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Floor Debate  
May 15, 2017

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[LB22 LB72 LB86 LB95 LB149 LB171 LB200 LB204 LB209 LB259 LB259A LB274 LB280  
LB307 LB318 LB320 LB327 LB328 LB329 LB330 LB331 LB332 LB333A LB333 LB335  
LB371 LB375 LB382 LB406 LB415 LB416 LB417 LB442 LB451 LB458 LB463 LB469  
LB476 LB482 LB492 LB495 LB496 LB508 LB517 LB518 LB584 LB624 LB644 LR6 LR26  
LR27 LR95 LR128 LR133 LR134 LR135 LR137 LR157 LR181 LR218 LR247 LR248 LR249  
LR250 LR251]

PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the eighty-second day of the One Hundred Fifth Legislature, First Session. Our chaplain for today is Father Joseph Walsh, pastor of St. Cecilia's Catholic Church in Hastings, Nebraska, Senator Halloran's district. Father Walsh is a friend of the Presiding Officer as well. Welcome, Father Walsh. All please rise.

FATHER WALSH: (Prayer offered.)

PRESIDENT FOLEY: Thank you, Father Walsh. I call to order the eighty-second 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: I do, Mr. President. Communications from the Governor (Read re LB149, LB328, LB329, and LB335). The second communication to the Clerk (Read re LB86, LB171, LB200, LB204, LB209, LB259, LB259A, LB274, LB280, LB307, LB318, LB320, LB371, LB375, LB382, LB406, LB451, LB458, LB463, LB476, LB492, LB508, LB517, LB584, and LB624). And a third communication (Read re LB330.) Mr. President, I also have a new resolution, LR247. It's offered by Senator Stinner. It will be laid over at this time. That's all that I have. (Legislative Journal pages 1523-1525.) [LB149 LB328 LB329 LB335 LB86 LB171 LB200 LB204 LB209 LB259 LB259A LB274 LB280 LB307 LB318 LB320 LB371 LB375 LB382 LB406 LB451 LB458 LB463 LB476 LB492 LB508 LB517 LB584 LB624 LB330 LR247]

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PRESIDENT FOLEY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign the following five legislative resolutions: LR128, LR133, LR134, LR135, and LR137. [LR128 LR133 LR134 LR135 LR137]

Members, we'll now proceed to the first item on the agenda, General File: 2017 Committee Priority Bill. Mr. Clerk.

CLERK: Mr. President, LB333. (Read title.) Introduced on January 12, referred to the Health and Human Services Committee. The bill was reported to the floor with committee amendments. It has been discussed, most recently on April 26. Mr. President, I have a series of amendments pending to the committee amendments. Senator Riepe, I understand, Senator, you wish to withdraw AM1195. [LB333]

SENATOR RIEPE: That's correct. [LB333]

PRESIDENT FOLEY: I think we'll pause for a moment, Senator Riepe, on that bill. Speaker Scheer, you're recognized. [LB333]

SPEAKER SCHEER: Thank you, Mr. Lieutenant Governor. Colleagues, just wanted to clarify because some of us have not handled resolutions. At the end of today's agenda, which we may or may not get to, I just wanted to draw your attention. There are two resolutions. They are handled a little bit different than a legislative bill. If you go to your Rule Book on page 29, Rule 4, Section 5 will give you the exact wording. But essentially, resolutions can still be amended and everything else, but there's no cloture motion. But in order to facilitate the movement of these, I'm going to put a two-hour limitation on resolutions this year. So at the end of the two hours, they can simply call the question. For those of you that will not look at the rule, essentially it is just a majority of those voting. So it will take 25 or less technically to pass a resolution. So just be aware of those resolutions. They are handled a little differently than a legislative bill. So I just wanted to make sure everybody was aware of the procedure on that. We will debate it essentially exactly the same as a legislative bill. They're amendable. You could bracket. I suppose you could do anything that you wanted to do with it, just like a bill. It is available for that, but it does not have any type of cloture that is attached to it. At the end of the two hours or sometime during that period of time, they can ask for a call of the question and we will simply vote on the resolution. So just wanted to make sure, especially those that are here for the first year, are aware that resolutions are handled somewhat differently than a bill. If you have any questions, please contact myself. And also on the agenda today is LB68. Senator Hilgers was waiting on an endorsement amendment. That didn't come out quite correctly and so we are going to pass over that and it will either come back potentially this year, but it might probably be next year before it

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returns to the agenda. So those two items on today's agenda of interest. Thank you, Mr. Lieutenant Governor. Sorry for the interruption.

PRESIDENT FOLEY: Thank you, Mr. Speaker. Returning now to LB333, Mr. Clerk. [LB333]

CLERK: Mr. President. Senator Riepe, I also understand you wish to withdraw AM1209, Senator. [LB333]

SENATOR RIEPE: Yes, sir, please. [LB333]

PRESIDENT FOLEY: Amendment is withdrawn. [LB333]

CLERK: Senator Krist...I'm sorry. Senator Riepe, a third amendment, AM1194. [LB333]

SENATOR RIEPE: That's correct, sir. Please withdraw. [LB333]

CLERK: Thank you. Senator Krist, I understand you wish to withdraw AM1197. [LB333]

SENATOR KRIST: Withdraw, please. [LB333]

PRESIDENT FOLEY: Amendment is withdrawn. [LB333]

CLERK: Mr. President, Senator Krist would move to amend with AM1261. (Legislative Journal, page 1526.) [LB333]

PRESIDENT FOLEY: Senator Krist, before I recognize your open on your amendment, I'll ask Senator Riepe to take a couple of minutes just to refresh us on the bill and then we'll ask Senator Krist to open on his amendment. Senator Riepe. [LB333]

SENATOR RIEPE: Thank you, Mr. President and colleagues. I introduced LB333 at the request of the Governor. LB333 is a budget modification which seeks to eliminate the state temporary disability program. AM1022 is a white copy committee amendment and contains LB495 and parts of LB417. AM1022 seeks to suspend the high school graduation entitlement until 2019 and moves eligible individuals with developmental disabilities into the Medicaid adult day waiver to comply with CMS requirements until 2019 and prioritizes funding. AM1022 also moves to national core indicators from quality review teams for assessing the quality of life for individuals with developmental disabilities. Thank you, Mr. President. [LB333 LB495 LB417]

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PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Krist, you're recognized to open on AM1261. [LB333]

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraska. AM1261 is an amendment that several of us worked on with Courtney Miller. In particular, I want to thank former Senator Kent Rogert for facilitating some of these conversations and thank the Chair of Health and Human Services for allowing this compromise. As you can read, on line 1 in the amendment it strikes Section 1. Section 1, which is the original language contained in LB333, this should take the counties out of the picture. We can address the issue if necessary in 2018. It reinstates the entitlement language on page 8, lines 3 through 5 and it changes on line 16 to say the priorities for funding for Medicaid home and community-based service waiver under this section is as follows. And I want to put this on the record and I want to read it directly. This change allows the entitlement to stay in place in the event that the waiver should ever go away for whatever reason. This also lets the new funding priorities that CMS needs us to have for the new waiver to be put into statute. It will actually create a system of two funding mechanisms for the department, one under the waiver and one under the individuals that would not be covered under the waiver. It also allows for cost avoidances of about \$5 million. Let me say that again. It will allow for cost avoidance of about \$5 million by triggering the federal match for the money put into the budget for the waiting list beginning on July 1. We, who have been associated with these programs for years and know them, believe that this is the best course of action, both fiscally and in the event or in the category of helping those that this particular piece of legislation will assist. I know not everyone is happy with this amendment and in essence, that's probably the mark that it is a good amendment and a good compromise. But not making light of it, I know that there are some people who will still not have the services that they potentially need in the future. And that's where I will ask both Senator Howard, Senator Crawford, Senator Riepe, and all the members of the Health and Human Services Committee, Senator Erdman, those of you who are going to be around for a while, you need to make sure that you watch this program carefully because it affects a number of people who cannot advocate for themselves and need these services desperately. So I would ask you to approve AM1261, the committee amendment AM1022 as amended, and then, of course, green on LB333 as amended by both. Thank you, Mr. President, and I'll stand for any questions that anyone might have. But I can also tell you that the experts are in the room, Senator Howard, in particular, Senator Crawford, and Senator Riepe. But again, I'll stand for any questions you might have. Thank you. [LB333]

PRESIDENT FOLEY: Thank you, Senator Krist. Debate is now open on LB333 and the pending amendments. Senator Riepe, you're recognized. [LB333]

SENATOR RIEPE: Thank you, Mr. President and colleagues. First, I want to state that I am in support of Senator Krist's AM1197. I am not in support of AM1261, in part because I was not

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given the courtesy of seeing this prior to being dropped on the floor this morning and so we're still trying to figure out what's exactly in it and the implications, if you will. It has been a long session. I've been reflecting over my first year as Chair of the Health and Human Services Committee and I will be real honest: This has been my hardest of all three sessions so far, not just because of my new leadership position but because I think we can all agree it has just been a hard session. I found in my reflecting that I realized I spent the session explaining the technicalities of HHS legislation rather than addressing the humanity of the legislation. My voice does not always reflect compassion on the floor, but let me assure you that every health and human service issue we have dealt with this session has weighed heavily on my heart, and I stay up late at night contemplating whether I am pursuing legislation that's in the best interest of Nebraskans. I also want to thank my committee members, Senators Steve, Sue, Sara, Lou Ann, Mark, and Matt. They have asked the tough questions and have vetted the legislation that has come out of committee. AM1022 was no exception. It was adopted with 7-0 vote. That said, I truly believe LB333 with AM1197 and AM1022 is the right direction for the individuals with developmental disabilities in Nebraska. I have handed out informational sheets on the QRTs versus the national core indicators and the high school graduate entitlement. I ask you to reflect on those for the technical information regarding LB333. I want to spend a little time talking about the Division of Developmental Disabilities. First, I want to stop and thank Courtney Miller, the director of Developmental Disabilities, providing the compassion, the dedication, and the perseverance to provide the best services for individuals with developmental disabilities in Nebraska. Without her leadership, we would not be here today. Her leadership has led us to reevaluate the division and let the department and the Governor know where and when improvements are needed. Director Miller has received numerous awards and is trusted in the developmental disabilities community. She has been open with stakeholders and families as these improvements begin. Change is not easy and she has been providing the support needed throughout this process. When Director Miller asked that I carry LB495 and the move to the national core indicators, I was happy to provide my support. It is partly because of the work Director Miller has put in to the division that I know LB333 is the right direction for individuals with developmental disabilities and their families in Nebraska. Throughout session, Director Miller has been meeting with almost all of the senators to explain the intricacies of LB333. There have been some senators that she has met with multiple times to aid in the understanding of this legislation. I have been continually impressed with Dr. Miller's determination to provide the best services for individuals with developmental disabilities. We were sent here to make the tough decisions. [LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR RIEPE: ...to balance...thank you, sir...to balance the budget, support essential services, and to provide balance to the other two branches of government. In health and human services, there is never enough money. There will always be programs we could or should fund

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for families or individuals in need of more support. Working in health and human services is not easy. We must protect the most vulnerable, and one of the ways to protect the most vulnerable is to maximize the dollars to provide services to them. LB333 protects the most vulnerable and maximizes dollars so the state can continue to provide the most quality services to individuals with developmental disabilities. I plan to speak a few more times to explain why LB333 protects the most vulnerable. For now, though, I ask a green vote on what was AM1197 and LB333. Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Blood. [LB333]

SENATOR BLOOD: Thank you, Mr. President. Fellow senators, friends all, I rise in support of Senator Krist's amendment and in support of AM1022, should it be amended, and then ultimately in support of the bill. But with that said, I do have one question. Senator Riepe was nice enough to e-mail us information, which I read. It is my understanding hard copies have been handed out as well of the exact same e-mail. With that, I would ask that Senator Riepe yield to a question. [LB333]

PRESIDENT FOLEY: Senator Riepe, would you yield, please? [LB333]

SENATOR RIEPE: Yes, I will. [LB333]

SENATOR BLOOD: Senator Riepe, thank you for the information. I'm reading through this. On the one that's titled "Moving to National Core Indicators" on that sheet, can you look at that for me? I have a question in reference to something on that sheet. Specifically, it says: Moving forward with most up-to-date, advanced options for individuals with developmental disabilities is most important--which of course I agree--rather than requiring the department to continue using an outdated QRT process and a lower return on our taxpayers' investment. Didn't this mean that we had to hire 22 new staff people to do this? Is that correct? [LB333]

SENATOR RIEPE: Just one second. We have a lot of papers here. [LB333]

SENATOR BLOOD: Let me give you the second part of my question since we'll probably run out of time and I'm hoping that I can get this answered. [LB333]

SENATOR RIEPE: Okay. I apologize for that. [LB333]

SENATOR BLOOD: That's all right. Did the ARC bring you a proposal that offered to do the exact same work for \$200,000? [LB333]

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SENATOR RIEPE: I'm a state senator; I'm not the Department of Health and Human Services. I would expect ARC of Nebraska if they have a proposal, should take that to Ms. Miller and not to Merv Riepe. [LB333]

SENATOR BLOOD: Do you...are you aware of what... [LB333]

SENATOR RIEPE: No, I'm not aware of that letter. [LB333]

SENATOR BLOOD: Okay. So do you know what the cost for the 22 staff people? [LB333]

SENATOR RIEPE: What will happen to the 22...my point is this. I'd like to say, the quality review teams are served by Nebraska and one other state. They're outdated, they've been for 25 years. The past administrations--not just one, but two--held onto them. They are something that's lived their product life cycle. They need to be replaced and they need...we need to not maintain both systems. And I think that's where we're getting pressure from individuals that have a vested interest in maintaining the quality review teams. But they are outdated. They're of no value. [LB333]

SENATOR BLOOD: So you're not sure what the additional 22 staff people are going to cost, nor you've not heard whether there was such a proposal is what you're telling me? [LB333]

SENATOR RIEPE: I have not seen that proposal. [LB333]

SENATOR BLOOD: Okay. I appreciate your answer. Thank you. Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Blood and Senator Riepe. Senator Howard. [LB333]

SENATOR HOWARD: Thank you, Mr. President. I rise in support of AM1261; and should AM1261 pass, I rise in support of AM1022 and LB333. Last Friday I took some time and spoke with Chairman Riepe and legal counsel and the discussion that we had around LB333 was that the portion that included the counties was a no-go. Obviously, you couldn't have the votes to move that bill because it really did push a burden down to the counties by removing the state disability program. And so the discussion that we had is really reflected in AM1261 and I believe supported by the department. So what AM1261...it impacts two very specific areas. One is the QRTs, which--you're going to hear that acronym a lot--which is the quality review teams. And two, it is the graduate program for day services and developmental disabilities. And this is for individuals when they graduate from high school. I'll start with the QRTs because I want you

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to know that the committee took a very measured approach to addressing the issue around the quality review teams. We were informed by the department that they've not been conducting quality review teams for the past few years, and so they asked if that could be removed from statute so the requirement wouldn't be there for the next year. When we sent that out to the advocates, advocates came back and said, we have been doing QRTs. But to me, it sounds like individual providers have been doing them independently without the state's support. And so what we asked for the state was, we said you can remove the QRTs from statute, but we want your plan in September of 2017. And we want an update on that plan in December of 2017, which seems like a really tight time frame. But what we don't want is a longer period of time where individuals with disabilities aren't seeing that quality improvement. If we get the report in December and there are problems, we can come back in January and put those QRTs right back, which would be my intention if we do have those problems. I'd like to take a minute and talk about the graduate program because I think that is where the most heartburn is. The graduate program was created in the '90s under Senator Wesely, and it was when we were in agreement that the waitlist needed to be dealt with. We want to have the smallest waitlist we possibly could and so they created a program that was a full entitlement for individuals who graduated from high school to receive day services while they were on the waitlist for comprehensive services. This year the department was informed by our federal partners that they could no longer draw down federal funds for this program once the new waiver was approved. If we lost those federal funds, it would result in millions of dollars coming out of the General Fund to pay for this entitlement program when there is an opportunity to put them into the waiver. So what the department did and in partnership with the committee was reserve 200 slots in the waiver for these youth. Right now we have about 172 youth who are eligible for this program. Those 200 spots stay in place for the next two years, and then we also put into statute the priorities for the waitlist. So you're in a crisis or you're in an institution, and so high school students are now a part of that priority list and they're fourth in the priority with 200 reserved spots just for them. My concern was they're asking us to get rid of this entitlement program that obviously is a sure thing, not just for kids and families, but for providers, right? Providers know that they'll have a steady stream of income based on this day service provision. And so while I appreciate that the department often works with us in good faith, I also appreciate that the department has a considerable amount of turnover. And so what the amendment does is it suspends the entitlement program for two years. [LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR HOWARD: That gives us, as a state, as a body, to look at this issue again in two years, make sure that those 200 spots remain in place, make sure that they're adequate for our high school graduates. And it also gives us the opportunity to know that the entitlement will come back if they're not doing what we want them to do, if they're not meeting the needs of these youth. Now, I spent my weekend speaking with a lot of parents who were very concerned about



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this program. And I want them to know I'll still be here in two years, God willing--if I haven't thrown in the towel--I'll still be here in two years and so it will be my intention to reevaluate whether or not they're meeting the needs of these graduates in the waiver or whether that entitlement program needs to come back. But for now, it would be irresponsible for us to leave this program intact and have the General Fund take a hit when there are federal funds available for these services. And so with that, Mr. President, I would also like to thank Deborah (phonetic) last night, who got me out of making dinner with my husband so that I could talk to her on the phone. [LB333]

PRESIDENT FOLEY: Time, Senator. [LB333]

SENATOR HOWARD: Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Howard. Continuing discussion. Senator Chambers. [LB333]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, what caused me to turn on my light was Senator Riepe mentioned the phrase "the most vulnerable"; and to me, that would be children. When I was coming in the minister or priest, however he chooses to be called, was coming out and we both smiled and extended our hand. We shook hands. See, I don't worry about shaking his hands. You know, cleanliness is next to godliness. He's next to God, so I assume that cleanliness would be there, too. But at any rate, I told him that I listened to what goes on up here and I heard him say that there should be...asking God, take care of the children, the elderly, those who live at the margins of our society. I think those words have to be reemphasized by me because they obviously pass over the heads of everybody in this Chamber other than me, and that happens because everybody other than me is highly religious. So I explained to him that my credo embraces the least, the last, and the lost. So I said, it sounds to me like he and I are interested in the same constituency, so we're just like that. A person can learn a lot from his or her enemies, foes, or those who are perceived to be in that set of circumstances. It becomes a chore constantly trying to remind you all of the power that we have as a Legislature and how we ought to use it. When I talk like this, blame yourselves because you're the one who invites religion in here every single morning. I probably pay more attention to it than all of you, even though I'm not religious. And if I were, I probably wouldn't belong to any of the religions that are represented by the people who come here. People who dedicate their life to that esoteric mumbo jumbo, superstition, spiritualism, or however it would be described, have given some thought and consideration to it. Whether they are sincere or not, they have mastered all the language of compassion, of concern, of consideration, and those things come tumbling out like from a cornucopia around Thanksgiving, so I'm accustomed to that. But there

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is something else that I want to mention in view of comments by the Speaker with reference to how resolutions would be handled. How much time do I have, Mr. President? [LB333]

PRESIDENT FOLEY: Two minutes. [LB333]

SENATOR CHAMBERS: I'm going to stop and I'll turn on my light. It might take me more than two minutes. Thank you. [LB333]

PRESIDENT FOLEY: Thank you, Senator Chambers. (Visitors introduced.) Continuing discussion. Senator Albrecht. [LB333]

SENATOR ALBRECHT: Thank you, President Foley. I guess I'd like to just ask Senator Howard if she would yield to a question. [LB333]

PRESIDENT FOLEY: Senator Howard, would you yield, please? [LB333]

SENATOR HOWARD: Certainly. [LB333]

SENATOR ALBRECHT: Okay, so you talk about the graduate program. [LB333]

SENATOR HOWARD: Sure. [LB333]

SENATOR ALBRECHT: And so these are children who are taken care of, obviously, or young adults after graduation. And does that go on forever? [LB333]

SENATOR HOWARD: No. So what happens is when you graduate at the age of 21, if you're developmentally disabled, your name goes on the waitlist. And in between the time that you go onto the waitlist and your graduation, this fills in that period of time. [LB333]

SENATOR ALBRECHT: Okay. And, Senator Krist, would you yield to a question? [LB333]

PRESIDENT FOLEY: Senator Krist, would you yield, please? [LB333]

SENATOR KRIST: Absolutely. [LB333]

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SENATOR ALBRECHT: Okay. I was looking on-line with your amendment, AM1261. So if the federal government for whatever reason would not fund that, is that something that we have to worry about, whether the funding would be there or not? [LB333]

SENATOR KRIST: We're taking the entitlement program away with LB333 and basically pushing it back for a couple years. You could...at this point you could say that there's a possibility that there may be a financial obligation in a few years. But again, you deal with these things on a waiver basis. Senator Albrecht, I'm not trying to avoid your question, but I will just digress for one second. CMS could change their rules tomorrow and we would be in a whole different situation. [LB333]

