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Transcriber's Office

Floor Debate
April 13, 2017

[LB68 LB98 LB244 LB253 LB333 LB358 LB444 LB478 LB628 LR102]

PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the sixty-fifth day of the One Hundred Fifth Legislature, First Session. Our chaplain for today is Pastor Katie Barrett-Todd of the Dunbar Presbyterian Church in Dunbar, Nebraska, Senator Watermeier's district. Please rise.

PASTOR BARRETT-TODD: (Prayer offered.)

PRESIDENT FOLEY: Thank you, Pastor Barrett-Todd. I call to order the sixty-fifth day of the One Hundred Fifth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

PRESIDENT FOLEY: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I have no corrections.

PRESIDENT FOLEY: Thank you, sir. Are there any messages, reports, or announcements?

CLERK: Mr. President, I do. I have received the report from the Special Committee on the Elections Challenge regarding qualifications. That report will be inserted in the Journal. And I believe there's a copy that's been distributed to the members' desks. Mr. President, the agency reports received have been acknowledged and are on file and available on the legislative Web site. That's all that I have. (Legislative Journal pages 1031-1039.)

PRESIDENT FOLEY: Thank you, Mr. Clerk. Speaker Scheer, you're recognized.

SPEAKER SCHEER: Thank you, Mr. Lieutenant Governor. Folks, colleagues, I just wanted to let you know where we're going in the next week. Monday...or Tuesday, we will be talking about LB640 in the morning. Wednesday, we will have LB409 in the morning; we will have LB622 in the afternoon and LB661 that evening. Thursday will be devoted to consent calendar. We will pop the consent calendar on Tuesday after adjournment and it will show on Wednesday's agenda, so everyone will know what's on at that point in time. Friday will be LB461. Coming back on

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

Floor Debate
April 13, 2017

Monday the 24th, we will have a 10:00 start, but remember we will have a briefing on the budget. The budget will come out, I believe, Friday late afternoon. We will have a briefing until 10:00; Senator Stinner and his crew will be doing that. In the afternoon, we will do Final Reading as well on the 24th. After that we will devote the last three hours to LB595. So depending upon how Final Reading goes, we may be a little later than 5:00 on that Monday, so it will not be a late night by any stretch, but I do want to try to get that done uninterrupted as well. So it could be after 5:00, but it will just depend on how quickly we can get through Final Reading. Starting on the 25th, we will be into the budget, and we will be working exclusively on that until we can complete our work. And that is why, if you noticed on the schedule, the late nights will be on the 26th, which is Wednesday of that week, and as well the following week then I believe it's Tuesday, Wednesday, and Thursday we will have late nights. We don't have more days, so I'm just trying to give us enough hours in those days to try to get our work done. This will be passed out. On the backside, I wanted to sort of let everyone know where we're at from a process as far as bills. It will give you an outline how many have been IPPed, how many are still in committee. These are just priority bills. It will break them down as to committee or senator or Speaker bills; and it will show you where everything is at and what we have left to do. We're doing remarkably well. I want to, again, thank you for your diligence and hard work and your continued support of the process. We still have a lot of stuff to do, especially looking at the time that will be devoted to the budget. And if we're going to be honest with ourselves, today is 65. The budget can very easily take up the better part of that 10-day period. That leaves us literally 15 days left in the legislative system. So bear in mind the 90th day we usually don't do anything or it would be reserved for the potential of a Governor's veto override, so that means we have 14 days left. We've got a lot of stuff yet to be done, so please don't let down the enthusiasm and the hard work because we have to continue at the pace we're on now in order to get everything across the line, but the line is in sight. So I do appreciate everyone's help. The next couple weeks will be very contentious simply because we are going to be putting in long hours. And please try to remind yourself as we start to get a little edgy because of the time commitment that it's not the people we're upset about, it's just the lack of energy that is driving us to feel that way. So again, mind our p's and q's and let's try to be nice to each other as we move forward. We've got a lot of tough work to go, but let's not take it out on each other. Thank you, Mr. Lieutenant Governor.

PRESIDENT FOLEY: Thank you, Mr. Speaker. We will now proceed to the agenda--legislative confirmation report. Mr. Clerk.

CLERK: Mr. President, Retirement Systems offers a confirmation report involving the appointment to the Nebraska Investment Council. (Legislative Journal page 888.)

PRESIDENT FOLEY: Thank you, Mr. Clerk. Senator Kolterman, you're recognized to open on the confirmation report.

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

Floor Debate
April 13, 2017

SENATOR KOLTERMAN: Thank you, Mr. President; good morning, colleagues. The Nebraska Retirement System Committee held a confirmation hearing on March 30 for Richard DeFusco. This is a reappointment for Mr. DeFusco as he's already served 13 years on the Nebraska Investment Council. The Governor reappointed him to another five-year term. The Nebraska Investment Council manages the investments of 30 different entities for the state, including our pension funds and our endowment funds. Mr. DeFusco is a full professor of finance at UNL and has been on the faculty since 1985. He is the executive director of graduate programs in the College of Business with primary responsibility for management of the MBA program. He also holds a certified financial analyst designation and is awarded by the CFA Institute. He has and will continue to bring real-world business and investment experience to the Nebraska Investment Council and is well qualified to make decisions regarding investment of public funds. Retirement Committee unanimously voted to move Mr. DeFusco's appointment to the Legislature for confirmation. I ask for your support in confirming this appointment to the Nebraska Investments Council. Thank you.

PRESIDENT FOLEY: Thank you, Senator Kolterman. Debate is now open on the confirmation report. Seeing no members wishing to speak, Senator Kolterman waives close. The question before the body is the adoption of the confirmation report. All those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk.

CLERK: (Record vote, Legislative Journal pages 1039-1040.) 30 ayes, 0 nays, Mr. President, on the adoption of the confirmation report.

PRESIDENT FOLEY: Confirmation report is adopted. We will now proceed to General File 2017 Speaker priority bills. Mr. Clerk.

CLERK: Mr. President, Senator Crawford offers LB253. (Read title.) Introduced on January 11; at that time referred to the Revenue Committee. The bill was advanced to General File. There are Revenue Committee amendments pending, Mr. President. (AM693, Legislative Journal page 811.) [LB253]

PRESIDENT FOLEY: Thank you, Mr. Clerk. Senator Crawford, you are recognized to open on LB253. [LB253]

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor; and good morning, colleagues. I would like to thank Speaker Scheer for making LB253 one of his Speaker priorities. Colleagues, LB253 is critical to ensuring continued economic growth in the metropolitan region of our state and increased growth and revenues for our state as a whole. LB253 provides the legal authority for the cities and the county to partner to create, operate, and maintain a regional sewer

Floor Debate
April 13, 2017

system. Southern Sarpy County is one of the prime areas left in the metropolitan area that can support growth. In fact, we heard in conversations with the Greater Omaha Economic Development Partnership that they are currently seeing robust interest from developers, but the amount of land that can currently be developed in the region is quickly running out. Much of the prime land sits south of the ridge line in Sarpy County and, therefore, lacks the necessary sewer infrastructure to support development. Development south of the ridge line in Sarpy County requires pumping sewage over the ridge line. A current agreement between Sarpy County and the city of Omaha also requires that for any new acre of land developed south of the ridge line, an acre of land is deferred or set aside out of development. This land cannot be developed at all unless we build new sewer capacity. Absent building its own sewer infrastructure, development south of the ridge line will continue to be severely limited and this will affect state sales and income tax revenue that will benefit the entire state. These development challenges played out while securing the newly announced Facebook project. In order to secure the development site for this project, which will be constructed south of the ridge line, a \$690,000 pumping station is required, and the county has to defer land per acre for each acre that is committed to the Facebook project. And, colleagues, a \$75,000 grant from our state Department of Economic Development is going to help pump sewage for Facebook. These kinds of funds for further projects should instead be used in developing an appropriate sewer for the region. LB253 offers a regional solution to these development issues that neither Sarpy County nor any of its cities alone can address individually. All five jurisdictions within the county have been working cooperatively on this matter to come up with a regional solution. This has resulted in more than two years of meetings and countless hours of research, discussion, and compromise. The result of the HDR engineering study and years of planning have led to a sewer strategy that provides the most cost-efficient and sustainable way to provide for regional sewage disposal without the proliferation of separate systems and septic tanks and without the cost to property taxpayers of separate systems and/or patchwork pumping solutions. These planning efforts have resulted in a carefully staged process outlined in the pamphlet at your desk. We begin in areas...construction begins in areas with existing development and is carefully designed so that it can be completed in phases as development progresses. That way, if there is any economic downturn, the phases can be slowed. If economic progress ramps up, it can be done more quickly. But it is very carefully staged so as not to put an undue...not to put a risk on the property taxpayers. In the early 1990s, Sarpy County recognized that many prime development areas in the county were outside the reach or ability of the municipalities to provide sewer service. As a result, the county worked with former Senator Paul Hartnett to introduce LB1139 which was passed by the Legislature to create the County Industrial Sewer Construction Act. The County Industrial Sewer Construction Act grants the county specific limited levy authority to leverage its bonds for industrial sewers. Although the act gave the county this authority, and they have used it as leverage to secure bonds, Sarpy County has never had to tap into this levy authority to pay off any of those bonds. In fact, according to the county fiscal office, no property tax dollars have been used in the construction or operation of the existing county sewer system. Since the

Floor Debate
April 13, 2017

creation of the sewer system from the 1994 bill, the county has seen exponential growth which has resulted in huge increases in state revenue through the sales tax. In the past five years alone, the amount of sales tax generated in Sarpy County has increased from \$50 million to \$90 million. There is tremendous potential for even more growth to take place if the proper sewer infrastructure is in place. With 60 percent of future growth expected to take place south of the ridge line, if we have appropriate infrastructure, development of a regional sewer system south of the ridge line is projected to generate an additional \$45 million annually in sales tax revenues for the state of Nebraska. LB253 provides the legal authority for Sarpy cities and the county to enter into an interlocal agreement that would have the authority to create, operate, and fund a regional wastewater system in southern Sarpy County. The framework of this agreement that will be developed as the result of LB253 will give each city an equal vote and allows each jurisdiction the autonomy to self-determine their own development. LB253 brings the existing special levy authority provided in the County Industrial Sewer Construction Act up to date to address the current development challenges in southern Sarpy County. I will reiterate, colleagues, this bill creates no new levy authority, but instead allows existing narrow authority to be used by the county as leverage for bonds to fund a regional sewer that includes residential and industrial systems. The bulk of the funding for the regional sewer system will come from capital connection fees, from new development and sanitary sewer rates through the city partners. There is no cost to the state for LB253 but, colleagues, LB253 will have a positive impact on state revenues for our future. The passage of LB253 will alleviate development challenges that currently exist in southern Sarpy County due to the lack of a sewer system. As a result, Sarpy County will be able to meet and possibly exceed revenue and job creation projections and remain a key piece of the state's economic engine. Sarpy County and the cities have been working diligently to plan and design a cost-effective and carefully phased regional sewer system. And LB253 gives them the legal authority to cooperatively make these plans a reality. Thank you, colleagues, and I encourage you to vote green on LB253 and the following committee amendments. [LB253]

PRESIDENT FOLEY: Thank you, Senator Crawford. (Visitors introduced.) Continuing with the bill, as the Clerk indicated, there are amendments from Revenue Committee. Senator Smith, you are recognized to open on the committee amendments. [LB253]

SENATOR SMITH: Thank you, Mr. President; and good morning, colleagues. This is a bill that is very near and dear to my heart, and I appreciate Senator Crawford for sponsoring this, and I also agree with Senator Crawford and appreciate Speaker Scheer for making this a Speaker priority. As Senator Crawford mentioned, LB253 amends the County Industrial Sewer Construction Act to allow for the creation and funding of a regional wastewater system. A public hearing on LB253 was held in front of the Revenue Committee on February 24. In addition to the sponsor, there were five proponents, no opponents, and one person who testified in a neutral capacity. The bill advanced with five in favor and three not voting. Committee amendment,

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

Floor Debate
April 13, 2017

AM693, narrows the bill, and as I believe Senator Crawford does have an amendment to the committee amendment, that further tightens the language in this bill. Under AM693, we strike references to the Joint Public Agency Act for clarity's sake. It was not the intention to use the JPA Act for a regional wastewater system. Additionally, the committee amendment removes any unlimited levy authority that would have been granted to cities and counties under the green copy, and instead allows the county to use its existing 3.5 cent levy that is already granted under the (County) Industrial Sewer Construction Act. Again, this is not a new taxing authority. It is already allowed under 23-3616. The purpose of LB253 is to allow the county to use this levy authority to secure bonds for a regional system. The levy could not exceed the 3.5 limit unless approved by the county voters. Further, in AM693, we specify that when the sewer tax is used for the purposes of service agreements authorized in the bill, that it is subject to levy limitations under Article VIII, Section 5 of the constitution. This means even if voters approved a levy limit in excess of 3.5 already authorized under this act, it could not exceed 50 cents. This levy authority is unlikely to be exercised. It is unlikely to be exercised. Nonetheless, it does give the county the ability to secure funding. Ideally, once this system has been established, the service agreements authorized under AM693 allow for the payment of fixed or variable periodic amounts that will pay for the regional system. LB253 with amendment AM693, and AM829 is a very important economic development measure. As you know, Facebook just announced it will be locating a very large data center in Sarpy County. This is part of bringing new residents to the area, leading to the need for housing developments and all of the other development that goes with a growing area including grocery stores, fueling stations, restaurants. But as it now stands, the lack of sewer service is impeding growth in Sarpy County on the other side of that ridge system. But this bill isn't only about Sarpy County. This growth and these new businesses mean more revenue and growth for the state as a whole. In just the past five years, sales tax revenue from Sarpy County to the state of Nebraska has grown from roughly \$50 million to \$90 million per year. Add that to the estimated \$119 million collected in incomes taxes every year from Sarpy County and that's a significant contribution to the state's coffers. And AM653 is significant legislation; it's significant for the continued growth of the county and for the continued growth of the state of Nebraska. And again, it's just been a tremendous honor for me to serve the citizens of Sarpy County over the last six years and it's an honor to be able to carry this bill...or not to carry this bill, but to support this bill. And I believe this is significant for Sarpy County; I believe it's significant for the state of Nebraska. And I would appreciate your support of this amendment and the underlying bill. Thank you, Mr. President. [LB253]

PRESIDENT FOLEY: Thank you, Senator Smith. (Visitors introduced.) Mr. Clerk. [LB253]

