR GROENE: That's on ticket sales, right, not on concession? [LB291]

SENATOR COASH: Well, not only...well, it's on ticket sales but also on what is paid for the broadcast rights. And that's where the Pinnacle Bank Arena in my district got kind of...I shouldn't say they didn't get surprised, but the promoters of the WWE got surprised because they said, well, we expect we have to pay sales tickets but we have an extra 5 percent that goes to the State Athletic Commission, by the way, for what given that we're entertainment. But... [LB291]

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SENATOR GROENE: So when I was a kid, they would tour all over. I mean, you'd get them in smaller towns too. Has that been stopped or is there a B circuit out there that goes around? [LB291]

SENATOR COASH: I think there still is a B circuit out there and most of the time these bigger entities kind of swallow up the smaller ones, you know, it's kind of the B team. But under the current law, even those small circuits would be subject to this 5 percent. [LB291]

SENATOR GROENE: Because I haven't heard of them being around. Maybe that's keeping them out of the state. I don't know. [LB291]

SENATOR COASH: Possibly. [LB291]

SENATOR GROENE: Anyway, thank you, Senator. [LB291]

SENATOR MURANTE: Thank you, Senator Groene. Senator Bloomfield. [LB291]

SENATOR BLOOMFIELD: Thank you, Chair. You forgot to mention Argentina Rocca and Vern Gagne. [LB291]

SENATOR COASH: I did. (Laughter) [LB291]

SENATOR BLOOMFIELD: That full 5 percent comes to the state not to the...none of it goes to the city of Lincoln or... [LB291]

SENATOR COASH: Now, again, on the ticket sales, the sales tax goes...there's a portion that goes to the state and there's a portion that goes to any city, and that doesn't change with this bill. [LB291]

SENATOR BLOOMFIELD: This 5 percent. [LB291]

SENATOR COASH: This 5 percent goes to the State Athletic Commission. [LB291]

SENATOR BLOOMFIELD: Okay. [LB291]

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SENATOR COASH: So it goes into their cash fund or their operating fund to do what they need to do. And that's the only thing that is affected by this bill is that 5 percent outside of the city and state sales tax. [LB291]

SENATOR BLOOMFIELD: The natural question then arises is, where do they make up the \$200,000 they're going to lose over the next four years? [LB291]

SENATOR COASH: Well, I would say they better figure out how to make it up already because WWE isn't going to come back with this anyway, so. [LB291]

SENATOR BLOOMFIELD: Isn't coming back. Okay. Thank you. [LB291]

SENATOR MURANTE: Thank you, Senator Bloomfield. Any additional questions? Senator Coash, I got to tell you as the Chairman of this committee I try and set up theme days every single (laughter) day. And I could not find a theme day for any professional wrestling bills otherwise referenced to the Government, Military and Veterans Affairs Committee. This was the only one, believe it or not. So we stuck you in on Nebraska Accountability Disclosure day with Frank Daley (laughter) because that seemed most appropriate. [LB291]

SENATOR COASH: "Big Bad" Frank Daley. [LB291]

SENATOR MURANTE: That's right, "Big Bad" Frank Daley, the Hulk Hogan of the Nebraska politics. Thanks, Senator Coash. [LB291]

SENATOR COASH: Thank you. [LB291]

SENATOR MURANTE: We'll proceed to proponent testimony for LB291. Welcome to the Government Committee. [LB291]

THOMAS LORENZ: (Exhibits 2-4) Thank you. Good afternoon, Chairman Murante, members of the committee and guests. For the record, my name is Thomas Lorenz, L-o-r-e-n-z. I'm the general manager of Pinnacle Bank Arena and SMG Lincoln. I'm an employee of SMG, and SMG manages the Pinnacle Bank Arena, the Pinewood Bowl Concert series, and we formerly managed Pershing Center for the city of Lincoln. I'm here this afternoon to testify on behalf of the city for LB291, and I thank Senator Coash for introducing this bill. I started back in the arena business at Hilton Coliseum on the campus of Iowa State University in 1976. I came to Lincoln in '96 to be assistant general manager of Pershing Center and became general manager in 2000. And I had this incredible opportunity to be part of the discussion, design, and public vote for the

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Pinnacle Bank Arena. It's my privilege today to speak to you as the general manager of Nebraska's newest and one of our largest public assembly facilities, home to the University of Nebraska Men's and Women's basketball teams, concert, family shows, trade shows, rodeos, recently a gubernatorial inaugural ball, banquets, and many other events. I'd like to reference the three letters of support that the page is passing out right now. You've already got the WWE organization letter that was authored by Andrew Forstadt. He's the director of Global Live Booking and Richard Hering, vice president of Governmental Relations and Risk Management for WWE. Second letter you got is from IATSE 151. That's the International Association (sic) of Theatrical and Stage Employees. Their territory is Lincoln and western Nebraska. There's also local 42 out of Omaha. That letter is written by Mike Madcharo of the local president of IATSE. There's also a letter from the Lincoln CVB and Chamber was offered by Jeff Maul. I'd also like to note that the WWE representatives had hoped to be here in attendance today. Unfortunately there wasn't one of a former wrestler. It was their chief operating people, but there's a major booking conference today down in Nashville and so they're there. I'll be heading to that tomorrow. But in our brief time since the opening of the Pinnacle Bank Arena, we've hosted over 26 major concerts and family events, many of them sold out shows. In Year 1, we saw more than 70 university and high school basketball games played on our basketball court. Yet throughout all the years at Pershing Center and now at Pinnacle Bank Arena, the one question that is often and almost most often posed to me is, when is the next pro-wrestling event. WWE and TNA are the two top producers of professional wrestling shows that draw large, loyal fans of all ages. Last year in September of 2014, Pinnacle Bank Arena hosted their Smackdown event. It's a live show that incorporates a rock-show quality or better level of sound, light, and video production, live broadcast components, and a great deal of action. The production level, video incorporation, pacing, and tight scripting makes the brand of entertainment stand up to or exceed the production levels of almost any large entertainment venue. Currently, professional wrestling entertainment is taxed like this, and I just want to clarify a little bit. Total event ticket sales are subject to sales tax and state and local tax at 7 percent; 5.5 percent goes to the state; 1.5 percent goes to the city of Lincoln. Nebraska's athletic tax is 5 percent more on top of the total of end ticket sales. And then the third tax is an additional state Nebraska Athletic Commission tax of 5 percent on the gross receipts from sale of television rights. So you're actually at 17 percent. WWE pointed out in their letter: As would be expected, WWE's decision as to the volume and frequency of events in a given market are heavily weighed by how financially cost-effective the event can be produced in any particular city and venue. Therefore, the absence of taxes or any other costly regulations have direct correlation of the booking of our events around the country. That's a real nice way of them telling us that with the tax environment, they probably aren't going to come back a lot or very little. So thank you. I appreciate the opportunity to testify today. If I can answer any questions, I would love to. [LB291]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions?
Senator Groene. [LB291]

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SENATOR GROENE: Thank you, Senator Murante. Competitively, are we the only state that has Athletic Commission fee or something? I would think New Jersey, some of those that do a lot of this. [LB291]

THOMAS LORENZ: I think New Jersey is one of the ones that repealed the oversight from the athletic commission. Twenty-seven states, and I don't have the list of twenty-seven states with me today, have gone back and taken the action that we're proposing today. As Senator Coash mentioned and you guys have kind of noted, early in its infancy this event probably needed some oversight. Right now with WWE, TNA, and those type of events, it is pure entertainment. [LB291]

SENATOR GROENE: But, I mean, this fee, but do they have other fees like an entertainment tax or a... [LB291]

THOMAS LORENZ: Some states have entertainment taxes, most don't. We see this as very much like a concert, and we get asked that question, I mean, is there...that's one of the questions that a promoter will ask is there an entertainment tax. And there...we just pay the regular 7 percent sales tax on any type of event under total ticket sales. [LB291]

SENATOR GROENE: Some states do have a tax. [LB291]

THOMAS LORENZ: They may. Like I say, the majority now, particularly in WWE, have rolled that away. [LB291]

SENATOR GROENE: Thank you. [LB291]

SENATOR MURANTE: Thank you, Senator Groene. Senator Bloomfield. [LB291]

SENATOR BLOOMFIELD: Thank you. When the WWE was here last, Senator Coash said the tax was around \$60,000. Do you know how much they still made when all was said and done? [LB291]

THOMAS LORENZ: Our ticket gross was around \$165,000, so they paid the 7 percent sales tax, plus 5 percent tax on the total ticket sales. The bigger hit comes in the 5 percent tax on the sale of the television rights. That television right sale can be anywhere from a half million to a million, so they were in the \$35,000 to \$45,000 tax on the sale of the television rights. And it's kind of interesting because they do their own TV network, so they're really being taxed on the

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sale to their own network. So the majority of it was the TV tax, the rest went to sales not only state but local taxes. [LB291]

SENATOR BLOOMFIELD: If we were to exempt just the TV sales tax, would they come back then if we left the 5 percent on? [LB291]

THOMAS LORENZ: The situation prior to it, the 5 percent that went to the Nebraska Athletic Commission, they had been somewhat used to paying that. That's still probably more than what they pay in other venues in other areas. I can't definitively say whether they would, you know, come back. But the 5 percent on top is the most onerous tax. [LB291]

SENATOR BLOOMFIELD: So that could possibly be an amendment if we wanted to consider going there. [LB291]

THOMAS LORENZ: It potentially could be. But, again, I can't answer for them as to what they would necessarily do. [LB291]

SENATOR BLOOMFIELD: Understood, understood. Thank you. [LB291]