SENATOR ALBRECHT: So does your bill actually say two years or is there anywhere in LB333 or AM1022 that actually says that we'll just keep it intact for two years and then look at it again? [LB333]

SENATOR KRIST: It doesn't say that we're going to keep it intact for two years. It says the entitlement program portion of it--as I understand the sequence--is no longer in play, and we will deal with the waiting list one by one as those folks would come up. And that indeed is the savings in this year and this biennium is that \$5 million savings. [LB333]

SENATOR ALBRECHT: Okay. I'm just trying to understand this because I do have folks in my district that are questioning me about this, so it's important that I understand this. [LB333]

SENATOR KRIST: Absolutely. [LB333]

SENATOR ALBRECHT: Thank you for your time. I would yield the rest of my time to Senator Riepe. [LB333]

PRESIDENT FOLEY: Thank you, Senator Albrecht. Senator Riepe, 2:20. [LB333]

SENATOR RIEPE: Twenty seconds? [LB333]

PRESIDENT FOLEY: Two minutes and twenty seconds. [LB333]

SENATOR RIEPE: Oh. Thank you very much. Thank you, Mr. President. Thank you, Senator Albrecht. I would like to talk a little bit about the elimination of the QRTs. The QRTs provide an assessment of the quality of life for individuals with developmental disabilities in residential

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settings only. This assessment started in the early 1990s. The early 1990s, that was over 25 years ago. In the last 25 years, there have been significant developments on best practices regarding these assessment tools. The last QRT only surveyed 25 or 26 people. We cannot set or change policy based on a survey of 25 people. The department has not kept up. And, honestly, I want to know why the department over the past 25 years has failed to acknowledge and analyze new best practices to determine the best assessment for developmentally disabled. We now know QRTs are not best practices. Only one other state uses QRTs currently, so 48 other states use a different assessment tool. CMS has moved away from QRTs towards a program that assesses quality of life, which is built into all aspects of a program. [LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR RIEPE: Thank you. QRTs are not the standard anymore; it is retrospective. It is my understanding there are some advocacy groups spending, or spreading, misinformation about the legislation, the waiver, and the national core indicators. This is extremely unfortunate and is in terribly bad taste. My understanding, there is a self-interest of one of the advocate groups that could benefit if the QRTs continue and plans to submit an RFP proposal. I believe this advocate may be acting in bad faith by providing misinformation and needlessly worrying families. It frustrates me to see the amount of hard work Director Miller has put in to correct these misstatements to senators, family members, stakeholders, and advocates. We all need to work together in the best interests of individuals with developmental disabilities to provide the most up-to-date and best practices. [LB333]

PRESIDENT FOLEY: Time, Senator. [LB333]

SENATOR RIEPE: Thank you, sir. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Bolz. [LB333]

SENATOR BOLZ: Thank you, Mr. President. I appreciate the work that has been done on this piece of legislation and I just wanted to rise to speak to some of the fiscal implications. Some of these issues have been addressed on the floor already, but I just wanted to reiterate my perspective from the Appropriations Committee. So, first, as has been said on the floor, there's a cost avoidance aspect of this piece of legislation. If we were to continue with an entitlement program, it would have to be fully state funded because of CMS rules. And so by putting the young people on the waiver, we can get those federal matching funds. And what the Appropriations Committee did in our budget package this year was put these, the state portion of the matching funds, into our state budget so that we can serve approximately 146 youth transitioning from high school into the adult day program. So as long as our prioritization system

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works as we expect it to, we should be able to fully fund the youth that are coming onto the waiver. One of the things I do want to make a quick comment about, though, is that there will need to be continued partnership between the Division of Developmental Disabilities, the Appropriations Committee, and the Health and Human Services Committee so that we continue to track and monitor and plan for, and colleagues, pay for those youth as they continue to graduate from the K-12 system and as we continue to fund them in the adult day service so they can continue to make progress that builds on their success and the K-12 special education system. The other important point about this is that there are some issues that are a little bit unclear about our relationship with CMS. And so taking the step cleans up some issues that may--or may not--but may avoid a disallowance or questioning from parents or family members. And any day of the week, colleagues, I would prefer to spend our state dollars on providing services to people rather than paying back mistakes that have been made in the past. So I think it's an important step to move forward with. The final comment that I want to make here is just to create a little bit of a legislative record. The prioritization as it is listed in the legislation references that priority status will be given to people who are in immediate crisis due to the death of a caregiver, homelessness, or threat to life and safety. And I just want to spend a minute creating a legislative record about that. The crux of the issue is the definition of "immediate," right? And I do think that priority status should be reserved for people who are in a sense of urgency, who have a significant problem that needs to be addressed. But for the record, "immediate" can mean someone who, say, for example, has a notice that they will be evicted or someone whose caregiver has died but they have a few more weeks in their current apartment or current situation. What I want to articulate on the floor this morning is that "immediate crisis" or "urgency" doesn't have to mean sitting on the curb with your belongings. It can mean the recognition of an immediate issue that immediately needs to be addressed but can be done before that person ends up in a true crisis situation. So I appreciate all the work that has been done on this bill. I appreciate all the advocates' passion and all of the hard work of the people on the floor. The two points that I want to reiterate are that we do have and must continue to have an ongoing commitment to this youth population, even though we are changing the way that commitment looks. And the second point I just want to reiterate on the floor is that while it's appropriate to have immediate crises be our first priority, we need to think carefully about the definition of "immediacy" and avoid deeper and more traumatic experiences whenever possible. Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Bolz. Senator Riepe. [LB333]

SENATOR RIEPE: Thank you, Mr. President. I'd like to pick up on the national core standards, which is a comprehensive study. It looks at residential day services and respite for adults with developmental disabilities. Last year the department received a grant to complete the NCI survey. The Munroe-Meyer Institute in Omaha is performing the survey and they will complete processing the raw data this June. The NCI survey will survey over 400 individuals with

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developmental disabilities in the state. Four hundred, the last QRT only surveyed 25 or 26-- statistically invalid. The Munroe-Meyer Institute will send the data to the National Association of State Directors of Developmental Disabilities Services to produce the survey results. It is clear the QRTs were the best practices for 25 years ago, but now it is time to move forward with the national core indicators. There is still more work to be done to complete the implementation of the plan. Change is not easy, and the department needs to continue supporting families through this change. I ask you to please support LB333, AM1022, and AM1197 if it were to come back. And at this time, I cannot accept or support AM1261. I'd like to continue on with the time that I have, Mr. President, by acknowledging many offices that have been receiving e-mails and calls regarding this bill. There has been a lot of misinformation about the bill. I hope my handout and what I have to say next will clear up the misinformation. First, I would like to explain that we have a conflict in state statute that needs to be rectified. We cannot give the first priority to two different entities. There is only room for one first priority. LB333 as amended by AM1022 fixes the priority issue temporarily. I would like to talk about the first priority of the state. Who should take the first priority for funding for individuals with developmental disabilities that need that institutional level of care? Should it be an individual with developmental disabilities that is in crisis or a high school student and high school graduate looking to maintain skills and receive day services to pursue economic self-sufficiency? This is not a tough question. The individual in crisis is more vulnerable than the high school graduate. We have to protect the most vulnerable. I am not saying that day services are not good for high school graduates or for maintaining skills and pursuing economic self-sufficiency. It just cannot be at the expense of an individual with a developmental disability that is in crisis. I pray the families of those high school graduates would say that an individual with developmental disabilities that is homeless or is in the threat of life and safety should receive services first. That is why the Medicaid waiver sets out the priorities for individuals with developmental disabilities. We need to protect the most vulnerable. That is what LB333 as amended by AM1022 does, it protects the most vulnerable. I want to make this clear. I am not talking about how much money the state would contribute for adult day services for individuals with developmental disabilities. [LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR RIEPE: Thank you, sir. I am simply pointing out we have our priorities out of whack. AM1022 puts the state priorities back in order. LB333 as amended by AM1022 does not pass the...if it does not pass, the state will need to set up a separate state-funded program just for the high school graduates. This program will receive no federal match. We need to be prudent with the taxpayers' money by putting the high school graduates into the waiver. If after the waiver is implemented and it is determined more individuals need to be served, then the Legislature should increase the funds the state contributes that is matched by the federal government. We should not set up more bureaucracy. This does not maximize federal dollars. Colleagues, I think the answer

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is pretty clear. We need to protect the most vulnerable by setting the state's priorities in order. [LB333]

PRESIDENT FOLEY: Time, Senator. Time, Senator. [LB333]

SENATOR RIEPE: Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Crawford. [LB333]

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor. Good morning, colleagues. I'm very disappointed in what I have just heard from Senator Riepe because I felt we had an agreement and an understanding of the importance of AM1261. So, colleagues, I just want to emphasize to you and you can follow along if you want to look at your AM1022 and see what changes are made by AM1261. What is an important piece of AM1261 is that it strikes the portion of the original bill that was getting rid of the state disability program. And that was going to leave that obligation, whether we say you don't have to do it or not, it was an important obligation that counties would have to find some way to address and it's an important program that we have had to help bridge people through until they get their federal disability. It's a critical piece of our safety net in our state, a critical piece to protect and that's why we fought so hard in the first round of LB333. One of the key portions was to protect our state disability program. And colleagues, AM1261 is critical because it protects our state disability program. AM1261 comes back also to correct and fix the way we...what we tried to do in AM1022 to preserve our intent that we mean for our high school students to have services without disruption. And we worked hard with Courtney Miller to try to find good ways to make sure that could happen without putting our waiver at risk. And colleagues, AM1261 adds language in reference to the waiver on page 8 of AM1022 and clarifies that as long as we have this waiver, we are following the priorities that are established in statute. But it does leave in our statute that we do intend and care about that high school continuity. And if at some point we aren't around the waiver or we have a federal block grant where we get to decide what to do, we'll come back and we want to make sure there is a record that maintaining services for these high school students is a key part of our priority. Again, we still have to make sure we are taking care of people in immediate need, but we want that intent in there. And I appreciate Director Miller's hours and hours of work with us to try to find a way to draw this balance. And this balance is drawn and she has been involved in these conversations in AM1261. It is the best way for us to draw that balance of protecting that commitment we have as a state to those families while still making sure we're not putting our waiver at risk. And so I urge your support of AM1261 and, if that passes, then AM1022 and LB333. It's our attempt to really try to preserve what's critically important in our state while recognizing the challenges of federal rules and our economic situation. And I yield the rest of my time to Senator Krist. [LB333]

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PRESIDENT FOLEY: Thank you, Senator Crawford. Senator Krist, 1:45. [LB333]

SENATOR KRIST: Thank you, Senator Crawford, for your great review of the amendment. I will be working on one question brought to me by the Speaker while I'm off the mike. But I want to just tell you this. If AM1261 goes away, as much as I hate this phrase, the counties will be responsible. Therefore, it will be an unfunded mandate to the county to take care of this portion of our population. Let me say that again. If portions of AM1261 are not in play, if it's only AM1022 that's in play,... [LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR KRIST: ...then LB333...thank you, Mr. President...LB333 is going to put an unfunded mandate on your counties. Now, there's one other portion in here that I'm told that the administration has a problem with and I will be working on that when I'm off the mike. But we cannot, we cannot abandon parts of AM1261 or, once again, your county is going to be giving you a phone call. Thank you. [LB333]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Brasch. [LB333]

SENATOR BRASCH: Thank you, Mr. President, and thank you, colleagues. I'm in support of LB333, AM1022. I'm listening closely to the case being forward about AM1261. With that, I'd like to yield the rest of my time to Senator Riepe. [LB333]

PRESIDENT FOLEY: Thank you, Senator Brasch. Senator Riepe, 4:30. [LB333]

SENATOR RIEPE: Mr. President, thank you. And thank you, Senator Brasch. I want to say this and I want to say it over and over. I do not want to eliminate state short-term disability. I do not want to eliminate short state term (sic) disability. I do not want to eliminate short-term disability. In going forward, we will be or I will be introducing... reintroducing AM1197 that was withdrawn by Senator Krist, which assures that there will not be any undetermined or unfunded liability down at the county level. We will take that out. So that's a misrepresentation that, in fact, if you don't vote for AM1261 it will be back. We will amend that back in and we'll see how that amendment comes about. I want to continue on with that. It says, the most vulnerable individuals within developmental disabilities are in crisis and are unable to get on the waiver due to prioritizing high school graduates, these individuals will have to be institutionalized at Beatrice State Developmental Center at a cost of over \$350,000 a year. We have to take care of these most vulnerable. Services are a lot less expensive in the adult day care waiver. Therefore, we need to protect the most vulnerable--I repeat, we are on the side of the most vulnerable--in the most least



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restrictive setting. I ask you to please vote on AM1197 when it comes back, AM1022 which was the committee amendment, and LB333 in its new form. I also would like to use some of my time to introduce AM1209--which I have now withdrawn--but I want to put this on the record because I believe it is something we will need to address next year. AM1022 kicked the can down the road until 2019. Senator Bolz brought this up the first time we debated this bill on General File. The committee amendment suspends the entitlement until 2019. We're fine with that. However, the committee amendment also opens the entitlement to even more people than before the bill was introduced. By eliminating "on or after September 6, 1993," the committee added 231 additional individuals with developmental disabilities that were currently on the waitlist that did not qualify for the entitlement day program before, but now would be eligible in 2019. This has an \$8 million General Fund price tag. Therefore, I plan to bring a bill next session to discuss this issue and understand the fiscal implications for 2019. I would like to open this amendment on Select File. There is one additional problem. Because specialization services are not clearly defined, we need to be careful because this may open up the entitlement for all services administered through the development disabilities program, to include day, residential, and respite services. [LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR RIEPE: The Legislature could end up spending two appropriate bills to an individual on the waitlist for the registry. That would be an additional \$100 million in General Funds waiting for the Legislature in 2019. Based on my review, we need to get the high school graduates into the adult day waiver so prioritization can happen. And then there is no conflict in who has the first priority of funding. I would like to simply say, I thought we had an agreement going in. It was an agreement that the counties would not receive an unfunded mandate. I thought that we had eliminated the concerns of LB333. I thought we had an agreement on LB495, which means we reprioritize. [LB333 LB495]

PRESIDENT FOLEY: Time, Senator. Time, Senator. [LB333]

SENATOR RIEPE: Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Walz. [LB333]

SENATOR WALZ: Thank you, Mr. President. I stand in support of AM1261, AM1022, and LB333. However, I do want to say a word about the quality review teams. And that is that I still do not understand the reasoning for eliminating the QRT. While working for two agencies that serve individuals with developmental disabilities, this review served as a very important tool to assuring quality services are received, that people were safe, that individuals' life goals were

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being achieved, and that lives were being enriched. It was a really good opportunity for staff, for individuals receiving services, for community members, for employers, for volunteer organizations to come together and make sure the individuals' lives were being enriched. And I do understand that there's an argument that providers aren't using the QRT and I guess that maybe some of them aren't. But I know for a fact that there are providers that are using those. And I don't understand, if they weren't, why they weren't being utilized and who was overseeing that. I understand that the department will be drafting a new tool for the review process. I truly hope that this process will include individuals, their family members, parents, staff, volunteer organizations, employers, community members in this process. However, I am concerned on who will coordinate this--because it is a very difficult thing to coordinate--who will coordinate this process as it was in the past. Thank you. [LB333]

PRESIDENT FOLEY: Thank you, Senator Walz. Senator Albrecht. [LB333]

SENATOR ALBRECHT: Thank you, President Foley. I'd like to yield my time to Senator Riepe. [LB333]

PRESIDENT FOLEY: Thank you, Senator Albrecht. Senator Riepe, 4:50. [LB333]

SENATOR RIEPE: Thank you, Mr. President. I'm going to pass at this very moment and I'll be back later. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Crawford. [LB333]

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor. And I appreciate Senator Riepe noting some specific concerns that I believe that we will be able to address on a Select File amendment. It is true that we need to put the "after September 6" language back in. It's my understanding that's coming as a Select File amendment to correct that concern. And colleagues, I also want to emphasize that it is the case that Director Miller has assured us that those high school students are being pulled into the waiver. And again, that's why we worked so hard and why Senator Krist was also talking with her, working hard on this amendment to make sure that this language in AM1261 would allow them to pull those existing high school students into the waiver, make sure those priorities are very clear and consistent and compliant with the waiver, and make sure that that's taken care of, but that we also on balance keep that entitlement language in statute. And it is in statute with that 2019 date that gives us a heads-up to come back and look and see how this program is working and whether we need to make any other changes. And Director Miller has assured us that she can let us know if any of our graduating high school students are falling through the cracks with this arrangement. So we are going to be keeping a very careful eye on those students and the continuity of their services as well as--and I'm not in

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any way saying that it's not critical to make sure that those in immediate need are helped as well--but that's part of what I appreciate Director Miller has worked so hard to balance those two needs in our state and priorities in our state to make sure we get immediate help to those who need it most quickly and to make sure that we get those day services which are lower-cost services but the continuity of those is so critical to our high school students. And if there is any piece that was missed in those conversations with "director" Krist and Director Miller, I'm sure that we will correct that. But I urge your support of AM1261 because it is our amendment that is clarifying the importance of: one, keeping our state disability program; two, being compliant with the waiver, but maintaining a commitment in our statute to the importance of continuity of services for our students as they graduate from high school; and the third thing that we get with AM1261 but also mostly just with AM1022, is attention to how we're going to have public input in the quality assurance programs for families who...and individuals with developmental disabilities. And the key here is that in AM1022 we worked hard to make sure that the department was coming back to the committee and reporting on their plan to ensure that with their quality system that they have this strong input piece in their plan, so they're coming to report to us on that in September. Then in December we've added language to make sure they come back and tell us their progress. So we have two conversations with the department about that public input piece that I know is so important to our advocates and families. And I just want to say we understand that that's important to you. And we will be watching and asking tough questions and we're making sure that we're having that conversation before the session starts so that if we know if we need to come back with statutes, come back with a bill in next session we have the time to do that. But I believe that it's appropriate to give the department a chance... [LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR CRAWFORD: ...to show us their plan for public input and show us their ability to make progress on their plan that they feel fits best standards, appropriate best practice standards at this time. And so I'm willing to give Courtney Miller and give the department that opportunity to bring us a plan in September and show us their progress in December and revisit this question then to see if we're able to come together with a plan that they feel meets best practices for quality and that we as a committee feel also recognizes the voices and concerns of our families. So I urge your support of AM1261. And if that passes, then AM1022 and LB333 and recognizing we do have a couple small fixes that we'll be making on Select File to make sure this works the way we are intending and the way that fits this legislative record that we are laying down right now. Thank you, Mr. Lieutenant Governor. [LB333]

PRESIDENT FOLEY: Thank you, Senator Crawford. Senator Krist. [LB333]

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SENATOR KRIST: Thank you. I just want to suggest that where we are right now is classic of too many chefs...too many chiefs and not enough Indians, too many chefs and not enough servers, however you want to get involved with it. Courtney Miller was consulted on AM1261 and its essence. Senator Crawford, Senator Howard, others including me were involved with AM1261 and its makeup. Legal counsel and Senator Riepe feel like they might have been short-sheeted about parts of AM1261, and that's understandable. What I would hope we could do here very shortly is turn our lights off and move AM1261, AM1022, and LB333 from General to Select and we can amend out what we need to that is the administration's questions and concerns. If the administration wanted to deal with this thing this morning, we would see Courtney Miller in the Rotunda asking questions. She's not there. I don't know why she's not there. I'm not going to speculate why she's not there. I'm just going to tell you that without AM1261 you will put an unfunded mandate on your counties, no question. You will put an unfunded mandate on your counties. I want to talk to one of the specific questions. If you refer to the amendment, it says that we're going to reinstate Section 1. What Section 1 says is, "It is the intent of the Legislature that by July 1, 2010, all persons determined to be eligible for services shall receive services in accordance with the act." That, folks--if you're listening--that is intent language. Intent language in a bill never overshadows implementation language. If you go down on to page 7, the implementation language in 83-12...starting on line 20, 83-1216 says: the department shall administer the Medicaid home community-based service waivers upon notification approval by the federal Centers for Medicare and Medicaid. That's new language. And it says: beginning July 1, 2019. That's implementation language. After September 1...the stricken part of that is: on or after September 1, 1993, because it's obsolete. So we could make those two, intent and implementation language, harmonize between now and Select. We can make those dates one and the same. I don't know if that's the correct thing to do and I'd hesitate to try to put a floor amendment on at this point because I think we need to really take a look at what needs to be done. But let me say it again, all you folks who are concerned about what you're voting for and how you'll be judged; if you do not put AM1261 on, you will put an unfunded mandate to the counties. The last thing I will say is, I honestly believe that it is in the best intent and the best interest of the people that we are talking about here to understand that there's no wave effect that's going to come down the line. Those people who are qualified for this program are qualified for this program. There aren't going to be a great deal more. It's 900 and some odd folks who will be qualified for the services who are currently qualified for services. So talk it all you want to, but voting...not voting for AM1261 and moving it on and correcting it between General and Select is an unfunded mandate on your counties. Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Chambers. [LB333]

SENATOR CHAMBERS: Thank you. Members of the Legislature, Mr. President, I had indicated I had some things to say about resolutions. I've listened to the discussion and this is not