CLERK: Mr. President, Senator Crawford would move to amend the committee amendments with AM829. (Legislative Journal page 919.) [LB253]

PRESIDENT FOLEY: Senator Crawford, you're recognized to open on AM829. [LB253]

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

Floor Debate
April 13, 2017

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor; and good morning, again, colleagues. AM829 strikes village and sanitary/improvement districts from the act. We felt that was an important tightening of the act. So it is the case that the act then leaves in the county and the cities as the parties of this interlocal agreement. The revenues from the sanitary/improvement districts will still be able to come into play, but the members of that interlocal agreement will be the counties and the cities. It also clarifies language in terms of that very limited, restricted levy authority that this act provides. I urge your vote for AM829. And I also want to reiterate that I am fully in support of the committee amendments. These amendments came out of our very productive discussion with the Revenue Committee during the hearing. I think they are important additions to the bill. And it makes the bill a very tightly constructed bill that only allows the...that allows the cities and counties to work productively together on this carefully staged sewer project and does allow the county to only use, only the county, in this collaborative agreement allows it to use only this one set, specific, narrow levy authority that already exists as a pledge on those bonds that will, we expect, be paid by the sewer fees and development fees that will come through the city partners and development partners. So again, I urge your support for AM829 and the committee amendments, AM693, and the bill itself, LB253. Thank you, Mr. Lieutenant Governor. [LB253]

PRESIDENT FOLEY: Thank you, Senator Crawford. Debate is now open on LB253 and the related amendments. Senator Kolowski. [LB253]

SENATOR KOLOWSKI: Thank you, Mr. President. It's a pleasure to be here this morning to have this opportunity to thank Senator Crawford for her leadership on this particular bill. I stand in full support of these two amendments and for LB253. This is a no-brainer, colleagues, an absolute no-brainer. Think in terms of the growth of Nebraska that we constantly talk about, how can we do the things we need to do to grow a bigger, better, richer Nebraska. This is a prime, prime example. I urge your yes vote on this. It is an absolute necessity for the continued growth in the metro area. And I look back on my eight years of service with the Papio NRD where I served as three years as chair as well; the ridge line that you see on the document that's before you is excellent document produced by HDR, one of the best I have seen anywhere that explains what this bill is all about and what it will do. The ridge line has been an issue for decades. You can't build beyond that ridge line. You have to get sewer services, water services down to those new locations and this bill does that. It gives us every opportunity in the world to continue to grow in the metropolitan area. Tremendous growth potential in our hands right here with this bill in Sarpy County and if we continue to desire to grow Nebraska, this is a prime example this morning of a green vote to move us ahead in every positive way to make a difference. Senator Crawford, thank you, again, for this bill. It's extremely important for our growth in Nebraska and especially in Sarpy County in the metro area. Thank you very much. [LB253]

PRESIDENT FOLEY: Thank you, Senator Kolowski. Senator Friesen. [LB253]

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

Floor Debate
April 13, 2017

SENATOR FRIESEN: Thank you. Thank you, Mr. Lieutenant Governor. If you'll notice on the committee statement, I was one of those that was present and not voting. After looking at the situation and studying it further, I mean, the problem they're facing there, this is the probably best way of addressing it. It's a complicated system, but in the long run I think it creates an entity that will get the job done at the lowest cost to the taxpayer. There's still some concerns I had that, you know, you're creating a very large bonding authority here without a vote of the people, but in the end, looking at the different problems they were facing, I will support the bill and all the amendments. It is a unique way of facing a unique challenge so, therefore, I will support LB253 and the amendments. Thank you, Lieutenant Governor. [LB253]

PRESIDENT FOLEY: Thank you, Senator Friesen. Senator Larson. [LB253]

SENATOR LARSON: Thank you, Mr. President. I voted for this out of committee, but I do have a number of concerns moving forward with LB253. Would Senator Crawford yield to a question? [LB253]

PRESIDENT FOLEY: Senator Crawford, will you yield please? [LB253]

SENATOR CRAWFORD: Yes. [LB253]

SENATOR LARSON: Thank you, Senator Crawford. And I just heard Senator Friesen discuss it. Would this tax levy be able to be put on people without a vote of the people? [LB253]

SENATOR CRAWFORD: The only levy that can be used as leverage is an existing 3.5 cent levy authority. That is the only thing that can be pledged without a vote of the people. That's the only thing that it allows to be pledged without a vote of the people. Anything beyond that... [LB253]

SENATOR LARSON: An existing 3.5-cent levy. [LB253]

SENATOR CRAWFORD: An existing 3.5-cent levy. [LB253]

SENATOR LARSON: So that existing 3.5-cent levy is already in place on those individuals? [LB253]

SENATOR CRAWFORD: That existing...the county already has the existing 3.5-cent levy authority and they have used it as leverage but never tapped it. It's always been used as leverage

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

Floor Debate
April 13, 2017

and they've never had to actually tap it. So it is existing levy authority that they've never used. [LB253]

SENATOR LARSON: So the county commissioners would be able to decide to put that in place essentially. [LB253]

SENATOR CRAWFORD: That levy authority is only to be used, again, as leverage for bonds. [LB253]

SENATOR LARSON: But who decides to put that 3.5-cent levy on people? [LB253]

SENATOR CRAWFORD: It would be the county commissioners. [LB253]

SENATOR LARSON: So the county commissioners could impose that. [LB253]

SENATOR CRAWFORD: It is specifically only for this county sewer project if they had to use it. [LB253]

SENATOR LARSON: But they...but they...okay, so they could impose that on an individual. [LB253]

SENATOR CRAWFORD: If they had to use it, and they are very committed to not using it, but it is important to have it there as leverage. [LB253]

SENATOR LARSON: So would that tax increase be on all residents of Sarpy County, even if they do not receive any of the benefit from the regional water system? [LB253]

SENATOR CRAWFORD: Well, Senator Larson, all residents of Sarpy County will receive benefits from this development in the county. [LB253]

SENATOR LARSON: But so...but that didn't answer my question. Would that tax increase be on all the residents of Sarpy County? [LB253]

SENATOR CRAWFORD: If that had to be used, which again, it has never been tapped, if it had to be used, all county taxpayers would pay. [LB253]

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

Floor Debate
April 13, 2017

SENATOR LARSON: So all county taxpayers would have that tax increase under LB253. What is the rationale for removing villages and sanitary/improvement districts from entering into the service agreement for a sewer disposal system and plant? [LB253]

SENATOR CRAWFORD: Well, one, there are no villages. And the second piece is that the sanitary/improvement districts are a part of the picture because the residential development happens through them, but anything that's needed in terms of legal authority currently can be used through the county and cities as partners. [LB253]

SENATOR LARSON: What would the effect be on a service agreement if lines 9 through 22 of the committee amendment were removed? [LB253]

SENATOR CRAWFORD: What page is that? [LB253]

SENATOR LARSON: Page 2, lines 9 through 22. [LB253]

SENATOR CRAWFORD: So... [LB253]

SENATOR LARSON: What effect would that have on the service agreement? [LB253]

SENATOR CRAWFORD: The lines...starting on line 9, that is about the payments. And so this is a critical part of the agreement to make sure that all partners can pay into securing...into paying off these bonds and paying for the operation of the sewer system. [LB253]

SENATOR LARSON: So if we removed that, what would the effect be? [LB253]

SENATOR CRAWFORD: I believe that would be detrimental to the framework. The framework allows them to come together and decide what those payments will be. So this provides the framework, but the next step is the cities and counties have to sit down at the table and decide what payments they're going to commit to with the authority that we give them in that section of the statute. [LB253]

SENATOR LARSON: I see, Senator Crawford. Well, there is a number of questions that LB253 has. And specifically when we look at the bills coming forward with Senator Groene,... [LB253]

PRESIDENT FOLEY: One minute. [LB253]

Floor Debate
April 13, 2017

SENATOR LARSON: ...we've heard about Senator Groene's opposition to LB98 and a tax increase without the vote of the people. I understand these are the commissioners. I did vote for this out of committee, in an effort to help, but I am not sure I am quite there on the floor yet, especially where we're moving forward and we talk about a lot of other bonding authority that political subdivisions have and what is needed and why this would need to happen right now. So, colleagues, I'll listen as we move forward. But I would urge caution of many members of what we're doing here and what we're moving forward with. Thank you, Mr. President. [LB253 LB98]

PRESIDENT FOLEY: Thank you, Senator Larson. Senator Blood. [LB253]

SENATOR BLOOD: Thank you, Lieutenant Governor. Fellow senators, friends all, I'm always amazed about uninformed statements when people talk about taxes, and then they ignore the long-term benefits of expanding a county's tax base. That is one of the quandaries that I will never understand in this body. We look at tax as a wedge issue, and we say no taxes, even if it's the potential of taxes. But then we look at growth and we say we definitely want growth, especially in Sarpy County, because, gosh, Sarpy County is the third largest contributor to taxes in Nebraska, and one of the fastest growing counties. But our issue is that we are growing so fast our infrastructure does not match that growth. And so I stand in support of both amendments, as a Sarpy County senator, and the bill. Well done, Senator Crawford. And I want to remind people that if you truly want economic development in Nebraska, you have to hear what we're saying about Sarpy County. We need this for development, period. Bellevue, unfortunately, is landlocked. We can only go south and our biggest issue right now is infrastructure. We don't have shovel-ready land. And it is unfortunate because Papillion, who has shovel-ready land, gets a lot of things that we kind of wanted in our community. But I also represent Papillion, so good for Papillion. But as we go south, if we truly want growth, we need to support this infrastructure; we need to support this bill. Take your brains, wrap it around the long-term benefits, the tax base, what it's going to do for us in Nebraska, all the young people it's going to bring back to Nebraska and keep in Nebraska, and understand that we have to have this. Taxes, nobody likes. But if we're looking for the long term, let's build our tax base with good development. Again, I stand in support of both amendments and LB253. [LB253]

PRESIDENT FOLEY: Thank you, Senator Blood. Senator Crawford. Senator Crawford, you are recognized. You are next in the queue. [LB253]

SENATOR CRAWFORD: Thank you, Lieutenant Governor; and I apologize. I was just wanting to make sure we get everyone's questions answered. So again, this LB253 allows the county and the cities to work together. And the only thing that can be pledged is an existing 3.5 cent special levy authority that the county already has authority to use in the County Industrial Sewer Act. And it would be the county commissioners who would determine if that was necessary to be

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

Floor Debate
April 13, 2017

tapped and, colleagues, they have not had to tap that. Again, it is built on the model of what was done in the '90s. And since 1994, when that original bill passed, colleagues, the Sarpy County property taxes dropped...the levy dropped tremendously. And the Sarpy County commissioners have been very good at keeping the levy in Sarpy County below 30 cents. It's been flat, below 30 cents. Despite economic challenges and downturns, they have kept that levy consistently below 30 cents. And they are committed to moving forward in this project in a very measured way. Again, that's part of why the plan is a phased plan is to make sure that the development and the construction moves forward...as development moves forward so that they can ensure that, as much as possible, they're expecting it to be paid for by those development fees and hook-up fees. Thank you, Mr. President. [LB253]

PRESIDENT FOLEY: Thank you, Senator Crawford. Senator Clements. [LB253]

SENATOR CLEMENTS: Thank you, Mr. President. I am probably the senator that has the most of this region in my district. I am mostly southern Sarpy County. And I do support development in that area of Sarpy County. And the \$1 billion Facebook project, it just falls right in my district. And I was really honored to be present when they announced that. With this bill, I did have original concerns about not wanting to have a tax increase without a vote of the people. And I see that the amendment, AM693, by Senator Smith, does do that, and I favor that amendment because my main concern was to have a vote of the people requirement before any taxes would be raised. I do have a question for Senator Crawford if she would yield on... [LB253]

PRESIDENT FOLEY: Senator Crawford, would you yield, please? [LB253]

SENATOR CRAWFORD: Yes. [LB253]

SENATOR CLEMENTS: Partly regarding what Senator Larson was talking about on page 1, line 23, it says the county can enter into service agreements. Could you elaborate on what the service agreement would entail? [LB253]

SENATOR CRAWFORD: So the bill, LB253, creates the framework for the county to work with the cities to come up with that agreement: How are we going to cooperate moving forward on our regional sewer needs? So the bill itself is laying out just the fact that this lays the framework, and the bill and the County Industrial Sewer Act lay out some of the powers and authorities they would have. And the actual details of what that agreement will look like will be decided by representatives of each of the cities and the county working together. [LB253]

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

Floor Debate
April 13, 2017

SENATOR CLEMENTS: I see. So that would help each one connect to this larger system, right? [LB253]

SENATOR CRAWFORD: Yes. And so all of the cities and the county will be sitting at the table to make this agreement and decide what's the appropriate contribution of each city in the county, and what's the appropriate contribution of the county. And some of the cities, like cities in your district are much more positively impacted than some of the other cities, and I'm sure that will be part of their conversation in terms of what each partner contributes. [LB253]

SENATOR CLEMENTS: Thank you. While I am going to continue to study to make sure property taxpayers are not affected without a vote, it appears to me that that is true. And I support moving AM829, AM693 and LB253 to Select File. Thank you, Mr. President. [LB253]

PRESIDENT FOLEY: Thank you, Senator Clements. Senator Albrecht. [LB253]

SENATOR ALBRECHT: Good morning, Lieutenant Governor, colleagues. I rise in support of LB253, AM693, and AM829. You know, being from Sarpy County all of my life and watching how the county government works, city government, how they work together, it's very evident to me, while I was serving on both the city council and the county board, the relationships that were built in that county and how important everything that they did, they were very, very mindful of their growth pattern and how they can...how the infrastructure meant so much to different areas. We didn't just go out haphazardly and start laying out the groundwork. So I feel very confident that this has been thought out. This is something that will benefit not only Sarpy County and the five cities within Sarpy County, but it will also benefit our state. You know, we're always looking for new jobs. We're waiting for our children to come back home, giving them a reason to do so. So I thank Senator Crawford for all her work; Senator Smith for working with the counties and the cities within Sarpy. And I just ask for everybody's support on these three bills. Thank you. [LB253]

PRESIDENT FOLEY: Thank you, Senator Albrecht. Senator Larson. [LB253]

SENATOR LARSON: Thank you, Mr. President. A few questions for Senator Crawford if she would yield again. [LB253]

PRESIDENT FOLEY: Senator Crawford, would you yield? [LB253]

SENATOR CRAWFORD: Yes. [LB253]