THOMAS LORENZ: Sure. [LB291]

SENATOR MURANTE: Thank you, Senator Bloomfield. Are there any additional questions? Seeing none, thank you for coming down today. [LB291]

THOMAS LORENZ: Thank you. Appreciate it. [LB291]

SENATOR MURANTE: Additional proponent testimony to LB291. Welcome to the Government Committee. [LB291]

KRISTI ANDERSEN: (Exhibit 5) Well, thank you very much. Chairman Murante, members of the Government Affairs Committee, my name is Kristi Andersen, for the record, spelled K-r-i-s-t-i A-n-d-e-r-s-e-n, and I am the director of communications for the Metropolitan Entertainment and Convention Authority, also known as MECA. And it is my pleasure to testify in support today of LB291. Much of it has already been said and I'll repeat just a little bit. We're fortunate, as you know, to manage the CenturyLink Center in Omaha, and since that facility opened in 2003 we've now welcomed more than 13 millions guests. This has provided Nebraskans and those across the region many entertainment options from sold-out concerts to the United States

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Olympic swim trials, U.S. figure skating, all sorts of things that have benefited our citizens but also provided millions of dollars in economic impact. And one of the events that we tend to book on a regular basis is professional wrestling. They have come to the CenturyLink Center, WWE that is, 15 times since we've opened, so that's 1 to 2 times per year. And they bring their show here and, as they had mentioned, it is a large...it has a very, very large following, the franchise does. Its programming is now broadcast in more than 170 countries. More than 650 million homes worldwide watch WWE programming. So you can imagine that each time we are able to book a Monday Night RAW or a Smackdown, we get a lot of excitement from local fans and people from around the region actually travel to these events. And so they stay in our hotels and there's an obvious benefit there. Last February, so February 2014, was the last event we hosted, and that was Monday Night RAW, and that's their flagship program. And that event drove a really large crowd for our arena, about 10,000 people showed up. So not only were thousands of tickets sold, but as I mentioned, our local hotels, restaurants, bars, all of the businesses around us really benefited from that added business. And along with the state and local sales tax, as Tom had mentioned, WWE has been accustomed to paying that 5 percent tax of all adjusted gross receipts that the State Athletic Commission requires. But in February for the first time they were also levied that extra 5 percent tax of all gross receipts from the sale of television rights. That is something that they had not been taxed on before. They had asked for clarification in the past on the other 5 percent, were really never given any according to the guy that books our events there, and then on top of that, that 5 percent tax. So after that 2014 show last year, they expressed to us that while they enjoy bringing their events to Nebraska and they draw big crowds and they like Nebraska, they like the venues here, they would no longer be back, and they were pretty blunt with that assessment. They're not coming back even though they had been to our arena 15 times. So those additional taxes were too much and that was the reason that they gave for that. So I'm here today along with Pinnacle Bank and other arenas to ask for your support on LB291 which would remove the professional wrestling from the State Athletic Commission's jurisdiction and then, therefore, remove it from that additional taxation. It's been said, it's spoiler alert, it's not real. WWE and venues have long said that professional wrestling is not a sport; it's more like a theatrical production. It's entertainment. They do dress rehearsals. They're actors. They're athletes but they're actors. And so it should not be regulated as such. Other states have already considered bills like this one, deregulated it in 27 states according to the WWE, so we hope that you will also do the same so that we can continue to book these very popular events in our Nebraska venues. Happy to answer any questions. [LB291]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions?
Senator Groene. [LB291]

SENATOR GROENE: Thank you, Senator Murante. You said something there, who all of a sudden out of nowhere started charging 5 percent on television rights? Did this body do that or did... [LB291]

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KRISTI ANDERSEN: It is my understanding, and that's a good question, the WWE has told us, you know, they have long kind of argued with the 5 percent tax. While they were accustomed to it, they really didn't agree that they had to pay that on the gross receipts to begin with, but they did and they continued to come. They asked for clarification. In the statute, it is written television rights. And so there was some...they wanted clarification on what does that mean. They say they did not get that clarification and that all of...it is my understanding that last year was the first time in February for us that they paid that and it was because someone had reinterpreted the language of the statute. [LB291]

SENATOR GROENE: Somebody in their legal department? [LB291]

KRISTI ANDERSEN: I would assume the Athletic Commission, but that would be a question for them. [LB291]

SENATOR GROENE: So next year the...we got a pretty good boxer in Omaha. [LB291]

KRISTI ANDERSEN: We do. [LB291]

SENATOR GROENE: Is he paying 5 percent on the television rights too? Is the...how about the...you see what I'm saying? [LB291]

KRISTI ANDERSEN: Yes, I do. And we did. We... [LB291]

SENATOR GROENE: So are we going to...are they going to be back and say that whoever handles boxing says we're not paying 5 percent on the television rights or the... [LB291]

KRISTI ANDERSEN: I don't think so, and it goes back to the argument that they are such...that's apples to oranges. We're not saying that boxing and MMA, UFC should not be regulated. They should be and that makes sense under this statute. What we're saying is professional wrestling doesn't because it's...they're not doing the drug testing, the weigh-ins... [LB291]

SENATOR GROENE: I understand. [LB291]

KRISTI ANDERSEN: ...all of the things that you see when you have a boxing match. We just held two... [LB291]

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SENATOR GROENE: But the real emphasis of this bill is to get rid of the tax, not to worry about if they're actors and stuff. They don't want to pay the tax. So what's going to stop the boxers coming in and saying we're not going to...associations, we're not going to pay that tax on the TV rights for boxing. We're going to Council Bluffs, we're going to Des Moines or something. [LB291]

KRISTI ANDERSEN: Well, there's certainly nothing that would stop them from doing that but that has not been anything that we've heard of. The only group we've heard that has had an issue with this tax is professional wrestling. And primarily because they feel that they should not be under the State Athletic Commissioner's jurisdiction because they're not...it's not an athletic event. [LB291]

SENATOR GROENE: Thank you. [LB291]

SENATOR MURANTE: Thank you, Senator Groene. Are there additional questions? Seeing none, thank you very much for coming today. [LB291]

KRISTI ANDERSEN: Thank you very much. [LB291]

SENATOR MURANTE: Additional proponent testimony to LB291. Seeing none, are there any opponents wishing to testify on LB291? And welcome to the Government Committee. [LB291]

CHAD LUNDERS: Hello, committee members. My name is Chad Lunders, C-h-a-d L-u-n-d-e-r-s. I'm a longtime fan of professional wrestling. When I was young, I actually had three different professional wrestling subscriptions to magazines. On January 22, 1979, in Garden City, Kansas, I stepped onto the green apron and got the autograph of one of the most famous wrestlers, Andre the Giant. For the last six years, I have been a mixed martial arts judge here in Nebraska, commonly referred to as MMA, which is also regulated by the Nebraska Athletic Commission. They do a fantastic job. I'm against this bill for the reasons of safety, the loopholes it would create, and the financial impact it would have on the commission. Safety is a huge concern. Currently, wrestlers must pass a doctor's physical and pass a blood test for HIV, hepatitis, and other conditions. Wrestlers can bleed a lot during a match, many times self-inflicted. Blading is the term when a wrestler cuts his own forehead across with a small concealed razor blade. You may notice on veteran wrestlers a lot of scar tissue on the forehead. This is from years of blading. Blood can end up all over inside the ring. The next matches are held in the same blood-filled ring. Some states have laws against the practice, however, Nebraska does not have a specific law against blading. So it is critical that the wrestlers be given a blood test. This ensures their safety and the safety of spectators who could possibly come in contact with the blood. Sometimes cuts get open as a result of a blow, intended or unintended. This is called getting a cut

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the hard way. The same result happens, blood all over the ring. You can see here, here is the American Dream Dusty Rhodes. It says his bloody battle to regain the world's belt, and this is commonly what happens. Blood all over. It's a real safety hazard. There has been transmissions of hepatitis. The commission makes sure the promoter has insurance to cover the wrestlers when they do get injured and make sure that the ring is safe. Removing professional wrestling from the Athletic Commission would open the door for real professional wrestling by promoters wishing to sidestep the commission and its fees while offering real combative matches, blurring the lines between real and staged. Before the regulation of MMA, it was difficult to stop illegal combat events. This would again make it difficult by creating a professional wrestling loophole. The financial impact it would have on the commission is significant. You can see in the fiscal note. They are a cash-funded organization and losing over \$50,000 a year would have a detrimental impact; inspectors would lose their jobs. This bill is all about outside interests; it's not what's best for Nebraska. The WWE is a huge organization owned by Vince McMahon who is worth an estimated \$1.2 billion. They have many lobbyists contacting senators from states where they are regulated to try to get exempted. Rick Santorum was once one of Vince McMahon's lobbyists. The latest data I could find showed 26 states regulate professional wrestling. Of neighboring states, Iowa, Missouri, Kansas, all charge the identical fee Nebraska does of 5 percent for admissions and TV profits. And I just checked the statute yesterday. The Athletic Commission ensures a safer environment for these athletes and they are no doubt athletes. Don't let Nebraska be body slammed by outside interests. Don't let this bill go any further. Thank you. [LB291]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Seeing none, thank you very much for coming down today. Is there additional opposition testimony to LB291? Any neutral testimony? Senator Coash is recognized to close. [LB291]