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the time for me to make the comments I was going to make. But I was going to talk then about the Pope canonizing those three children in Portugal and a headline said, "Pope cheered to honor children who urged peace." There's a verse in the "Bible" that said, a little child shall lead them. Children can teach us a lot. Children can show us a lot. And in fact every child who comes into the world comes into the world as a saint. The longer that person lives, the farther--in most cases--he or she moves from that beginning when all things were pure, all things were righteous, all things were innocent. It's not just a fickle fate, it's not just an unkind fortune that intervenes along the pathway of these children's lives. The problems are like the 49 of us sitting in this Chamber. Those of us who were children and no longer are, and the way we behave and the way we think, but sometimes we are childish in our actions, not child-like, childish. And when we have a bill such as this, it gives me an opportunity to form some judgments in my mind which I cannot impose on anybody else. But it would seem to me that maybe what Whitney Young sang in a song, let the children's laughter remind us how it used to be or how we used to be. There are not many people on this floor who could look back to those days when we were children and feel that we've become the kind of adults who when we were children we wished for, those who would be kind, those who would be gentle, those who would be understanding. And the very thing that was hardest on us when we were children, some of us have become as adults. We are unfeeling, we are unsympathetic, we lack compassion, and when given the opportunity to do something, we fail to do it. I'd like to ask Senator Riepe a question if he's on the floor. [LB333]

PRESIDENT FOLEY: Senator Riepe, would you yield, please? [LB333]

SENATOR RIEPE: Yes, I will. [LB333]

SENATOR CHAMBERS: Senator Riepe, were you in the Chamber when the priest offered that prayer this morning? [LB333]

SENATOR RIEPE: No, I was not. But it sounds like I should have been. [LB333]

SENATOR CHAMBERS: I think so. Thank you. [LB333]

SENATOR RIEPE: Thank you. [LB333]

SENATOR CHAMBERS: But it takes more than just being here. There has to be an inclination to accept that which is of value, incorporate it into the way we do things, and benefit from it. As much praying as you all have been exposed to day after day after day, you would be much better people than you are now. And I will say something about a resolution, but I'm not going into detail. A resolution would be appropriate to say we'll have no more prayers before session

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anymore in the Legislature because it is blasphemous, it is sacrilegious, and it is a shame...  
[LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR CHAMBERS: ...and ought not be engaged in by the Legislature, but I won't do that perhaps...and maybe I will. And I wonder how many people would support the resolution. None. Then why aren't you up here when the prayers are given? I know more about it than you all do and I don't have a speck of religion in me. I don't have an atom of religion in me. You all are the religious ones. Then we bicker and fight about how we're going to behave toward those who need our help the most, the least, the last, the lost or as the priest said, the children, the elderly, those who live at the margins of our society. Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Riepe, you're recognized. This is your third opportunity, Senator. [LB333]

SENATOR RIEPE: Thank you, Mr. President and colleagues. I first wanted to address, Senator Walz had a question or a comment about the QRTs. The QRTs, those quality review teams were used for some 25 years over a couple of administrations here. The point about it is, is that there are only two states that continue to use the QRT methodology. The belief of Courtney Phillips who has done a great job in leadership is that we need to move on to a national standard which is the preference of the Medicare and Medicaid. And so at the risk of having to financially support two competing systems, we need to just simply move on and go on to the national standards, if you will. So there are some vested interests that want to see the QRTs because that just happens to be the way they make their living. And so with that, as they would say, QRTs are yesterday's meatloaf and we simply need to go on to the national standards. I don't know what more to say about that. I also would like to say, colleagues, we need to approach this particular legislation the right way. I think part of my frustration has been as Chairman of the Health and Human Services (Committee), I was not consulted, I was not involved in this whatever you want to call it, the process. And I have and will reintroduce AM1197, which strikes Section 1 and keeps the state disability program. This is what we had originally agreed to. I am working...I am willing to work with all interested parties, the department, and the Governor's Office tonight before the Select File, which I understand may be introduced tomorrow. I want to introduce...reintroduce AM1197, which will assure that we do not have unfunded mandates passed down to the county. I know that's been thrown out there as a scare tactic, but it's not true. Please support the new...and...brand new AM1197. So let's move to LB333, AM1022, the committee amendment, and to approve the reintroduced AM1197. Thank you, Mr. President and colleagues. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Hilkemann. [LB333]

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SENATOR HILKEMANN: Thank you, Mr. Lieutenant Governor. I'd surrender my time to Senator Krist, if he'd like it. [LB333]

PRESIDENT FOLEY: Thank you, Senator Hilkemann. Senator Krist, 4:50. [LB333]

SENATOR KRIST: Once again, colleagues, I would just point out that without parts and pieces of AM1261, we will be telling the counties that they have an unfunded mandate. To Senator Riepe's concerns about not being involved with the collaboration that went into bringing this amendment forward, I would simply say I apologize to him if he feels like he was short-sheeted in this endeavor. But I do feel that we can straighten this out between General and Select. And again I would point out that if the administration, in particular Courtney Miller, had any indication or any inclination that we should fix this problem today she would be out in the Rotunda where we could be addressing her with questions about who said, what said, when they said it, how they said it to who. One of my frustrations that I gave on the mike last week, working together we get things done. Dividing and conquering is not the way that I like to do business. So when we vote on AM1261, realize that one way or another there will be another amendment that has to come back between now and Select. If we simply leave AM1261 in place, it's a matter of removing or adding to. And I would also remind you in the discussion that we have been told that this is going to give us a cliff effect, which I believe is not consistent with what we're hearing from folks who know the system and from what I understand with the system. I appreciate your courtesy, Senator Hilkemann, in yielding me your time. And I'd just like to ask...Senator Howard on the floor? [LB333]

PRESIDENT FOLEY: Senator Howard, are you on the floor? [LB333]

SENATOR KRIST: How about Senator...Senator Howard... [LB333]

PRESIDENT FOLEY: Senator Howard is on the floor. [LB333]

SENATOR KRIST: Okay. Thank you. [LB333]

PRESIDENT FOLEY: Senator Howard, would you yield, please? [LB333]

SENATOR HOWARD: Yes, I'll yield. [LB333]

SENATOR KRIST: Thank you for your courtesy, Senator Howard. Just once again, just in terms of what people would speculate this being a cliff effect or with thousands of people entering the system or whatever it might be, could you just give us a synopsis once again? You did it very

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articulately before, but give us a synopsis of what this means for the people who really need it and those people who are already in queue, so to speak. [LB333]

SENATOR HOWARD: What this means is that...so there are 900 spots in our current waiver that's been accepted by CMS. Two hundred of those will be set aside for these graduates. And right now we have 172 graduates, to my knowledge--that was the last number I heard--who would be eligible for those reserved spots in the waiver. If we leave them in the day services that they're currently getting, we'll have to use exclusively General Funds for that. If we move them into those 200 spots on the waiver, we'll be able to draw down federal funds for that. I'm not certain what a cliff effect would look like in this scenario. [LB333]

SENATOR KRIST: Yeah, I'm not either. I don't understand the logic. But could you just say the last part of it again? If we don't do what you propose we do, we would be using General Funds to make that commitment and not the draw-down on federal funds. Can you expand on that a little bit for me? [LB333]

SENATOR HOWARD: Certainly. So should AM1261, AM1022, and LB333 not move there's an enormous hit to our General Fund obligation because this program remains in statute, but we are no longer able to draw down federal funds for those services. [LB333]

SENATOR KRIST: Okay. I hope that if you're concerned about an obligation that we would not be able to sustain in terms of General Funds, I hope you just listened to that explanation, because I couldn't put it any better myself. Thank you, Senator Howard. Thank you, Senator Hilkemann, for your courtesy. [LB333]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Crawford, you're recognized. This is your third time, Senator. [LB333]

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor. And good morning again, colleagues. Again, I urge your support of AM1261 and again I would like to thank Director Miller. This process with the AM1261, AM1022, and LB333 has been a result of hours and hours of conversation. And I appreciate her willingness to have that conversation with those of us who were so concerned about services for our families and wanting to make sure that we had continuity of services. And I believe the main risk I've heard is this concern about language about September, the language on page 7 that talks about after September 6. That's an easy fix on Select File. That's not complex, it's an easy fix. And so again, I urge your support for AM1261 and if that passes, AM1022 and LB333. It makes sure that we are preserving our state disability program. And in a recent appropriations bill we just right-sized that, which is appropriate in this tight time, and also make sure that we're taking...being federally compliant so that we have our



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federal funds to help pay for these services, but also maintaining in statute our commitment to making sure that we have continuity of services, day services, for our children leaving high school and also make sure the department comes back to report to us what they're planning to do about the public input part of their quality improvement plan. They report to us their plan in September, they come back in December to tell us progress on that report. And so we will be very attentive to what we learn in those two time periods to decide what, if any, legislation may be needed next session to make sure we do have that public input part of the quality improvement in place. And again, I urge your support of AM1261. It is possible to fix the one concern that I think is present with Select File simple amendments. And so I urge your support of this compromise that's been a part of...a result of hours and hours of conversation about how to best balance federal compliance, our tight economic times, and a commitment to our families and those who are most vulnerable in the state. And I believe that AM1261 does that, again with a simple fix on Select File, to make sure that there's not an unintended consequence with the September date. And then if AM1261 passes, it makes appropriate corrections to the hard work we did in committee on AM1022 to make those adjustments. And with that, I believe that LB333 would be an appropriate step for us to take as a state at this time. Thank you, Mr. Lieutenant Governor. [LB333]

PRESIDENT FOLEY: Thank you, Senator Crawford. Seeing no other members in the queue, Senator Krist, you're recognized to close on AM1261. [LB333]

SENATOR KRIST: I'll be brief. We need AM1261, we need parts of AM1261 to go forward to send a signal to the counties that we are working this out and we are not going to shove an unfunded mandate down towards the county level. Arguably, I understand Senator Riepe's concern and his point about lack of coordination. And for that I personally apologize because we did talk in my office this morning, and when we talked about the Krist amendment I thought we were referring to this amendment, not an amendment that I had previously filed. That miscommunication between us I regret and I apologize for. However, I don't apologize for the people who have been working on this and who have at great length talked to Courtney Miller about what was supposed to happen and the fact that she is not available to us this morning to lend some light on where we are going with this. I do think we have the experts in the room. I think that Senator Howard, Senator Crawford and others, including Senator Riepe, understand the process and understand the program and understand the entitlement. You heard Senator Riepe say it several times: He is not in favor of taking these services away, these limited services away from these folks who absolutely need them. He said it three times, just like we've said it three times before on the mike on different issues. And I believe him earnestly that he is not in favor of taking these services away from people who desperately need them. With that, I would ask you for a green vote on AM1261, a green vote on AM1022, and a green on LB333. And let's move on with this and between General and Select I can assure you I will either disengage from this process and let the committee handle it completely or become intimately available in this

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process to make sure that Senator Riepe and his legal counsel are involved with every decision from here on out. Thank you, colleagues. [LB333]

PRESIDENT FOLEY: Thank you, Senator Krist. Members, you heard the debate on AM1261. The question before the body is the adoption of the amendment. Those in favor vote aye; those opposed vote nay. Senator Krist. [LB333]

SENATOR KRIST: I'd like to have a call of the house, please. [LB333]

PRESIDENT FOLEY: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, please. [LB333]

CLERK: 27 ayes, 2 nays to place the house under call. [LB333]

PRESIDENT FOLEY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Hilgers, would you check in? Senator Morfeld, Senator Harr, check in, please. Senator Clements, check in. Senators Larson, Friesen, and Brewer, the house is under call. All unexcused members are now present. Senator Krist, would you accept call-in votes on your amendment? He says, yes. A roll call vote has been requested. Mr. Clerk, please call the roll. [LB333]

CLERK: (Roll call vote taken, Legislative Journal pages 1526-1527.) 23 ayes, 21 nays, Mr. President, on the amendment. [LB333]

PRESIDENT FOLEY: AM1261 is not adopted and I raise the call. Mr. Clerk. [LB333]

CLERK: Mr. President, Senator Riepe would reoffer the Krist amendment, specifically AM1197. [LB333]

PRESIDENT FOLEY: Senator Riepe, you're recognized to open AM1197. [LB333]

SENATOR RIEPE: Mr. President, colleagues, thank you. I have reintroduced AM1197, which strikes Section 1 and keeps the state disability program. This was our original agreement, one that we came in here this morning intact and I thought that this was a compromise on our part to eliminate the sanctions that Senator Krist did not like. This is what everyone has agreed to or did

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agree to at least. I'm willing to work with all interested parties, the department, and the Governor's Office tonight. I know we talked about, well, we could pass the past amendment and work on it in Select File. There's no reason to say we could pass this and work on it before Select File, which is tomorrow we hope. My request is that you will support AM1197 as reintroduced, AM1022 from the committee, and ultimately LB333. Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Chambers. [LB333]

SENATOR CHAMBERS: Thank you, Mr. President. Members of the Legislature, I'd like to ask Senator Riepe a question. [LB333]

PRESIDENT FOLEY: Senator Riepe, would you yield, please? [LB333]

SENATOR RIEPE: Yes, I will. [LB333]

SENATOR CHAMBERS: Senator Riepe, I noticed that vote. Suppose this bill doesn't pass at all. What happens? [LB333]

SENATOR RIEPE: The biggest piece would be is the priority would not change for the high school graduates, they would remain at the top of the priority list at the expense of the more vulnerable developmentally disabled children. And it would also mean that we would have to...I think the fiscal note on it would be \$1.6 million that we would have to come up to, to fund the program. [LB333]

SENATOR CHAMBERS: Thank you. I'd like to ask Senator Krist a question. [LB333]

PRESIDENT FOLEY: Senator Krist, would you yield, please? [LB333]

SENATOR KRIST: Absolutely. [LB333]

SENATOR CHAMBERS: Senator Krist, this AM1197 has your name after it. Do you support this amendment? [LB333]

SENATOR KRIST: Yes, I do. And when I have my chance at the mike I will go into detail. [LB333]

SENATOR CHAMBERS: If this amendment is adopted, do you support LB333? [LB333]

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SENATOR KRIST: From General to Select, yes, sir, I do. [LB333]

SENATOR CHAMBERS: Without it, would you support it? [LB333]

SENATOR KRIST: No, sir, I would not. [LB333]

SENATOR CHAMBERS: That's all I will ask you, thank you. I'd like to ask Sherry a question...I mean, Senator Howard if she will respond. She knew, but the Speaker may not have known. I'd like to ask Senator Howard...I meant Senator...now I got me turning around. You know, Sherry comes from that song by the Four Seasons. And you know what that guy winds up saying? Everything I do is for a purpose. I'm not having a senior moment. "Girl, you make me lose my mind." I went from Senator Sherry to Senator Howard, lost my mind but now I'm back. Senator Howard... [LB333]

PRESIDENT FOLEY: Senator Howard, would you yield, please? [LB333]

SENATOR CHAMBERS: Senator Crawford, do you support LB333? [LB333]

SENATOR CRAWFORD: I will support LB333 if AM1197 passes. Then I'll support it going into Select File and under the understanding that we are going to work to make sure we correct the entitlement language between General and Select. [LB333]

SENATOR CHAMBERS: And if we don't, then would you support LB333? [LB333]

SENATOR CRAWFORD: If we don't correct the entitlement language, then I don't know because there are important parts in it but it's really critical that we protect that language as well. [LB333]

SENATOR CHAMBERS: Thank you. Members of the Legislature, I'm being practical now. I'm counting votes. I listened to Senator Riepe turn the tide. Has he got 33 votes? Are there 17 people who care enough about this issue to deny the Governor and that notorious 27, the damage that they've been doing so far this session and want to continue doing? I can predict how they're going to vote. A lot of them are the ones I refer to as the "ruralies." They've got their hands stuck out...a lot. And they're the ones you can count on saying, no. The ones who the Governor purchased with those piddling amounts of campaign contributions. This Legislature may not be the best one that can be purchased, but it's certainly the cheapest. And I watch them. I listen to the fine statements they make in other contexts. I'm not going to support LB333, which makes nobody any difference, but it makes me a difference. The Governor counts on certain things

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happening because of perception. For example, that veto that he gave. He took...that is meant by him to be a slap at the Legislature. This building belongs to the people. This building does not belong to the Legislature. This building houses all three branches of government. [LB333]

PRESIDENT FOLEY: One minute. [LB333]

SENATOR CHAMBERS: But the Legislature is the one that often is perceived as having this as our home. So I may be the one to offer an override motion to try to gain some of the integrity for this body. And I think bills like what we're dealing with now and the things that are done with it show a lack of respect for the Legislature, it shows obviously unconcern about the people who are to be benefited. And I'm not going to vote for it at any point, but certainly not here. And I will watch and see if those people who always believe things can be better can achieve what they failed to do with Senator Krist's other amendment. Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Chambers. Senator Krist. [LB333]

SENATOR KRIST: Thank you, Mr. President. And as promised to Senator Chambers, I'll speak about my original AM1197. This holds your counties harmless in terms of unfunded mandates coming down to them. You can watch the floor from back here and watch the operatives who are speaking to people. And I knew from the very beginning of this conversation there were a couple of you, my colleagues, that were representing what the administration wanted to happen and did not want to happen. And you were whispering in people's ears. And I understand that the intent language and some language that's already in law presented what they thought was a curiosity that they did not want to see in the original amendment. So this is a great chair for those in a year and a half that would like to see everything happen in front of you. Either sit up there or sit back here and you can watch it happen. So I appreciate the fact that we voted very closely on my other amendment. I think it would have done more for the situation at hand. But I am fully in support of AM1197. How can you not vote for your own amendment? It's a curiosity, isn't it? I would ask you to support AM1197 because it does hold your counties harmless and support AM1022 and LB333. And I would ask Senator Chambers, in the final analysis, either on Final Reading or in the discussion between now and then, please help me help this process move along, because these are the most vulnerable, these are the folks that need our help and I'd appreciate your vote in the future. I understand you've made your decision today. It's not about who's right and who's wrong. It's not about who's winning and who's losing. It's about 1.9 million people in this state and what's right for them and right for the 40,000 people plus or minus a few thousand that you represent in your district. So green on AM1197, green on AM1022, and green, please, on LB333. [LB333]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Crawford. [LB333]

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SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor. I also urge your support of AM1197. A key concern that so many of us had with original LB333 was the fact that it was getting rid of an important state disability program. And we felt that would put an unfunded burden on the counties and also just put these families that are in crisis and have already exhausted local resources and church resources for six months at a loss of what to do until they were able to access federal resources for people with disabilities at 12 months. It really created a black hole in terms of their ability to access those resources. And we have an inexpensive program that makes sure that we help families through that process. And again, they still are relying on local resources and church resources in those for six months. This just helps to bridge them over those next six months. It's a critical part of our safety net and a critical piece for us to save because, as we said on the floor before, those individuals who then are...qualify for federal services, we get our money back for the services we provided for them. So it's really a critical part of...and smart and efficient and inexpensive part of our safety net that's absolutely critical for those families where someone is newly disabled. And they're all just...they're trying to work through this program. And so I urge your support of AM1197, because it protects that program and keeps that from disappearing for those families and counties scrambling to try to figure out how to deal with that situation, and our emergency rooms and hospitals figuring out how to deal with that situation. These are expensive health costs if they're not handled in a smart way like we do with our state disability program. And so I urge you to vote green on AM1197, green on AM1022. AM1022 was our work in the committee to try to make sure we were fixing that entitlement language, and it's my understanding we still need a little massaging of that. But AM1022 still shows that we're intent on making sure that we have priorities and that we are maintaining some entitlement language in our statute to show that we are committed to that priority that's been a state priority since the 1990s. And so AM1022 leaves that language in there in terms of making that correction. And then I'm sure we will come back on Select File, hopefully with a correction that addresses whatever we need to do to make sure we do both of those things, remain compliant with the federal funding and also make sure we're protecting that entitlement. And AM1022 still leaves that entitlement language in place. And so whatever massaging that we may need to do with an amendment at Select File to address any remaining concerns about balancing those two priorities, I look forward to our conversation before we come back on Select File with an amendment to make sure we're maintaining that balance, protecting our highest priorities, protecting our federal compliance, but also protecting our state investment and commitment to a continuity of services for those students as they leave high school, a continuity of day services, so that they remain served and are able to continue to develop and don't regress if they don't have access to services, which is unfortunately what happens in many other states. And so I appreciate your support on General File for AM1197 and AM1022 and LB333. Thank you, Mr. President. [LB333]

PRESIDENT FOLEY: Thank you, Senator Crawford. (Visitors introduced.) Senator Riepe, you're recognized to close on AM1197. [LB333]

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SENATOR RIEPE: Thank you, Mr. President and colleagues. I'd simply close by saying--and I think this is very important--that we vote green on AM1197 because it does avoid...there would be no unfunded mandates to the counties and I think that's critically important to probably every senator in this room. So that would be my close, Mr. President. Thank you. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. Members, you've heard the debate on AM1197. 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 please, Mr. Clerk. [LB333]

CLERK: 44 ayes, 0 nays on the amendment. [LB333]

PRESIDENT FOLEY: AM1197 is adopted. Continuing discussion on LB333 and the committee amendment. Senator Riepe, you're recognized to close on AM1022, the committee amendment. [LB333]