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

Floor Debate
April 13, 2017

SENATOR LARSON: Does a city located north of the ridge line have the ability to opt out of the regional wastewater system? [LB253]

SENATOR CRAWFORD: All the cities in Sarpy County will be at the table when they make this service agreement. [LB253]

SENATOR LARSON: That did not answer my question. Does a city north of the ridge line have the ability to opt out? [LB253]

SENATOR CRAWFORD: They could decide not to participate in the agreement. [LB253]

SENATOR LARSON: Would their constituents still have to pay the taxes? [LB253]

SENATOR CRAWFORD: Their constituents are still Sarpy County residents subject to Sarpy County taxes. [LB253]

SENATOR LARSON: So if a city opted out of the agreement, the constituents or the residents of that city would still have to pay the taxes if the rest of the cities impose that tax on them? [LB253]

SENATOR CRAWFORD: The other cities would not be imposing a tax on Sarpy County residents. [LB253]

SENATOR LARSON: Or the other constituents of Sarpy County could impose that tax on them, even if they decided to opt out of the agreement. [LB253]

SENATOR CRAWFORD: Sarpy County decisions impact all Sarpy County residents. [LB253]

SENATOR LARSON: So that's a yes. Yes, the... [LB253]

SENATOR CRAWFORD: It would not...the other cities would not be imposing anything on them. It is the Sarpy County commissioners who are elected from...including from those areas of the county that would be making that decision. [LB253]

SENATOR LARSON: It's simple. Yes, they would be at...if they were opted out, the rest of Sarpy County could still force them to pay that tax, correct? [LB253]

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

Floor Debate
April 13, 2017

SENATOR CRAWFORD: If Bellevue chooses to opt out of the service agreement, the Bellevue residents would still be a part of the agreement as Sarpy County residents. [LB253]

SENATOR LARSON: Okay. I will take that as a yes. As many times as you've tried to say that it's not, that is a yes, so they... [LB253]

SENATOR CRAWFORD: They... [LB253]

SENATOR LARSON: And a city could vote to not be part of the agreement, not participate, but still get it shoved down their throat. That's what this is. [LB253]

SENATOR CRAWFORD: Was that a question? This... [LB253]

SENATOR LARSON: No, that's more of a statement. So as we move forward, colleagues, again, I can see the rationale, I understand what Senator Crawford is trying to do, but there are significant concerns with this. And maybe Senator Crawford will have the votes to move this off of General File and move towards Select. I'm not sure. But as we move forward, we need to be concerned about what is happening. Why...I guess I will ask Senator Crawford another question, if she'll yield. [LB253]

SENATOR CRAWFORD: Yes. [LB253]

SENATOR LARSON: Why did you choose in LB253 to not just make it a vote of the people? If it offers so much economic benefit to Sarpy County, if it offers so much economic benefit to everybody within the county, why do you just want to put it in the hands of the commissioners and not give it to an entire vote of the people? [LB253]

SENATOR CRAWFORD: Well, Senator Larson, the way you would need to structure it to have a direct vote of the people would need to be really a general obligation bond for the entire \$220 million... [LB253]

PRESIDENT FOLEY: One minute. [LB253]

SENATOR CRAWFORD: ...for the project. [LB253]

SENATOR LARSON: Okay. [LB253]

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

Floor Debate
April 13, 2017

SENATOR CRAWFORD: And that's not a wise way to move forward. It is much better to move forward in this carefully phased way, and so that... [LB253]

SENATOR LARSON: So why...so you're saying...you're...but shouldn't...you're saying the voters shouldn't approve this project as a whole because it would be a general obligation bond versus using a 3.5-cent property tax levy that isn't voted on but forced on every member of the county. [LB253]

SENATOR CRAWFORD: The 3.5-cent levy authority already exists, so it does not need to be voted on, and it is used as a pledge on the bonds, and the bonds are expected to be paid by the development and sewer hook-up fees. [LB253]

SENATOR LARSON: Well, with a vote of the people they will have approved it, whether that's 3.5 or 4 cents, and that can be used as...I mean, you have a vote of the people. That is a pledge in and of itself to pay for the project. [LB253]

PRESIDENT FOLEY: Time, Senators. Thank you, Senator Larson and Senator Crawford. Senator Brasch, you are recognized. [LB253]

SENATOR BRASCH: Thank you, Mr. President; good morning, colleagues; good morning, second house. As Senator Crawford knows, I am on the Revenue Committee, and she has come to me. I have gotten this chart, this drawing, several times about this bill and about Sarpy County and about the importance of LB253. Have you visited with me numerous times, Senator Crawford? Would you yield to a few questions? [LB253]

PRESIDENT FOLEY: Senator Crawford, would you yield, please? [LB253]

SENATOR CRAWFORD: Yes. [LB253]

SENATOR BRASCH: Thank you. Would you call this bill a very important bill for Sarpy County? [LB253]

SENATOR CRAWFORD: Yes. The Sarpy County commissioner who testified said it was the most important economic development bill for Sarpy County in this session. [LB253]

SENATOR BRASCH: Would you also believe that those who live in Sarpy County know the importance and urgency of this bill better than someone who lives in Bancroft perhaps? [LB253]

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

Floor Debate
April 13, 2017

SENATOR CRAWFORD: Yes. [LB253]

SENATOR BRASCH: Very good. And this is what I would like to compel this body here, and Senator Blood keeps saying, "friends all." I used to say that, too, but now I hesitate. I'm sorry to say that I hesitate because I have seen the divide in here between urban and rural. But because you don't live in Bancroft or you don't live in Crawford or you don't live in Benkelman, or Ogallala, would you say that what they believe is urgent...and you believe this is urgent, correct? [LB253]

SENATOR CRAWFORD: I believe this is urgent and also has a very large impact on the state revenues as a whole. So it's not only urgent to my district, but it's also critical for state development and state revenues as well. [LB253]

SENATOR BRASCH: But perhaps you have the best understanding because of the immediate need for this infrastructure, correct? [LB253]

SENATOR CRAWFORD: I think there are multiple people in this body who understand the urgency of this project. [LB253]

SENATOR BRASCH: And I would like you to think forward a little bit to next week, Friday, when we stand on this floor and many of us rural senators are going to ask our urban senators who may not be seeing the taxes on ag land, but we're going to describe for you the urgency and the impact and the future we have on the whole state where one of every four jobs is impacted by agriculture. And as you know originally on the committee, I was present and not voting. And today I am listening and I am hearing you and I am hearing about Facebook and I am hearing about the impact. And I am going to vote green. I am. But I am voting green today. But I'm hoping next Friday the people who are urban senators don't have the attitude or the mentality that this only affects rural Nebraska. I'm coming forward and I hope that next week, Friday, you can meet me at least in the middle on our needs. Does that sound fair? [LB253]

SENATOR CRAWFORD: I will be listening very carefully. Thank you, Senator Brasch. [LB253]

SENATOR BRASCH: Thank you. I have no other questions. Thank you, Mr. President. Thank you, colleagues. [LB253]

PRESIDENT FOLEY: Thank you, Senator Brasch and Senator Crawford. Senator Kolowski. [LB253]

Floor Debate
April 13, 2017

SENATOR KOLOWSKI: Thank you, Mr. President. I want to stand again just to give a little background on the development of Sarpy County and the preparation that has gone on for a number of years, about a decade and a half, with the NRD work that I was involved with from 2004 to 2012, and before that time with additional work that was done throughout Douglas County and Sarpy County. We have put...we have plans for and will complete four water retention areas within Sarpy County. Two of them are completed. And two more will be completed in a very short time to help with the safety and security of those people living in those particular areas from flooding and other dangerous things that would happen during six-inch storms that we are more prevalent to get anymore compared to where we've been before. We have had discussions about this ridge line. We're dealing with something physical, mother nature, that was placed upon this earth that we have to work around. There's no way to get across this ridge line with sewers and water unless we work this out and pay for this. This has been in the hopper for at least 15 years or 20 years. We knew this was coming as each of the schools...school districts in Sarpy County became larger, filled in more territory, built more subdivisions. Everything has been growing. We're now up against the growth line. The growth line is the ridge line. You can't do anything until you cross the ridge line. We hope that you will keep that in mind and keep in mind our sometimes schizophrenic behavior that the questions that we ask about an economic boom time that could come to Sarpy County because of this particular decision compared to where we have been in the past. From the Governor on down, all we hear is about economic growth, economic potential, economic this and that. This is a prime example, an absolute in-our-hands decision to be made that will make a difference in Sarpy County and for the state of Nebraska. I hope you will consider all that as we move ahead. Thank you. [LB253]

PRESIDENT FOLEY: Thank you, Senator Kolowski. Senator Chambers. [LB253]

SENATOR CHAMBERS: Mr. President, members of the Legislature, this bill is not something I have a view on one way or the other in terms of wanting to comment. But in view of what Senator Brasch said, I feel impelled to make a comment. I've watched the rural senators defeat bills on this floor. Then when it comes their time, they say we don't want a rural/urban split. There was a bill before us yesterday and the way the article talked about it, rural senators put the skids to a bill. I just want you to keep that in mind. And an appeal to a rural/urban split being a bad thing, it never will work with me. And when it comes to these taxes, the rural people are interested in the rural people and the rural people only. I'm just one senator and I'm not bound by the fact that I live in a city. I'm not bound to be opposed to the "ruralees" because of their vindictive actions and their vindictive words, but I take all those things into consideration. So it might be best not to provoke a discussion of this time before it is necessary to do so. But since you chose to do so, I thought I would just tell the second house, whoever that may be, as you refer to the second house, that there is more than one view on these taxes, and these views will have nothing to do in a lot of instances with rural versus urban, but rather the interests of people who need to be considered and yet the budget is going to be balanced on their backs. You have a

Floor Debate
April 13, 2017

Governor who wants to cut the taxes of the richest people and the corporations while cutting programs that benefit children after he chortled and boasted hypocritically about how happy he was to sign that "Choose Life" bill. And I watched these senators in here from the rural areas also talk about "Choose Life" license plates, then vote against proposals that will help children, the SNAP bill that Senator McCollister had the other day which dealt with nutrition, feeding people. And they're Catholics whose doctrines teach them about social justice and among the principles of social justice is that everybody is entitled to a shelter, adequate food, clothing, medical care, and so forth. And the "ruralees" and a lot of Catholics...or some Catholics vote against all of those things...just to let people know that there is another side to all of this. And I think the late nights that the Speaker has marked out will certainly turn out to be late nights. And I think that there should not be a lot of yelping and yowling and saying you owe us this because we're from the rural areas. That is not going to wash with me. It may wash with the others. And having said that, this bill is not on my radar to do anything with it except to vote for it. Thank you, Mr. President. [LB253]

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Brasch. [LB253]

SENATOR BRASCH: Thank you, Mr. President; and thank you, colleagues. I was sincere in addressing you, and I was not specifically targeted at speaking to the urban senators because I've spoken with some of our rural senators when we talk about issues or concerns we do and do not have back home. We send our children to school, to live all over the state. And as the census is taken, we're sending more and more to Lincoln and Omaha and east as our farms become more sparse, the population there. We hope that trend will turn around. We do need to recognize needs all over the state. And when we are looking at bills, we do need to look at the impact. And when it comes to feeding children, taxes should not be how children are dependent upon food. Everyone here can take out a dollar or ten or whatever you can, write a check. There are numerous places where you can feed children. You can give to your food banks and then that way, you don't have money passing through the state of Nebraska, the Department of Revenue, the department of this, the department of that, and that \$10 bill gives a dollar to that kid. Anybody who doesn't want any tax relief, get out your checkbooks. Senator Chambers had a wager...or a collection for one of the charities a couple years ago. We can do that...St. Jude. You can do that today. You don't need to wait for Senator Chambers to compel you to give charitably. Why do we need to be compelled to take care of others through taxation? We can do that today. We don't even have to wait for April 15. You want to give to the kids? Give to the kids. You want to give to the elderly? Give to the elderly. But Nebraska is a high-tax state. This issue here...and I want to focus on this issue because I have given it a lot of thought. I do see that Facebook it is attracted to Nebraska. That is good for all of Nebraska. Agriculture is good for all of Nebraska. We are truly blessed that we can grow, that we can grow food, we can grow fuel, fiber. That's not something every state can do. We sit above the aquifer. We have so many things to thank agriculture for when the entire nation was in the recession. This bill is good for Sarpy County. It

Floor Debate
April 13, 2017

is good for the rest of the state. And I'm just asking rural senators to consider our needs are one. And if we expect that from our urban senators, the urban senators need to expect that from the rural community as well. The road is two ways, not just one. And I hope no one finds a dead end at the end of either. Thank you, Mr. President. Thank you, colleagues. [LB253]

PRESIDENT FOLEY: Thank you, Senator Brasch. Senator Krist. [LB253]

SENATOR KRIST: Thank you, Mr. President; good morning, colleagues; good morning, Nebraska. I don't think any of you remember--were here--for a bill that was a late-night fight for the city of Omaha and a sewer separation bill. Maybe some of you were, but it was nasty. It was critically nasty. It was urban/rural. Senator Smith is shaking his head. I think your class was here, Senator Brasch. The differences between these two efforts I will highlight here in a minute with a question to Senator Crawford, not right away, Senator, but if you stay available, I'd appreciate it. Focus on what we're talking about here. This isn't rural. This isn't urban. This is economic development in an area in this state that will never, ever be developed without these utilities. In fact, I would argue that the sewer separation model in the city of Omaha, you all better think about your infrastructure as well, because when you dig a hole in the ground, you can put a whole lot of fiber cable and a whole lot of connectivity and whole lot of potential future utility in the ground while you're doing this. But that is your decision. It's your decision and your area. If we're going to talk true business development, I have an area in my district if you go north of the north Omaha airport, basically Highway 31, I believe, somewhere in there, in...toward Washington County, we're never going to be able to develop out there given the infrastructure we have right now. And the city of Omaha is not going to do it on their own. The developers that are doing it are doing it by way of SIDs, residential; huge amount of land out there that could be developed, very similar to what is happening in Sarpy County. So focus on what is in front of us. Don't ask me for special favors for urban or rural or whatever it is because you're making decisions for the state, 1.9 million people in the state; we're making decisions to help business development or help development across the state. I'm willing to talk to anybody in a rural community about anything, and the urban community. I have rural, okay? I have urban. I have sprawl. I understand what it takes to build an infrastructure and I understand the critical use of the SID process in this state. We are one of very few that use sanitary/improvement districts to develop our residence areas and our residential areas and our commercial. Would Senator Crawford yield to a question or two? [LB253]