SENATOR COASH: Thank you, Senator Murante. We do need the State Athletic Commission. They do serve a purpose, and that's to regulate athletic sporting events. This is not...these are athletes but this is not a sport. They are regulated but they do not need to be regulated by the SAC. Boxers know that they need regulations in order to keep themselves safe, and that's why you're not going to see the Nebraska Boxing Federation come in here and ask also to be exempt. I do want to address one thing the opponent said. There's no loophole here. MMA remains in the statute, boxing remains in the statute. Nobody else is going to be exempted from this other than entertainment entities. It was said that this is about money and a tax and that's part of the reason that it's brought here. But I will tell the State Athletic Commission they better figure out now how to do without this money because these guys aren't coming back. They're not going to come back. And so the hit that he's worried about is coming whether or not we pass this bill. So I would tell the State Athletic Commission that they better adjust their budgets accordingly because we're not going to see these events coming back. So thank you for your time. [LB291]

SENATOR MURANTE: Thank you, Senator Coash. Senator Bloomfield. [LB291]

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SENATOR BLOOMFIELD: Thank you, Chair. Senator Coash, would they be regulated at all if we pull it out of...who's going to regulate what they do or watch what they do whether the... [LB291]

SENATOR COASH: Well, they work for a business. Right. They have an employer and their employer regulates the safety of their work. Nobody regulates the plays at the Lied Center either. [LB291]

SENATOR BLOOMFIELD: Okay. [LB291]

SENATOR COASH: Regulation has a place and the State Athletic Commission has a place, and that's with regulating sport. And this just isn't sport and doesn't need regulation. [LB291]

SENATOR BLOOMFIELD: One more. I had broached the subject with Mr. Lorenz about just taking the tax off of the TV sales. Would you be willing to see if they would be willing to go along with that, if they would come back, or they just want to throw it away altogether? [LB291]

SENATOR COASH: Well, my preference is the bill as written. I'm certainly willing to work with the committee. But by splitting it like that, Senator Bloomfield, I think it sends the message that these activities remain athletic sporting activities and I will contend that they don't. [LB291]

SENATOR BLOOMFIELD: You don't want to break every kid's heart. [LB291]

SENATOR COASH: No, I don't. I have a soon to be six-year-old and I want to be able to take to one of these someday and don't want to have to go to Kansas City to do it. [LB291]

SENATOR BLOOMFIELD: Thank you. [LB291]

SENATOR MURANTE: I can't believe he's six already. [LB291]

SENATOR COASH: I know. [LB291]

SENATOR MURANTE: Senator Groene. [LB291]

SENATOR GROENE: Thank you, Senator Murante. I got to thinking here and I do that too much sometimes, but just taking...did you look into the State Athletic Commissioner's budget? If they all of a sudden started 5 percent as they did on all television rights with the martial arts, I'm

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sure they have the martial arts in Lincoln and Omaha, too, and then that boxer out of Omaha. If they just started doing that, they must have collected a lot of money the last year or two since they did that. Did you happen to look at their receipts? [LB291]

SENATOR COASH: No, but I'm going to. The way that it happened as I understand it is there was always a 5 percent on professional wrestling applied to the gross revenue. [LB291]

SENATOR GROENE: That's on all of these though. [LB291]

SENATOR COASH: And then just last year they said, oh by the way, not only on the gross revenue but that includes the sale of your TV rights, which in the case of WWE baffles me because they sell it to themselves. (Laugh) [LB291]

SENATOR GROENE: Yes, but also they started doing it to the boxing and they started doing it to the marital arts, so they must have collected a lot of tax if they just started doing it last February. And I was just...I'm just curious what their receipts have been. [LB291]

SENATOR COASH: I'm going to look into that, Senator Groene, and I'll be glad to share it with the... [LB291]

SENATOR GROENE: Before we start making amendments to get rid of that 5 percent, maybe it would be just better to get rid of the wrestling. They might lose a lot more money if we got rid of the TV rights 5 percent. Thank you. [LB291]

SENATOR COASH: Thank you, Senator. [LB291]

SENATOR MURANTE: (Exhibit 6) All right. And with that, we will...let's see do we have any...we do have a letter. We have a letter of support for LB291 from Andrew Forstadt of the Global Live Event Booking and Richard Hering of Government Relations and Risk Management from the WWE. So that is our letter of support and, with that, we close the hearing on LB291. Thank you, Senator Coash. And we will proceed to the next item on agenda, something a little more up our wheelhouse. (Laughter) All right. Variety is the spice of life I guess. Welcome back, Senator Crawford. [LB291]

SENATOR CRAWFORD: (Exhibit 1) Thank you. Good afternoon, Chairman Murante and members of the Government, Military, and Veterans Affairs Committee. My name is Sue Crawford, S-u-e C-r-a-w-f-o-r-d, and I represent the 45th Legislative District of Bellevue, Offutt, eastern Sarpy County. Today I'm pleased to bring you LB166, a bill to bring additional

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accountability and transparency to campaign funds in Nebraska. Current law does not provide a second check against fraud using campaign funds. Right now, the balance in a campaign account provided to the Accountability and Disclosure Commission is entirely self-reported. In other words, the balance is whatever the candidate committee says it is. LB166 provides an important tool to ensure campaign funds are represented truthfully and used as reported by the candidates. Under the bill, each campaign committee must submit an end-of-the-year bank balance statement to the Accountability and Disclosure Commission. This statement will be compared against the campaign committee's end-of-the-year statements by the commission's staff during the auditing process. We talked with bankers regarding LB166 and they have no issues with the legislation in its current form or with the amendment that we will talk about in just a minute. We also reached out to the Secretary of State John Gale who said he felt LB166 makes good sense. There have been two cases of campaign fund fraud in the last nine years in which over \$70,000 of campaign funds were misused and misrepresented in yearly campaign statements. However, the balance check is not just to hold candidates accountable. It can also protect candidates. One notable case of fraud involved a campaign treasurer in 1993. None of these were detected by the Accountability and Disclosure Commission because the current self-reporting requirements allowed these candidates and the treasurer in one case to conceal their practices from the commission. Because there is currently no second check on these statements, candidates were able to misrepresent their campaign account balances and conceal personal loans and misuse of campaign funds. LB166 strengthens the ability of the Accountability and Disclosure Commission to conduct this important oversight function for our state. While this information is vital in detecting campaign finance fraud, we also realize the sensitive nature of bank statement information. This is why the bill provides that the balance statement does not need to include account number or other sensitive information and that it shall not be considered a public record. LB166 also requires the commission to destroy the bank balance statement within ten business days of its receipt. The pages are now circulating an amendment for the committee's consideration. The amendment clarifies that the campaign committees shall submit an end-of-the-year balance statement rather than an actual account statement using a form provided by the Accountability and Disclosure Commission. This strikes all mentions of bank statements from the bill. (Laugh) So hopefully this will address some concerns that I know some members have had about the sensitive nature of bank statements. The bill also prohibits the granting of personal loans using campaign funds. Currently, a candidate or treasurer could pull money out of an account for a nonallowable expense under the guise that it's a "loan." LB166 clarifies that funds cannot be used for loans. LB166 could also make it easier for candidates and for our office of Accountability and Disclosure Commission when it comes time to dissolve campaign funds. Right now, a small clerical error from years earlier requires candidates to dig through years and years of old records to find a discrepancy when it's time to close the account and account for all of that money. Yearly checks allow simple errors to be caught sooner and more easily. In addition to providing auditors with Accountability and Disclosure Commission a crucial tool in preventing and detecting campaign fund abuse, LB166 also increases penalties for violations of

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the Accountability and Disclosure Act and adds enforcement power for the commission to require restitution as a consequence of a violation. Currently, the law allows a fine. But if someone misuses \$10,000 or tens of thousands of dollars, all they have is that fine. So this allows another penalty in the form of restitution. LB166 provides a crucial tool in detecting campaign fund abuse as well as serves as a stronger deterrent to prevent future campaign abuse. LB166 is designed to safeguard the public's trust and confidence in campaigns. Nebraska's trust that when they make a contribution to a candidate or to a ballot question, that the candidate or ballot advocates will not misrepresent their balance or use their funds inappropriately. I'm happy to answer any questions now and/or at closing. Thank you. [LB166]

SENATOR MURANTE: Yeah, it looks like we have a couple questions. We'll start with Senator Craighead. [LB166]

SENATOR CRAIGHEAD: Hi, Senator Crawford. [LB166]

SENATOR CRAWFORD: Hi. [LB166]

SENATOR CRAIGHEAD: This is interesting. Okay, so there were two cases of fraud. One in 1993, and then when was the latest one? [LB166]

SENATOR CRAWFORD: The most recent one that received attention was Senator Council. [LB166]

SENATOR CRAIGHEAD: I'm sorry. [LB166]

SENATOR CRAWFORD: Was Senator Brenda Council. And I don't remember exactly what year that was. [LB166]

SENATOR BLOOMFIELD: It was two years ago. [LB166]

SENATOR CRAWFORD: Two years ago. Thank you. [LB166]

SENATOR CRAIGHEAD: Okay, all right. Brenda, okay. I'm just curious, did you introduce this bill on your own or were you asked to introduce this on behalf of someone or a group? [LB166]

SENATOR CRAWFORD: So I talked with Common Cause about this bill. It's a bill that they've had an interest in, that I also have an interest in bills for transparency and good government kinds

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of bills. So it's a bill that I also had an interest in. So we talked together about that and talked together about what the bill should look like. [LB166]

SENATOR CRAIGHEAD: Interesting. So if I'm putting one and one together and getting two on this, the \$70,000 that was misappropriated was actually--how do I want to say this--it was really for an addiction versus fraud. Is that a good way to say it? [LB166]

SENATOR CRAWFORD: Regardless, it was misappropriation of campaign funds. And that is the underlying issue here, is that we have an institutional system that is vulnerable to misuse of campaign funds, however they're misused, whether it's misuse for an addiction or misuse for something else. We have an institution that doesn't have sufficient checks for that. [LB166]