SENATOR RIEPE: Thank you, Mr. President and colleagues. I will be brief as well. AM1022, the committee amendment, is important to LB333 because it protects the most vulnerable and it establishes the best practices for quality review, an important piece for us as a state. Thank you, Mr. President. Thank you, colleagues. Please vote green. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. The question before the body is the adoption of the committee amendment, AM1022. Those in favor vote aye, those opposed vote nay. Have you all voted who care to? Record, please. [LB333]

CLERK: 42 ayes, 0 nays on adoption of the committee amendments. [LB333]

PRESIDENT FOLEY: Committee amendment, AM1022, is adopted. Is there any further discussion on LB333? Senator Riepe, to close. [LB333]

SENATOR RIEPE: Thank you, Mr. President and colleagues. I simply want to talk about LB333 briefly, and that is that we will protect the most vulnerable, we will have a best practices in quality review, and we will also avoid no unfunded mandates to the counties. I think we have a good bill. And I would ask for your green vote on AM1197--which you gave--AM1022, and now LB333. Thank you, Mr. President and colleagues. [LB333]

PRESIDENT FOLEY: Thank you, Senator Riepe. The question for the body is the advance LB333 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted that care to? Record, please. Mr. Clerk. [LB333]

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CLERK: 41 ayes, 0 nays on the advancement of the bill. [LB333]

PRESIDENT FOLEY: LB333 advances. The next bill is LB333A. [LB333 LB333A]

CLERK: LB333A by Senator Riepe. (Read title.) [LB333A]

PRESIDENT FOLEY: Senator Riepe, you're recognized to open on LB333A. [LB333A]

SENATOR RIEPE: Mr. President, colleagues, thank you very much. I'm asking you to approve this A bill today. Fiscal's going to need to review this. And we have to just get some more determination and we'll have that tomorrow hopefully when we come back on Select File, if that does, in fact, happen tomorrow. So I would ask you to vote yes today on LB333A bill. Thank you. [LB333A]

PRESIDENT FOLEY: Debate is now open for LB333A. Seeing no members in the queue, Senator Riepe, you're recognized to close. He waives close. The question before the body is the advance of LB333A to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB333A]

CLERK: 41 ayes, 0 nays, Mr. President, on the advancement of LB333A. [LB333A]

PRESIDENT FOLEY: LB333A advances. Are there items for the record, Mr. Clerk? [LB333A]

CLERK: Thank you, Mr. President. New resolution, LR248, Senator Hilkemann; Senator Krist, LR249. Those will both be laid over at this time. That's all that I have. Thank you. (Legislative Journal pages 1527-1529.) [LR248 LR249]

PRESIDENT FOLEY: Moving on, on the agenda, LB496. Mr. Clerk. [LB496]

CLERK: Mr. President, LB496. (Read title.) Introduced on January 18, referred to the Urban Affairs Committee, advanced to General File. Senator Stinner presented his bill on May 10. Committee amendments were presented by the Urban Affairs Committee. When the Legislature left the issue, there had been a motion to recommit to committee by Senator Groene, I believe. That motion lost. Senator Chambers then moved to reconsider that vote. So the pending motion is the motion to reconsider the vote to recommit to committee. [LB496]



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PRESIDENT FOLEY: Senators Stinner and Chambers, I will ask you each to take a minute or two to refresh us on where we left off on this. Senator Stinner. [LB496]

SENATOR STINNER: Thank you, Mr. President. Members of the Legislature, LB496 can be viewed as a companion bill to LB518 passed earlier this session by a 49-0 vote. Both bills addressed an important issue for all Nebraskans--work force housing. My bill, LB496, would amend the community development law by expanding the definition of "redevelopment plan" to include construction of work force housing eligible for tax increment financing or TIF in cities of the first and second class and villages. This would include all municipalities in Nebraska with the exception of Lincoln and Omaha. LB496 also contains procedural safeguards by requiring the municipality to conduct a housing study, adopt an incentive plan for housing construction, hold a public hearing to receive public comment on the incentive plan, and determine that the incentive plan is necessary to prevent the spread of blight and substandard conditions within the municipality. The safeguards include the following: (1) TIF for a single or multifamily housing can only be used if the municipality proves there is a need for such housing by presenting a housing study within 24 months of application. (2) The municipality must develop an incentive plan detailing how TIF will be used to assist in the construction of work force housing. (3) A restriction against unjust enrichment is designed to set a standard that the incentive program cannot be used to pad the profits of builders. This standard ensures that the funding is used to buy down the home price or absorb some of the risk of building spec housing. (4) A public hearing on the proposed incentive plan is required prior to implementation to afford the public an opportunity to review and comment on the incentive plan. While work force shortages are a persistent problem in many areas of the state, rural areas experience an additional housing problem shortages. This only... [LB496 LB518]

PRESIDENT FOLEY: Senator Stinner, this is just a two-minute refresh. [LB496]

SENATOR STINNER: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Stinner. Senator Chambers, you had a reconsideration motion pending. If you'd like a couple of minutes to refresh us, you may. [LB496]

SENATOR CHAMBERS: Thank you. Members of the Legislature, the reconsideration motion means exactly what it says. It is a reconsideration of a prior motion offered by Senator Groene which was not successful. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Chambers. We will now move to the speaking queue. Senator Groene, you're recognized. [LB496]

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SENATOR GROENE: Thank you, Mr. President. It astounds me being a member of this body how in government the tide pushed by the will of the people turns with the influence of special interest money. We started this legislative session with an audit on TIF by State Auditor Charles Janssen in hand. The audit looked at 35 projects across the state. Thirteen of the projects the communities did not reply in a timely fashion so the Auditor was limited to 22. Errors and discrepancies were found in 19 of the projects. Most common were expenditures could not be traced to supporting documents and redevelopment plan did not include required elements, was not in conformity with the development plan, and was not properly approved by the governing body. The Auditor recommended including...recommendations included keeping the interest of Nebraska taxpayer in mind. However, it appears that the community development law and supplemental statutes that authorize TIF projects may merit legislative review to safeguard taxpayers' dollars and to ensure that publicly funded redevelopments are carried out properly. I began this session with the expectation for property tax relief--didn't get that--and also that the will of the people would be followed, and we would enact legislation, put state oversight over TIF and we would clearly define TIF's constitutional purpose of urban renewal. We would respect the true purpose of the property taxes to ensure we as members of a community equally share in the funding of our public safety, schools, and common infrastructure. Instead as I prepare to close this session, I'm fighting against a massive unregulated, unchecked expansion of TIF with the purpose of enriching a few real estate speculators' interests and other interests. The fact that this legislation has a good chance to pass is an outrage against good government. To correct the record on statements made by Senators Stinner and Williams on the housing conditions in my district, I received the following information from a realtor in North Platte, Nebraska, and the Nebraska Department of Labor. In North Platte today, there are 84 homes for sale with an average price of \$197,000 and a median price of \$166,000. They are on the market average of 190 days. There are also at least 20 homes for rent by two of the largest real estate agencies, just a small percentage compared to those that are in rents by individuals. Apartments for rent are too numerous to calculate. Local contractors are busy building homes. None of them are looking for work. Disruption of the marketplace, we have a demand for housing. Let the market fill it. We passed LB518, a good chunk of money to look at this issue. Overall, \$70 million was abated by TIF last year. We put over 10 percent of that into this new program without disrupting the property tax flow base. Let it see if it works, see if there is a demand for property...for construction of homes. I refuse to use the word "work force." I am a worker. You are a worker. Everybody lives in a home is a worker. We supply our own homes. It's the American way. Presently TIF can be used for housing in blighted and substandard areas under guidelines from the Nebraska Constitution and state statutes. TIF proceeds can be used for public infrastructure expenses, acquisition of removing blighted structures. There is no need for LB496. Homes and apartments are presently being built with TIF projects. What LB496 does is open wide the gate for abuse of TIF by adding construction to allowable costs that can be funded by TIF. LB496 would allow skirting the intent of the constitution by allowing private construction

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costs to be reimbursed by the property tax dollars in TIF. A lot of TIFs now go five, six, seven years because they are limited by infrastructure cost, public infrastructure cost. [LB469 LB518]

PRESIDENT FOLEY: One minute. [LB469]

SENATOR GROENE: All of these will go 15 years from now on. An LLC, a group of local investors, will stand to make 33 percent return on their money over 15 years plus the margin they make on selling the house. That is what will happen. This is not a housing...no laborer has called me. No worker has asked me for this bill. I have gotten e-mails from real estate interests. It's a tool to maximize profits. That's fine. Business is a shark. It should be. But we have a duty to use property taxes for its purpose, and that's support public infrastructure, support public schools, support public safety, not for a minority of interests who want to maximize their profits. I urge you to send this back. Do not vote for cloture. This needs to be looked at harder. We need LB518 to have a chance to start. We need to keep a promise to the people--... [LB496 LB518]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR GROENE: ...property tax relief first. Thank you. [LB496]

PRESIDENT FOLEY: Thank, you, Senator Groene. Senator Erdman. [LB496]

SENATOR ERDMAN: Thank you, Lieutenant Governor. Good morning, Nebraska, and especially Vern this morning. I rise to be...I'm against LB496 and its passage. And I was wondering if Senator Williams would respond to a question. [LB496]

PRESIDENT FOLEY: Senator Williams, would you yield, please? [LB496]

SENATOR WILLIAMS: Yes, I would. [LB496]

SENATOR ERDMAN: Senator Williams, tell me what happens if this bill does not pass. [LB496]

SENATOR WILLIAMS: If this bill does not pass, we have not put all the tools in the toolbox of our communities to solve our problem with work force housing. [LB496]

SENATOR ERDMAN: So right now these housing developments can still use TIF. This will not eliminate that, is that correct? [LB496]

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SENATOR WILLIAMS: Those that are using TIF for straight infrastructure, no. [LB496]

SENATOR ERDMAN: So have you seen the audit that the State Auditor did on TIF? [LB496]

SENATOR WILLIAMS: I have not looked at it fully. [LB496]

SENATOR ERDMAN: Okay. Thank you for your help. I have. I've looked at the Auditor's report, and it's quite lengthy. And it points out many--I want to repeat, many--of the fallacies with TIF. He said in his opening statement, "TIF works by allowing a municipality to create a redevelopment authority for the purpose of helping to rehabilitate an area that has been designated as 'substandard and blighted' by the local governing body." As you go through the whole report, he talks about the things that they found. There are 776 TIF projects. They tried to audit 35 of the 776. What they found was they could only audit 22 because that was the only ones that had enough information to do an audit. The other 12 didn't have enough information. The annual reporting he says is sometimes done, sometimes it's not. There's no penalty for not filing a TIF project report. And he said that in that annual report of those 22 that did file, there were many of them that didn't have the right documentation, they didn't correctly announce to the public what they're doing by public notice, and the list goes on and on and on. So here we are today. We're talking about expanding a project, expanding a program that has absolutely no control, is out of hand. They've done things that they think is according to the statute and the statute is very vague, and they put things in there and they pay for things that they shouldn't pay for. The report goes on to say that you shouldn't pay for things that have been paid for before the plan was approved. And there's all kinds of abuse in that regard. And some of those projects were completely finished before they even approved the plan and they reimbursed them their expenses. The list goes on and on and on. If you haven't seen the report, I encourage you to go to the Auditor's Web site and take a look at it. There were many recommendations, and I think Senator Wayne needs to review this because he's going to study TIF. And I believe those recommendations that the Auditor put in place is someplace that we need to start. But going forward, as you look at all the variances and all the problems that Auditor found with TIF, it is a tax abatement. Those people who are paying their TIF bonds think they're paying their taxes to the local school, and they're not. They're going back...in this bill they'll go back to the developer, the bondholder. This is not, this is not property tax relief. This is not the way that we should do business in Nebraska. One of the things that we see happening as they talk about work force development housing and they talk about the value of a work force development house, and they're talking \$150,000 to \$200,000. And I said before and I'll say again,... [LB496]

PRESIDENT FOLEY: One minute. [LB496]

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SENATOR ERDMAN: ...perhaps work force development housing has wheels under it. That's where you start. You don't start in a house that's \$200,000. That employee has got to make \$75,000 a year to make that work. So we are told that all these things must happen; because if you don't, then these things will fail. And as we say here on the floor a lot, these things have to pass. This has to pass. That's not the case. This does not have to pass. They'll figure it out. And most contractors will build houses. And one of the problems we have in Nebraska are property taxes way out of line. And they know it. And so to fix the property tax issue, we give somebody an abatement from paying property tax in the form of TIF. So let's fix the tax system in Nebraska and we won't have to rely so heavily on TIF. Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Erdman. Senator Friesen. [LB496]

SENATOR FRIESEN: Thank you, Mr. Lieutenant Governor. I stand in favor of MO134 and we recommit this back to committee. Since I have come to the Legislature, I have had some problems with TIF and how it operates. And I'm very supportive of TIF when it is for economic development in the smaller cities and villages because it's the only tool really they have. But I've always been very reluctant to support when they want to do a residential development or talk about housing. Because of the effect it has on the school districts in the area, it is detrimental to those. What I see happening with this bill if it would pass now is that you get...I know it exempts the metropolitan- and primary-class cities, but it talks about first-, second-class cities and villages. So this is going to be used mostly in the first-class cities because second-class cities and villages do very little TIF financing. Most of them don't even understand the process. And so what will happen is you'll get subdivisions being built that are now subsidized and the cost of their housing will be able to more than compete with anybody in the smaller cities. And so you'll get developers that put in the bigger subdivisions and the people that are living in the second-class cities and villages will have access to cheaper housing if they move to the larger cities where they're probably currently working. So I work...I look at this as kind of it creates a competition in the area in trying to draw citizens. Instead of drawing them from out of state and trying to grow our state, we're just stealing citizens from one community into another. If you're willing to use TIF financing to put in a subdivision and build some homes and subsidize their costs, you'll attract residents from the nearby communities into your community and at the detriment to those smaller communities that surround you. So I look at this and you look at the first-class cities and most of those school districts are equalized. And so when they attract new housing into the area where families move into, those children that probably are coming with that home will go completely through their K-12 education; and that house will never contribute one single dime to the school district in funding. The state will increase their TEEOSA funding because they'll have more students, so it just raises the TEEOSA funding to those school districts that are equalized. So if a second-class city or a village wants to do this program, most of those currently are unequalized districts and receive no state aid. So you put in a subdivision of four or five homes, you bring in some kids, and that cost of bringing those kids into the education

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system will be borne by all of the other taxpayers that are currently there. So in the end when you use TIF financing for homes, and especially when you get into the construction of it, I already had enough trouble just getting myself to agree to using it to put in the infrastructure: the sewer, the water, and some of the streets. Now you're going to subsidize the cost of a \$275,000 house. I just look at that and when the impact it has on schools and school funding and property taxes, it's the wrong way to go. And I appreciate Senator Stinner wanting to do something for housing developments in the area, but I have said from the beginning I think TIF is the wrong way of doing it. I still think there has to be a better way. And in the end, I do think the free market does determine a lot of that. You get the low-income housing that starts out, people move up through the system buying bigger and better houses as they become more financially stable. So when I'm looking here now at subsidizing the \$275,000 homes on down, I would much prefer that we look at what I would call low-income housing, the starter homes that people can afford when they're starting out. And that's probably where we would have the most need. Thank you, Mr. Lieutenant Governor. [LB496]

PRESIDENT FOLEY: Thank you, Senator Friesen. Senator Brewer. [LB496]

SENATOR BREWER: Thank you, Mr. President. I did a survey trying to determine the same thing as Senator Groene had brought up about number of homes. The issue at hand is a loss of our youth. Twenty-one homes in a town as small as Gordon is considerable. So the abuse of TIF is one of the factors that has caused our TEEOSA funding issues. So with that, I'd like to yield the rest of the time to Senator Groene. [LB496]

PRESIDENT FOLEY: Thank you, Senator Brewer. Senator Groene, 4:30. [LB496]

SENATOR GROENE: Thank you, Mr. President and Senator Brewer. There are some real problems that I don't think have been addressed in LB496. I'll give you an example. Somebody buys one of these houses, the taxpayer doesn't know it's TIF. They're going to pay the high taxes, which is a detriment now to home ownership in the state of Nebraska. They're going to pay whatever the taxes are. They don't know where their tax dollars go. They think they're supporting their school. What happens if an individual then is able to apply for homestead exemption? The amount of their taxes they pay is appreciably less. And a bond is out there that says it has to be paid by the property taxes collected. So the state sends the county some homestead exemption money. Who owns that homestead exemption money? The county or the bondholder? Another issue, what about federal housing? You know, there are a lot of, lot of federal housing in North Platte. There are federal housing programs now for the low-end income earners out there--vacancies, higher vacancies than what is allowed in North Platte. That's why they can't build any more. Rural development grants, USDA loans, these are all tools that Senator Williams says in the toolbox. What is not in the toolbox is 33 percent return on your money from an investment

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group. I have it happening in North Platte. They're all set to go if this passes. Local real estate speculators, real estate agency owners, bankers--they're going to be part of this LLC. Nobody knows who they are because they're private. They already got a plan to build some apartment complexes on an open field. They will go to their friends at the city hall; they will have it TIFed; they will have it blighted. They will sell the homes or keep...or sell the development. They will return back on their bonds. Usually around North Platte it's been about 6 to 8 percent return interest on this bond. Pretty good, folks, in this market today. They will reap the profits for the next 15 years, 33 percent; 2.2 percent is our...2.2 is our levy in North Platte, 33 percent return. Now what's the next cause and effect of market factors? You'd be a fool as a developer in North Platte to build a house without TIF. You cannot compete. The government intervened and distorted the market. The system works, folks. You can TIF housing now. But practical, common sense, when we passed TIF legislation in 1978, tax dollars should be used for public purposes. That's what it's supposed to be used for now: to offset the costs of the streets, the sewers, the curbs. We are going to allow the developer to go to city council and say I won't build unless you give me that money for my construction costs. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: Guess who's going to pay for the infrastructure costs? You can give it either/or. You could give it and say, no, first we're going to do it for infrastructure. No, I want it all, me and my little investment group. This is not good. This is a bad idea. This is major expansion that needs to be looked at harder and longer. You are going to disrupt the property tax base in rural Nebraska. Look who voted against it in first round. It's mostly rural senators, urban senators. We understand that we need property tax relief for everybody, not for just a few investors. Please vote for Chambers' motion to reconsider. Vote for Groene's recommit. But it all means do not vote for cloture. This thing needs to be looked at. We need to fix TIF. That was what we were told by the taxpayers. That's what we were told by the Auditor. We're not asked to expand it. [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR GROENE: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Groene. (Visitors introduced.) Continuing discussion, Senator Schumacher. [LB496]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. The longer I be here, the more I become more convinced that government has a real difficult time being smart, not for lack of smart people. There's plenty of them. Just that it doesn't work in a smart way. And

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because it doesn't work in a smart way, when it tries to outfox the marketplace, chances are it loses and makes a bigger mess than what it had to begin with. A lot of well-intentioned plans end up costing us far more and complicating things much more than if we would have just left it alone and let the market adapt to the realities of a changing economy. Thus it is with TIF. TIF was originally a good idea. Got a real slummy part of town, you let them use the property tax money for 15 years to pay toward the project of cleaning it up. But there was enough weasel room in that language and in that law that created an opportunity for sharp developers and sharp city officials who wanted to do things with other people's money. And they began to creatively push and push and push. They were TIFing cornfields for Pete's sake. The only blight in their might have been an ear of corn in the days before they had the HMOs (sic--GMOs) take care of the blight. It's a complicated thing that we're dealing with in rural Nebraska. And the panacea of all we have to do is give a developer a bonus, give his lenders extra security and things will all be better is just that, a panacea that is divorced from reality, a reality far greater and far more powerful than anything we could pull off with tax increment financing. I think the idea that we need to work on this problem in much more than a simplistic let's just throw somebody another tax fish needs to be pursued. There's no great rush. We can recommit this to the Urban Affairs Committee and continue to discuss it and realize that if there is a need for government intervention in the free economy, this retrofit of a tool designed to get rid of slums is not it. I'd yield the balance of my time to Senator Groene. [LB496]

PRESIDENT FOLEY: Thank you, Senator Schumacher. Senator Groene, 2:00. [LB496]

SENATOR GROENE: Thank you, Mr. President. Senator Schumacher nailed it. Let's go back to the original intent in the '70s, '60s. Senator Chambers lived it. Our inner cities were collapsing. The doughnut effect was happening. Development was outside the city on the edge of the doughnut. TIF was meant to fix that inner city area. There's a lot of good TIFs been out there. Some of you folks have come up to me, my colleagues, and said, well, they did this in my town, this and this in my town. I said great, great. That was main street. They fixed an old building, dilapidated building. The people's need, the people's choice was followed. This is foolishness. We are a free market society. We have a wonderful system where right now we are at the point where we have high demand for housing. That's what we're being told. My contractors say they're busy. This is donkey backwards. How we started government involvement, Keynesian economics was the opposite when we wanted to stimulate an economic sector. This sector is already stimulated. [LB496]

SPEAKER SCHEER PRESIDING

SPEAKER SCHEER: One minute. [LB496]



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SENATOR GROENE: The market reacts, give it some time, it will fill the needs. We are going to disrupt the market for the profits of a few who are sitting back there waiting to form their LLC in their small town, to create this development group, and make massive profits off the backs of the schools, the counties. I call my county, one of my banker, the president of the bank, I said, you're a community leader. He said yeah, most community leaders ask people to pay their taxes to support their schools and stuff. He said, this community leader myself would never do this. We need to support our government with our property taxes. [LB496]

SPEAKER SCHEER: Time, Senator. [LB496]

SENATOR GROENE: Thank you. [LB496]

SPEAKER SCHEER: Thank you, Senator Schumacher and Senator Groene. Senator Kolterman, you're recognized. [LB496]

SENATOR KOLTERMAN: Thank you, Mr. Speaker. Good morning, colleagues. I rise in support of LB496 and AM470 and oppose the idea of recommitting it and reconsideration. I talked last week a little bit about my own community. I happen to be part of a development group and we do develop lots. We've built a lot of houses, developed a lot of properties over the last 15 years. In Seward, Nebraska, a town of 7,000 people, I can tell you that there's only two developers there. None of the developers from the housing, building of housing are getting rich. I don't care who you are, the margins are really tight in that industry already. I can tell you that we have not used TIF, but we do use TIF for certain things. We have a rail development that was promoted by our community where that if we get the idea sold, we'll use TIF to put in infrastructure. And yes, that is on property that's barren and producing crops; but at the same time, I think that TIF will help us attract many new jobs, good-paying jobs, not only to our area, but because of our proximity to Lincoln. That's helpful as well. The idea that this just profits a few, I think that's wrong. I think, you know, the other thing is I keep hearing this: Well, only the rich are going to get richer. Well, I don't agree with that either. Last time I knew, we lived in a society that was free enterprise. And what's wrong with using a little capitalism to make a buck in this country? These people that are building homes, as I said, work on small margins. And so do the lumberyards that sell them the materials. But it does create jobs when you build homes in a community. Has there been abuse? I would tell you, yes, there's been abuse. I read the report. In fact, in my district I had a small community that had abused the system--not intentionally; they got poor legal advice. And since then, they've remedied the problem. They went back and paid back the TIF money that was allocated to them, and they've moved down the road. The audit found the errors. There was no intent to defraud the government or take advantage of it. And again, all money was paid back. I just think that as we grow our state, we look at these communities like I mentioned last week Sarpy County is getting a huge deal with Facebook.