PRESIDENT FOLEY: Senator Crawford, would you yield, please? [LB253]

SENATOR CRAWFORD: Yes. [LB253]

Floor Debate
April 13, 2017

SENATOR KRIST: So when we came to the Legislature and asked for money in that nasty debate over sewer separation money, it was a federal mandate for us to separate and we were asking for some tax-free status along with some help from the state. Is any of that part of your effort here? [LB253]

SENATOR CRAWFORD: So, this bill is...does not ask for any tax-free status or any revenues from the state at all. So it is not asking for that. I wasn't here for that conversation, but it does not have any state...it does not ask for any state revenue in terms of tax benefits or expenditures, either one. [LB253]

SENATOR KRIST: What it does ask for is the opportunity to join interlocal agreements and establish those memorandums of agreement that will help you develop your own sewer system south of the ridge. [LB253]

SENATOR CRAWFORD: That is correct. And it's also the case that right now north of the ridge line our Sarpy County residents are contributing to the sewer separation work. [LB253]

PRESIDENT FOLEY: One minute. [LB253]

SENATOR CRAWFORD: We pay MUD bills that contribute to that work. And it is the case also that it is the entire Sarpy County that is in this agreement. And so should there be discussions about some need to address some sewer issue north of the ridge line, that could be part of the discussion as well. [LB253]

SENATOR KRIST: Well, and had our request gone forward, your Sarpy County residents would have paid less into the sewer separation which was part of the argument and there seemed to be some collaboration between Douglas and Sarpy on that issue. But once again, thank you, Senator, for your courtesy. Once again, I would remind you, this has nothing to do with us giving anybody money or tax-free status. It's the right thing to do. Vote green on AM829, AM693 and the underlying LB253. Thank you. [LB253]

PRESIDENT FOLEY: Thank you, Senators Krist and Crawford. Senator McCollister. [LB253]

SENATOR MCCOLLISTER: Thank you, Mr. Lieutenant Governor; good morning, colleagues. Both Senator Chambers and Senator Brasch have made reference to my SNAP bill, LB358. It was defeated by one vote, one vote on Tuesday, unfortunately. Senator Brasch brought up the topic of rural and urban divide. On LB358, there was no rural/urban divide. The supporters and the opponents of that bill were pretty evenly split between rural and urban. But I'll tell you,

Floor Debate
April 13, 2017

colleagues, that food hunger or hunger in this state is pretty universal throughout the entire state. It is not a rural problem and it's not an urban problem, it's throughout the entire state. Senator Brasch then came up with the idea of making contributions to defeat hunger in our state--great idea, I salute her for it--but I would tell you, colleagues, that the cost of that bill was perhaps between \$75,000 and \$200,000. And you look at the HHS budget of \$3.8 billion, you would think we could somehow find a rather modest money to finance that particular bill. Well, we'll be looking at that bill again next year, so when it does come back, I hope you'll find it in your heart to get it passed next year. Thank you, Mr. President. [LB253 LB358]

PRESIDENT FOLEY: Thank you, Senator McCollister. Speaker Scheer. [LB253]

SPEAKER SCHEER: Thank you, Mr. President. I rise to support LB253, AM693 and AM829. I want to remember when I first started in trying to distinguish between a person that is representing a district and being a state senator. We are state senators when we're on the floor. We are elected by a district. This is not an urban or a rural discussion. We had 667 bills introduced this year. Some benefit more urban areas; some benefited exclusively rural areas. We look at each one on its impact in the area that it is going to do the harm or the benefit. In this case, it is a more metropolitan area. It does have to do with growth. But bear in mind, growth in Sarpy County is growth in Nebraska. If you are conservative and you're wanting to reduce taxes, you reduce taxes by growing the state, by having more numbers paying taxes, reduces the tax load on those that are already here. If there are no homes to be purchased, if there's no development to be made, businesses that are looking at the Omaha area to expand will stop. And that will stop a great deal of the economic impact that is going on in the state right now. I'm in the rural area. I'd like us to do as much as we can for rural areas as well. But we've got to come up with a way to do that. If you come up with a way to help rural areas, I'm sure those that are from maybe more compact districts will be receptive as well. But we need to look at how we can help Nebraska. This helps Nebraska. It brings people into the state. It gives the ability to build homes for them to bring their families, to expand that tax base. If we don't expand the tax base, we all will pay more taxes. It's that simple. I want to grow rural Nebraska. I want to repopulate rural Nebraska. We have to find a way to do that. But this is a way that we already know that will help expand and promote the Sarpy County area, i.e., the Nebraska area. We should be very helpful to our colleagues in all areas of the state that are looking to try to expand their growth, their population, their tax base. We have a lot of talk about state aid to education, TEEOSA. Well, how does this impact? That ground out there is not very valuable as just dirt or growing corn right now. But you throw \$200,000 houses on every third of an acre, all of a sudden that becomes some real money, some real tax revenue. When you start putting people that are buying products, buying groceries, buying other services in that area, that is tax dollars. That's growth that helps everybody. Please look at it from a state perspective. We're helping the state. We're not helping Sarpy County. We're not helping Platte County. We're not helping out in western Scotts

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Transcriber's Office

Floor Debate
April 13, 2017

Bluff County. We're helping Nebraska. Nebraska needs the support of all 49 of us to continue to grow. Thank you, Mr. Lieutenant Governor. [LB253]

PRESIDENT FOLEY: Thank you, Mr. Speaker. Senator Crawford, you're recognized to close on AM829. [LB253]

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor; and thank you, Speaker Scheer, for those comments about this bill being an impact on the entire state. I urge your support for AM829, which removes sanitary/improvement districts from the partnership components of the bill and makes technical change. And to reiterate Senator Scheer's comments about the impact that this bill has on the entire state, I mean, it is the case that the projected growth from this bill is expected to increase property tax revenues for Sarpy County \$21 million. Colleagues, that reduces the load that we have on TEEOSA for school funding. And it also is projected to bring in \$45 million of sales tax per year to the state, and that becomes part of our state revenues that all of us in this room decide how to spend for our residents across the state from rural and urban districts. So I urge your support of AM829 and, again, reiterate that I also support the committee amendments. Thank you, Mr. President. [LB253]

PRESIDENT FOLEY: Thank you, Senator Crawford. Members, you've heard the debate on AM829. The question before the body is the adoption of the amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk. [LB253]

CLERK: 37 ayes, 0 nays, Mr. President, on the adoption of Senator Crawford's amendment. [LB253]

PRESIDENT FOLEY: AM829 is adopted. Continuing debate. Senator Larson. [LB253]

SENATOR LARSON: Thank you, Mr. President. I...something...I wasn't going to talk anymore, but then something Senator Crawford said kind of perked my ears. Would she yield to a question? [LB253]

PRESIDENT FOLEY: Senator Crawford, would you yield, please? [LB253]

SENATOR CRAWFORD: Yes. [LB253]

SENATOR LARSON: What you said was \$21 million extra in property taxes would be collected from Sarpy County residents every year, correct? [LB253]

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

Floor Debate
April 13, 2017

SENATOR CRAWFORD: From the growth in the county, not increasing the taxes, but just the growth will bring those new revenues. [LB253]

SENATOR LARSON: Okay. The growth will bring those new revenues so is that including...that's just growth to the county or that is in terms of what just the county levy is, or is that included? The school levies will be \$21 million added? What is that \$21 million? [LB253]

SENATOR CRAWFORD: I assume it is the Sarpy County revenues specifically. But I will have to ask to clarify. [LB253]

SENATOR LARSON: Sarpy County revenues...okay, well, that would be great because now we're looking at...do we know what the Sarpy County levy is? [LB253]

SENATOR CRAWFORD: It is under 30 cents. [LB253]

SENATOR LARSON: Under 30 cents, and I would assume that most of the school districts are at \$1.05, assume, or right around there? So if we're adding \$21 million in property tax revenues at the 30 cents, I can only wonder how much more the schools are going to get, but what really (inaudible)... [LB253]

SENATOR CRAWFORD: From the increased property tax base. [LB253]

SENATOR LARSON: Increase the base...I guess the exception that I took was that this will lighten the load on TEEOSA and I would argue that it will not because the simple fact is if you're expanding the base and you're adding more people in a community like Sarpy County, which isn't necessarily bad, you're going to be adding kids into the school district. These are, as we all know, equalized school districts, therefore, meaning they don't have the property tax base to cover how much the schools cost. Therefore, if...I guess what I'm taking exception to is your argument this lightens TEEOSA and I would make the argument that this puts a heavier burden on TEEOSA and takes more out of the rural counties because these school districts already are TEEOSA gainers. So we have continued to see that in rural Nebraska, the money flood toward the population, and that is what it is. I guess I'm just taking specific exception with your comment. I'm not arguing the growth, the added base, things of that nature, but, you know, what I would argue is, again, that statement I would take exception with and think is false in the sense that this will lighten TEEOSA. I would say that, you know, it will not lighten TEEOSA, and maybe Senator Groene could comment on that. And I'm not against Sarpy County growth, but like I said, I just kind of wanted to talk about that on the record and "logicing" through what that is and how that is going to go. Obviously, the 3.5 cent tax on everybody, we will see an increase

Floor Debate
April 13, 2017

in property taxes there as well, and it will be used as the collateral for the bond for this so...and this is...and I understand the one state argument, you know, and we can talk about Senator Friesen's LB98 and, you know, with LB98 we can also make the argument that we have a... [LB253 LB98]

PRESIDENT FOLEY: One minute. [LB253]

SENATOR LARSON: ...a legal obligation, and I know Senator Groene is...loves LB98, but we do have the Platte River Compact that we do have to have so many acre-feet coming out of the Platte. So, you know, funding those types of things are things that the state will get sued for if we do not have. And...but this...the state will not be sued if we aren't growing Sarpy County to a certain extent. But like I said, colleagues, it will be interesting. If this moves off General File, that's fine. Hopefully, something can happen on Select File between now and then. Thank you, Mr. President. [LB253 LB98]

PRESIDENT FOLEY: Thank you, Senator Larson. Senator Groene, you're recognized. [LB253]

SENATOR GROENE: Thank you, Mr. President. In theory, I'm for LB253 and the amendment. One reason is it's specific to Sarpy County. But let's get the record straight. Sarpy County is the fastest growing economic county in the state. They are growing without this legislation. Gretna already is building its own sewer system into the ridge line to expand on their own. La Vista will not gain anything from this. They are landlocked outside of it by other cities. So it isn't a win-win for everybody in Sarpy County. There's always going to be some winners and some losers. The 3.5 cents hasn't been used because it was only industrial. This is changing the law that it is residential and industrial sewer projects. So that adds emphasis why they might access the 3.5 cents. My disapproval in the Exec and in the Revenue Committee, which I sit on, and I was one of the votes that...the no votes or I didn't vote because it didn't affect Lincoln County because it's only Sarpy County, was because we've kind of had a principle in this state that if it is economic development, property tax, the people should vote on it. This was sold to us as economic development, pure and simple. I think the people should vote. The people in La Vista? Yes. I agree with Senator Scheer we're state senators and we're...and this helps the whole state, but if the citizens in La Vista who won't gain from this...or that town will not be able to grow because of this also should have a chance to vote if they're going to raise their property taxes. I had another concern because I've been around the block a couple of times that they'll raise the 3.5 cents and then the economic development crowd will start going around to the developers and say we will give you free hook-up to the sewer system, you don't have to pay the \$5,000 or \$6,000 if you develop here because we've got the property taxpayer on the hook to pay for it. Don't tell me it won't happen. It happens all the time. If you can make the property taxpayer pay something, the economic development folks will use that noose around their neck and pass out

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

Floor Debate
April 13, 2017

freebies to developers to develop. That could happen also. Sarpy County is growing right now without this. That's reality. Sarpy County will continue to grow without this. The economic engine of the free markets is so strong, if government stays out of the way, it will find a way to do it. Apparently it is now. Will this make it easier for them? Yes, it will. I'm not going to stand in opposition to it. I will sit on it because it is just Sarpy County. And if those citizens aren't calling their reps for or against it...I've gotten a couple from Sarpy County asking me to fight it, individuals. But this is their growth, their jobs, and it's up to them, I guess, if they want to do it. Thank you. [LB253]

PRESIDENT FOLEY: Thank you, Senator Groene. Mr. Clerk. [LB253]

CLERK: Mr. President, the Health Committee will have an Executive Session at 10:30 in 2022; Health Committee at 10:30.