SENATOR CRAIGHEAD: So two cases, and this would be out of like, do you have any idea how many accounts? So we've got two cases... [LB166]

SENATOR CRAWFORD: No, but I have people...there are other people following... [LB166]

SENATOR CRAIGHEAD: I'm just curious. [LB166]

SENATOR CRAWFORD: ...who may have better understanding of how frequent it is. Now again, in addition to those...well, two things. One, those cases that ended up being very high-visibility cases again were not cases that were caught with our current system. So other situations happened that brought those to light. So one of the things...one answer is we really don't know in that case if there are other misuses that we don't know about, if they're ongoing at this point. And then the other issue is that even...despite the...it's not just about those campaign fraud situations. The other use of this is every campaign fund at some point gets closed. And so keeping them up to date so when they're closed they're closed well and the money is all accounted for. That's the sort of day-to-day, less sensational, important purpose of the bill is to make sure that we're, the accountability office and campaigns are keeping those funds, keeping those accounts in line so that when you get to the end of the campaign, the end of the fund and it's disbursed, we know where all the money is. [LB166]

SENATOR CRAIGHEAD: I was just curious because in my short experience with the NADC. They send me love letters all the time. So I just wondered, you know, how many because it seems like they're very thorough, extremely thorough. [LB166]

SENATOR CRAWFORD: Oh, they are very thorough. And so this bill is no way questioning or challenging their ability to do what we've tasked them to do. They actual...this would provide

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another tool for them to use. They have no way of knowing what your bank statement is. What they have is they have what you send them in terms of your expenses, and what you send them in terms of contributions. And then they have what other people who make contributions send them. And they are very thorough with looking at those balances and making sure that they match. But they have no way of knowing whether or not what you have in your account matches what your statements say your campaign fund has based on what you say are your incoming contributions and your outgoing expenses. [LB166]

SENATOR CRAIGHEAD: Thank you. [LB166]

SENATOR CRAWFORD: Thank you. [LB166]

SENATOR MURANTE: Thank you, Senator Craighead. Senator Crawford, you and I have talked about this over a couple of years now, at least you and I have for the past couple of months. And we've had this in the Government Committee before. I think you know I think two-thirds of your bill is great. [LB166]

SENATOR CRAWFORD: Okay. [LB166]

SENATOR MURANTE: I'm having a tough time getting my mind around that last third. And my challenge that I have is I really don't like creating new law as a result of a handful of bad actors that apply to everyone when the overwhelming majority, 99 percent plus, don't do anything wrong, especially when it seems to me it would be pretty easy for a bad actor, if they wanted to manipulate...if they're willing to break campaign finance law, they're going to manipulate the bank statement if they turn it into NADC. We will not have accomplished anything except for adding a burden to people who are already complying with the law. And the people who are going to break the law and just going to continue to break the law in another way. So my question to you is what protections do we have in the bill to guarantee that these people who, by the nature of this bill being brought forward we have acknowledged are breaking campaign finance laws, are going to comply with this one that we have in LB166? [LB166]

SENATOR CRAWFORD: So I think often one of the goals of transparency is to make sure people know that someone is watching. (Laugh) And so that then provides an added deterrent to some people who may be thinking about doing something or make sure they're more careful because they know there will be accountability there. So it has that merit. As with any other human institution, it's no doubt fallible. And you raise a very good question about the burden versus the risk we're trying to address. So we have talked to the bankers and they say they regularly provide this kind of balance statement for some other purposes. And they don't see it as a burden on their front. And so I guess it's upon us to talk to one another about whether we think

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once a year sending in a campaign statement is a burden that we're willing to bear. That's our choice, you know, because it's something we'll have to vote on. You'll have to vote on it first in terms of deciding whether or not you think that's an appropriate additional burden to bear in addition to the other forms you fill out, to just ask for that statement and send that in with the other. That's an important question for us to discuss. [LB166]

SENATOR MURANTE: Senator Groene. [LB166]

SENATOR GROENE: Thank you, Senator Murante. I think your last sentence answered it. This isn't another filing. This is an attachment to an existing filing, right? [LB166]

SENATOR CRAWFORD: I suspect so. I mean, yeah. It would be some other...I suspect so. [LB166]

SENATOR GROENE: No, I... [LB166]

SENATOR CRAWFORD: I'll have to double-check. [LB166]

SENATOR GROENE: I understood that, the last sentence. [LB166]

SENATOR CRAWFORD: But I think that would be probably how it would operate. [LB166]

SENATOR GROENE: And then the other thing is, so you get arrested for stealing your campaign money. What good does it do to put money back in to the committee fund? I mean: "Make restitution to any committee, government body, or person." So now you've got somebody sitting in the state pen with campaign. What happens to that money? [LB166]

SENATOR CRAWFORD: Well, let's say...well, actually what happens at the end of a campaign, there are places where that money can go. So it can be donated to a charitable organization or another campaign committee. But you can't just keep that money yourself. So that money is the...it is the public's money in a way. You've created this organization, this campaign committee. And people have given to it to give to a campaign committee. And so they're expecting it to be used for some campaign purpose. And so the restitution still makes sense even if that person will never run for office again. It still was a campaign committee, a public committee. And so there may still be a reason to ask for that repayment back to the committee. And especially think of a case where maybe a treasurer or someone else, you know, took off with a lot of money. You'd want to make sure that money got repaid so the campaign fund had that money. [LB166]

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SENATOR GROENE: Do you...is Mr. Daley going to speak? [LB166]

SENATOR CRAWFORD: I believe so, yes. [LB166]

SENATOR GROENE: All right. Well, then I'll spare you. (Laughter) [LB166]

SENATOR CRAWFORD: Sure. [LB166]

SENATOR MURANTE: Thank you, Senator Groene. Any final questions? Seeing none, thank you very much, Senator Crawford. [LB166]

SENATOR CRAWFORD: Thank you. [LB166]

SENATOR MURANTE: And we will now proceed to proponent testimony to LB291 (sic). Mr. Gould, welcome back to your Committee on Government, Military and Veterans Affairs. Did I pronounce your name...? [LB166]

JACK GOULD: Gould. [LB166]

SENATOR MURANTE: Gould? [LB166]

JACK GOULD: Yes. [LB166]

SENATOR MURANTE: Okay. [LB166]

JACK GOULD: (Exhibit 2) Senator Murante, members of the committee, my name is Jack Gould; that's G-o-u-l-d. I am a registered volunteer lobbyist for Common Cause Nebraska. I have some written testimony that I've given to you. I have to apologize for a typing error in the third line of what you're getting right now. There's some news articles that do help to address some of the questions that you've been asking. And I would like to primarily focus on the bank statement that Senator Murante I know is concerned about and also some of the questions that have already been asked. So I may not follow my testimony directly. First of all, LB166 addresses the fact that there has been a serious flaw in campaign finance reporting. And the serious flaw is simply that there is no way of cross-checking the reported balance against anything else. And as a result of that, we've had three--not two, we've had three felonies--felony thefts really, related to campaign funds. And as a result of that, we have asked for some kind of action to ensure that these kind of things don't happen again. Now there was a question about how many campaigns are going on at

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any given time? Well, actually Accountability and Disclosure is monitoring as many as 535 candidates at any one time. In terms of, you know, how many actual felony convictions do we have? Well, obviously we have three. But the point is all three were not detected by the government agencies responsible for detecting. All three were reported by outside individuals. And I'll try to give you an accounting because you were asking about the individual cases of what happened. In 1993, Margaret Reynolds, Scott Moore's treasurer, she was also I believe the clerk of the Appropriations Committee, she was taking out a loan for the campaign and then diverted the money into a private account and was spent privately. This wasn't detected by the reporting. The reporting that was being turned into Accountability and Disclosure was perfect. It was Scott Moore the senator who found out that something was out of line. And he reported it to Accountability and Disclosure and the Attorney General. The Attorney General actually charged Margaret Reynolds with a felony charge. It wasn't a question of misappropriations. It was a question of theft. Any taking of money over \$500 is a felony. So when we're talking about these numbers, we're not talking about minor figures or minor offenses. We're talking about felonies. In the case of Ray Mossey, and this was in 2006, Ray Mossey was a state senator. I'm going to be bleeped here, is that right? Can I answer the questions that are out there or not? [LB166]

SENATOR MURANTE: It's just a matter of precedence, Senator...not Senator Gould, excuse me. [LB166]

JACK GOULD: (Laugh.) [LB166]

SENATOR MURANTE: Continue on. [LB166]

JACK GOULD: Okay. [LB166]

SENATOR MURANTE: Keep going. [LB166]

JACK GOULD: Senator Mossey was actually picked up for prescription drug fraud by the police. It was reported by a pharmacist. He was then found guilty but an investigation followed largely by Accountability and Disclosure looking into where the money was going. At that point they found \$7,442.98 that had disappeared. It was never fully accounted for. But some of the money had gone to a tattoo parlor. Some of the money had gone to a dating service. So obviously this was not the appropriate use of campaign funds. Mossey resigned. He moved to Texas. He was fined \$14,000 on seven counts of campaign fraud. And as a result, he was not...he has not paid that amount, and nobody is quite sure where he is at this point. The third case was Senator Council... [LB166]

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SENATOR MURANTE: Your red light is on so let me ask you a question real quick. [LB166]

JACK GOULD: Okay. [LB166]

SENATOR MURANTE: What was the third case all about? (Laughter) [LB166]