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You're looking at Lincoln Premium Poultry, Costco up in the Fremont areas. There's no housing for people. You're going to create 17-, 18-dollar-an-hour jobs plus benefits, and you don't have a place you can put the people that are going to move into the area. That doesn't make sense to me. So if we have to be able to TIF or if we can use TIF as a tool in the arsenal to promote housing, we need to do that. In Seward, Nebraska, we did the housing study. It showed loud and clear we need affordable housing. And we are a growing community. We're building about 50 homes a year, and yet not one of them has used TIF to put in infrastructure at this point in time. There maybe is a reason people aren't using it in North Platte or there...you've got a lot of houses on the market. Maybe you're not getting the growth that you want. I can't speak for North Platte, but I will tell you in Seward, Nebraska, and York, Nebraska... [LB496]

SENATOR HUGHES PRESIDING

SENATOR HUGHES: One minute. [LB496]

SENATOR KOLTERMAN: ...TIF is working really well. The last thing I would tell you is from a school district perspective, I know that the TIF programs that we've had, we went to the school district and asked them their position on it. And every time they said yeah, go ahead, we support this growth. So to say it's against the school districts, it hurts our districts, I don't necessarily know if that's accurate or not. Lot to think about. But I would encourage you to support LB496 and AM470 and encourage your green vote. Thank you. [LB496]

SENATOR HUGHES: Thank you, Senator Kolterman. Senator Williams, you're recognized. [LB496]

SENATOR WILLIAMS: Thank you, Mr. President. Good morning, everyone, and appreciate the discussion that we're having. We've heard again about how unnecessary this is and how there have been abuses and that the need is not there. First of all, I think it's clear to those of us that work in economic development that there's a need for work force housing in our rural areas. It is the largest obstacle to creating economic activity, to fill jobs that exist today that are going unfilled. And again, I'd like to point out that as Senator Kolterman just mentioned from reviewing the entire audit report, there have been some abuses. But when you consider the vast number of programs--I think Senator Erdman said over 700--and looking at the handfuls of abuses that have been there, it's just too easy to blame it on the abuses. I've heard some extremely interesting comments over the discussion starting last week and this week that TIF will raise your property taxes. That's false. That if we pass this bill, every small contractor will go broke. Can't buy that one. TIF will destroy agriculture. That was one of the most interesting comments that was made, because we've used TIF to recruit ag-related businesses that have created more efficiencies in agriculture and have reduced jobs. Wow. And that every house built in Nebraska

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will receive TIF. Again, wow. That deserves to be on a game show. We've also heard about how developers are going to use this and get rich, make 33 percent or something like that on a project. If that would happen, the city fathers that would approve this plan should be strung up. The idea is not to develop or not to benefit developers. It's to buy down the cost of the housing so that these projects can work. In Gothenburg, just like in Senator Groene's district, every one of our contractors is busy and they're busy building spec homes, homes they don't have to worry about what the cost is going to be, homes that are just there to be built. So we don't have a contractor available to meet this need that we have for rural work force housing. I remind you that we passed LB518 a few weeks ago on a 49-0 vote because this body recognized the housing issue. I'd also like to address the constitutionality issue that's been raised. Senator Groene has suggested that the work force housing construction project under LB496 are not authorized by provisions of the Nebraska State Constitution. I have distributed a handout from Mr. Ken Bunger, former attorney for the city of Omaha, who was instrumental in drafting the TIF constitutional amendment. Mr. Bunger's comments clearly refute the notion that work force housing construction is not authorized by the constitution. This argument overlooks the plain language of the provisions of the constitution pursuant to which the people have authorized cities and villages to rehabilitate, acquire, redevelop substandard or blighted property in a redevelopment project, "as determined by law." The reference to the constitution as determined by law is significant in that it provides the Legislature with the ability to more clearly define what constitutes rehabilitative, acquiring, or redeveloping standard and blighted. [LB496 LB518]

SENATOR HUGHES: One minute. [LB496]

SENATOR WILLIAMS: I would point out again that when those of us that are qualified to wear bathrobes try to wear black robes, we simply miss the point. It is our responsibility as a Legislature to create an environment for growth in our state. And that is what we are attempting to do with LB496. I stand in opposition to the recommit motion and strongly supportive that we move forward and get this done to address the single most important obstacle holding back economic development. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: Thank you, Senator Williams. (Visitors introduced.) Continuing discussion, Senator Blood. [LB496]

SENATOR BLOOD: Thank you, Mr. President. Fellow senators, friends all, I have listened very intently to this debate and have not yet stood to speak because I wanted to hear all sides. At this time, I stand against Senator Chambers' reconsideration and Senator Groene's motion and in favor of AM470 and the bill as it stands once amended. Here's the concerns that I have as a

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freshman senator listening to what I have heard today and the previous debate is that I have seen so much patchwork legislation as a freshman senator, and this is not one of them. This complements LB518. It is a natural fit. And I can see that as clear as day in my head and am confused why there does not seem to be total agreement on that. I listened to Senator Chambers who said he has not seen the urban renewal that he was told was going to happen in his district. And I think that that's part of the confusion as well is that initially when they talked about TIF they talked about urban renewal and not economic development. But it is an economic development tool that is used here in Nebraska. Senator Schumacher clearly said that one bill can't change the population loss or depressed housing markets, and I agree with that. But where do we start? I look at Bellevue because being on the Bellevue City Council, again, I bring municipal experience to this Chamber. I look at what we've used TIF for in Bellevue and the benefits. And, yes, I'm familiar with the audit and the concerns that have happened as a result of the audit. But if TIF projects need to be subject to greater oversight to prevent misuse of those tools, then just make it happen. We make things so complicated sometimes on this floor, and it really isn't always that complicated. So here is things that I know that TIF has been used for in Bellevue. Southgate Apartments, which is our affordable housing in Bellevue, we very recently while I was on the council used TIF funds to update and rehab this area. Southeast Plaza, Richmond Village retirement village, Gateway Park, Bellevue Professional Park, Marathon Ventures, Herman's Nut House--which I know McDonnell knows about because that's from his area--Southwest Addition were redeveloped 15.9 acres for car dealerships. You know, without TIF, Bellevue really had nothing in its toolbox because until the last few years for some bizarre reason, previous councils never thought LB840 plans were important. I'd ask at this time that Senator Crawford yield for a question. [LB496 LB518]

PRESIDENT FOLEY: Senator Crawford, would you yield, please? [LB496]

SENATOR CRAWFORD: Yes. [LB496]

SENATOR BLOOD: Senator Crawford, were you the Chair of Urban Affairs during LR155? [LB496]

SENATOR CRAWFORD: Yes. [LB496]

SENATOR BLOOD: So I'm going to ask you a specific question. It's an easy one... [LB496]

SENATOR CRAWFORD: Okay. [LB496]

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SENATOR BLOOD: ...kind of a complicated one. So when faced with the question of whether municipalities in Nebraska need additional economic development tools, the answer presented to the Urban Affairs Committee through LR155 was... [LB496]

SENATOR CRAWFORD: Yes. [LB496]

SENATOR BLOOD: Thank you, Senator Crawford. I think it's really important that we look at this for what it really is. I know Bellevue never did TIF unless it went through the steps. We made sure that they were viable projects, nobody was getting wealthy from them. Our community was getting developed and was better because of it. I think we need to stop talking about urban development and talk more about economic development. We have a very stringent TIF structure, in fact, one of the most restrictive in the country as Senator Crawford voted out...as Senator Crawford pointed out during the last debate. What are we going to do when it comes to economic development? [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR BLOOD: If we can't provide housing, we can't provide jobs because people can't come to the jobs if they can't live by those jobs. We're creating a circle that we're never going to be able to stop if we don't continue to be progressive when it comes to economic development tools. And whether you like it or not, this is one of the few tools that we have; and we need to stand behind this bill. Thank you, Mr. President. [LB496]

PRESIDENT FOLEY: Thank you, Senator Blood. Senator Crawford. [LB496]

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor, and good morning, colleagues. I stand in opposition to the reconsideration motion and the recommit motion. And colleagues, I want to again note that this is an important economic redevelopment tool that we have been using in our state and that while the original conversation was about the crisis of the time, which was urban decay, we have over the years reinforced our commitment as a state that this is also a tool that we expect to be used in our rural communities. And housing in our rural communities is a critical issue that we hear every time we hear conversations about what we need to do to make sure that we have development and redevelopment in our rural communities, housing is an important piece. And I know that we have a lot of conversation and concerns among people on the floor right now about how tax increment financing has been used. And, colleagues, I introduced LB95 this year to propose tightening the statute in ways that would address some of the concerns raised by the Auditor and raised by conversations we had during our interim study. But that was not selected as a committee priority by current leadership and so that's not on the floor. That bill, the current Chair of Urban Affairs, though, has committed that he's going to

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bring that back but wants to revisit those reforms himself in an interim study. And so I expect we'll have that conversation about how to address concerns in the Auditor's report with a bill that your current Chair of Urban Affairs will bring next session. The current Chair of Urban Affairs also has a bill to strengthen the incentives for the program to be used in urban areas with extreme blight, and again, a bill that I expect that we will be addressing next session. But, colleagues, the bill in front of us right now is simply to add housing construction. And I urge your support of that. It is a part of needed redevelopment projects and redeveloping substandard and blighted property in our rural communities, understood as we understand substandard and blighted in our rural communities. So it is a constitutional move forward. It's a critical move forward. And I urge your support. And I will be involved...I'm sure we will all be involved in conversations about addressing the Auditor's report and the need for more tax increment financing in urban core areas next year. Let's not let that not stop us from taking this important step for our rural communities this year. And I'd yield the rest of my time to Senator Stinner. [LB496 LB95]

PRESIDENT FOLEY: Thank you, Senator Crawford. Senator Stinner, 1:50. [LB496]

SENATOR STINNER: Thank you, Senator Crawford. I guess I've been a proactive positive thinker all my life, and I got highly involved in my community a while back, 30-some years ago. And I wanted to see it grow. I wanted to see it prosper. I got on 20, 25 different civic organizations to try to do the right things in the community. I guess you know as a problem solver, you start back, do we have a problem? I think we've shown that we have a problem. But don't take my word, take the Governor's word. We have a housing shortage. We got a labor, work force problem. Talk to your constituents who are in the plumbing trades, in the trucking trades. You talk to people in Fremont who right now have a bill challenge. How you going to solve it? We can talk about the benefits of housing, how it stabilizes a community. Home ownership is one of the key elements for stabilizing your community. I can tell you that through...if I took you to Scottsbluff/Gering, we haven't built a house \$100,000, \$150,000, \$175,000 house in five, six, seven years. Can't do it. You can't do it. Scale isn't there. But I do want to readdress the fact that don't take my word for the housing problem, you can go back to the Scottsbluff and the statistics that they put together: 770 additional housing units; 521 ownership. And this is over the...this is a three-county area, which is Scottsbluff, Morrill, and Kimball that were needed. Then we get the Chamber in behind us, and they're promoting this idea. I think the Chamber's one of the best bodies to get information of that promotes business. [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR STINNER: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Stinner. Senator Bolz. [LB496]

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SENATOR BOLZ: Thank you, Mr. President. I stand in support of LB496, and I will yield the remainder of my time to Senator Stinner so he can complete his thought. [LB496]

PRESIDENT FOLEY: Thank you, Senator Bolz. Senator Stinner, 4:50. [LB496]

SENATOR STINNER: Thank you, Senator Bolz. But let's hear from the Chamber. It says, join us and make your voice heard. Work force availability is again a top concern for Nebraska employers. I suppose I ought to repeat that, but I won't. That is according to Nebraska Chamber of Commerce 2016 survey of business and civic leaders. What does the Chamber of Commerce stand for? It stands for ultimately growing Nebraska, coming up with solutions that are true solutions out there. We have the opportunity right now to pass a package of bills that you can walk and tell your constituents, we heard your voice. We looked at these surveys. These are the tools in our community that we use. LB840, sales tax, I think just about everybody has a community in their constituency or in their area that uses it. It's a great economic tool; it promotes business. The other one's TIF. And frankly, you know, I hear this outrage. We have documentation problems. We haven't done this right. We haven't done that right. I trust my county officials and my city officials. We just did the Scottsbluff one, and it passed in flying colors. I actually was the banker who banked that project. We needed a million dollars of dirt work just to get the project started. But it provided 40, 50 jobs and additional lots. And it passed the audit with flying colors. There are ways of doing this and properly doing this. I get some of the things that you're saying--we don't need to have sloppy documentation. But that's not fail. The fact of the matter is we've got to give our municipalities the tools to confront the issues. We've got to give them housing. We've got to work on work force development, career academies. Those types of things will solve some of our problems. I talked to electrical contractor. He needs four people. And he said I'm...after a year, if they just have a year or something equitable to that, it's \$25 an hour. That's \$50,000 a year. And oh, by the way, if you start to do the mortgage calculation, it's a \$125,000 mortgage if their credit is clean that they could afford. That puts you right into the affordable housing thing. But let's also talk about some of the incentive programs that could be offered by the city. TIF funds could be used to buy down the cost of a purchase of a spec home to a more affordable level. I think we've talked about that. I think that you know that I know a 1,000-square-foot house, unfinished basement, 3 bedrooms, is \$150,000. I just talked about the average income: \$50,000, \$125,000. Well, the TIF money could buy that down and make that an affordable home for that work person, for that everyday person. Or you could use it, buy down the cost of building an apartment or a duplex. When is the last time you saw an apartment or duplex built in your community? I haven't. Cost is too high. You can't get enough rent. And oh, by the way, that person who's sitting there at \$50,000, the rent probably is somewhere in the \$600 to \$800; and that won't support the cost of construction. So why not incent somebody to build some work force housing as it relates to fourplexes and duplexes? Then you could also probably--and I think Fremont ought to use this idea--is that you

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can incent, after you've developed a housing study, after you've decided how many square feet, what you'd incent. Talk to different builders, put it out for a request for proposals. [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR STINNER: And bring those...thank you...and bring those builders in and talk to them about what our needs are and incent them in a special way that says, you know, you get these spec homes going, so that we can provide this kind of work, this work force housing. And we'll try to make sure that the interest of the cost of carry on that won't eat you up. So we'll give you 24 months but we'll pick up the interest. And then those houses start to move. And people start to move in. And your economy starts to grow. Your economy grows. Why? Because they buy groceries. They buy cars. They buy furniture for a house. What better economic stimulus than household formation? I mean, actually, if you go back and you say, why has this recovery failed, it's household formation. We've got to incent it. Public-private partnerships, we talk a lot about that. What's better than this public-private partnership? [LB496]

PRESIDENT FOLEY: Time, Senator. [LB496]

SENATOR STINNER: Thank you. [LB496]

PRESIDENT FOLEY: Thank you, Senator Stinner. Senator Brasch. Senator Brasch, you're recognized. [LB496]

SENATOR BRASCH: Thank you, Mr. President. I'd like to yield my time to Senator Groene. [LB496]

PRESIDENT FOLEY: Thank you, Senator Brasch. Senator Groene, 4:50. [LB496]

SENATOR GROENE: Thank you, Mr. President. Thank you, Senator Brasch. Let's make it clear. I'm here because I care about my community. Call me a community leader, or whatever. What I hear from my workers, common laborers, like I am or was, property taxes are too high. I had some railroaders guy come all the way from Virginia, a couple of families looking for jobs. You know what they did? One of them showed up at one of my town halls and he was just laid off. And I thought he was going to yell at me about laid off, and he went into a tirade about property taxes. Good community citizens pay their property taxes. They don't mind paying them. The problem in this state is high property taxes. TIF, I don't know what factor played in the high property taxes. Omaha's been booming, doubled in population in the last 20 years or 30. Their property taxes are higher than they were 20 years ago. Lincoln? North Platte? They've gone up.



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What does this abatement of picking winners and losers play into that? Don't know, but I'm sure it's a factor. Community-minded people pay their taxes. They don't profit from them. I've ran in some circles I could have invested in some of these things. I won't do it. Morally, I can't. It's not right. Pay your taxes. I agree. Senator Kolterman made our argument. Seward, they're building 14 or 15 houses a year, no TIF. Free market works. Senator Blood, I'm in complete agreement with you. People are screaming about accountability with TIF. The local community leaders are blackmailing them, making them fear that no jobs unless they go along with...they want accountability. They want to make sure they're being told the truth. There's no accountability. I had LB596--put the Revenue Department over...oversight over the TIF program statewide. Of all the exceptions in the constitution, the farm, 75 percent of valuation, there's a few others, guess what? Revenue Department has oversight to make sure the county assessor is doing the right thing. There was no oversight over TIF. Some of the communities want it so they don't get in trouble when they get audited. So in doing what the people want is oversight to explain, to make sure we put clarity in existing law. Seventy million dollars disappears from the tax rolls with TIF last year. We can't get it because of the lobby, the same lobby that wants this. They don't want any oversight. I've been fighting this for years. I know who they are. They don't want oversight. Why? Why if it's for the community? It's for the best for the community. Let's do it right. Let's put some oversight. It's not for a profit motive. Never. And I'll tell you what. Every time I fought TIF, I've always told business, go for it. Bottom line, it's what keeps you alive. If you can get it, take it. Who I blame is local elected officials, and it stops here. The buck stops here. We have a duty to make sure that any program we institute has oversight to make sure it is done right, for the shyster, as I said once, who takes advantage of it, the abuser. We need to look at it. I will give Senator Stinner a compliment. In that... [LB496]

PRESIDENT FOLEY: One minute. [LB496]

SENATOR GROENE: ...in that audit, Scotts Bluff County came out clean, the only county that did. I do not suspect his motives. To Senator Williams, I was the one who said when agriculture expands, when agriculture builds, it eliminates jobs. It's called productivity. I didn't say it in my bathrobe either. That's a reality. That is why small-town Nebraska is shrinking, because agriculture is the most productive industry in the world, American agriculture. Let's get our property taxes down for them and for rural Nebraska and then we will grow. Let's not give money to a few winners who don't care about the schools and make sure the property taxes go to them and the county and fixes the roads. This is a bad bill. LB518 is a start. Let's see if it works. Let's put an end to this thing as quickly as we can. Thank you, Mr. President. [LB496 LB518]

PRESIDENT FOLEY: Thank you, Senator Groene. (Visitors introduced.) Mr. Clerk, you have a motion on the desk. [LB496]

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CLERK: I do, Mr. President. Senator Stinner would move to invoke cloture pursuant to Rule 7, Section 10. [LB496]

PRESIDENT FOLEY: It's the ruling of the Chair that there has been a full and fair debate afforded to LB496. Senator Stinner, for what purpose do you rise? [LB496]

SENATOR STINNER: I would like a call to the house, please. [LB496]

PRESIDENT FOLEY: There has been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, please. [LB496]

CLERK: 26 ayes, 1 nay to place the house under call. [LB496]

PRESIDENT FOLEY: The house is under call. Senators, please return to the Chamber and record your presence. The house is under call. Senator Vargas, could you check in, please. Senator Pansing Brooks and Senator Larson, please return to the Chamber. The house is under call. Senator Stinner, we're lacking Senator Pansing Brooks. We can wait if you would care to or we can proceed. [LB496]

SENATOR STINNER: I am going to wait. [LB496]

PRESIDENT FOLEY: We will wait. Members, the house is under call. Please remain at your seats, please. Senator Stinner, would you approach the desk, please? Senator Stinner has authorized us to proceed and he has requested a roll call vote in reverse order. The first vote is to invoke cloture. Mr. Clerk. [LB496]

CLERK: (Roll call vote taken, Legislative Journal page 1530.) 33 ayes, 9 nays, Mr. President, on the motion to invoke cloture. [LB496]

PRESIDENT FOLEY: Cloture is invoked. The next vote is on Senator Chambers' motion of reconsideration. All those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB496]

CLERK: 5 ayes, 32 nays, Mr. President, on the motion to reconsider. [LB496]

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PRESIDENT FOLEY: The reconsideration motion is not adopted. Next vote is on AM470, the committee amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB496]

CLERK: 31 ayes, 5 nays, Mr. President, to adopt the committee amendments. [LB496]

PRESIDENT FOLEY: AM470 committee amendment is now adopted. Next vote is to advance LB496 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted? Record vote has been requested. Record, please. [LB496]

CLERK: (Record vote read, Legislative Journal page 1531.) 31 ayes, 8 nays, Mr. President, on the advancement of the bill. [LB496]

PRESIDENT FOLEY: LB496 advances. I raise the call. Items from the record, Mr. Clerk. [LB496]

CLERK: Mr. President, the only item I have is a new resolution by Senator Bolz (Re LR250). That will be laid over. Reminder that the Reference Executive Board will be meeting at noon; Executive Board at noon, Room 2102. (Legislative Journal pages 1531-1532.) [LR250]

And Senator Hilkemann would move to recess until 1:30.