PRESIDENT FOLEY: Thank you, Mr. Clerk. Continuing debate--Senator Blood. [LB253]

SENATOR BLOOD: Thank you, Lieutenant Governor. Fellow Senators, friends all, I stand again in support of both the amendment and the bill. Senator Lowe and I were just having a discussion in reference to Facebook coming to Sarpy County--and I'm sorry to Kearney, by the way--but that's a really good example of some of the growth that's going on in Sarpy County. And, Senator Groene, I respect what you have to say, but the bottom line is that Sarpy County truly is to the point where we need this. We would not be standing on this floor asking for this bill to be passed to be frivolous, not that you implied that we were being frivolous. This is important. If we want to continue to grow, we have to provide the infrastructure that is needed. Again, I can't stress enough how communities like Bellevue have suffered because we don't have the ability to grow because we don't have the infrastructure. This will broaden our tax base. That is why La Vista and Bellevue have not been complaining because they understand about long-term planning. All of these communities within this area are heavily dependent on strategic planning. We know what our mission is, and our mission is to work together to grow Sarpy County, to put into place the things that we need to be forward thinking. We don't need to do this after the fact. We need to be ready to go, and this is how we do it. So for those of you that might be thinking maybe we don't need your support, please vote green. [LB253]

PRESIDENT FOLEY: Thank you, Senator Blood. Senator Smith, you're recognized to close on the committee amendments, AM693. [LB253]

SENATOR SMITH: Thank you, Mr. President, and I appreciate my colleagues that have participated in conversation on the floor today. I think all the remarks were very important. Simply, AM693 provides the safeguards on the levy ability relative to this bill. I believe it is the

Floor Debate
April 13, 2017

right way of managing the risk to Sarpy County taxpayers. So this is a very important amendment that needs to be adopted to this bill. I do appreciate the Speaker being on the mike earlier and talking about just the factors for economic growth, and he certainly represents a very...an exciting area of our state, Norfolk area, a lot of jobs being created there. And I have to think, too, that much of the future growth for the Norfolk area is going to come from decisions we made over the last couple of years to improve infrastructure, roadways that allow for freight to move in and out of that city. And so we can do things for economic development from this floor of this Legislature that we could do it in a very thoughtful, careful way that we do not put taxpayers at risk and we can put our state on the path to growing and creating jobs. And that is a very important part of what we do here every day is to try to improve the well-being of Nebraska's businesses and Nebraska's citizens. So again, I do appreciate the Speaker's comments. We want to keep Sarpy County growing. There is a ridge line there. The growth that has occurred in Sarpy County to date has been north of that ridge line. This project is absolutely critical to keep the growth occurring on the south side of that ridge line. We simply cannot see the growth continue without that project and without this type of legislation that enables us to do that. And finally, I just want to make some comments about Senator Larson had some excellent questions earlier and I believe some very thoughtful questions and I think those points are worth having a discussion on the floor and I appreciate him bringing those up. And I encourage Senator Crawford to work with Senator Larson, as this is on Select File, to be able to get him comfortable to continuing to support this underlying bill. So with that, I ask for your support of this amendment and support of the underlying bill. Thank you, Mr. President. [LB253]

PRESIDENT FOLEY: Thank you, Senator Smith. Members, you heard the debate on AM693, the committee amendments. The question before the body is the adoption of the committee amendments. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk. [LB253]

CLERK: 32 ayes, 1 nay on the adoption of committee amendments. [LB253]

PRESIDENT FOLEY: The committee amendments are adopted. Continuing debate on LB253. Senator Chambers. [LB253]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I've been listening to the debate, if you want to call it that, carefully. I've listened to things that Senator Larson has said, questions he has raised. Then I heard a peculiar comment from Senator Smith trying to pour oil on troubled waters by saying that Senator Crawford should work until Senator Larson is comfortable with this bill. Now, if Senator Crawford gets only 25 votes and all the others are red, then making Senator Larson comfortable might be advisable. I'm not giving advice at this time.

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

Floor Debate
April 13, 2017

I'm just calling attention to something that struck me as being quite peculiarsome. Thank you, Mr. President. [LB253]

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Crawford, you're recognized to close on LB253. [LB253]

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor. Colleagues, currently the lack of sewer system in southern Sarpy County is impeding growth, not only in the county, the metro area, but the state as well. And currently, any development below the ridge line requires that we pump sewage over the ridge line and that we defer property from future development. And so it is critical that we pass LB253 which provides the legal authority for cities and the county to partner, to create, operate, and maintain a regional sewer system. Colleagues, one of our fundamental responsibilities here as state senators is to create frameworks that allows local communities to come together and decide how to solve the problems they see in front of them. And LB253 is a key part of that responsibility in creating a framework that allows the county and the cities to come together and decide how to best work together to provide sewer system in southern Sarpy County. And they've already spent considerable time and money on studies so we know that they already have a plan on how to work forward in a very cautious, prudent, cost-effective way, also environmentally sound way to make sure that we have a comprehensive sewer system in south Sarpy that allows development there that benefits them and the entire state. And, colleagues, I'm happy to answer questions from anyone in the body between now and Select. And I urge your support for LB253. Thank you, Mr. President. [LB253]

PRESIDENT FOLEY: Thank you, Senator Crawford. Members, you heard the debate on LB253. The question before the body is the advance of the bill to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk. [LB253]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement. [LB253]

PRESIDENT FOLEY: LB253 does advance. Moving on to the agenda, General File 2017 Speaker priority bill, Mr. Clerk. [LB253]

CLERK: LB628, a bill by Senator Larson. (Read title.) Senator Larson presented his bill on April 11, Mr. President. The Government, Military and Veterans Affairs Committee offered committee amendments at that time. Senator Chambers, subsequent to that action, introduced a motion to recommit the bill. That motion failed. Senator Chambers then moved to reconsider that vote. The motion to reconsider the vote with respect to recommitment to committee is pending, Mr. President. [LB628]

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

Floor Debate
April 13, 2017

PRESIDENT FOLEY: Thank you, Mr. Clerk. Before we proceed to the speaking queue, I'll ask Senator Larson and Senator Chambers just to take a minute or two to refresh us on where we are. Senator Larson, you may proceed. [LB628]

SENATOR LARSON: Thank you, Mr. President. LB628 is about the new market economy, the sharing economy, and helping everyday Nebraskans earn a little extra income while at the same time giving cities and counties the ability to regulate addressing, fire and building codes, sanitation, and other things. What it would do, it would not allow them to create overburdensome standards that we've seen across the country such as fingerprinting and background checks of these small entrepreneurs in the sharing economy that essentially end the sharing economy in the area. Colleagues, this isn't New York City or Washington, D.C., where there will be people in your neighborhood every night. Regardless of how hot and popular you feel that your neighborhood is, I can assure you that Omaha doesn't have quite that demand. But we do have in parts of Omaha and Lincoln, Grand Island, Lake McConaughy, times of the year that this could be very beneficial, whether it's the Berkshire Hathaway event, College World Series, Lake Mac in the summer. But I do not think that you're going to have to worry about this every night in your neighborhood. And honestly, there's only one part of the state that would... [LB628]

PRESIDENT FOLEY: Thank you, Senator Larson. [LB628]

SENATOR LARSON: ...even have the possibility. [LB628]

PRESIDENT FOLEY: Senator Larson, this is just a two-minute overview of the bill. This is not a regular speaking opportunity. Thank you, sir. Senator Chambers, if you'd like a couple minutes you may take it. [LB628]

SENATOR CHAMBERS: Thank you. Mr. President, my motion is to return this bill to committee because I think there is considerable work that needs to be done and, therefore, the motion. Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Thank you, Senator Chambers. Now we'll proceed to the debate. Senator Blood. [LB628]

SENATOR BLOOD: Thank you, Lieutenant Governor. Fellow Senators, friends all, including Senator Larson, I stand opposed to this bill. And I want to be honest and let you know that I actually voted it out of committee because I thought we needed to discuss this on the floor. I think it is really important that we get our laws up to date with trends like the Airbnb. But with that said, I have grave concerns about how this bill is written and I think it needs to be crafted in

Floor Debate
April 13, 2017

a way that's better. As many of you know, in committee I asked the questions in reference to creating a platform so there could be taxes that were paid which brought on the League of Municipality on to this bill who previously opposed it. They still have concerns though, because when you have these types of houses in your community, they are taking away from the tax base of the hotels and motels. And that's okay. We live in a democracy. We allow people to compete. I have no issue with that. But the hotel/motel tax is so important to things like tourism here in Nebraska, we all know how important tourism is in our state. It's also important to communities like Bellevue because we utilize part of that tax to take the pressure off of our local taxpayers because we think this is a shared tax. And we utilize it for important things like the bonds on our new event center which will turn a profit this year after only two years because we plan in advance. The concerns I have, and I want to tell you a story, is that every year until my father-in-law passed away, we'd go to Black Butte Ranch and have a family reunion in Oregon. And many of those houses, and these are million-dollar houses that people pay a lot of money for in this community, are rented out, especially in the summer because these wealthy people only want to be in their houses in the winter when they can go and ski in the mountains in Oregon. Frequently, sororities, fraternities, large get-togethers of young people are in those houses. And so if you have a million-dollar home and you have a fraternity throwing beer cans over the balcony, does that make you a happy homeowner or unhappy homeowner? I'm guessing unhappy. Now that's an extreme example but the concerns that I'm hearing from my constituents is that if local municipalities cannot make rules pertaining to these Airbnbs or to these types of transactions, who's going to protect them? If I buy a house and I'm a working stiff and I pay \$160,000 for my house, that's the mortgage I can afford and I'm going to live in a neighborhood that I select because I think my children might feel safe there. They can do chalk drawings in the driveway. I don't have to worry about people speeding through my neighborhood. They can walk safely to school. But then I find out after I pay my mortgage that two or three other homeowners in my neighborhood maybe are now renting out their homes and so I don't know who my neighbors are anymore, and guess what, there's nothing I can do about it. I can't go to my city council. I can't ask for help because the state, in their wisdom, is going to take it upon themselves to not allow that protection. But that really is the least of my worries. When Senator Larson stood on the floor and said that 22,000 people came to Nebraska, that was pretty darn awesome, but not a single one of them paid into our hotel/motel tax. And that's not so awesome. Again, I push for the platform but that platform can only collect taxes from those people that participate in that particular Web site. So if you're advertising through Craigslist, if you're advertising through other sites, it will not address those people. So I support his enthusiasm and what he is trying to do with this bill, but I don't think it is there. I think there's too many unanswered questions. This is not something you can fix between General and Select. If we're going to do it, let's do it right. And so I do stand opposed to the bill and I'm not sure where I stand on Senator Chambers' motions yet. Thank you. [LB628]

PRESIDENT FOLEY: Thank you, Senator Blood. Senator Harr. [LB628]

Floor Debate
April 13, 2017

SENATOR HARR: Thank you, Mr. President, members of the body. You know, this is an interesting bill because we are living in new times. We do have to adjust our tax economy to the new times. And we got to make sure that, number one, we're collecting in the proper way and what type of industries do we want to incentivize and which ones do we want to say maybe aren't the best. These short-term rentals, they exist in my neighborhood. We're right now in the middle of prom season. When I was in high school, some kids, certainly not me, would rent hotel rooms, motel rooms. And when things got too loud and too raucous, I heard they got kicked out of there. Now you rent a house. You do a short-term rental on a house. And you can be a lot louder and you can do a lot more danger and there's a lot less oversight and there's a lot more alcohol consumption and others. Think about that. You're no longer confined to everyone in one or two rooms with a bathtub used as a cooler. Young kids, all they have to be is 18 to rent these. It's dangerous. If this were a bed and breakfast, take away the word "air" and just had a bed and breakfast in a neighborhood, probably zoning wouldn't allow it. It wouldn't in my neighborhood. But you put the word "air" in front of it and you make it a platform-based, you can do it. No taxes are collected, maybe with this amendment may, and maybe we'll get a "shall," but the onus is on the Department of Revenue, not on the individual. Again, this is the holy week, I say, because April 15 is here and we have to pay our taxes. It would be nice if the Revenue Department had to chase me down instead of me having the duty to pay my taxes. I would prefer that. But that's not how the law works, except in this situation. We in Omaha have an occupation tax. That occupation tax applies to hotels and motels. If you are an Airbnb, you don't have to pay that. By this law, you would not be required to pay it, nor allowed probably because it's set at the state level. Preemption would say you're not responsible for this occupation tax that someone else who has a bed and breakfast would be, who has a hotel/motel would be. I would love to see what the stat is on how many of these Airbnb facilities are actually owner occupied. Is it renting out a room? Or is it, hey, this is how I make my living? There's no differential within the bill. If I have a bed and breakfast and I have a Web site and I do all my booking on my own Web site, I have different zoning requirements, I have different utility rates, I have different water rates, I have different liabilities. If instead of using my own Web site, I use a third-party Web site to do my booking for me, to do my reservations, I don't. And there's no clear reason or distinction why we do that. When we did the compromise on Uber, it was just that: a compromise. [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR HARR: And all the parties, interested parties, sat around a table and we discussed it. And then it came to the floor and we as a body sat around and discussed it. Here we are, we've skipped an initial and important first step and that is getting all the parties together. Airbnb, they didn't even bother to come and testify for this bill. None of the other platform-based short-term rentals, Internet platform-based short-term rental companies bothered to come. Why is that? Is it because they don't like this legislation? I don't know. I tried to find someone, a representative to

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

Floor Debate
April 13, 2017

talk to, and there isn't one in the building to talk to. So maybe they like this, maybe they don't. What I do know is that hotels and motels... [LB628]

PRESIDENT FOLEY: Time, Senator. [LB628]

SENATOR HARR: Thank you. [LB628]

PRESIDENT FOLEY: Thank you, Senator Harr. Senator Chambers. [LB628]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I would like to ask Senator Larson some questions about the bill. [LB628]

PRESIDENT FOLEY: Senator Larson, would you yield, please? [LB628]

SENATOR LARSON: Yes. [LB628]

SENATOR CHAMBERS: Senator Larson, if I have a house with a number of rooms, based on the bill the way it is now, could I rent out any one or several of those rooms on a short-term basis as described in this bill, or do I need to go through a broker or some third party in order to do that? [LB628]

SENATOR LARSON: Are you...will you repeat your question? Are you saying that if you have a house right now with a number of rooms...consider your Binney Street address, and you have an extra room, you could right now either rent it out short term or you could use Airbnb as a platform to do that. Either way, you could do that right now. [LB628]

SENATOR CHAMBERS: So if I have however large a house, I can rent out each room that I choose to rent out to anybody who is willing to do it on a short-term basis which means no longer than 30 days, is that correct? [LB628]

SENATOR LARSON: On the 30-day thing, I'd have to double-check. But that is my understanding, yes. [LB628]

SENATOR CHAMBERS: Okay. Well, your bill...that's not a trick question. It defines the short term as being for a term of no longer than 30 days. [LB628]

SENATOR LARSON: Okay. [LB628]

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

Floor Debate
April 13, 2017

SENATOR CHAMBERS: If I'm going to trick you, I'll let you know. Fasten your chin strap. Now, if the term is longer than 30 days, then I'm not covered by this bill. Is that correct? [LB628]

SENATOR LARSON: That's my understanding. [LB628]

SENATOR CHAMBERS: So I say that I want to get to know Senator Murante better. And because of his political leanings, he gets kicked out of the house. And I say, Senator Murante,... [LB628]

SENATOR LARSON: His own house? [LB628]

SENATOR CHAMBERS: His own house. [LB628]

SENATOR LARSON: I know Melissa. She's very...she's more conservative than him. (Laugh) [LB628]

SENATOR CHAMBERS: I don't want to go into people's personal affairs as you have a proclivity for doing. Now I say to Senator Murante, I'll rent you this room for a period of 30 days. And he said that's not good enough, I have to have something a little more permanent because I still have activities I have to carry on, I have to write letters or whatever it is. I say, well, here's what we will do. But before I do that, let me ask Senator Larson a question because he's the authority on this. Senator Larson, I could rent this room to Senator Murante for 30 days, then let a day pass, then rent it to him for another 30 days, couldn't I do that? [LB628]

SENATOR LARSON: Yes. [LB628]