JACK GOULD: Thank you. The third case was the most serious case probably from the standpoint of the amount of money; \$63,000 was gambled away by Senator Council in Kansas. And again, Senator Council was a fine person. I think many of you knew her. The fact is she was a lawyer, she knew what she was doing. And her reports were perfect. So were Mossey's reports. They were all perfect. But there was no way of cross-checking. And so what this bill does...and I think it's appropriate that we follow professional wrestling because I think Senator Crawford is an excellent wrestler and I'm glad she's here. But you know, the serious point is this money disappeared. And you can say, well, it's only three accounts. Actually we don't know how many there could have been because the problem is there's no cross-check. And all three were reported by outside individuals. They were not reported by any government agency. So it's important that we have a way of checking. And all we're asking for here is a single number, a single number. What does it say? We don't...looking for how it's all spent. It's no big deal with a bank statement. It's a single number that is requested by the candidate sent to the bank and that single number is sent to Accountability and Disclosure. That's it, nothing complicated. And they will then check it against what's being reported. We know there will be flaws. Things don't always balance. There are checks out there. But Accountability and Disclosure is going to notice if \$63,000 is missing or if \$7,000 is missing. And that's what's important. And I think you owe it to the...this is a public trust. This isn't about tax dollars. This isn't about politics. It's not about Republicans and Democrats. It's about integrity. And it's the responsibility of this body to protect the integrity of campaign funds. And that's all that Senator Crawford is asking in this bill. Protect campaign funds and do the right thing. And the public expects that. Thank you. I know I'm way over time. [LB166]

SENATOR MURANTE: Thank you very much. Senator Craighead. [LB166]

SENATOR CRAIGHEAD: Thank you, Mr. Chairman. Mr. Gould, thank you for being here today. [LB166]

JACK GOULD: Yes. Thank you for... [LB166]

SENATOR CRAIGHEAD: I'm going to see. I'll bet you have the answer to this. [LB166]

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JACK GOULD: Uh-oh. (Laugh) [LB166]

SENATOR CRAIGHEAD: No. I mean when I look at things, I think is it good public policy? Does it meet the needs of the masses, not just one little thing? Okay, so we've got three cases of fraud since 1993 which is 22 years, okay, of which two of those are addictions. Okay, whatever it's fraud. So how many NADC reports have been filed by all candidates in 22 years? I guess what I'm looking at is for a fraction here. We've got three over how many for what percent? That's what I'm looking for. Can you help me with that? [LB166]

JACK GOULD: Well, let me address the question of addiction first, okay. I know that this was a big issue with Senator Council. And Senator Council was only fined \$500 by the Attorney General's Office. But I must say that I know of many poor people who are addicted to drugs, to gambling, to all kinds of things. And I see those people going to jail. And I see fines far greater than that and years in prison. Sixty-three thousand dollars would have put a lot of people in prison. In this case, it didn't happen. So I think the numbers are not always accurate when we don't really know. Accountability and Disclosure can't come out and say that there has never been another case. I reported three because they were major incidents. I go up and go through those campaign filings every year. I look at all of yours. (Laugh) And you know, it's not perfect, believe me. And I know letters go out. Frank Daley isn't out there trying to get people arrested. We're not trying to spy on you or anything like that. All we're trying to do is ensure that the campaign money is used properly. And the letters that go out, all they do is ask somebody can you account for this? Can you explain it? And that's what comes back. So I think this is only asking for better scrutiny of what's out there. And it would have been great if Senator Council had been found earlier and had been told. And she might still be here. [LB166]

SENATOR CRAIGHEAD: I guess what...like I say, I'm trying to get a percentage. We've had three cases here, okay? How many NADC reports have been filed over the 22 years? Could we feasibly say a thousand reports a year for a total of 22,000? So we've got 3 cases out of 22,000. This is what I'm looking for. I'm looking for the big, broad policy issue on this, okay? And I'm trying in my own mind to say, okay, we've had three cases of proven fraud, but how many reports have actually been filed over at least the last 22 years? Do you understand what I'm asking? [LB166]

JACK GOULD: Oh, I understand. And I'm trying to tell you that..and I'll let Frank address the same question because he can give you numbers on that, I can't. [LB166]

SENATOR CRAIGHEAD: Okay. [LB166]

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JACK GOULD: But we've detected three. Had there been better scrutiny, had the auditors been allowed to check the balances, there could have been more. Senator Council's reports for years were perfect; everything balanced, the same thing with Mossey, the same thing with Reynolds in Scott Moore's campaign. It was perfect and it would never have been detected. Right now you would have zero cases. It was outside people who became aware of the gambling, became aware that there's money floating in the wrong direction. That's how those things were found out. If you give Accountability the ability to detect it, they will notify. They will let people know in advance. They are not going to go put you in jail immediately. You know, that isn't their goal and that isn't our goal. It's just, let's make it right so that we can tell if there's a fraud. [LB166]

SENATOR CRAIGHEAD: Thank you. [LB166]

SENATOR MURANTE: Thank you, Senator Craighead. Senator Groene. [LB166]

SENATOR GROENE: Thank you, Senator Murante. I think you answered it. [LB166]

JACK GOULD: Okay. [LB166]

SENATOR GROENE: Those three cases, none of them were caught by the NADC. [LB166]

JACK GOULD: No. [LB166]

SENATOR GROENE: They were outside. Somebody noticed. [LB166]

JACK GOULD: But it isn't their fault. [LB166]

SENATOR GROENE: No, I know. No, I'm not saying that. [LB166]

JACK GOULD: There was no way they could have picked it up. [LB166]

SENATOR GROENE: So it was caught somewhere else. Do you think if this law passes there will be a whole bunch of deposits made...(laughter) before the bank statements are...? [LB166]

JACK GOULD: I think this will raise the awareness of everyone that you have to be... [LB166]

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SENATOR GROENE: Are you going to give them time to make the deposits before they send the bank statement in? [LB166]

JACK GOULD: I think that Frank would do that. I really do. I think it will certainly raise the awareness that people are concerned and that the public is concerned. [LB166]

SENATOR GROENE: All right. Thank you. [LB166]

SENATOR MURANTE: Thank you, Senator Groene. Senator Garrett. [LB166]

SENATOR GARRETT: Thank you, Chairman. I shouldn't do it but I'm going to. I live the Air Force core values: integrity first, service before self, excellence in all we do. [LB166]

JACK GOULD: Excellent. [LB166]

SENATOR GARRETT: And integrity thing is very important to me, and I'm inclined to support this. But it very much reminds me of voter ID. I mean, it's all about the integrity of the system. And so, you know, I'm just kind of...I agree with what you're trying to do here and integrity of the system. It's usually important. [LB166]

JACK GOULD: But let me give you...that's a very good comparison because if you look at voter ID, I'm pretty sure that on the floor there was never a single case of fraud brought forward. There was no convictions. Okay, go ahead. [LB166]

SENATOR GARRETT: My comment on that, I didn't get an opportunity to speak on the floor on that. My comment last year and this year is the same, is that we have no systems in place to detect voter fraud. [LB166]

JACK GOULD: Exactly. [LB166]

SENATOR GARRETT: When we find it, it's usually because of some gross, ignorant error on the part of somebody. So you know, it's hard for me to say that...I think it's hard for us to say that there's not voter fraud out there when we really have no mechanism in place to detect that. But that's another issue. [LB166]

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JACK GOULD: That's exactly my argument. I mean what we're saying is we need to have something in place to detect it. So I mean I'm not disagreeing with you at all. I'm just saying that's the problem and here's an opportunity to fix it. [LB166]

SENATOR GARRETT: Yeah, I agree. Thank you. [LB166]

SENATOR MURANTE: So the record will reflect that Common Cause supports voter ID laws. (Laughter) [LB166]

JACK GOULD: I don't think that's quite right. [LB166]

SENATOR MURANTE: We'll deal with that again in two years. So are there any additional questions? Seeing none, thank you very much, Jack. [LB166]

JACK GOULD: Thank you. [LB166]

SENATOR MURANTE: Additional proponent testimony to LB166. Welcome. [LB166]

MARY BOSCHULT: (Exhibit 3) Thank you. I'll apologize early. There's sort of a frog in there today. I think I brought it in from outside, so excuse me. Senator Murante and members of the Government, Military and Veterans Affairs Committee, my name is Mary Boschult, M-a-r-y B-o-s-c-h-u-l-t, and I'm here to testify for the League of Women Voters of Lincoln and Lancaster County to support LB166. This bill would increase the accountability and transparency regarding campaign fund expenditures and reporting. The bill would also increase the enforcement power of the Accountability and Disclosure Commission to include restitution as a consequence of a violation of the act. Requiring each campaign committee to submit an end-of-year bank balance statement and prohibiting personal loans from campaign funds will make the current system more accountable and more effective. The League of Women Voters is a nonpartisan organization that encourages informed and active participation in government. The League does not support or oppose candidates. We work to increase understanding of public policy and to increase voter participation in elections. These modifications in the state Accountability and Disclosure requirements would help ensure the public's right to know and help combat corruption. It would also increase information available and accessible to the public which in turn supports their informed participation in government. Thank you. [LB166]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Seeing none, thank you very much for coming down today. [LB166]

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MARY BOSCHULT: Thank you. [LB166]

SENATOR MURANTE: Much appreciated. Additional proponent testimony to LB166. Frank "The Hulk Hogan" Daley, welcome to the Government, Military and Veterans Affairs Committee. (Laughter) [LB166]