PRESIDENT FOLEY: Members, you've heard the motion to recess. Those in favor say aye. Those opposed say nay. We are in recess.

RECESS

PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. 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. Any items for the record?

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CLERK: Mr. President, a Reference report referring study resolutions. That's the only item I have. (Legislative Journal pages 1532-1542.)

PRESIDENT FOLEY: Members, we'll now move immediately to the afternoon agenda, Select File, 2017, committee priority bill. Mr. Clerk.

CLERK: LB72, Select File, Senator Wishart, I have Enrollment and Review amendments pending. (ER57, Legislative Journal page 1053.) [LB72]

PRESIDENT FOLEY: Senator Wishart for a motion. [LB72]

SENATOR WISHART: Mr. President, I move the adoption of the E&R amendments to LB72. [LB72]

PRESIDENT FOLEY: Members, you've heard the motion to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted. [LB72]

CLERK: Senator McDonnell would move to amend with AM789. (Legislative Journal page 1027.) [LB72]

PRESIDENT FOLEY: Senator McDonnell, you're recognized to open on AM789. [LB72]

SENATOR McDONNELL: Thank you, Mr. President. We've had this discussion during the session and we have talked about fairness, we have talked about fairness to people who have given 30-plus years of their life in some circumstances to a city, either by being a police officer, a firefighter, or working to make sure that we have streets to get us home and to our businesses. Then we started talking about the idea of what happens when that person enters into that retirement life after fulfilling that agreement. And during that process of giving 17-plus percent of their check to the system for their retirement, and most not having the ability to have Social Security, so this is what they're going to rely on for the rest of their life. Then they go into a situation where it's 10, 15, 20 years later, and no fault of their own, never having a seat at the table, never having a voice or actually an opportunity to solve the problem, a city decides to file bankruptcy. At that time, that person receives probably a letter in the mail--I doubt if anybody would even call them--and they're told this that thank you for your service, we know you have relied on this; you kept your end of the agreement, but now it's been whatever, 20 years of retirement life, and you're no longer going to be able to have that retirement check that you worked hard for, contributed to, because we're going to pay the banks. We're going to pay the bondholders. They're going to get their pay first. Now, at this same time, this bondholder--which

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we know approximately 40 percent are individuals, not just banks--have possibly had a 30-year bond, and for, let's say, 28 years, have collected their money, and they've got two more years at that time we tell that individual, you come second. Or do we tell them they come third? Because we got to remember, we got to still provide city services. From the start of this discussion, I have felt the fairness would be the pensioners going first, city services going second, bondholders...because I'm not saying the bondholders and the bankers don't deserve to be paid, they do. They also have an agreement. I'm just saying is we have to look the people that sacrificed number of years of their life, either protecting or servicing that city in a number of different ways, that they should go first. That's what this discussion has been about. It's never been about the bondholders not getting paid. And no one wants to claim bankruptcy. Any mayor or city council right now in the state of Nebraska, not one of them, their goal is to try to claim bankruptcy. But during that process, if they are getting to a situation, some of it no control of their own, are bad decisions that were made, and they start looking at those pensioners and they start saying, well, hold on here. If we let that fail, there's a good opportunity here, and I'm not saying this has happened, I'm not saying these discussions are going on, but potentially they could, but at that point we let that system fail or go under water here a little bit more and we could claim bankruptcy and we could stop all their pensions, current and future. That discussion could happen if the pressure mounted on that city council or that mayor. So how do we do this? How do we make it fair? Where is the compromise? Senator Schumacher has been working on this for a number of years. And Senator Schumacher has something he wants to discuss today with all of us, and I think his intent from the start was to be fair, and I believe we should give him that opportunity and listen to him today and ask him questions. That's why I'm going to pull amendment AM789. Mr. President, thank you for the opportunity. [LB72]

PRESIDENT FOLEY: The amendment is withdrawn. Mr. Clerk. [LB72]

CLERK: Mr. President. Senator Schumacher, I had AM1360, but a note you wish to withdraw that. [LB72]

SENATOR SCHUMACHER: That's correct. [LB72]

CLERK: Mr. President, Senator Schumacher would move to amend with AM1404. (Legislative Journal pages 1542-1544.) [LB72]

PRESIDENT FOLEY: Senator Schumacher, you're recognized to open on AM1404. [LB72]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. AM1404 is what emerged after lengthy discussions with Senator Crawford, Senator Hansen, Senator Williams, Senator McDonnell, myself, assistance from Senator Kolterman's office, in trying to come to

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grips with an issue, and that issue has been before the body two or three different times now, I guess this is the third time at least, maybe four times, because it is a problem issue. In the Detroit bankruptcy, we learned that the rules were not clear as to who gets paid first and that in the event of a bankruptcy. And that uncertainty makes life uncertain for the people who are the major participants in holding a city's obligations; principally, pension obligations and bondholders. The problem really doesn't exist that much if there's no defined benefit plan. The problem doesn't exist if the city can't declare bankruptcy. And the problem doesn't exist if money is spent wisely on bonds and also the pensions are properly funded. So this is the amendment that is before you. It's actually quite simple. It says if you don't have a defined benefit pension plan, which is most...the vast majority of the cities and villages in the state--and this amendment applies only to cities and villages, not any other governmental subdivision--if you don't have one, then you have the ability to declare your bonds to be first priority liens on the taxes, like the bondholders have for a long time expected they were anyway, and like they are, outside of bankruptcy. So, if you don't have a defined benefit plan, you can declare your bonds to be number one. If you do nothing, it leaves things as status quo today and ultimately a court would decide if they're number one or not. If you do have a defined benefit plan, then we don't want the problem ever to happen. We don't want you to be in a position to have to declare bankruptcy. And to do this, you have got to ramp up your funding of your pension, and it prescribes small steps at first, bigger steps down the road, how a city, who is underfunded, as Senator Kolterman pointed out before, it takes 90, 100 percent to be really safely funded. But if you're underfunded, you better get to work on it and follow this staircase to get to healthiness, so that you have money there to pay your bondholders and pay your pensioners when those bills come due. And the only consequence of not following the stairsteps, little steps at first, bigger steps later in order to get whole to the 90 percent level, is you can't file bankruptcy. Now, Omaha and Lincoln have repeatedly said we aren't going to file bankruptcy anyway; don't worry about it. And Lincoln's pension is probably pretty good on the road up anyway. It's supposedly around 75, 80 percent. Omaha, there's some problems with. Don't have an exact number, but it's way, way below 90 percent, probably closer to the 50 percent level. They need to get working on that or the exact same that Senator McDonnell pointed out could be a salary prospect down the road in the future--not enough money for bonds, not enough money for pensions, not enough money all the way around. AM1404 says follow the staircase to health that we prescribe and you will have a right to declare bankruptcy. Don't follow it, continue underfunding your pensions, and you're going to be stuck without the right to declare bankruptcy under our law. If you don't have a defined benefit plan and you want what arguably is a better interest rate, then you have the option to declare your bonds to be first priority bonds. The pensioners in that particular case aren't affected because defined contribution plans are fully funded and vested and they can't be touched. They are owned already by the pensioners. So I think when, outside the glass, they couldn't solve the problem or make a big step towards solving the problem, with the folks who represented bondholders, the folks who represented organized defined benefit labor, folks who represented the city, just couldn't see eye-to-eye. When it got inside the body and we started

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looking at the problem and really trying to be fair, Senator McDonnell made a good case for fairness, and we looked at what was realistic, that there probably won't be any bankruptcy in the near foreseeable future, but down the road there could be real financial difficulties as the baby boomers' pensions come due, and also looked at the fact that, you know, the communities that don't have defined benefit plans, they may actually be able to benefit from a first bond priority lien, we put together this proposal that is before you today. And with that I would ask that AM1404 be adopted, the original language of LB72 stricken, and we move forward and advance this to Final Reading. Thank you. [LB72]

PRESIDENT FOLEY: Thank you, Senator Schumacher. (Visitors introduced.) Debate is now open on LB72 and the amendment. Senator Crawford. [LB72]

SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor; and good afternoon, colleagues. I rise in support of AM1404, but I want to be very clear for the record and for your information, colleagues, that this is not a compromise among the stakeholders; and Senator Schumacher alluded to that as well, but I wanted that to be very clear. When we were debating this on General File and I was urging you not to move it to Select File, I said that we'd worked on this issue for several years and Senator Schumacher alluded to that as well. We have had this fight multiple times with the bill being brought and efforts to kill it or pull it off the agenda for multiple iterations and that I didn't think we would get to an agreement that the stakeholders would agree to, and that was correct. So, as Senator Schumacher alluded to, we sat together at a table to try to work out what we thought would be an appropriate step forward in trying to address the concerns that have caused Senator Schumacher to bring this bill over and over again, in a way that we felt was, I think, the most cautious way forward in addressing that and trying to think about the concerns. But again, I want to, on the record, let you know that this amendment is not supported by the League of Municipalities, it is not supported by the city of Omaha, it is not supported by the city of Lincoln. And each of you probably have gotten in your e-mails letters to that effect letting you know their concerns with the amendment and their concerns with LB72. This is an agreement and we worked with Senator Schumacher to not kill the bill if he was able to take a smaller step, and this was the agreement that we worked on together. I also want to say for the record that one of the concerns raised by the Mayor of Lincoln was asking if we adopt this policy and it turns out there are unintended consequences, would we be willing to come back and address that, and that is absolutely true, be willing to come back and address that if we are...if it is correct that that causes an unintended consequence in terms of bond ratings. Because the city of Omaha and the city of Lincoln have good bond ratings and are able to get bonds right now, so it's not a concern they have and we don't want to create that problem for them. I'll also say in our conversations about the pathway to funding pensions, this is...what that eventual goal should be is something that my good friend, Senator Schumacher, and I disagree on of how high that number needs to be in the end, but we did recognize that this is down in the 2032s and 2035s, and so it is the case that this body may come again to have a conversation of

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what a fully funded pension goal ought to be before we get to that time frame where we're up in 80s and 90s where that would be a concern. We have time to have that conversation and make sure that's an appropriate goal. It is the case that Standard&Poor's and Fitch, those bond ratings would suggest a lower number is appropriate; Fitch uses 70 percent or above as adequate. And S&P uses above average to be 80 percent to 90 percent. But we decided, again, that's a conversation that we could have as the years went forward in terms of making sure those are appropriate goals to hit. But despite where that eventual goal is, that this initial guide path is a good goal to be pushing cities to fund their pensions at this level. The other piece of the amendment is to allow municipalities that don't have defined benefit plans to make that choice at the local level of what they want to do about priorities. And where there isn't a defined benefit pension, pension holders who would be harmed by that choice to allow them to make the choice. [LB72]

PRESIDENT FOLEY: One minute. [LB72]

SENATOR CRAWFORD: Thank you, Mr. President. And that was part of that logic as well. I wonder if Senator Williams would yield to a question, please. [LB72]

PRESIDENT FOLEY: Senator Williams, will you yield, please? [LB72]

SENATOR WILLIAMS: Yes, I would. [LB72]

SENATOR CRAWFORD: So one of our other discussions was to make sure that this is a step we're taking moving forward, and that if we're taking this step, we're not coming back and introducing a statutory lien bill for all cities again and again while we wait...while we see if this a solution that would work. So, Senator Williams, would you agree that we had that conversation, that you would not be in support of or supporting someone else's efforts to bring forward a statutory lien bill for all cities if we pass LB72 as amended? [LB72]

SENATOR WILLIAMS: Yes. I have talked at length with you and the other members that were negotiating, and my thought would be that we will...I will only be back if there are unintended consequences that we do not realize right now, but not moving forward with previous conversations. [LB72]

SENATOR CRAWFORD: Thank you, Mr. President. [LB72]

PRESIDENT FOLEY: Thank you, Senators Crawford and Williams. Senator Hansen. [LB72]



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SENATOR HANSEN: Thank you, Mr. President, and good afternoon, colleagues. I rise again in support of AM1404 with my colleagues. And I am thankful to Senator Schumacher, Senator Williams, Senator Crawford, and all the others who have helped work on this amendment that we have before us, including the staff of all our offices and committee staff as well. I think this is an important step forward. I think it's a good way to frame this, as Senator Schumacher kind of framed his introduction of the amendment. We're shifting from what to do in the event of a bankruptcy to what can we do to minimize the risk of a bankruptcy. I think that's a more prudent public policy course of the state of Nebraska and that's the thing that I can support. One of my issues--and it is solved by this amendment--one of my initial issues with the underlying LB72 was I think it created a system of perverse incentives where if a city had a defined benefit plan that got into some sort of financial difficulties, whether that's a market downturn, whether or not that was poor planning or poor management, what have you, if there was ever a case under the initial green copy language of LB72 we could possibly create a scenario which there would be an incentive for cities to stop funding the plan in order to drive themselves to bankruptcy in order to get discharged. Here, under this amendment, we removed that option by removing the option of bankruptcy until the pension plan is funded at a certain appropriate level. I think that's much more prudent policy course in the state of Nebraska and that's something that I can support. With that, I would ask all of my colleagues to stand in support of AM1404. Thank you, Mr. President. [LB72]

PRESIDENT FOLEY: Thank you, Senator Hansen. Senator Friesen. [LB72]

SENATOR FRIESEN: Thank you, Mr. Lieutenant Governor. I've been in continued support of LB72 and I'll keep looking at AM1404 to see if it's...meets the requirement that I had. But it does, I guess, when I look at it, it addresses part of the problem. But again, if a municipality or a city is budgeting in a financially sustainable way, we won't have this problem. And then again, the bondholders that are buying those general obligation bonds need to know that they have a secure bond because they are at a very low rate of payout. Here it adds a little bit of confusion because everybody is going to have to look up...make sure that what you're willing to risk for down the road, if there would be a bankruptcy, you'd still have a little bit more risk than if we just protect that bond from day one. So, I will continue to look at this, but in the end I'm still in support of LB72 as written. If this amendment is something I can live with, I will support the bill, otherwise I will stick with LB72. Thank you, Mr. Lieutenant Governor. [LB72]

PRESIDENT FOLEY: Thank you, Senator Friesen. Senator Williams. [LB72]

SENATOR WILLIAMS: Thank you, Mr. President. Good afternoon, friends and colleagues. I rise also in support of AM1404 and would like to thank Senators Schumacher, Crawford, Hansen, McDonnell, and Kolterman all for participating and working on a solution. And as

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Senator Crawford and Senator Schumacher talked about, this is not necessarily a compromise outside the glass, but it was...is what I would term a compromise inside the glass. And by the way, it's those inside the glass that vote at the end of the day. Those outside have been given many opportunities over the three years that I've been on the Banking Committee and have heard this legislation. They've been given an opportunity to come to an agreement, and I really appreciate that those members that I mentioned were willing to sit down and find a solution that we believe is workable, and you have at least my commitment, and I think all the members' commitment, that if there are unintended consequences that we need to come back and clean up, we will do that. However, that said, I would like to repeat what I said when I was asked the question by Senator Crawford that I think it would be the intent--and it is certainly my intent--that this is the solution, and therefore we move forward from this with the Banking Committee moving on. With that I would urge your support of this amendment and then the adoption of LB72 as amended. Thank you, Mr. President. [LB72]

PRESIDENT FOLEY: Thank you, Senator Williams. Senator Kolterman. [LB72]

SENATOR KOLTERMAN: Thank you, Mr. Lieutenant Governor; good afternoon, colleagues. I, too, rise in support of AM1404 and LB72. The simple solution is we're putting a formula together that shows how we can work with underfunded pension plans. The fundamental issue is still there, though, folks. The bigger issue is, what is appropriate funding for a pension plan? We've got several in this state that are 60 percent, 50 percent. That's not adequate. Bankruptcies do happen. That's why we're talking about this. If we didn't have to worry about bankruptcy, this wouldn't even be an issue. So I support AM1404 and look at it as a way to work through the problems with LB72. But the bigger issue, keep in mind, is pension reform. Pension reform needs to be continued to look at. It's all about keeping these plans solvent and stable so we don't have to worry about bankruptcy. So with that I would encourage you to vote for AM1404 and LB72 and appreciate green light on both. Thank you. [LB72]

PRESIDENT FOLEY: Thank you, Senator Kolterman. Senator Hilkemann. [LB72]

SENATOR HILKEMANN: Thank you, Mr. Lieutenant Governor. I wonder if Senator Schumacher could yield to several questions? [LB72]

PRESIDENT FOLEY: Senator Schumacher, will you yield, please? [LB72]

SENATOR SCHUMACHER: Yes, I will. [LB72]

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SENATOR HILKEMANN: Senator, you have obviously worked to amend this bill. I just discussed with you just before the...our recess today that the city of Omaha and the municipalities certainly don't...still do not like this amendment, nor do they like the bill. Is there any way that, in your negotiations that you've had in this, that their concerns can be accommodated? [LB72]

SENATOR SCHUMACHER: Their concerns...I have a hard time identifying what their concerns are. They seem to have declared that they...don't worry about us, we're not going to file bankruptcy, it's not an important thing to us. But yet they have concerns about not being able to file bankruptcy. They have taken the position that the interest rate on a bond has nothing to do with whether or not there's a statutory lien priority. Yet they're concerned about shifts in interest rates on bonds. I have a hard time dealing with what their concerns are when they have not been very clearly stated at all, at least in respect to AM1404. I understood what their concerns were with LB72. They wanted to basically play both sides. If they were a large underfunded pension obligation, they wanted to say to the pensioners, don't worry, we're taking care of you, you're our best date. I wanted to turn around and say to the bondholders, don't worry, we'll take care of you, we love you, you're our first choice. And that can only go on so long. We know that if we do not step in and we do not lay some guidelines down, that in the end, probably both the bondholders and the pension holders will be at a disadvantage. So we are proactively taking it, and I think this is a reasonable thing that we are doing here. Omaha wants to tell us to go take a hike. The only consequence is you can't declare bankruptcy. And Lincoln's pension is closer to being in a reasonable range. Omaha's is not. So, I'm not sure exactly what it is that we could change to meet what, apparently...I have a hard time putting my finger on what are their problems with it. [LB72]

SENATOR HILKEMANN: Senator, the other thing that they're expressing is that they're concerned about that this amendment creates a lot of unintended consequences. I respect you so much with your thoughts ahead. What would be those unintended consequences that we should be concerned about? [LB72]

SENATOR SCHUMACHER: If I knew, they'd be intended. But I don't know what unintended consequences there are. That's what the future would bring, but I guess as a last resort, when you have run out of good arguments you say there's unintended consequences. [LB72]

SENATOR HILKEMANN: Thank you. Senator Williams, would you... [LB72]

PRESIDENT FOLEY: Senator Williams, would you yield, please? [LB72]

SENATOR WILLIAMS: Yes, I would. [LB72]

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SENATOR HILKEMANN: Senator, they're expressing that there would be unintended consequences. Do you have any idea what they're referring to as those unintended consequences? [LB72]

SENATOR WILLIAMS: I would, again, refer to Senator Schumacher's answer. We have asked that question numerous times and have not found it. We have offered, over the course of the last three years, many settlement opportunities on this to find middle ground, all the way from exempting Omaha and Lincoln from the legislation... [LB72]