SENATOR CHAMBERS: And since during that day that is passing your bill requires that a fee be paid, I don't charge him a fee. I just let him stay there that extra day because I know he's going to re-up and re-up and re-up. In other words, he could re-up in the way that I described this for a year or longer and it would be covered by this bill and I would be free from the kind of regulations from the city or the county, isn't that true? [LB628]

SENATOR LARSON: If you are doing it in that such a manner, yes, that would be a loophole. [LB628]

SENATOR CHAMBERS: Thank you. Members of the Legislature, my job is to read bills. It's all of our job to do it. This is a bad bill. It has nothing to do with short term. I had mentioned the

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

Floor Debate
April 13, 2017

other day as a hint all you have to do is let it be for one day longer and you're out from under the benefits of this bill. But if you want to keep the benefits of this bill, rent it for 30 days, let the person stay--and that's the period for which the person must pay the fee--let the person stay one day, then... [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR CHAMBERS: ...rent it and do that ad infinitum and you wind up running a rental property with no regulations that would be on any other such entity. And I think people need to read this bill, especially considering the origin. And I'd like to ask Senator Larson a question in this minute that I have. [LB628]

SENATOR LARSON: Yes. [LB628]

SENATOR CHAMBERS: Senator Larson, this is an ALEC-type proposal. ALEC proposed something like this, didn't they? [LB628]

SENATOR LARSON: I just learned about that yesterday actually. [LB628]

SENATOR CHAMBERS: Okay. That's all I have at this point. Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Thank you, Senators Chambers and Senator Larson. Senator Baker, you're recognized. [LB628]

SENATOR BAKER: Thank you, Mr. Lieutenant Governor. Would Senator Larson yield to a couple questions? [LB628]

PRESIDENT FOLEY: Senator Larson, would you yield, please? [LB628]

SENATOR LARSON: Yes. [LB628]

SENATOR BAKER: Senator Larson, under this bill with short-term rentals, as I look at AM405 it looks like sales tax would be paid? Is that right? [LB628]

SENATOR LARSON: Yes. So currently, as Senator Blood raised the other day, these people that are doing the short-term rentals now should be paying the sales tax. But the Department of

Floor Debate
April 13, 2017

Revenue hasn't...because it's very difficult to know who is doing short-term rentals, the sales taxes and occupation taxes are not being paid currently. With the amendment, AM405, what is going to happen is you're going to go on to the platform and it might say I want to stay at...Senator Chambers has advertised his house on the platform. I'm going to agree to pay him the \$100 a night for the room that he's offering and when I go to check out like I do on an on-line Web site, it will have the \$100 and then it will add the extra money for the taxes and occupation taxes and whatnot. And Airbnb will collect that and then remit it to the state. So it takes away all the onus on the host--the host is the person that is renting out the room, in my example that would be Senator Chambers--to actually pay those taxes to the state. And right now, none of those are being collected in these sharing platforms. But Airbnb, they...after the bill was introduced and we discussed it with them, we worked on this language in terms of they want to be the ones to collect it because they do not want to put that onus on the host and they want to remit it to the state. [LB628]

SENATOR BAKER: Thank you. One last question. Would they be subject to lodging tax like a motel or hotel? [LB628]

SENATOR LARSON: My understanding is with AM405, they would be subject to all the same taxes that a hotel and motel would be subject to. [LB628]

SENATOR BAKER: Thank you. [LB628]

PRESIDENT FOLEY: Thank you, Senators Baker and Larson. Senator Larson, you're next in the queue. [LB628]

SENATOR LARSON: Thank you, Mr. President. First of all, I want to go through a few points. Many Airbnbs...many bed and breakfasts that Senator Harr referred to are on Airbnb now advertising through that platform. He also brought up the whole concept of they can regulate a bed and breakfast or hotels or whatnot through zoning. Colleagues, that's kind of the point of LB628 and he's right. If you're 18, you can go on and rent a house. I don't know how many of you have been on a sharing platform such as this, but I have and when I go to rent a house they don't just automatically approve it. Both times I've used it, the renter of the facility texted me back, asked me what I was doing in town, what I wanted the facility for, how long we were going to be there, who was coming. And after I stayed, as in a good sharing economy, social platform Web site, they rate me as a user and I rate them as a host so if I stay there in the future, if I misbehaved or destroyed their property, future users won't let them stay. Or on the other side of it, if it's a terrible facility, I give them a poor rating so more people don't stay there. Senator Chambers' example of getting around the long-term rental guidelines, in technicality, and he is biting down into technicalities, yes, but, people, it is...one, it is not economical to have a short-

Floor Debate
April 13, 2017

term rental for more than 30 days because many of these, that's not economical for the host. That's not where people go to rent out facilities because if you are a host, you're usually charging--and I don't know if Senator Chambers has been to these Web sites--you are charging usually not as much as a hotel but a significant amount that it does not make it economical to be a long-term rental, as well as the whole concept of a sharing platform is you want...how do I want to say this? You want to be there only for a small amount of time because you are visiting a different city. Or let me put it this way: We might have a family reunion, my family, next year in Jackson Hole. It is a large family reunion. A hotel room for 80 of us, hotel rooms for all of us is not economical. But you can go to an Airbnb home, rent four or five entire homes...80 is a high number. There won't be that many but let's say probably 30-40 of us. We could go rent four or five entire homes significantly cheaper than hotel rooms and also have a grill on the back or a pool or a number of other things. This is a sharing economy that works on mutual benefit. [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR LARSON: The concept of long-term rentals or using these for long-term rentals is ridiculous. I understand Senator Chambers is trying to poke holes, but in the end he's poking at nothing because that's not what happens and that's not what is going to happen. So I understand that we'll be on this for another hour, hour and 15 minutes today because we'll hear Senator Chambers and Senator Blood talk. But, colleagues, this is about the new sharing economy, small entrepreneurs. [LB628]

PRESIDENT FOLEY: Time, Senator. [LB628]

SENATOR LARSON: This is about tourism. Thank you. [LB628]

PRESIDENT FOLEY: Thank you, Senator Larson. Senator Blood. [LB628]

SENATOR BLOOD: Thank you, Lieutenant Governor, fellow senators, friends all, and a big thank-you to Senator Larson for introducing that I'll be talking again. Thank you for that introduction. I want to talk now about sex trafficking. Again, I rise in support of the concept but not in support of the bill. I would ask that Senator Larson yield to a question. [LB628]

PRESIDENT FOLEY: Senator Larson, would you yield, please? [LB628]

SENATOR LARSON: Yes. [LB628]

Floor Debate
April 13, 2017

SENATOR BLOOD: Senator Larson, are you familiar with what a Distil Network is? [LB628]

SENATOR LARSON: A what? [LB628]

SENATOR BLOOD: A Distil Network? [LB628]

SENATOR LARSON: No. [LB628]

SENATOR BLOOD: It's a cybersecurity term. Why would you think that Airbnb would try and block any analysis of any potential illegal activities on its site? What do you think the reason for that would be? [LB628]

SENATOR LARSON: I don't know. I'm not familiar with what you are discussing. [LB628]

SENATOR BLOOD: So I want to build on this a little bit. So all of us are capable of doing Google searches. It doesn't take a genius, thank goodness, or a lot of us wouldn't have some of the information we need. But there is a long history of illegal activity at these types of homes: sex trafficking, drugs, prostitution, unregulated pornography. Those are pretty scary things to have in your neighborhood, and we're not just talking figuratively. These are documented incidents not just in the United States but all over the world, Australia and Sweden, people running brothels out of these types of homes. But the reason that these types of facilities are so interesting to sex traffickers is that they can go into a small community like Hastings and stay there for a day or two, hop on Highway 6, go to the next community and go to the next community. And that's exactly what happens. Again, there is so much to this bill that is not being addressed and I don't think a sufficient amount of research has been done. Now I don't fault...and I have friends that do it. I have a friend in Europe right now who is renting out her house through Airbnb. I don't fault these small businesspeople or individuals who want to do this and turn a profit. However, I have other people besides those that are participating in this program to protect. We can't keep pretending this is not one of the things that supports sex trafficking and pornography and drug use. Think about it. Hey, I rented a house for a day. Come over to my house and I'll supply you with some heroin. We'll get high. And then we'll go in our cars and we'll go home and guess what? Because we're only there for a day, what do you think the chances are that we're going to get caught, because if we're in a hotel, there's security, right? I think that if you look at the information that's available and you really do your research, you're going to be appalled. And if you look at Airbnb's disclaimer, in fine print, it says that it cannot vouch for the safety or trustworthiness of any guest or host. And guess what, there's also quite a few police reports of both the hosts and the guests being victims of sexual assault. Do I think that's a lot of people? Not necessarily, but the point being is if you are not doing your research and you're voting to support this bill, know what comes along with it. [LB628]

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

Floor Debate
April 13, 2017

PRESIDENT FOLEY: Thank you, Senator Blood. (Visitors introduced.) Continuing debate, Senator Harr. [LB628]

SENATOR HARR: Thank you. Is Senator Larson available for a question? [LB628]

PRESIDENT FOLEY: Senator Larson, are you available for a question? [LB628]

SENATOR LARSON: Yes. [LB628]

SENATOR HARR: Thank you. I've read the bill, and as far as I can tell, it would appear that if a city had an occupation tax for its hotels or motels, that these Internet Web site-based companies, short-term rentals would not be liable for that. Is that your understanding as well? [LB628]

SENATOR LARSON: My understanding is AM405 takes care of that. [LB628]

SENATOR HARR: I don't...I'll read it again, but I don't think it addresses occupation taxes. It addresses sales tax, but not occupation tax. But, okay, we'll continue on that. I disagree with that. Folks, in Omaha...well, two days ago we were down here talking about how unfair it is you have these Internet-based companies that you can go and buy without paying sales tax of 7 percent, 7.5 percent, state 6.5, right? And we said how bad that was. And we voted it out and we battled through. Guess how much the occupation tax is in Omaha? It's 18.16 percent. Do you think there isn't an advantage for people to not stay in hotel and motels and instead stay in Airbnbs? It's almost a 20 percent discount. Now whether you like it or not or whether you think the tax is too high or not, that's another story for another day. But you want to talk about an unfair advantage, our hotel/motels are out there paying these taxes and I don't think AM405 says they have to collect the occupation tax. And that collected for the city of Omaha in 2015 alone: \$8.5 million. You want property tax relief? Guess what, you take away \$8.5 million and you're going to have a property tax increase. We got to find a way to pay for that. This is a good occupation tax. It's paid by those who come to visit us. You know the old joke in taxes is you want to tax someone who doesn't live in that area and can't vote for you or against you. Well, this one of those and we're going to get rid of it. We're going to give a loophole that even Orson Welles could walk through. This bill, there's a reason we want to pass it. It has nothing to do with good public policy. I haven't heard a good public policy reason for this bill yet. I've heard that it's too cumbersome, which is what I hear on every bill. It's too cumbersome. What we're doing now is too difficult. I don't know when life got so difficult. I'm still waiting to figure out how I'm able to survive with all these difficult laws we have. But be that as it may, I believe in local control. Maybe I'm the only conservative who believes in that. I believe in local control. I believe in zoning to make sure that those neighborhoods where people purchase property, that you don't have just willy-nilly bed and breakfast right next-door which a bunch of partiers, a different set

Floor Debate
April 13, 2017

of parties every weekend strewing beer cans and used whatever in my yard. I got young kids. I buy my home where I know I have protection by law through our zoning. This bypasses our zoning requirements. And why is it different than any other hotel/motel, bed and breakfast? It's how you book it. It's not what you do on the property that differs, it's how you book your flight (sic)... [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR HARR: ...how you book your room. Tell me how that or why that really matters, how I book it, that I go to a computer and I go to one Web site as opposed to going to another Web site owned by that individual company and/or by picking up the phone and saying, hey, I want to rent a room for the week, I want to rent a house for the night. Doesn't make any sense why we would treat one different than the other. And I'm going to say it: What's good for the goose is good for the gander. If we're going to have these limitations on our hotels and motels but not on Internet-based booking sites, well, then let's just get rid of them altogether. If this does get to Select, I'm going to file something similar to that to protect those individuals that have hotels and motels. Thank you. [LB628]

PRESIDENT FOLEY: Thank you, Senator Harr. Senator Chambers. [LB628]

SENATOR CHAMBERS: There's a song--thank you, Mr. President--says it's got the whole world shaking, something must be going on. Now, this is a Speaker's priority. It has nothing but opponents. Not one person testified in favor of it except Senator Larson, all opponents, and it got on that list. (Singing) It's got the whole world shaking, / Something must be going on. I just...I sang that for the Speaker as he walked by. Now, what Senator Larson wants to pretend is that he doesn't understand what a bad house is which caters to those of the baser sort. Now I gave an example of how I can, in fact, make a long-term rental agreement but I don't have to deal with any of that as long as I let a day pass between the 30-day periods. The amount of money will be substantial for the kind of people who will want a place like that. He doesn't know what a flophouse is. He doesn't know what a speakeasy is. He doesn't know what a gambling dive is. For every legitimate type of business, there is an underground version of it where people, as I described, of the baser sort will go so that they can escape all inhibitions, rules, regulations and they're willing to pay a premium. So in Senator Blood's neighborhood, somebody has a house, and they can use this bill to make sure that they're not regulated as others would be by having this 30-day period and then have all these people go through. They don't have to stay the full 30 days. You can have a steady stream of people. They can be sex traffickers. They can be students in college looking for someplace they can go and drink and not be bothered by the police, do dope, and whatever else they want to do. You are opening up the possibility for it and these people are not going to say in the Omaha World-Herald, come to this flophouse and have sex,

Floor Debate
April 13, 2017

drugs, and whatever you want. There's...Senator Larson should listen to the popular songs. There's such a thing as the grapevine, Senator Larson. I heard it through the grapevine, word of mouth. It gets out. There are neighborhoods struggling, trying to make a go of it. You, by this bill, are creating a way for some of these very poorly maintained houses to be great moneymakers for the slumlords whose holdings in those neighborhoods keep the neighborhoods from being able to flourish. They don't live there. They don't maintain the property. And it brings down not only the value of people's property but the morale of the people. And now you're giving a blanket protection, an umbrella of coverage for the slumlords to use these establishments for a different purpose in a different way. Senator Larson doesn't know about these things because he's simon-pure. When he gets up in the morning, first thing he does, 10 Hail Marys, 13 Our Fathers, and meditates on them all day long and thinks everybody else does the same thing. [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR CHAMBERS: This is a world that contains realities that those of us who enact laws had better pay attention to. And if all that I have to invest--all that I'm required to invest, that is--is some time to try to open my colleagues' eyes and defeat this, I'm willing to do that. I'm not willing to have something like this that invites further deterioration and destruction of neighborhoods. And Senator Harr has raised some legitimate issues about these activities, even if they're not operated at the level and for the purposes that I'm talking about. This invites wrongful conduct. Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Pansing Brooks. [LB628]