FRANK DALEY: Well, thank you, Senator Murante and members of the Government, Military and Veterans Affairs. My name is Frank Daley, D-a-l-e-y. I'm the executive director of the Nebraska Accountability and Disclosure Commission. First, let me express my utter bewilderment in having my name and professional wrestling mentioned in the same sentence. (Laughter) I'm not sure if I have a sort of perverse pride in that. But I'd also like to express the commission's support of LB166. I mean we've talked about how LB166 does a number of things such as to raise the possible civil penalty, clarify the prohibition against loans, and provide for restitution. But let me address what seems to be the core area of interest, and that's the requirement of that all committees on an annual basis provide a statement of account as to the balance in their bank account. For the purpose of the commission, you ought to know that the main benefit is not necessarily to catch these big cases. That's somewhat of a side benefit. The main benefit is that our auditors regularly have to review these campaign statements and reconcile things. And sometimes anomalies appear within the four corners of the campaign statement. And I'm sure a number of you have experienced situations where you've received letters from our auditors asking a question about this expenditure, that expenditure or asking for more information. That's part of the day-to-day process of what our auditors do. The purpose for having the statement of account once a year is to help them with the reconciliation process particularly at the time that the committee begins its dissolution process. The committee is not going to operate anymore. One of the things it needs to do is that it needs to disburse all residual funds. And because we're required to ensure that all funds have been used properly, we need to reconcile the amount that's being disbursed to close out the committee with the balance that's been reported for years on the campaign statements. And sometimes those aren't the same. And so that puts our auditors in the position where we have to find out where that difference came in. Now, our folks tell me that that's a lot easier if they're doing it on an annual basis looking at year's worth of records rather than waiting until the candidate wants to dissolve his committee after 4 years of service or 8 years of service or 12 years of service in a series of public offices. It's simply a lot easier. The other benefit to this is that if our auditors detect a situation such as a bookkeeping situation which is causing the discrepancy, they can help the committee to take corrective action. And that will essentially eliminate the discrepancy and allow the committee to go forward. Or perhaps they find certain contributions that haven't been properly reported or a number of errors that can occur. And if these things continue over a course of years, the discrepancy gets bigger and bigger and bigger and it becomes more and more problematic to get these things taken care of. So that really is the heart of the reason why the commission on a day-to-day basis is interested in having this piece of information once a year from a third party

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showing a statement of account so that we have a bank balance to work with. The second thing is that when we're talking about some of these big cases, we're talking about the Scott Moore campaign committee. We're talking about the Ray Mossey campaign committee. And we're talking about the Brenda Council campaign committee. There's always the possibility that if they knew that a statement of account were to be submitted once a year, it may have deterred the activity in the first place. I have to note that in the case of Brenda Council, she had a treasurer for years and years and years who filed campaign statements, took care of the accounts and everything was fine. But the treasurer died and suddenly Ms. Council was her own treasurer, and later she appointed a treasurer who did not have access to the account. So suddenly there was no deterrent built in. And I like to think that had something like this been in place, there might have been a deterrent and it would not have occurred. Or at the very least, we would have caught it a lot sooner and perhaps it wouldn't have gotten as serious as it did. I see my time is up. So thank you very much, one and all, for the opportunity to testify. [LB166]

SENATOR MURANTE: Thank you very much for coming down, Mr. Daley. Are there any questions? Senator Craighead. [LB166]

SENATOR CRAIGHEAD: Mr. Daley, hi. You might be able to answer this, okay? If not, I'm going to go back and count myself. Over the last...let's say since 1993 which is 22 years where we start the first case, how many reports have been filed to NADC? I'm looking for that percentage, okay? [LB166]

FRANK DALEY: Sure. [LB166]

SENATOR CRAIGHEAD: So it would be three cases out of how many reports filed approximately? [LB166]

FRANK DALEY: I'm not sure I can give you a raw number, but I can give you something that can kind of help us get a sense of the context. [LB166]

SENATOR CRAIGHEAD: Okay, thank you. [LB166]

FRANK DALEY: We typically have at any one time between 350 to 500 existing committees, all right? [LB166]

SENATOR CRAIGHEAD: (Inaudible), okay. [LB166]

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FRANK DALEY: Each one files annually. So we are probably...we start out with a minimum of 350 to 500 campaign statements every year. [LB166]

SENATOR CRAIGHEAD: Okay. [LB166]

FRANK DALEY: Many of them will be involved in elections, the candidate committees, typically every four years in which they will file six campaign statements. Political action committees are probably active every even-numbered years in which they file six campaign statements. So maybe that gives you a sense of what we're talking about. Obviously we're talking about several thousand over the course of 23 years. [LB166]

SENATOR CRAIGHEAD: Probably somewhere between 10,000 and 25,000, right, over 22 years? [LB166]

FRANK DALEY: Why don't we start with 10,000? [LB166]

SENATOR CRAIGHEAD: So we're saying 3 out of 10,000... [LB166]

FRANK DALEY: Correct. [LB166]

SENATOR CRAIGHEAD: ...is what, .003 percent or something like that? [LB166]

FRANK DALEY: Correct. [LB166]

SENATOR CRAIGHEAD: I mean it's...I guess it's small. [LB166]

FRANK DALEY: That's exactly right. That's exactly right. [LB166]

SENATOR CRAIGHEAD: Okay. Thank you. I was just curious. Thank you. [LB166]

FRANK DALEY: But again, please understand that a big part of our desire for this is to deal with the day-to-day stuff so that the things that don't make the newspapers that one of our guys spent 43 hours trying to unravel some candidate's campaign statements when they were trying to dissolve because we had to go through years and years worth of records to find the discrepancy. I mean that's part of what this saves. And for our folks on a day-to-day level, that's really the importance of this. [LB166]

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SENATOR CRAIGHEAD: I've got to tell you, you guys do a great job. You know why? Every time I forgot to put a period at the end of a sentence, I got a letter. You guys do a great job, okay? [LB166]

FRANK DALEY: We call them valentines. I hope you appreciate them. [LB166]

SENATOR CRAIGHEAD: I love them. Thank you so much. [LB166]

SENATOR MURANTE: Senator Garrett. [LB166]

SENATOR GARRETT: Thank you, Mr. Chairman. I, too, commend you for all you do. I'm brainstorming here again about the integrity of the system. The end-of-year balance sheet from the bank, if somebody were to be giving themselves a loan from their committee and then subsequently the month before in November makes a deposit to cover that, one could almost argue that there would be...that you receive a monthly bank statement from each committee. I know we're talking about a lot of work. But if you're really looking to prevent fraud from taking place within a campaign committee, I would think that you'd want to see those deposits and withdrawals. I don't want to add to your workload, but certainly I'm thinking of ways of somebody...if someone has ill intent that might try to circumvent even this rule. [LB166]

FRANK DALEY: I suppose there's an element of reasonableness. It would seem to me that if someone is going to go through that much work to try and hide that, money can be coming in and going out and money can be submitted just before the bank balance is done and then come out again. Sure, that can happen. But at least we know that once a year, we absolutely know that once a year things balance or don't balance and we can figure that out. But you're right, it doesn't close all loopholes but it will probably catch the majority of what we want to catch, which are not the Brenda Councils or the Margaret Reynoldses. It's the person that doesn't quite have things together and they're trying to put things together. We can help them with that more easily if we have a solid number to work with. [LB166]

SENATOR GARRETT: Thank you. [LB166]

SENATOR MURANTE: Thank you, Senator Garrett. Senator Groene. [LB166]

SENATOR GROENE: Thank you, Senator Murante. How many on average campaign committees dissolve a year? [LB166]

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FRANK DALEY: Probably more at the end of even-numbered years than obviously in odd-numbered years. You will find that, for example, with roughly 24 to 25 legislative districts up for election every even-numbered year, we will probably have somewhere in the nature of 60 or so of those committees dissolve at the end of a year. [LB166]

SENATOR GROENE: And you have senators and Governors...I mean Governors and... [LB166]

FRANK DALEY: Sure. We're going to have Governors' committees that dissolve and committees for all public offices dissolve. And of course, there are a number of local offices as well. So it wouldn't surprise me if in some years as we get toward the end of a calendar year and into the next calendar year that we're talking somewhere in the nature of a hundred, something like that. [LB166]

SENATOR GROENE: So you know what my next question is. Of how many of those does your auditor say, something don't match here. [LB166]

FRANK DALEY: Most. [LB166]

SENATOR GROENE: But I mean by a large percentage? [LB166]

FRANK DALEY: Typically not. Typically it is something whereby, oh, gee, we forgot to put some sort of interest in. Or we got a rebate from a vendor where we didn't use all of the services we paid for. We weren't sure how to account for that so we left it off. So most of that is relatively innocent. It's either some bookkeeping error or some mistake as to how to report something, things of that nature. [LB166]

SENATOR GROENE: But if it's under \$250, you don't have to report it, right? [LB166]

FRANK DALEY: Well, you don't have to disclose the detail of it, but it still has to show up in the totals on your summary page. And so the cash balance at some point will be the same. [LB166]

SENATOR GROENE: I'm glad you said that because I got a refund from a TV station that ran three of my ads after the election. (Laughter) [LB166]

FRANK DALEY: Yeah, and exactly right. And that's the type of situation where that has to show up because it affects your cash balance. [LB166]

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SENATOR GROENE: I got accused of running again. But anyway thank you. [LB166]

FRANK DALEY: Certainly. [LB166]

SENATOR MURANTE: Thank you, Senator Groene. Any final questions? Seeing none, thank you very much, Mr... [LB166]

FRANK DALEY: Thank you for the opportunity to testify. [LB166]

SENATOR MURANTE: Thank you for coming down. Additional proponent testimony to LB166, any additional proponents? And welcome back to the Government, Military and Veterans Affairs Committee. [LB166]