PRESIDENT FOLEY: One minute. [LB72]

SENATOR WILLIAMS: ...to allowing...to removing the opportunity for those two communities to take bankruptcy. And each time, they come back and say, oh, we just can't agree to that. I think what has been said is the fact that we are moving towards a requirement that they begin funding this unfunded or lower-than-intended funded retirement plan which makes sense for everybody, because, believe me, if that thing goes down, they're going to be in this place asking us for their assistance. [LB72]

SENATOR HILKEMANN: And so the same question to Senator Schumacher--do you see any way that this bill could be amended that they would be acceptable to it? [LB72]

SENATOR WILLIAMS: I do not see a middle ground with those outside the glass. [LB72]

SENATOR HILKEMANN: Thank you. Thank you, Mr. Lieutenant Governor. [LB72]

PRESIDENT FOLEY: Thank you, Senators Hilkemann, Williams, and Schumacher. Seeing no other members in the queue, Senator Schumacher, you're recognized to close on your amendment. [LB72]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. Very simple step, and I think a very respectable and big step towards solving this problem. The problem is, as Senator Kolterman said, underfunded defined benefit plans. Most of our cities, most of our villages don't have them. They're free to declare their bonds to be first priority lien bonds, and that will be what they have an option to do--and I would expect a fair number of them will if they see a better interest rate as a result--puts that under local control and local hands. As far as those few communities with large underfunded pension plans, we make a glide path, a steppingstone to take them to health over a 20-year period. They can choose not to take those steps. Be no worse off than they are today, except they won't be able to file bankruptcy and then expect the

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pensioners and expect the bondholders to end up holding the bag or having to take cents on the dollar in a bankruptcy. There's a consequence and that's the consequence. It is very important that pensions be properly funded. If they're properly funded, then we don't have to deal with the issue. And hopefully we never will have to deal with the issue of an underfunded major pension going belly-up, because that will affect a lot of things. So, two consequences here, two purposes of AM1404 is to put this issue to rest, to get a steppingstone that take a pension program to fiscal health, to close a squirrely door out that a city could use to be financially irresponsible and then declare bankruptcy with respect to its pension and bondholders, and to let the vast majority of Nebraska cities and villages have the option to declare their bonds to be first priority bonds, which they might be anyway under the law. So, I think we have hit the major issues. We have not been able to identify unintended consequences; and I think it's a good solution, good step forward, and I would ask your support for AM1404 and then LB72. [LB72]

PRESIDENT FOLEY: Thank you, Senator Schumacher. Members, you heard the debate on AM1404. The question before body is the adoption of the amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB72]

CLERK: 30 ayes, 0 nays, Mr. President, on the adoption of Senator Schumacher's amendment. [LB72]

PRESIDENT FOLEY: AM1404 is adopted. [LB72]

CLERK: I have nothing further on the bill, Mr. President. [LB72]

PRESIDENT FOLEY: Senator Wishart, for a motion. [LB72]

SENATOR WISHART: Mr. President, I move to advance LB72 to E&R for engrossing. [LB72]

PRESIDENT FOLEY: Members, you heard the motion to advance LB72 to E&R for engrossing. Those in favor say aye. Those opposed say nay. LB72 advances. Moving on to the agenda, Final Reading, Mr. Clerk. [LB72]

CLERK: Mr. President, Senator Kolterman would move to return LB415 to Select File for a specific amendment, that amendment being AM1403. (Legislative Journal page 1544.) [LB415]

PRESIDENT FOLEY: Senator Kolterman, you're recognized to open on your return motion. [LB415]

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SENATOR KOLTERMAN: Thank you very much, Mr. Lieutenant Governor. If you recall, the committee amendment incorporated seven other bills into LB415. Some of the bills carried the emergency clause, some did not. This motion is to return the bill to Select File to add the emergency clause to all sections of the bill so that all provisions go into effect the same time. I ask your support for this motion. [LB415]

PRESIDENT FOLEY: Thank you, Senator Kolterman. Debate is now open on the return motion. Senator Chambers. [LB415]

SENATOR CHAMBERS: Mr. President, members of the Legislature, and Senator Kolterman, I'm getting just a little bit tired of this bill. Every time I think it's been handled, it hasn't been. So I'd like to ask Senator Kolterman a question if he would respond. [LB415]

PRESIDENT FOLEY: Senator Kolterman, would you yield, please? [LB415]

SENATOR KOLTERMAN: Yes, I will. [LB415]

SENATOR CHAMBERS: Senator Kolterman, how many times has this bill been on Final Readings this session, if you kept count? [LB415]

SENATOR KOLTERMAN: Well, this the first time on Final Reading. [LB415]

SENATOR CHAMBERS: No further questions. Thank you. (Laughter) [LB415]

PRESIDENT FOLEY: Thank you, Senator Chambers and Senator Kolterman. Senator Kolterman, you're recognized to close on your return motion. He waives closing. The question before the body is whether or not to return the bill to Select File for a specific amendment. Those in favor vote aye; those opposed vote nay. Record, please. [LB415]

CLERK: 26 ayes, 1 nay, Mr. President, on the motion to return the bill. [LB415]

PRESIDENT FOLEY: The bill has been returned to Select File. Mr. Clerk. [LB415]

CLERK: Senator Kolterman would move to amend with AM1403. (Legislative Journal page 1544.) [LB415]

PRESIDENT FOLEY: Senator Kolterman, you're recognized to open on AM1403. [LB415]

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SENATOR KOLTERMAN: Thank you very much. This is the amendment that applies to the emergency clause to all sections of the bill so they all go into effect at the same time unless there's a separate operative date. For example, the change in the rule of 85 that requires a minimum retirement age of 60 will not go into effect until July 1, 2018. This is really being implemented so that if somebody should fall into one of the bills that affects them between now and 90 days, we don't think it's fair that they have to wait the 90 days to get their pension payment. So I would ask that you vote to adopt this amendment. Thank you. [LB415]

PRESIDENT FOLEY: Thank you, Senator Kolterman. Debate is now open on AM1403. Senator Krist. [LB415]

SENATOR KRIST: Thank you, Mr. President, and good afternoon, colleagues. I wonder if Senator Kolterman would yield to a question. [LB415]

PRESIDENT FOLEY: Senator Kolterman, will you yield, please? [LB415]

SENATOR KOLTERMAN: I will. [LB415]

SENATOR KRIST: How many votes do you need on this one to make it an all-emergency clause? [LB415]

SENATOR KOLTERMAN: Twenty-five. No, 33. [LB415]

SENATOR KRIST: Thirty-three. By my vote count, you're going to have to call the house. [LB415]

SENATOR KOLTERMAN: I probably will. [LB415]

SENATOR KRIST: Okay, I'm voting for you. [LB415]

PRESIDENT FOLEY: Senator Kolterman, you're recognized to close to AM1403. Recognized to close, Senator Kolterman. [LB415]

SENATOR KOLTERMAN: I'll waive closing. [LB415]

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PRESIDENT FOLEY: He waives closing. The question before the body is the adoption of AM1403. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB415]

CLERK: 36 ayes, 0 nays, Mr. President, on the adoption of the Select File amendment. [LB415]

PRESIDENT FOLEY: AM1403 is adopted. Anything further, Mr. Clerk? [LB415]

CLERK: Nothing further. [LB415]

PRESIDENT FOLEY: Senator Wishart for a motion. [LB415]

SENATOR WISHART: Mr. President, I move to advance LB415 to E&R for engrossing. [LB415]

PRESIDENT FOLEY: Members, you heard the motion to advance LB415 to E&R for engrossing. Those in favor say aye. Those opposed say nay. LB415 advances. Moving on to the agenda, Select File, 2017, committee priority bill, Mr. Clerk. [LB415]

CLERK: Mr. President, LB644. Senator, I have E&R amendments first of all. (ER86, Legislative Journal page 1370) [LB644]

PRESIDENT FOLEY: Senator Wishart for a motion. [LB644]

SENATOR WISHART: Mr. President, I move the adoption of the E&R amendments to LB644. [LB644]

PRESIDENT FOLEY: Members, you've heard the motion to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments are adopted. Mr. Clerk. [LB644]

CLERK: Senator Bolz would move to amend with AM1390. (Legislative Journal page 1517.) [LB644]

PRESIDENT FOLEY: Senator Bolz, you're recognized to open on AM1390. [LB644]



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SENATOR BOLZ: Thank you, Mr. President. Nebraska's Medicaid program covers low-income children and parents, people with disabilities, and the elderly. Heritage Health is Nebraska's new Medicaid managed care system. Heritage Health covers \$1.2 billion worth of physical health, behavioral health, and pharmacy services for nearly 227,000 Nebraskans. Three companies hold the contracts which began in this form in January. Managed care does hold the promise of both better and more cost-effective care by managing the care of individuals, particularly individuals with chronic and significant healthcare needs by using preventive strategies and maintaining good health. Managed care is also complex in terms of policy, implementation, and service to individuals. In fact, managing the care of individuals with complex needs is at the core of managed care. How do we as a state best manage an individual with a developmental disability, mental illness, and chronic disease like diabetes in the best possible way? This year, I brought LB442, a bill to create a managed care oversight committee. AM1390 is a version of that bill. The bill was not voted out of committee and it is not my intention to take AM1390 to a vote. However, I decided to use the opportunity afforded by LB644 to discuss the Heritage Health plan. LB644 removes the Medicaid Reform Council. I do support that removal. But I also support the role of the Legislature and stakeholders in oversight and involvement with our Medicaid program. Oversight of Medicaid is both an opportunity and a responsibility of the legislative branch; a branch, as we all know, has a special responsibility to represent the people of Nebraska. Unfortunately, the reports that I have received from individuals and provider organizations regarding the managed care roll-out in Nebraska give me a reason to rise today to raise concerns and to discuss the need for responsiveness in the legislative and administrative branches and with the managed care companies. Concerns that have been brought to me--and to be clear, they have also been brought to the administration and to the managed care companies and to other senators on this floor--include: number one, outstanding payments. As an example, one organization providing services to children reports that 42 percent of the bills they have submitted to managed care companies have been outstanding more than two months. Number two: organizations providing mental health services are still waiting for signed contracts to provide those services. Number three: I have heard major concerns with authorizations of needed services for individuals with the greatest needs, including individuals with behavioral health needs that must be managed in order to prevent harm to themselves or others. Number four: ongoing problems exist with completing the credentialing process for providers of multiple types of services. I recognize that systems change takes time, but I also recognize the urgency and severity of problems being faced by providers of critical health, mental health, and pharmacy services. I have introduced an interim study, LR157, to examine managed care authorizations, credentialing, claims payments, administrative procedures, the experiences of providers and consumers, successes and challenges in the implementation of managed care, and the long-term impact of managed care on the state budget. There has been discussion about the duplicity of the Legislature taking action on managed care. I want to reinforce to the body that oversight is a significant and important role for the Nebraska Legislature. More than a dozen stakeholder entities supported LB442 and supported the legislative oversight role, including the Nebraska

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Medical Association, the Nebraska Hospital Association, the Nebraska Health Care Association, Disability Rights Nebraska, the Nebraska Association of Behavioral Health Organizations, and more. Further, we have a specific responsibility to provide oversight to our financial investment and Medicaid services. It is both an opportunity for working out problems and responsibility of our branch. Again, it is not my intention to take AM1390 to a vote, but I would like to take this opportunity for floor discussion related to the implementation of managed care and our responsibility to pay attention to the services being provided to some of the most vulnerable Nebraskans. I'll let my colleagues weigh in if they so choose. Thank you, Mr. President. [LB644 LB442 LR157]

PRESIDENT FOLEY: Thank you, Senator Bolz. Debate is now open on AM1390. Senator Krist. [LB644]

SENATOR KRIST: Good afternoon again, colleagues and Nebraska. Thank you, Mr. President. Tomorrow at 1:00, I have a scheduled conference call with one of these healthcare providers, one of these managed care providers. It's about a young man named Connor. Connor needs to be fed a certain way, his drugs need to be monitored a certain way, and he is at home with his parents. His parents--his mother, I might add, an incredible woman who is keeping track, who is recording and taking snapshots at every one of the conversations that she has had with this managed care company and with the hospitals and the providers that are involved. They have private insurance, but they also, because of his situation, have Medicaid. Would it surprise you to know that this contract with this particular company has cost the family \$14,600 a month out of their own pocket in the last six months? Would it surprise you to know that this mother has had to solicit the aid, the services of a lawyer to try to represent Connor? Would it surprise you to know that it's going to take a phone call after I have all of the HIPAA requirements covered, that I'm going to ask this company why Connor is not getting the services that he needs? I'm going to ask them why the hospitals, the pharmacies, and the healthcare providers within the Bennington community and the Omaha community cannot support this young man. You see, what happens after Connor cannot be taken care of at home and we don't support this with this managed healthcare process that we put in place is they will have no choice but to hospitalize Connor or institutionalize Connor. In years past in the '40s, '50s, and '60s, Connor would probably be put in BSDC for a number of reasons; and we know what's happened to people who have been there. I'm standing here today in response to what Senator Bolz has done to tell you, we have to have a better system of care and oversight over these managed healthcare facilities. And, yes, I have contacted Courtney Phillips and, yes, she has been involved. And not even the CEO of Health and Human Services at this point has been able to help this family out with Connor. Connor is in my prayers. Connor is not receiving the services that he needs; and we are putting this family, this mother in particular, under incredible stress with this managed care process. Senator Bolz made it very clear this managed care process is new, relatively new, and the bugs need to be worked out. But the bug is not Connor. Connor is a young man that needs these services now. He

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can't wait until the bugs have been worked out to receive the services that he needs. We have a problem with managed care, not with all the companies, not in all the particular situations; but we have some severe problems with the managed care process in the state. And I would ask you to listen in the next few years to those people who are closest to it, in particular Senator Bolz and others who have taken an interest in how these managed care processes are going to work contractually for the state. Thank you for listening and pray for Connor with me. [LB644]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Riepe. [LB644]

SENATOR RIEPE: Mr. President and colleagues, I'd like to address this group in the sense of...as Chairman of the Health and Human Services Committee. We do recognize that the expenditure of \$1.2 billion deserves very solid, very convincing oversight. The jurisdiction of the managed care organizations rests with the HHS Committee. It's within our jurisdiction, and we will address that. We have a meeting set for this Thursday, and that meeting is comprised of all of the members of the Health and Human Services Committee, along with Calder Lynch, prior to his leaving, and also Deputy Rocky Thompson will be there; we'll have staff there. We will treat this much like a board of advisers over any organization that exists. We intend to meet on a quarterly basis. We will have the director's report. We'll have direct accountability of, through the director, on all of the three different reports. All of these managed care organizations currently have to make reports. We're going to try to work with them to try to find out specifically what are the critical indicators that we need to understand. I also know from this morning's paper that there are a number of problems. I would like to remind the group that there are...we have been in this business since January, so that's a total of four complete months. And I think, granted, I'm not excusing them, but we have to find out what is really going on and what are the corrective action plans for each of these. I simply want this body to understand that in the Health and Human Services Committee we're not sitting idly by; we have a specific plan and we intend to meet on that on a quarterly basis. My expectation is, having sat on advisory boards, that we will function on a meeting after each quarter so that we can find out what is really going on. On a personal note, at the risk of being a little boastful, I've spent some almost 40 years in the hospital business. I served in the Navy as a medic. I was also a respiratory therapist. I also took an undergraduate in finance; I took a graduate degree from Iowa in health administration, and I did post-graduate work at the University of Missouri in managed care. So, I think at least I have some baseline experience and I think that I can be a person that can understand what is going on with managed care over those some-40 years and I can bring that expertise, if you will, to this particular accountability. So, with that, Mr. President, I thank you very much. [LB644]

PRESIDENT FOLEY: Thank you, Senator Riepe. Senator Crawford. [LB644]

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SENATOR CRAWFORD: Thank you, Mr. Lieutenant Governor. Good afternoon, colleagues. I rise and I appreciate Senator Riepe's conversation about his intentional plan for oversight of the managed care. That's really critical that we have careful attention, an intentional plan, and I appreciate that he has laid out the intentional plan to ensure there's oversight of the managed care companies that are in place right now. And I do want to note that as Senator Bolz handed out a copy of the articles that I noticed, as I was reading the paper this morning, some real grave concerns about the payments that members are getting, that our providers are getting. And I wanted to make sure that we're very attentive, as we're moving forward--oversight...and in all the bills that we're debating and the budget decisions that we make--that we're attentive to how important it is that we maintain an infrastructure of providers. So, colleagues, in terms of Medicaid, we're generally paying people less than the cost, and so it is a very vulnerable infrastructure already and an underfunded infrastructure already. So it's very important that we're attentive to that and any choice we're making about oversight, policy changes, and funding, we need to be very attentive to the fact that this is a fragile infrastructure and an underfunded infrastructure. And we need to be doing everything we can to make it a more resilient infrastructure and a more fully funded infrastructure. And the concern about the managed care transition right now is a concern about what it may do to that fragile infrastructure. And as the article lays out, this has been particularly the case for behavioral health providers, because they're the ones going through even a more serious shift as we're shifting to this Heritage Health plan. I would also note, colleagues, that in this time of this transition--as Senator Riepe noted, we're only four months in--but unfortunately our Medicaid director is leaving to take another position. So that is again another vulnerability that we need to be aware of, so it makes it all the more important that we are engaged in effective, proactive oversight. And sometimes it's helpful, you have other committees that are helping the committee of jurisdiction do that oversight. If that's not going to be in place, we want to make sure that our HHS Committee, as Senator Riepe noted, is having a very proactive oversight. Now, colleagues, that's...we...talking about Heritage Health, but in Senator Bolz's concerns with her original LR, she is also raising concerns about being very attentive to choices we make about long-term care and how we move forward if we're going to bring long-term care into managed care; and again, a fragile, underfunded infrastructure that we need to be very careful about as we move forward. And that was part of her proposal as well, to make sure we're also bringing people in to think very carefully about what our movement forward would be in moving forward with managed care in the long-term side. I think you can see with just the conversation we have had this morning the challenges that we're having, just as we're starting managed care in a new way on the Medicaid side for the other services. And again, the importance of making sure we're attentive and intentional about trying to be supportive in terms of our oversight... [LB644]

PRESIDENT FOLEY: One minute. [LB644]

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SENATOR CRAWFORD: Thank you, Mr. President...and funding for this infrastructure. And, colleagues, as we move forward, it's going to be absolutely critical that we recognize the same, or perhaps even more vulnerabilities and underfunding of our long-term care providers and that we're very attentive to making sure we're doing everything we can to increase the resiliency and funding for those providers who take care of our most vulnerable population, and the long-term care, taking care of parents and grandparents. Thank you, Mr. President. [LB644]

PRESIDENT FOLEY: Thank you, Senator Crawford. Senator Howard. [LB644]

SENATOR HOWARD: Thank you, Mr. President. I think this is a really important conversation for us to have. Managed care is actually not new to the state of Nebraska. We were early embracers of managed care, because what it did was it helped us manage our costs within our Medicaid program. So, essentially, we were administering the program ourselves like an insurance company and what we did was we privatized it and gave it to third-party vendors and that stabilized our costs. Strategically managed care is one way to stabilize your costs in your Medicare system because they vary from year to year. So if you go to a third-party vendor, they'll stay the same, and that helps us manage our budget. What's new is this managed care roll-out of Heritage Health, that's what's new. We're including more services than just primary care. We're including mental health services under the same umbrella, and so that is a little bit more challenging for us because mental health services obviously bill a little bit differently than primary care services and so on. When you are billing as a Medicaid provider, you have to not only be a Medicaid provider and have your Medicaid number through your managed care organization, but you also have to bill appropriately. So you have to bill the claims appropriately. And so the issue when we're talking about the jeopardy of services, it's that there are providers out there who aren't getting paid timely. And if they're not paid timely, there's really no incentive for them to continue providing the service. I don't know of any small business in the state of Nebraska who would say, you know what, pay me in six months, we're cool, you know. And that's what we're asking our providers in Nebraska to do under this new managed care regime, under some of these kinks that still need to be worked out. What concerns me the most is the article from the newspaper. I'll read an excerpt...or a line and it says, "They're screwing things up every which way they can; the errors are over and over and over again." And to me, the errors within managed care are bigger than just the Health and Human Services Committee. These impact every Nebraskan. If managed care doesn't work out, it's significantly more expensive for us. But I'm certain that every single one of us have constituents who are impacted by managed care, who are receiving Medicaid services. A few more excerpts from e-mails that I've gotten: WellCare is the worst of the three. We have had a therapist whose license changed and became fully licensed and she is still not being reimbursed despite numerous phone calls, e-mails, and paper claims, yet they continue to tell us they're working on it. Exactly how long does it take? Nebraska Total Care requires us to fill out paperwork to have sessions approved every 12 sessions--and to my knowledge they're the only ones that require this--and they at times have