SENATOR PANSING BROOKS: Thank you, Mr. Lieutenant Governor. I was wondering if Senator Larson could answer a couple questions. [LB628]

PRESIDENT FOLEY: Senator Larson, will you yield to some questions, please? [LB628]

SENATOR LARSON: Yes. [LB628]

SENATOR PANSING BROOKS: Okay, Senator Larson, on page 3 of the bill, line 3, it talks about operating as a sexually oriented business. Can you explain that language? I don't understand it. [LB628]

SENATOR LARSON: Yes, so when we're...we do have regulation...that's one of the regulations. A city, village, or county may adopt to enforce an ordinance or resolution that limits or prohibits

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

Floor Debate
April 13, 2017

the use of a short-term rental only if it limits or prohibits the use of a short-term rental for the purpose of: housing sex offenders; operating a structured sober living home or similar enterprise; selling illegal drugs; selling alcohol or any other activity; or operating a sexually oriented business. So the examples that Senator Chambers has offered, and Senator Blood, in terms of the sex trafficking and things like that, this bill directly says that cities can enact ordinances that expressly prohibit those and focus in on those types of activities because these on-line hosting platforms don't want any of that on their platform and are okay with cities enacting ordinances that specifically target those types of activities. [LB628]

SENATOR PANSING BROOKS: Well, I'm just wondering because it seems like it would be better if it was saying, "operating as a commercial business for sexual transactions." [LB628]

SENATOR LARSON: If...I know that Senator Morfeld and I are working on an amendment just to tweak some language that the city of Lincoln wanted. If you want that as part of it, I would be happy to accommodate that if that makes you more comfortable on that front. But like I said, we are focused on the illegal activities that have been raised...that have risen through this debate, and I appreciate you for pointing that out. [LB628]

SENATOR PANSING BROOKS: Well, and I just...I think you may...I wasn't here for all of their discussions, but I am concerned about some of the trafficking that is known to occur at these places. So I'm trying to figure out, how do other states work it so that you don't get a month living with somebody and then...or creating a business and then you have a day off and you have another month? So... [LB628]

SENATOR LARSON: See...yeah, I guess I can address that real quick. I mean these are short-term housing in the sense of oftentimes the house that you are renting out whether...if you are renting out an entire home on this type of platform, if there's a long booking, that you are going to...the homeowner raises the questions of why you're being there...why you're there for so long and things of that nature. In terms of the "one night and you're out" type things, I think what is unique about the sharing economy and specifically the millennial generation is how these platforms work is there are ratings. So if you do these types of activities and destroy the home or use the home in an improper way once, that follows you throughout the entire system. And if you haven't...and oftentimes, I'll be honest, when I first...the first time I used the platform, I didn't have a rating yet. And a few people wouldn't let me rent their homes because they didn't know what type of short-term rental individual I would be. So there is nothing in law if you want to say...if you're not using one of these platforms and you're just advertising in the Omaha World-Herald that you have a short-term rental or you have your own Web site... [LB628]

PRESIDENT FOLEY: One minute. [LB628]

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

Floor Debate
April 13, 2017

SENATOR LARSON: ...there is nothing regulating these short-term rentals in that aspect or even in terms of long term. So I think we're doing the best we can to ensure through this that cities and counties can create ordinances focused specifically on those types of things. [LB628]

SENATOR PANSING BROOKS: As you know, I am particularly concerned about human trafficking. And so I guess, you know, I've been looking on the Internet and there are articles about how Airbnb has been used for trafficking purposes. [LB628]

SENATOR LARSON: As has hotels and... [LB628]

SENATOR PANSING BROOKS: Right. [LB628]

SENATOR LARSON: I mean... [LB628]

SENATOR PANSING BROOKS: So I'm just trying to wrap my head around whether we can do something to make better protections. And actually, my first year at a school they had a rule where a guy could come and stay in the girl's room for a week and had to leave one day and then could come back another week, which was totally ridiculous. They never left. No one kept track of the day... [LB628]

PRESIDENT FOLEY: Time, Senators. [LB628]

SENATOR PANSING BROOKS: ...when somebody would be gone. [LB628]

SENATOR LARSON: We had coed floors at my university, so. (Laugh) [LB628]

PRESIDENT FOLEY: Time, Senators. [LB628]

SENATOR PANSING BROOKS: Well, it was a women's college. [LB628]

PRESIDENT FOLEY: Thank you, Senators Pansing Brooks and Larson. [LB628]

SENATOR PANSING BROOKS: It was (inaudible). [LB628]

PRESIDENT FOLEY: Senator Larson, you're next in the queue. You may continue. Senator Larson, you're next in the queue. You may continue. [LB628]

Floor Debate
April 13, 2017

SENATOR LARSON: Thank you, Mr. President. The crux of LB628 is to ensure that cities and counties do not put burdensome regulations on these platforms and those hosts in these platforms that cause these platforms to cease to do business. Here are some examples of across the nation of this happening. In Miami, to be a short-term rental comes with penalties ranging from \$20,000 to \$100,000; New York State, fines of \$1,000; in Chicago, the owner of a short-term rental found on one of these sites must allow the government to search any time and in any manner; San Francisco, Airbnb and HomeAway are forced to turn homeowners over to police if they are using...if they are a host; Nashville, only 3 percent of the properties can be non-owner occupied short-term rentals. I'll have a handout about how short-term rentals are a significant boost to the economies and how cities and counties are threatening them. As I said, last year 22,000 visitors visited and stayed in these short-term rentals in the state of Nebraska. And hosts earned \$2.5 million from those 22,000 visitors, yet as we've seen across the country, overregulation has started to step in on these short-term rentals requiring undue burden and closing them, closing a tourist attraction, closing tourism to the state or those areas. We just heard from Senator Blood and Senator Crawford in LB253 about growth and how important that growth was. We heard about a convention center that Sarpy County has that is so important, yet we want to possibly work to shut down these short-term rentals that can offer income to individuals renting out their homes and maybe give it...enforce them whether or not...you know, a more home feeling and entrepreneurs. And, yes, there are hotels but they can go to the big chains, the big Holiday Inn Expresses or the big Country Inn and Suites. Yeah, they could go there. But that isn't money in your community. That isn't money that's going back into your community, but it is shutting down individuals wanting to rent out their own home on a short-term basis to certain individuals. LB628 does not expand sex trafficking in the state of Nebraska. It explicitly gives... [LB628 LB253]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR LARSON: ...the city or village or county the ability to make ordinances and laws against that. These short-term rentals already exist in the state, will continue to exist. What LB628 does is it ensures there is not an overstep from local governments, ensures that the taxes begin to get collected and we can move forward. Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Thank you, Senator Larson. Senator Morfeld, you're recognized. [LB628]

SENATOR MORFELD: Thank you, Mr. President. First off, I think that there's been a lot of issues that have been brought up today that are legitimate issues. That being said, I'm still in support of LB628 and the Government Committee amendment. I think that Senator Harr brought up a good point with "may" and "shall" in terms of paying the taxes and I would be in support of an amendment in that regard as well. In regard to my colleague Senator Blood's concerns and

Floor Debate
April 13, 2017

others', I share some of the same concerns that we have with sex trafficking and other things like that. But the bottom line is right now this industry is unregulated. And the reason why I originally supported the bill was because this is a way to regulate the industry, to require them to pay taxes, and I think with the amendment that Senator Harr discussed, that would lead to that, and then also ensuring that we have a...we strike the right balance with the municipality--with my amendment, anyway--with the municipality's authority to regulate both long-term and short-term rentals while still providing a regulatory framework that makes sense. As Senator Larson stated as well, I'm certainly open to amendments. I think the discussion has been good and I think that there is path forward. And with that, Mr. President, I'd be happy to yield my time to Senator Larson if he so chooses. [LB628]

PRESIDENT FOLEY: Thank you, Senator Morfeld. Senator Larson, 3:30. [LB628]

SENATOR LARSON: I'll be quick. Thank you, Senator Morfeld. As we move forward, there are...you know, I've already said I'm very supportive of Senator Morfeld's amendment. And hopefully we can move forward and get to that. I think we will. We have an opportunity here to promote small entrepreneurs in our communities, and ensure that Nebraska does not shut down tourism or parts of tourism and gets the money back in our constituents' pockets instead of large hotel chains. The large hotel chains, they're going to get plenty anyway. So we'll continue to move forward. Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Thank you, Senator Larson. (Visitors introduced.) Continuing debate, Senator Krist. [LB628]

SENATOR KRIST: Thank you, Mr. President. And good morning again, colleagues and Nebraska. I've only received one e-mail on LB628 and I'm not sure where I'm at on it yet. But I'd like to read you part of this and read it into the record. Again, this comes from a hotel and lodging industry longtime expert, I believe 30-plus years in the industry. He capsulizes LB628, the things that it does not do to achieve its goal. Competition is the hallmark of industry and economy--I'm quoting--and we thrive when everyone plays by the same set of rules designed to ensure the safety of our guests and our communities. If Airbnb and other short-term on-line rental companies are going to be declared legal players in the industry, they should have to follow the same rules as the rest of the industry in order to ensure fairness. Enforcement of these rules can only happen if the host register as a business, which will generate traceable data that registration and data collection, the rules are enforceable. I'm assuming he means when you become part of the validated list of either providers or users on the site. LB628 does nothing to control that. I support the rights of the owners, property owners who occasionally rent their homes to earn extra money. But I share the concerns many of you and local residents have expressed about the growing number of commercial operators who are using sites like Airbnb to

Floor Debate
April 13, 2017

run multi-unit, full-time lodging businesses. LB628 needs to be changed to rein in illicit and often illegal hotels that are abusing short-term rental platforms and operating unregulated businesses. Nebraska cities and counties have the right to protect their communities, guests, and neighborhoods, and to ensure a fair travel marketplace in their jurisdiction. LB628 takes away the right. One, the lodging industry welcomes to new entrants into the marketplace, but believes they should follow the appropriate rules. On-line platforms such as Airbnb should not enable commercial landlords to run illegal hotels. This bill must be changed to allow Nebraska communities to decide for themselves the appropriate rules to ensure the safety of their residents and it takes that process away. Sounds a lot like LB68 to me: taking away local control, local control, local control, and telling the local control they don't have local control--my opinion, my editorial, not his. So I'll continue to listen to the debate and also to both sides of the issue. Again...and I don't think he would be opposed to me using his name, but Mr. Pavelka (phonetic) has become a friend. I call him my barbecue guy because he opened a barbecue place down near Deer Creek that's been very good for us. But one man's opinion and I think occasionally we have to listen...not occasionally. We have to listen to our constituents, and this one in particular seemed very articulate and knowledgeable on the issue. So I bring that to your attention and appreciate the fact that I can read it into the record. Thank you, Mr. President. [LB628 LB68]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Chambers, you are recognized. This is your third opportunity. [LB628]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, as I pointed out, Senator Harr has been talking about the area that the letter that Senator Krist read is dealing with, the legitimate operations that have certain rules and regulations to follow, and it bears on the safety and well-being of the public. But I'm talking about that sub rosa underworld which is encouraged and facilitated by this. Senator Morfeld in his naivety keeps talking about an owner who wants to rent out a part of his or her home for a short time. According to the American Hotel and Lodging Association, 81 percent of Airbnb revenues are from non-owner occupied residences. It might be residential property because it's in a neighborhood, but 81 percent are not owner operated. They are commercial enterprises. They are satellite hotels and motels that are not required to meet the standards. Any...let me ask a question of Senator Morfeld since he... [LB628]

PRESIDENT FOLEY: Senator Morfeld, would you yield, please? [LB628]

SENATOR MORFELD: Yes. [LB628]

Floor Debate
April 13, 2017

SENATOR CHAMBERS: Senator Morfeld, if you wanted to have one of these short-time rental arrangements for somebody who's coming to town, could you do that? Forgetting Airbnb and everything in this bill, could you do that? [LB628]

SENATOR MORFELD: Yes. [LB628]

SENATOR CHAMBERS: Thank you. Those legitimate people can do it. This doesn't regulate anything. What it does is restrict the possibility of regulation. I don't participate in underworld activities except occasionally on the floor when I want to make a small wager. But I know people who do. I'm aware of where some of these activities occur. And people on this floor probably are aware of such activities. We know that there are laws against prostitution, there are laws against sex trafficking, but you are opening the way for these activities to occur under an overarching umbrella of protection. Now you are legal if the cops come knocking on the door. (Knocking) Who's there? Open up, Chambers. It's the police. Do you have a warrant? I don't need a warrant. Why don't you need a warrant? I got a report of such and such. I say, look, buddy, I'm operating under the law. I have a guest here who has paid. I'm not going to let you come into my house without a warrant and this person is not going to authorize you over my objection to come into my house without a warrant. Now go get your warrant. And you better convince a judge that something illegal is going on. And the cop would leave and not come back. That's an oversimplification. You all play like you're naive when you want to do something to help some of these big-shot, big-time operations. You all were not born yesterday. You know as much about this as I do, and probably more because I'm somewhat of a prude and a puritan when it comes to my own conduct. I do believe evil companions corrupt good manners. That's why I'm basically a loner, not l-o-a-n-e-r. We have three bankers that God raised up to do the loaning. I mean the "a-loner." [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR CHAMBERS: In all seriousness, if this bill is enacted, immeasurable harm can be done automatically upon its being signed into the law if the Governor would sign it. If it's not enacted, people who want to engage in this activity legitimately can do so right now. Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Blood, you're recognized. This is your third opportunity. [LB628]

SENATOR BLOOD: Thank you, Lieutenant Governor. Fellow Senators, friend all, I had not planned on standing a third time but there's some clarifications that I think are necessary. Senator Larson now stands up and says this is about collecting taxes, but when he presented this bill to