GWENDOLEN HINES: Thank you. Good afternoon. My name is Gwendolen Hines; it's G-w-e-n-d-o-l-e-n, and the last name is Hines, H-i-n-e-s. And I represent the Social Justice Committee at the Unitarian Church of Lincoln. And we would like to see measures to make it harder to misuse campaign funds for every elected official. It's not that we don't trust you. We just think it would be a good idea to have these measures in place. And I think it's...you say, well, only three offenses have occurred in the last so many, 20 years. But we don't know that because we don't have the information that you would get from reports like this. So it could be more happening that we don't know about. So we would really like to see this bill pass. And we would like to go further to have people report from where they get their campaign money. That's all I have to say. Thank you. [LB166]

SENATOR MURANTE: Thank you very much for your testimony. Any questions? Seeing none, thank you very much for coming down today. Additional proponent testimony to LB166, any additional proponents? Are there any opponents to LB166? Any neutral testifiers? Seeing none, Senator Crawford, you are recognized to close. [LB166]

SENATOR CRAWFORD: Thank you. So I don't know that you have too many other questions. I was guessing, sitting back there, about 10,000 was the base of that fraction as well. But I want to again come back to the fundamental, day-to-day purpose of this bill. There's a lot of media attention to the three high-profile fraud cases. That's what people like to talk about because that's interesting and fun to talk about. (Laugh) But the day-to-day, good-government functions of this bill really deal with the fact that every campaign account that's open for any candidate or any ballot issue does some day get closed. So it's relevant for every single account that we have. And interesting to hear that it's...that is about a hundred a year that we're closing, that we haven't...our Accountability and Disclosure Office spending time closing at least, you know, around a hundred

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of those each year and spending that time trying to go back and find where the discrepancies may be in those accounts. That's the day-to-day, let's make government work well piece of the bill. Also, the prohibition against loans, just make that very clear in our policy, that that is unacceptable use, so that it's very clear that that's against the rules and candidates see that and that we have an ability to hold candidates accountable if that happens is an important part of the bill and again, that everyday use component of the bill. So I'd also say that what I didn't mention earlier is that last month the Nebraska Accountability and Disclosure Commission cast a unanimous bipartisan 6-0 vote in favor of supporting this bill. And that, those six on that commission includes the Secretary of State John Gale. So that commission expressed unanimous support for this bill and to tighten up and clarify those policies for our campaign finance system to make sure that we know the balances are what they say they are, to make sure that it's very clear and we're able to enforce that it cannot be used for loans and to make sure that we increase the penalty that just hasn't been increased for a long time and to make sure that we're also able to ask for restitution. There hasn't been very much discussion of that piece, but that's a very important piece for the integrity of those funds. There's people...contribute to those funds and they get pulled out for a misuse, that somebody can be asked to repay that money and put that money back into the fund. And that's an important piece as well for the integrity of those funds. So I appreciate your interest, happy to work with the committee with any other questions or concerns as you deliberate on the bill. [LB166]

SENATOR MURANTE: Okay. Thank you very much Senator Crawford. And let's see, Senator Hansen has a question before we close things up. [LB166]

SENATOR HANSEN: Thank you, Chair. And this is clarifying, I meant to ask you this earlier. Your language of, the statement of account by a bank on a form provided by the commission, that's something banks are in the standard practice of doing. And so when I go in and see my teller, they won't be confused as to what I'm asking for. [LB166]

SENATOR CRAWFORD: So the amendment strikes the part that talks about a bank balance so that now it's just you put...you have a statement and it does get...can get attached to your statement that you're submitting. And basically when I talked to the bankers about it, they said that's a...they have other policies for which they make that kind of statement. And so it would not be an unusual thing for them to do. I'm sure there will be forms or some kind of statement you would share with your bank about that. But it's something that they do commonly for other policies. [LB166]

SENATOR HANSEN: Thank you, Senator. I'll note that Frank Daley was nodding his head behind you. [LB166]

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SENATOR CRAWFORD: Okay, good. Thank you. [LB166]

SENATOR MURANTE: Senator Groene. [LB166]

SENATOR GROENE: Thank you, Senator Murante. Why increase the fine? The same donors who give the money to the candidate so he can win really don't want their money going for a fine. I mean just the fact they got caught, or is that to pay the...? [LB166]

SENATOR CRAWFORD: I don't think the fine would be paid out of your campaign funds. [LB166]

SENATOR GROENE: I didn't know what the rules on... [LB166]

SENATOR CRAWFORD: Yeah. So I mean the fine would be a personal fine, so it wouldn't be using campaign funds to pay the fine. [LB166]

SENATOR GROENE: All right. [LB166]

SENATOR CRAWFORD: Thanks. [LB166]

SENATOR MURANTE: Thank you, Senator Groene. Seeing no other testimony, thank you very much, Senator Crawford. And that closes the hearing on LB166. We will proceed to the next item on the agenda. It's sort of like a Sarpy County day as well now that I think about it. That was unplanned. (Laughter) We've got Garrett up next. If only Kintner was here. Welcome, Senator Smith, to the Government, Military and Veterans Affairs Committee. [LB166]

SENATOR SMITH: Thank you, Senator Murante, and what a fantastic looking committee you have. (Laughter) [LB400]

SENATOR MURANTE: Okay, we'll vote on your bill. [LB400]

SENATOR SMITH: Good afternoon, Senator Murante and members of the Government, Military and Veterans Affairs Committee. For the record, my name is Jim Smith, J-i-m S-m-i-t-h, and I represent the 14th Legislative District in the great county of Sarpy. I'm here today to introduce LB400, 4-0-0. The idea for LB400 was brought to me by my local county election commissioner and then by Secretary of State John Gale. The goal of LB400 is to streamline candidate filing requirements and to gain efficiencies with respect to certain financial documents.

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Under current law, candidates for elective office are required to file a financial C-1 statement directly with the election officer. If the candidate files for office prior to January 1, a C-1 covering the previous year is required. However, that same individual must also file a C-1 covering the current year by April 1 in order to be considered properly filed for an election. Since the election filing deadline is March 1, most ballots have been printed by April 1 and it is unclear what would happen if somebody failed to file the April 1 C-1 but were actually listed on the ballot. In order to address this timing in filing issue, the election officials now spend considerable time contacting those candidates who file prior to January 1 and who had previously filed a C-1 to remind them that they must also file a C-1 for the current year in order to be properly filed for election. LB400 would eliminate the C-1 as part of the candidate filing process and put the initial filing of this form directly with Accountability and Disclosure where it belongs. The bill also moves up the filing deadline for C-1 forms to March 1. This date coincides with the candidate filing deadline. Finally, LB400 provides that if somebody filing for office fails to file the C-1 five days after the deadline, which would be March 6, their name would not be placed on the ballot. With respect to those candidates that qualify without filing such as write-ins, they have five days to file the C-1 after becoming a candidate. Again, failure to file the C-1 would result in the candidate not appearing on the ballot. Again, this bill streamlines the candidate-filing process and makes for a more efficient process. The Secretary of State is not here today I understand. And if there's any further questions, I'd be more than happy to try to answer those for you. I know there are others that are here today to testify on this bill. And I thank you for your time. [LB400]

SENATOR MURANTE: Thank you, Senator Smith. Are there any questions for Senator Smith? Seeing none, thank you very much for being here. We'll proceed to proponent testimony to LB400. Mr. Erickson, welcome back to your committee on Government, Military and Veterans Affairs. [LB400]

NEAL ERICKSON: Thank you. Two days in a row. [LB400]

SENATOR MURANTE: Are you going to be back tomorrow, out of curiosity? [LB400]

NEAL ERICKSON: No, I think you might have somebody else from our office though. [LB400]

SENATOR MURANTE: That's exciting. [LB400]

NEAL ERICKSON: I'll see you next week though. [LB400]

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SENATOR MURANTE: Okay. Looking forward to it. [LB400]

NEAL ERICKSON: (Exhibit 1) Senator Murante, members of the committee, for the record, my name is Neal Erickson, N-e-a-l E-r-i-c-k-s-o-n, and I'm Deputy Secretary of State for Elections. I'm here to testify on behalf of Secretary of State John Gale in support of LB400. Secretary Gale sends his regrets for not being able to testify in person as he is chairing a meeting of the Real Estate Commission today. I would be remiss if I did not thank Senator Smith for introducing this bill on our behalf. It's been through a couple twists and turns since its introduction. And Senator Smith and his staff have exhibited the patience of Job as we attempted to make all those impacted comfortable. We deeply appreciate his interest in good elections and proper disclosure laws for candidates. The genesis of this bill was concerns from local election officials and our office as well with confusion under the current law. Current law requires an Accountability and Disclosure C-1 form, a financial disclosure form be filed with the filing officer, either our office or a local office, for a number of offices. Our office receives a majority of all filings requiring a C-1 in an election year. We often have candidates who would come to our office to file and will sit in our office to fill out the more complex C-1 form. Or they will leave us a copy of their C-1 but it won't be file stamped copy as they are on their way to Accountability and Disclosure to file the original. We then have to check to make sure that it did get filed. One particular problem in the current law and I think Senator Smith has explained this--and I'll use the example for something we'd be filing next year--if a candidate files prior to January 1, 2016, he'll have to file a C-1 for the 2014 calendar year to complete their filing. But then after January 1, the statute requires that they have to file an additional or supplemental C-1 for the 2015 calendar year by April 1. Unfortunately by that date, ballots have either been printed or are very close to printing, and there is really nothing specific in statute that says we are to remove a candidate if they fail to file the supplement. So beginning right after the first of the year, we attempt to start contacting those candidates to get those supplemental filings. While we've managed to get them, there have been some close calls in terms of beating that deadline. As this proposal was discussed with local election officials, another observation came to light. I've always assumed that the purpose of having a C-1 as part of the filing process or filing paperwork was to provide a local location for people to view the C-1 form information. However, the observation was that requests to view the C-1 at a local office was very rare, and in many counties nonexistent. During my tenure in the Secretary of State's Office, we have never had somebody come to our office and ask to view the C-1 as part of that filing. I've kind of attributed that to the fact that, well, our office is in the same building as Accountability and Disclosure, so maybe they're going upstairs to take a look at it. But we've never had a request for it. These discussions identified two basic goals: remove the C-1 from the candidate filing process yet maintain a requirement that candidates file the financial disclosure statement. In addition was considered important that the requirement have some teeth to ensure the C-1 filing was submitted. The green copy of LB400 reflects these goals. It would remove the C-1 filing as part of the candidate filing process but require both candidates and those that file annual C-1s to file them by March 1. In order to accommodate candidates who file