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been over \$10,000 in arrears. Now, if you're a small provider in rural Nebraska, your budget can't handle \$10,000 in arrears from a biller. It just doesn't work like that. They said we're a small practice here in central Nebraska. We have offices in Kearney and Grand Island and Broken Bow, and we serve approximately a hundred clients per week with three full-time therapists and three part-time. And do they have one person who just spends her entire time, 40 hours a week, dealing with these three managed care companies, and nothing else gets done? If you're a small business, why would you accept that sort of behavior from somebody who is supposed to be paying you timely? I don't want our providers to stop providing care. And so the more oversight and guidance we can provide to the department as to how we expect them to behave with our providers, the better off we'll be overall as a state. And so AM1390, while I know it's here for discussion, it's a big discussion that we need to have, not just in our own committee but across the Legislature, because I think all of our constituents are being affected. [LB644]

PRESIDENT FOLEY: One minute. [LB644]

SENATOR HOWARD: The only other thing I'll say is that this issue also bleeds into our child welfare system because we're having so many challenges with mental health services, mental health providers who are providing services for foster children are having challenges getting paid as well. One woman said that she has been struggling for months to be paid for her services and she is still owed thousands of dollars and she sees mostly foster children and their families. To me, this is not just a Medicaid issue, but this is a child welfare issue as well and it impacts kids, I think, more than we know. Thank you, Mr. President. [LB644]

PRESIDENT FOLEY: Thank you, Senator Howard. Senator Bolz. [LB644]

SENATOR BOLZ: I'll yield my time to Senator McCollister. [LB644]

PRESIDENT FOLEY: Thank you, Senator Bolz. Senator McCollister, five minutes. [LB644]

SENATOR MCCOLLISTER: Thank you, Mr. President. Thank you, Senator Bolz. We have been alluding to a newspaper article that appeared in the morning paper. I'll read the line that was significant to me, and it's by Martha Stoddard. "Nearly five months after the launch of the system has left behavioral health and home health providers fuming over unpaid claims and frustrated about getting care authorized for patients. Unpaid medical claims top \$300,000 at one agency, prompting it to take out a line of credit for the first time in its 44 years." I was involved with the foster care system in circa 2009, when the state mishandled the transfer of some of the foster care to independent contractors. Secondly, I was involved with ACCESSNebraska and saw that with good accountability that we can improve things in Nebraska, and that is what we certainly need now. Would Senator Riepe yield to a few questions? [LB644]

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PRESIDENT FOLEY: Senator Riepe, would you yield, please? [LB644]

SENATOR RIEPE: Yes. [LB644]

SENATOR McCOLLISTER: Thank you, Senator Riepe. Have you talked to the department about this particular problem? And if so, what have they...how have they responded? [LB644]

SENATOR RIEPE: We did talk with the...specifically with Director Lynch, and his response was that they are communicating with the providers that have complaints. They're certainly not just passing them off. And so they...in the last...I had an e-mail from Calder, and he said that he thought that they had this one resolved. Now, granted, there are a number of problems. I think one of the challenges, Senator, if I might, too, is that...a number of the...all of the providers before contracted with one person, with State of Nebraska Medicaid. They're now contracting with three different managed care organizations. [LB644]

SENATOR McCOLLISTER: Thank you, Senator. [LB644]

SENATOR RIEPE: Yes, sir. [LB644]

SENATOR McCOLLISTER: You indicated that you had...were going to talk to the department and then develop a time line, an action plan I think you called it. When can we expect to see that? [LB644]

SENATOR RIEPE: Well, we're going to have the meeting on Thursday and Calder Lynch will be there. We'll...as our committee, we're going to talk about all of these issues, about not just that one payer. I'd have to go back and look at the memo to see what his...if he had a date complete. [LB644]

SENATOR McCOLLISTER: Before the end of the session, would you say? [LB644]

SENATOR RIEPE: Oh, yes, sir. [LB644]

SENATOR McCOLLISTER: So the next few days you think an action plan will be developed? [LB644]

SENATOR RIEPE: I would have to get back to Director Lynch to find out what his plans on that. It was a particular provider, if my memory serves me right. [LB644]

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SENATOR McCOLLISTER: Okay, thank you, Chairman. [LB644]

SENATOR RIEPE: Yes, sir. [LB644]

SENATOR McCOLLISTER: Well, accountability is absolutely essential. And we need to keep the department on the short leash; and I sincerely hope our committee, HHS Committee, does, in fact, keep the department on a short leash. And with that I'd yield the balance of my time to Senator Bolz. [LB644]

PRESIDENT FOLEY: Thank you, Senator McCollister. Senator Bolz, two minutes. [LB644]

SENATOR BOLZ: Thank you, Mr. President. In keeping with my word, I do intend to withdraw AM1390. I appreciate the constructive dialogue on the floor this afternoon. I appreciate that Chairman Riepe has intentions to move forward with our oversight functions. I hope that those will be transparent and I hope that they will engage multiple stakeholders from both inside and outside the body. I think more engagement is better in these circumstances so that we can come to real solutions. And I look forward to discussion with the Health and Human Services Committee on the legislative resolution that I've introduced on this topic. At the end of the day, this is about serving some of our most vulnerable individuals, as well as being accountable to the millions of dollars that we appropriate toward these purposes in both state and federal funds. So I appreciate the dialogue, and with that I will withdraw AM1390. Thank you, Mr. President. [LB644]

PRESIDENT FOLEY: AM1390 is withdrawn. [LB644]

CLERK: Mr. President, Senator Murante would move to amend with AM1361. (Legislative Journal page 1545.) [LB644]

PRESIDENT FOLEY: Senator Murante, you're recognized to open on AM1361. [LB644]

SENATOR MURANTE: Thank you, Mr. President. Members, good afternoon. AM1361 is a technical amendment to retain a change made by LB417 to a reporting requirement for DHHS. Without the amendment, LB644 will revert back to requiring the department to hold an additional meeting for the medical assistance program prior to October 1. This requirement was eliminated by LB417, which simply requires the department's report to be submitted to the Legislature by December 1. This amendment preserves those changes by striking Section 16 of the bill. I would encourage your adoption of the amendment and advancement of LB644. Thank you, Mr. President. [LB644 LB417]



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PRESIDENT FOLEY: Thank you, Senator Murante. Debate is now open on AM1361. Senator McCollister. He waives the opportunity. Seeing no other members in the queue, Senator Murante, you are recognized to close. He waives closing. The question before the body is the adoption of AM1361. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LB644]

CLERK: 28 ayes, 0 nays on adoption of Senator Murante's amendment. [LB644]

PRESIDENT FOLEY: AM1361 is adopted. Anything further, Mr. Clerk? [LB644]

CLERK: Nothing further, Mr. President. [LB644]

PRESIDENT FOLEY: Senator Wishart for a motion. [LB644]

SENATOR WISHART: Mr. President, I move to advance LB644 to E&R for engrossing. [LB644]

PRESIDENT FOLEY: Members, you heard the motion to advance LB644 to E&R for engrossing. Those in favor say aye. Those opposed say nay. LB644 advances. Items for the record, Mr. Clerk. [LB644]

CLERK: Thank you, Mr. President. Communications from the Governor. The first is addressed to the Clerk. (Read communication re LB332.) Second message: (Read communication re LB331, LB327.) The second communication...the third, actually, I might indicate to the members that copies will be distributed to you shortly of the messages. The third message, Mr. President: (Read communication re LB327, LB330, LB22, LB416.) As I say, members, copies have been distributed and should be available to you on your desk. Also, Mr. President, a new resolution: Senator Murante offers LR251, and that will be laid over at this time. That's all that I have, Mr. President. Thank you. (Legislative Journal pages 1545-1549.) [LB332 LB331 LB327 LB330 LB22 LB416 LR251]

PRESIDENT FOLEY: Thank you, Mr. Clerk. Pursuant to the Speaker's announcement this morning, we're going to pass over LB68 which takes us on the agenda to legislative resolutions. Mr. Clerk.

CLERK: Mr. President, Legislative Resolution, LR26, was a resolution originally introduced by Senator Vargas. It asked the Legislature to stand by educational, economic, and community investment that the people of Nebraska made in young immigrants and their families. Pursuant to

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Senator Vargas' introduction, the resolution was referred to standing committee. The Judiciary Committee conducted a public hearing, Mr. President. They report the resolution back to the floor for further consideration. [LR26]

PRESIDENT FOLEY: Thank you, Mr. Clerk. Senator Vargas, you're recognized to open on LR26. [LR26]

SENATOR VARGAS: Thank you very much, Mr. President. And, colleagues, good afternoon. LR26 reaffirms the Legislature's support of DACA youth, young immigrants who were brought here as children, whose only homes have been Nebraska. In 2012, President Obama implemented Deferred Action for Childhood Arrivals, or DACA, which allows young immigrants who entered the United States as children, through no choice of their own, the opportunity to receive a renewable two-year period of deferred action from deportation and eligibility to obtain a work permit. As of 2016, more than 3,000 of approved DACA applications have been from Nebraskans all over the state. The Legislature has a history of supporting DACA youth even before President Obama implemented that policy. In 2006, the Legislature passed LB239, which allowed young immigrants who grew up and were educated here to qualify for in-state tuition. In 2015--and we were the last state in the country to do this--the Legislature passed LB623 which allowed these same young Nebraskans to obtain a driver's license. And just last year, the Legislature passed LB947, which allowed these same young Nebraskans to obtain professional and commercial licenses. All of these legislative actions recognize the contributions of young immigrants to our communities. But perhaps even more importantly, these actions recognize the dreams and the potential of our young people. Many of you know that I'm a first-generation American. My parents immigrated to the United States from Peru in the '70s. They were newlyweds and they wanted a future that was full of more possibilities than anything they could hope for in Peru. They moved to New York, started a family and worked hard every day, were able to buy a house where I grew up out in New York. They instilled in us this deeply held values of education and generosity and community. My brother is one who grew up to be a teacher, the other served in the Navy, and they're both volunteers in their communities. And I stand before you now, the youngest son, a former teacher, school board member, and now a senator. My parents got to live their American dream. And that's all these young Nebraskans want, too. But the threat of their future in this country being taken away is real. The most common question I've been asked when talking to many of you about LR26 is why take this action? Why now? And the answer is, is this: There is a new President, a new administration who during his campaign, and in the last few months as President, has spoken about rescinding DACA and has taken action to change how our country handles immigrants, including children, pregnant women, and minors, and adults being sex trafficked. Our state has stood by young immigrants, DACA youth, for more than a decade. We have invested in them and in their futures. The President continues to receive pressure from people to take more drastic action on immigration and specifically DACA. And I believe this is an opportunity for our state and for us

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as a body to allow him to also hear our voice. Put simply, I introduced LR26 to address deep fears that are felt by Nebraska's Latino families. My district is just about 50 percent Latino. It's the largest Latino-serving district in the state. But there are Latino families and workers and children all over our state and in all of your districts that are feeling the same fears as a result of the change in presidential administration and changes in federal immigration policy. Admittedly, it often feels like there's not a lot that we as a state legislature can do about federal policy. But it is our responsibility as elected representatives of all people in Nebraska to again stand up in support of these young immigrants who contribute so much to our community. They need to know that no matter what is happening in other states, here in Nebraska, we still support them and we see them as important members of our communities. I hope you will take the opportunity today to continue to be leaders of our state by affirming the Legislature's support for DACA youth and voting green on LR26. Thank you. [LR26]

PRESIDENT FOLEY: Thank you, Senator Vargas. Senator Krist. [LR26]

SENATOR KRIST: Thank you, Mr. President. Good afternoon, colleagues. Good afternoon, Nebraska. I stand in support of LR26. I voted the LR, obviously, out of Committee on Judiciary, and I've had a standing history in this body of supporting DACA. And I believe, if you'll check the records, that the President of the United States, Donald Trump, has said that those people who are here legally under the DACA system--and he used the word...the term "legally under the DACA system"--should not fear for their deportation. I think you can check that in the Omaha World-Herald, you can check that in The Washington Post, you can check it in a lot of different publications. But there was a differentiation made early on in this administration, after all the politicized campaigning was done, that certain statuses would remain, and DACA was one. And if I'm incorrect, I'm sure someone will stand up and tell me that I'm incorrect. We took major action in the last two administrations, this Legislature, your predecessors in this Legislature, some of you in particular who have been here have been supportive of this effort throughout. This simply affirms that support in going forward. We had some very heated and sometimes angry debates over whether or not this particular status should be treated as illegal. And I'd ask you to check the transcripts to see how vicious those...some of those actual debates were, both in committee and on the floor. These kids, these young adults who have grown up in our school system, who have been allowed to participate in our athletics, who have been part of their communities, contributing as juveniles and now have reached adulthood and need to be licensed, certified, allowed to drive, allowed to move forward, deserve your support. What will happen if the federal government decides to turn left instead of right? Or right instead of left, depending on your viewpoint? I believe we'll have some decisions to make. But we have affirmed our commitment to this group of people, this group of young people. And I have sat in Judiciary and watched their faces and their parents' faces come before us, and I can tell you I will not veer, I will not waiver on my support of our DACA youth. Thank you, Senator Vargas, for bringing this

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forward, and also for bringing the culture that you represent to the floor of this Legislature. Thank you. [LR26]

PRESIDENT FOLEY: Thank you, Senator Krist. Senator Ebke. [LR26]

SENATOR EBKE: Thank you, Mr. President. As Chair of the Judiciary Committee, I was pleased to vote in favor of advancing this resolution. Let me tell you a little story. When we moved to Crete in 1995, it was a very white community. Today the school system is a majority minority district. My kids, my daughter graduated on Saturday and the majority of her class--yes, she did graduate--the majority of her class is Hispanic. And when I was on the school board, I signed, as school board secretary, I signed a lot of diplomas. And many of those kids had been in our school district from kindergarten up, and they worked just as hard as any other kid, and they had just the same dreams as any other kid. And I am pleased to stand in support of this resolution. I thank Senator Vargas for bringing it. [LR26]

PRESIDENT FOLEY: Thank you, Senator Ebke. Senator Vargas, you're recognized to close on LR26. He waives close. The question before the body is the adoption of LR26. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. [LR26]

CLERK: 24 ayes, 1 nay on the adoption of the resolution. [LR26]

PRESIDENT FOLEY: Resolution is adopted; the majority of those voting. Moving on to the next resolution. Mr. Clerk. [LR26]

CLERK: Mr. President, Senator Bolz offers LR27. It was a resolution asking the Legislature to express its support in protecting refugees regardless of race, ethnicity, religion, age, or sex. The resolution was introduced on January 30; pursuant to its introduction was referred to the Judiciary Committee for purposes of conducting a public hearing. The committee reported the resolution back to the floor. I do have an amendment to the resolution from Senator Bolz, Mr. President. (AM643, Legislative Journal page 1550.) [LR27]

PRESIDENT FOLEY: Senator Bolz, you're recognized to open on LR27. [LR27]

SENATOR BOLZ: Thank you, Mr. President. LR27 is a resolution stating that it is the position of the Legislature that refugees deserve protection regardless of race, ethnicity, religion, age, or sex, and that their contributions to Nebraska are valued. The United States was built by people from outside of these lands going back to the crossing of the Land Bridge from Asia to North America through new residence today. My own ancestors immigrated from Germany. And our

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state is made up of immigrants and refugees from around the world, including the Czech Republic, the Sudan, England, Bosnia, Russia, Burma, and Iraq, among others. Nebraska has long been one of the most welcoming states in the nation for refugees. We're settling more refugees than any other state per capita during the fiscal year 2016. The hearing on this resolution was inspiring. Eleven individuals testified in support; none in opposition or neutral. The testifiers range from refugees themselves to advocates and members of the faith community. One testifier in support was Hana Muslic, a student at UNL and a reporter at the Daily Nebraskan and a refugee. Hana told the committee of her own harrowing tale. As an infant she was put in the backseat of a car, covered with jackets and a bulletproof vest, and brought out of Sarajevo, a city besieged for four years. Another testifier was Shams Al-Badry, a refugee who left Iraq in 1991, also as an infant. She spent her first three years in the United Nations refugee camp set up in Saudi Arabia. Her family was chosen by a lottery to come to Lincoln. Shams is a UNL grad, a Teach for America participant, and now an academic adviser for undergraduates. Nebraska is stronger with all of them. I would also like to note that the resolution highlights the level of vetting that refugees go through. According to the U.S. Committee on Refugees and Immigrants, the process can take 18 to 24 months. I have various pieces of information if anybody has any questions about those issues. I do encourage your support of LR27 and of the associated amendment. The amendment just fixes a small technicality. I referenced "Catholic Charities" and the technical correct language is "Catholic Social Services." With that, I would appreciate your support on LR27. [LR27]

PRESIDENT FOLEY: Thank you, Senator Bolz. Mr. Clerk. [LR27]

CLERK: Senator Bolz, I now have what is AM643 as an amendment to the resolution, Senator. (Legislative Journal page 1550.) [LR27]

PRESIDENT FOLEY: Senator Bolz, you're recognized to open on AM643. [LR27]

SENATOR BOLZ: Again, just a technical amendment clarifying some language. Thank you, Mr. President. [LR27]

PRESIDENT FOLEY: Thank you, Senator Bolz. Debate is now open on LR27 and the related amendment. Seeing no one in the queue, Senator Bolz, you're recognized to close on AM643. She waives closing. The question before the body is the adoption of AM643. Those in favor vote aye; those opposed vote nay. Senator Bolz, for what purpose do you rise? [LR27]

SENATOR BOLZ: Call of the house, please. [LR27]

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PRESIDENT FOLEY: There's been a request to place the house under call. The question is, shall the house going under call? Those in favor vote aye; those opposed vote nay. Record, please. [LR27]

CLERK: 21 ayes, 4 nays, Mr. President, to place the house under call. [LR27]

PRESIDENT FOLEY: The house is under call. Senators, please return to the Chamber and record your presence. The house is under call. Senators Hughes, Bostelman, please return to the Chamber and record your presence. Senator Bolz, we are lacking Senator Bostelman. Would you accept call-in votes? He is here now. Will you accept call-in votes? [LR27]

SENATOR BOLZ: We can proceed. I will accept call-ins, and I understand it is a simple majority, so if anyone else chooses to chime in, I will take it, other than that we'll move forward. [LR27]

PRESIDENT FOLEY: Twenty-five votes...on the amendment, 25 votes are required, Senator. Call-in votes are accepted. Mr. Clerk. [LR27]

CLERK: Senator Harr, voting yes. Senator Scheer, voting yes. [LR27]

PRESIDENT FOLEY: Senator Bolz. [LR27]

SENATOR BOLZ: Thank you, Mr. President. I was informed that because it is an amendment, I do need 25 votes in order to make the clarifying language clear. So the change from "Catholic Charities" to "Catholic Social Services" which is the technical language, I'll...if I don't get two more... [LR27]

PRESIDENT FOLEY: Senator Bolz, we are on a vote right now. This is not time for debate. [LR27]

SENATOR BOLZ: Oh, I'm sorry, I just would take a roll call vote if that is appropriate. [LR27]

PRESIDENT FOLEY: Roll call vote has been requested. Mr. Clerk. [LR27]

CLERK: (Roll call vote taken, Legislative Journal page 1550.) 23 ayes, 5 nays, Mr. President, on the amendment. [LR27]

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PRESIDENT FOLEY: AM643 is not adopted which takes us back to LR27 in its original form. I do not raise the call. Senator Bolz, you are recognized to close on LR27. [LR27]

SENATOR BOLZ: Thank you, Mr. President. And thanks for your patience, colleagues. Again, LR27 is the recognition of the importance of protecting refugees in Nebraska. Nebraska has a long history of being a refugee resettlement community. I think we can appreciate the contributions that many refugees make to our communities, and I'd appreciate your approval of LR27. Thank you, Mr. President. [LR27]

PRESIDENT FOLEY: Thank you, Senator Bolz. Members, you heard the debate on LR27. The question for the body is the adoption of the legislative resolution. Those in favor vote aye; those opposed vote nay. Have all voted who care to? Record, please. [LR27]

CLERK: 21 ayes, 7 nays, Mr. President, on the adoption of the resolution. [LR27]

PRESIDENT FOLEY: The resolution is adopted by the majority of those voting. Speaker Scheer, you are recognized. [LR27]

SPEAKER SCHEER: Thank you, Mr. Lieutenant Governor. Colleagues, as you can tell, we are at the end of today's agenda. We've been moving a little quicker than I had anticipated. We do not have a ton of stuff that we have to work on tomorrow. I know Appropriations is going to be working on the vetoes, especially in the morning. So with that, I will tell you, you don't have to set your alarms. We will just simply reconvene at 1:30 tomorrow afternoon. We should be able to accomplish what we need to do tomorrow sometime before 5:00 to 5:30. So if you would like to take the morning off, don't get mad if we go maybe 15, 20 minutes long, but that would be, I think, the latest that we should have to go. So with that, you're all forewarned if you set your alarm, it is your fault. Thank you, Mr. Lieutenant Governor.

PRESIDENT FOLEY: Thank you, Mr. Speaker. Items for the record, Mr. Clerk.

CLERK: Mr. President, your Committee on Government reports LB482 to General File; also reports LR95 back to the Legislature for further consideration. Likewise, I have a confirmation report from the Government, Military and Veterans Affairs Committee. Senator Halloran would like to add his name to LR181; Senator Groene to LR6 and to LR218. [LB482 LR95 LR181 LR6 LR218]

Mr. President, Senator Walz would move to adjourn the body until Tuesday, May 16, at 1:30 p.m.

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