Floor Debate
April 13, 2017

the committee, that was not an issue until I brought it up upon questioning him about it. And then the committee brought forward the amendment. So his initial intent, I don't believe, had anything to do with taxes. We made it clear when we discussed this the other day that these entities should have been taxed a long time ago because they fall under our tax code as far as the description of who needs to pay taxes and who doesn't. So guess what? Whether you pass this bill or not, they still owe the taxes. In reference to what Senator Morfeld said, he said this is about regulation and I don't disagree that we need to be addressing the regulation. We tend to be behind all the time on trends like Uber, like Airbnb, but this is not the bill. I support what Senator Larson is trying to do. There's too much work and too much research that needs to be done between now and Select to get this to be a better bill. Sometimes you just got to count your losses and leave. And I think this is one of those times. Nothing is going to change if we don't pass this bill, nothing. They're still going to be renting out their homes. We're not going to be able to create the type of regulation that we truly need, if indeed needed, if we rush this through. So I just want to point out by not passing this bill, taxes can still be collected. By not passing this bill, these homeowner can still rent out their facilities, their homes. If it's really about doing what we're talking about doing here on the floor, let's make this a better bill. [LB628]

PRESIDENT FOLEY: Thank you, Senator Blood. Senator Harr, you're recognized. This is your third opportunity. [LB628]

SENATOR HARR: Thank you, Mr. President and members of the body. I reread AM405 in between. It allows for a collection of sales tax. It mentions nothing of occupation taxes. An occupation tax is not a sales tax. And the way we know that is because it's a tax on a tax already. Would Senator Larson yield to a question? [LB628]

PRESIDENT FOLEY: Senator Larson, would you yield, please? [LB628]

SENATOR LARSON: Yes. [LB628]

SENATOR HARR: Thank you. Can you show me in AM405 how occupation taxes can be collected? [LB628]

SENATOR LARSON: After our last conversation, the Government legal counsel came over and said that it was only sales. But it was a simple fix, that if we just strike the word "sales" it would then apply to all applicable. So I had that intention as we moved forward to get your first change, instead of "may" to "shall," and then just strike "shall"...or "sales" on page 1, line 13 of the committee amendment. [LB628]

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

Floor Debate
April 13, 2017

SENATOR HARR: Okay. Thank you. I appreciate that. Folks, this is why debate on the floor is important and why we need to pay attention to the bills. Now we can collect that occupation tax that creates more money for the city of Omaha. It helps collect...the occupation tax already collects \$8.5 million for the city of Omaha. This will help the city collect more money so we can lower property taxes. And this is money that is due. So we can address that issue. What we don't have a solution to is a neighbor who uses his property or her property as a short-term rental property. It's not owner occupied, but they use it as a small business. Maybe they inherited it. Maybe it's in an area that is very popular vacation site. And they constantly rent it out without regard for the neighborhood or the neighbors. There is nothing that would prevent that except passing a state statute. We have no way of collecting...or writing rules and regs. On a city level, we have no way of passing city ordinances to say, hey, we don't want X or Y. And there's no way of creating any ordinance that says you can't have short-term rentals, even though we have ordinances that prevent bed and breakfasts in a certain neighborhood. You can never prevent it. Why? Why do we want to chop up our land use requirements and give exemptions to one business based again not on what the business does but how the customer books that business. It makes zero sense. Sure, the owner can decide whether they want to rent to someone or not, but the neighbor who lives in a residential neighborhood has no control. They don't want a commercial operation next to them. And you know what they did? They relied upon the zoning requirements to say no commercial property is allowed next to them. And if someone books that room using their own Web site, they can't have a commercial operation next-door to them. However, if your neighbor uses this third-party Internet-based program, they can. Again, makes no sense. If we want to regulate an industry or deregulate an industry, let's deregulate that industry and the use of that industry or the purpose of that industry,... [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR HARR: ...not how people access that industry. So I appreciate what Senator Larson is trying to do. As I said yesterday and I'll say again, I use Airbnb. I think they provide a worthy service. But let's not give an unfair advantage to an individual over another individual who do the exact same thing based solely on the way that an individual books that room or how they determine...gain access to that. That's exactly Senator Watermeier's worry with the Internet sales tax. Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Thank you, Senator Harr. Senator Larson, you're recognized. This is your third opportunity. [LB628]

SENATOR LARSON: Thank you, Mr. President. Will Senator Harr yield to a question? [LB628]

PRESIDENT FOLEY: Senator Harr, would you yield, please? [LB628]

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

Floor Debate
April 13, 2017

SENATOR HARR: Yes, I will. Yes. [LB628]

SENATOR LARSON: Senator Harr, earlier on the mike you talked about how you might be the only conservative when it comes to local control in the body and I appreciate that opinion. Did you support Senator Walz's LB444? [LB628 LB444]

SENATOR HARR: Could you remind me what LB444 is? [LB628 LB444]

SENATOR LARSON: It does not allow political subdivisions and local control to cancel insurance policies of their workers if they become injured. [LB628]

SENATOR HARR: Was that on the floor? Did we vote on that? [LB628]

SENATOR LARSON: Yeah, we've already gone through it. [LB628]

SENATOR HARR: I'd have to look at my vote record. We've done a lot of votes. [LB628]

SENATOR LARSON: Okay. Colleagues...would Senator Chambers yield to a question? [LB628]

PRESIDENT FOLEY: Senator Chambers, would you yield, please? [LB628]

SENATOR LARSON: Senator Chambers, did you support...I'm sorry, you didn't say you'd yield. [LB628]

SENATOR CHAMBERS: Yes, I will. [LB628]

SENATOR LARSON: Okay. Thank you. Did you support Senator Walz's LB444? [LB628 LB444]

SENATOR CHAMBERS: What was it? [LB628]

SENATOR LARSON: It doesn't allow local political subdivisions to cancel insurance policies of those that have been injured on the job. [LB628]

SENATOR CHAMBERS: I don't know whether I did or not. [LB628]

Floor Debate
April 13, 2017

SENATOR LARSON: Okay. Thank you, Senator Chambers. I'll have to look up and get the records and maybe I'll do that as I am standing here and...thank you. Colleagues...Senator Harr is shaking his head that he did. There are certain things that this body finds necessary. There are certain things that we do because we know what that either does for individuals or, in this case, protects businesses and small entrepreneurs in the home-sharing economy, tourism in the state, to ensure that it happens. I understand Senator Harr was trying to make a point when he said that he might be the only conservative to continually support political subdivisions and local control, but on that one I think...I don't even know if there was any opponents to LB444. Maybe there will be now. Maybe Senator Harr will oppose it now because the local political subdivisions should have that choice to understand their budget and if they can afford that. Colleagues, I passed out a handout on how home sharing helps communities. Home sharing helps Americans pay their bills; 50-plus percent of Airbnb homeowners say they couldn't afford their homes without home sharing; 76 percent of Airbnb homeowners in New York City use home-sharing income to stay in their homes--that's New York City, obviously; 55 percent of homeowners use rental income on mortgages, bills, and groceries. Home sharing is good for local economies and the environment. Home-sharing guests use 60 percent less energy, 12 percent less water, and generate a third percent of the waste. Home sharing helps redevelopment efforts at no cost to the government; 70 percent of home-sharing properties are outside the main hotel districts. Neighborhoods that don't always get the benefits of hotel districts... [LB628 LB444]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR LARSON: ...can be improved too. And I'd say they probably don't need TIF, if we want to bring it back into one of Senator Groene's pets, to build these blighted areas that often become hotel districts or development districts. There are a lot of benefits to home sharing, the home-sharing economy, both to those that share and those that use the platforms. We've already established that home sharing will continue if LB628 does not pass. It will. Senator Chambers, you did not vote for LB444. You were present, not voting. [LB628 LB444]

PRESIDENT FOLEY: Time, Senators. [LB628]

SENATOR LARSON: Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Senator Schumacher, you're recognized. [LB628]

SENATOR SCHUMACHER: Thank you, Mr. President. Senator Harr indicates he'd like to have some time. I yield my time to him. [LB628]

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Transcriber's Office

Floor Debate
April 13, 2017

SENATOR HARR: Thank you, Senator Schumacher. You know, LB444, I looked up the voting record. Senator Larson, would you yield to a question? [LB628 LB444]

SENATOR LARSON: Yes. [LB628]

PRESIDENT FOLEY: Senator Larson, would you yield, please? [LB628]

SENATOR HARR: Did you vote against LB444? [LB628 LB444]

SENATOR LARSON: I am looking at General File and I did not vote against it. [LB628]

SENATOR HARR: Okay. Did you vote for it? [LB628]

SENATOR LARSON: No. [LB628]

SENATOR HARR: Okay. Folks, there you go, right? What's good for the goose is good for the gander. I just thought I'd put him up to that and see where he was. The fact of the matter is people are running these as an industry. Sure, there are some honest, good folks out there that run it, mom and pop, you know, that rent out a room like the old boarding houses. There are some that do that and they do short term and it supplements their income. I'm not denying that. But numbers don't lie: 81 percent of the revenue, 81 percent, four out of five dollars, over four out of five dollars collected by Airbnb go to residents that are not owner occupied. So I'll give you 20 percent are ma and pop. I'll concede that. But 80 percent are not. So why do we treat them differently? Oh, because of the way they book their room--makes no sense, absolutely none. And I still haven't heard...I did look. Funny, I had a little extra time yesterday afternoon. I went home and I went and looked for my mortgage. I couldn't find it. I know. But I did find my first mortgage and it was funded through NIFA. NIFA does not allow you to run a commercial operation out of your home. Maybe they do now, but they didn't before. You'd be violating the terms of your mortgage, if you have a residential mortgage, if I had done that with my first mortgage, let me put it the that way. I wouldn't know it. Heck, I didn't know until yesterday. Think about that. We have a program out there that is intended for first-time home buyers. It's a good program, but what we don't want, if you start having a program that's competing against our hotels, motels, Holiday Inns, we may lose that program. People may say, hey, why are we using tax dollars to fund this first-time home buyer program to compete against mom and pop who happen to own a motel? I understand what Senator Larson is trying to do. I really, really do. There is room for his bill, but it needs to be massaged. It needs to be worked on. We need to look at it from all sides. We need to make sure that those individuals who do enter into these contracts are protected. We need to...on both sides, whether that's the homeowner, the neighbor, or the

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

Floor Debate
April 13, 2017

person who's renting the space. This is a new area of law. Now you may say, oh, here we go, overregulation, overburdensome. Well, it's about protecting our society. That's all this is about. You know, everything is fine until... [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR HARR: ...you're--thank you--you're in a condo unit and your neighbor starts renting it out all the time and every weekend and there is a new set of revelers partying, hooping it up. And not only are they bothering you, they're not even paying all the taxes that if it were a hotel/motel would have to pay. This isn't fair, folks. This isn't a fair fight. We need to make sure that everyone is at the table and every voice is heard. Thank you. [LB628]

PRESIDENT FOLEY: Thank you, Senator Harr. (Visitors introduced.) Continuing debate, Senator Pansing Brooks. [LB628]

SENATOR PANSING BROOKS: Thank you, Mr. Lieutenant Governor. Senator Chambers I think needed a little bit more time, so he asked...so I would give my time to Senator Chambers. [LB628]

PRESIDENT FOLEY: Senator Chambers, 5:00 [LB628]

SENATOR CHAMBERS: Thank you, Mr. President. Thank you, Senator Pansing Brooks. Members of the Legislature, on bills like this I don't mind being the villain. I'm being a bad villain in a good way for a good cause. We are talking about if we accept what Senator Larson said at face value. We are talking about regulating an industry. We have a bill which when it was introduced and had a hearing had given no consideration to tax matters at all. The committee hastily adopted an amendment. Senator Larson is advocating adoption of the amendment. Under Senator Harr's gentle prodding and questioning, it became clear that Senator Larson knew nothing about the taxing aspects. When a specific question was put to him relative to occupation tax, he didn't know that. He didn't know that. So he did acknowledge that a staff member told him that the word "sales" preceded the word "tax" and that's what skewed everything. So if they struck the word "sales" then this activity would be subject to all the taxes that apply to similar-type operations. He didn't know that. His staff member could have told him everything is all right. And because Senator Larson trusts his staff member but doesn't know anything, will say, well, I'm confident that everything is all right. That is what we are confronted with today on this very bad bill. It is slapdash, it is hit or miss. I'm surprised Senator Halloran is not hollering. I'm surprised Senator Erdman is gone. They talk in detail about things that are implicated by this bill but not a whisper on this one. Everybody conducts his or affairs in the way he or she sees fit, but we observe it and we then make observations. People make observations about me, generally not

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

Floor Debate
April 13, 2017

in my presence where I could respond, but they're entitled to do that if they choose because I am a public person. But one thing I'm not going to do as long as I'm in this Legislature. If there were 48 people who were going to say this bad bill is a good bill and I thought it was a bad bill, I would fight it tooth and nail. A very contentious issue, as I've said before, is abortion. There was a bill dealing with what was called late-term abortion. I was the only one who voted against it. I stood against the winds that were blowing. And guess whose position was upheld by the federal district court at the trial level, the Eighth Circuit Court of Appeals at the first appellate level, and at the U.S. Supreme Court? Who was found to be right under the law and according to the constitution? The one who was a minority of one and was the only one who was right. I'm not going to be swayed by the number of people on one side or the other of an issue. Here is where I will be swayed. If there is a member who has shown a particular expertise in the an area where I am deficient, I will listen to what that person says. I can be swayed by that person... [LB628]

PRESIDENT FOLEY: One minute. [LB628]

SENATOR CHAMBERS: ...if the arguments are logical, fact based, and bear on the issue. So it's not that once I decide that my position is right, I'm not going to change. I'm simply saying I will not be changed just because more people are on the other side. This is a bad bill, but we should keep in mind that we are talking about regulating an industry against the interest of legitimate industries and it opens the way to an underground, illicit activity. Thank you, Mr. President. [LB628]

PRESIDENT FOLEY: Thank you, Senator Chambers. (Visitors introduced.) Items for the record, Mr. Clerk? [LB628]

CLERK: I do, Mr. President. Thank you. Senator Groene would like to print an amendment to LB478. Senator McCollister introduces LR102, it's a resolution, it will be laid over. I have appointment letters from the Governor; those will be referred to Reference for referral to standing committee for conducting confirmation hearings. A confirmation report from Natural Resources Committee; that's signed by Senator Hughes. The Health Committee reports LB333 to General File with amendments signed by Senator Riepe. Senator Hilkemann would like to add his name to LB244. (Legislative Journal pages 1041-1049.) [LB478 LR102 LB333 LB244]

And, Mr. President, Senator Brewer would move to adjourn the body until Tuesday, April 18, at 9:00 a.m.

PRESIDENT FOLEY: Members, you heard the motion to adjourn. All those in favor say aye. Those opposed say nay. We are adjourned.