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shortly before the deadline, there is a five-day grace period kind of built in before the teeth of the proposal kicks in. If the candidate has not filed a C-1 with Accountability and Disclosure within five days after the deadline, the candidate would not appear on the ballot. Although this bill was reviewed by Accountability and Disclosure's staff prior to introduction, when the commission itself met in January they raised concerns about having both annual candidate...annual filings and candidate filings with the same deadline and the potential to overwhelm A&D staff around that deadline. It could create a huge surge of filings on that one date, challenging for a small staff. As a result of these concerns, an amendment, AM71, and I'll give you copies of that, was prepared. Oh, I see my time is up. I can stop there. [LB400]

SENATOR MURANTE: So what does the amendment have to say? [LB400]

NEAL ERICKSON: What the amendment does is separates once again...the annual filings would be due April 1. The candidate filings would be due March 1 to kind of separate those two. So that's the basis of the amendment. You know, as a result of those concerns, the amendment was drafted, and Secretary Gale didn't want to break faith with Senator Smith who has championed this bill and understands the clarity it provides. We can live with the single date of March 1, but Secretary Gale wanted the committee to know the impact of one filing date on the commission. Senator Smith we understand is not favorable toward the amendment and his observations are correct, that it does complicate the proposal. The amendment does maintain the goals of the original proposal, but it does impact the simplicity by having two deadlines. We would ask for your support of LB400. And I thank you for the opportunity to provide information on the bill. And once again, on behalf of Secretary Gale, we express our deep thanks to Senator Smith for the introduction. We regret the suggested amendment was not favorable to us proponents of LB400. And with that, I'd answer any questions you might have. [LB400]

SENATOR MURANTE: Let's see, are there any questions? Senator Hansen. [LB400]

SENATOR HANSEN: Thank you, Chair. So, Mr. Erickson, just to clarify, the penalty of being left off the ballot if you don't file the correct C-1 form, is that something that already exists or is that new as part of this law? [LB400]

NEAL ERICKSON: Well, what the...I think it would be considered probably new as part of the law. Right now the situation we have is with the supplementals, people who have filed before the first of the year. It says they have to file by April 1, but we really can't remove them at that point in time. Under the current law, you file when...as part of your candidate filing. So if you didn't have the C-1, you would never be a candidate. So there's no specific thing in current statute that says you don't file a C-1, you're off. But right now if a candidate doesn't file a C-1, they never get on. [LB400]

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SENATOR HANSEN: Okay. So I was just trying to clarify because that seemed like a...like about one of the harsher penalties you could give a prospective candidate to elected office. So you're saying currently you just wouldn't have accepted the filing in the first place without a C-1. [LB400]

NEAL ERICKSON: Right, it would not have been complete. [LB400]

SENATOR HANSEN: Okay. Thank you. I think that clarifies it for me. [LB400]

SENATOR MURANTE: Thank you, Senator Hansen. Any final questions for Mr. Erickson? Seeing none, thank you very much for coming down today. [LB400]

NEAL ERICKSON: Thank you. [LB400]

SENATOR MURANTE: Much appreciated. Additional proponent testimony to LB400. Seeing none, any opposition testimony to LB400? Neutral testimony? Welcome back, Mr. Daley. [LB400]

FRANK DALEY: Thank you very much. Chairman Murante and members of the Government, Military and Veterans Affairs Committee, again my name is Frank Daley, D-a-l-e-y. I'm the executive director of the Nebraska Accountability and Disclosure Commission. And I appear today in a neutral capacity as to LB400. As you've heard, the bill provides that if a candidate has not filed the statement of financial interest within five days after the deadline of March 1, the candidate's name will not appear on the ballot. We recognize that the decision to place or not to place the candidate's name on the ballot lies with either the appropriate election commissioner or the Secretary of State. We just want to assure the committee that if LB400 goes on to passage, we at the commission will take steps to ensure that there's a mechanism in place such that election commissioners and the Secretary of State's Office can make those determinations. We'll figure out some way to put this bill into full effect. And thank you for the opportunity to testify. [LB400]

SENATOR MURANTE: And thank you for testifying. Are there any questions? Seeing none, thank you very much once again. [LB400]

FRANK DALEY: Thank you. [LB400]

SENATOR MURANTE: Is there any additional neutral testimony on LB400? Seeing none, Senator Smith, you are recognized to close. [LB400]

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SENATOR SMITH: Thank you, Chairman Murante and members of the committee, and thank you to those that came and testified on this bill and to provide their expert testimony. I greatly appreciate that. And while I also appreciate the amendment that was proposed, it's not a...I would say it's not a hostile amendment by any means. I know the intent there was to make improvements. But my preference would be to keep with the single filing date. And that was one of the original intents of the bill itself was to simplify. And with that, I'll close my testimony. Thank you. [LB400]

SENATOR MURANTE: (Exhibit 2) Thank you, Senator Smith. Any final comments? Seeing none, thank you very much for coming down today. And before we close the hearing on LB400, I have a letter in neutral from Diane Olmer, Platte County Election Commissioner. And with that, we close the hearing on LB400 and move on to our final item on the agenda. [LB400]

SENATOR GARRETT: Saved the best for last. [LB640]

SENATOR MURANTE: Senator Garrett, welcome. [LB640]

SENATOR GARRETT: Thank you. Good afternoon, Chairman Murante and members of the Government, Military and Veterans Affairs Committee. I'm Senator Tommy Garrett, T-o-m-m-y G-a-r-r-e-t-t, and I represent District 3. LB640 brings the Omaha National Cemetery into line with the Fort McPherson National Cemetery in Maxwell Nebraska along with the Veterans Administration hospitals in Omaha, Lincoln, and Grand Island by providing for retrocession of jurisdiction concerning the land on which the Omaha National Cemetery is located. This means that if the Omaha National Cemetery ever stops using the land, then the land reverts in jurisdiction from the U.S. Department of Veterans Affairs to the state of Nebraska. That is all this bill accomplishes. I thank Director John Hilgert and Deputy Director John McNally of the Nebraska Department of Veterans' Affairs for bringing this matter to my attention. And I'd be happy to answer any questions you may have. [LB640]

SENATOR MURANTE: Sounds great. Are there any questions? Seeing none, great introduction, Senator Garrett. Proponent testimony to LB640. And welcome to the Government Committee. [LB640]

JOHN McNALLY: (Exhibits 1 and 2) Thank you. Thank you. Good afternoon, Chairman Murante and members of the Government, Military and Veterans Affairs Committee. My name is John McNally, J-o-h-n M-c-N-a-l-l-y. I am the deputy director of the Nebraska Department of Veterans' Affairs. Director Hilgert was not available to be here today. He sends his regrets. However, he would like to mention that he will be honored to testify for a bill tomorrow in this committee. So if you have any questions for the director, he will be here tomorrow. And would

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also offer that if the committee ever wanted an overview of any Veterans Affairs' in Nebraska, he'd be happy to make a presentation to you. I am here to testify today in support of LB640. I would like to thank Senator Garrett for introducing this bill on behalf of Nebraska's veterans. LB640 would add the Omaha National Cemetery in Sarpy County to Nebraska's consent statute for retrocession of jurisdiction, which is Section 80-413. I've got a couple handouts here. Okay, the first one is an overview of the Omaha National Cemetery. That packet is provided courtesy of the federal VA. The second is a map. It just shows the location. On the front is a close up and the back is a zoom out of where the facility is located in Sarpy County. Retrocession of jurisdiction is a legal concept where the federal government cedes legislative authority over land either whole or in part. There are generally three circumstances where federal legislative jurisdiction over an area where the state will terminate. The first situation is where the federal government by or pursuant to an act of Congress retrocedes jurisdiction and such retrocession is accepted by the state. The second is upon the occurrence of the circumstances specified in state cession or consent statute for the reversion of legislative jurisdiction to the state. And the third is when the property is no longer used for a federal purpose. So as you can see in the bill, we would fall into the second and third circumstances that I just read. The Omaha National Cemetery in Sarpy County is the newest national veterans cemetery scheduled to open in Nebraska. The other is Fort McPherson National Cemetery near Maxwell. The land has been acquired for the project, and the hiring of an administrator and construction are set to begin sometime in the next 24 months. In summary, LB640 would seek to keep Chapter 80, Section 413 of the Nebraska Statutes updated with the most current federal properties: the Omaha National Cemetery in Sarpy County. That concludes my testimony today, and I will answer any questions that you have. [LB640]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Seeing none, thank you very much for coming down today. [LB640]

JOHN McNALLY: Thank you. [LB640]

SENATOR MURANTE: Much appreciated. Are there additional proponents wishing to speak? Are there any opponents on LB640? Any neutral? Senator Garrett waives closing. And that ends the hearings for the day. [LB640]