

Banking, Commerce and Insurance Committee February 11, 2019

WILLIAMS: Well, welcome, everyone, this afternoon on this snowy February day. This is the Banking, Commerce and Insurance Committee hearing. My name is Matt Williams. I'm from Gothenburg, and represent Legislative District 36, and I'm privileged to serve as Chair of this committee. The committee will take up the bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. The committee members will come and go during the hearing. We have bills to introduce in other committees and are called away. It is not an indication that we are not interested in your bill, just part of the process. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Move to the front row when you are ready to testify. The order of testimony will be the introducer followed by proponents, followed by opponents, in a neutral testimony, and then the presenting senator will be asked if they would like to close. Testifiers, please sign in. Hand your pink sheet to our committee clerk when you come up to testify. Please, when you testify, spell your name for the record before you begin your testimony. Be concise. It is our rule here that we limit testimony to five minutes, and we do use the clock. So it will be green for four minutes, followed by one minute of yellow. And then it will turn red, and I would ask that you would conclude your testimony when the light is red. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white tablets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibit-- exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee when you come up to testify, and we will need ten copies. If you do not have ten copies, please, raise your hand now, and one of our pages will get those from you and make copies for you. To my immediate right is committee counsel, Bill Marienau. To my left at the far end of the table is committee clerk, Natalie Schunk. The committee members that are with us today will introduce themselves beginning with Senator Quick.

QUICK: Thank you for all being here today. My name's Dan Quick. I represent District 35 in Grand Island.

La GRONE: Andrew La Grone, District 49, Gretna and northwest Sarpy County.

HOWARD: Sara Howard, I represent District 9 in midtown Omaha.

GRAGERT: Tim Gragert, District 40, northeast Nebraska, Cedar, Dixon, Knox, Holt, Boyd and Rock.

WILLIAMS: And our pages with us today are Tsehaynesh and Kylie. Thank you guys for being here. All righty. Our first bill this morning or this afternoon is LB224. And we will open the public hearing on LB224, and ask Senator Albrecht to join us.

ALBRECHT: Thank you. Good afternoon, Chairman Williams, and the Banking Committee members. My name is Senator Joni Albrecht, that's J-o-n-i A-l-b-r-e-c-h-t. And I proudly represent Legislative District 17 including Wayne, Thurston, and Dakota counties. I'm presenting LB224 today which is an amended version of LB949 that I presented to this committee last year. The intent and content of the bill is the same. We incorporated a technical amendment from the committee. The Nebraska Educational, Health, and Social Service Finance Authority calm-- common-- commonly, excuse me, known as NEFA is currently authorized to be a conduit issuer of tax-exempt bonds for private not-for-profit colleges, private not-for-profit hospitals, and certain not-for-profit social service organizations. The purpose of the authority is to assist eligible institutions in the acquisition, construction, improvement, equipment purchase, renovation, financing, and refinancing of projects. The authority was expanded in 2013 under LB170 sponsored by Senator Gloor to include healthcare and social service financing to assist organizations in those areas to obtain bond financing. NEFA is governed by a board appointed by the Governor, receives no state general funds, and operates entirely with user fees. Bonds issued by NEFA are not obligations of the state of Nebraska nor any political subdivision. LB224 allows the authority to also be a conduit issuer for private cultural institutions and renames authority as the Nebraska Educational, Health, and Cultural and Social Service Finance Authority. The definition of cultural institution in LB224 is consistent with other definitions of cultural institution in statute. Section 8 in LB224 defines the cultural institution as any private not-for-profit corporation or institution that has a primary purpose of promoting cultural education or development or has received the 501(c)(3) status in the Internal Revenue Code and is located in Nebraska and not controlled by any governmental body and does not violate any

state or federal law against discrimination on the basis of race, color, creed, national origin, ancestry, age, gender, or disability. This allows for cultural institutions such as museums art-- or visual arts centers to finance or refinance cultural assets as they deem important to the economic vitality of their community. LB224 changes references to the authority to include cultural throughout all pertinent sections of revised statutes to more accurately describe its duties. I'd also like to make clear that there is no fiscal note attached to this bill. I'd like to ask for your support of LB224, and I'd be happy to answer any questions that you may have.

WILLIAMS: Questions for Senator Albrecht? Seeing none, will you be staying to close?

ALBRECHT: Yes, sir.

WILLIAMS: Thank you.

ALBRECHT: Thank you.

WILLIAMS: We would invite the first proponent. Welcome.

PATSY KOCH JOHNS: Thank you. Big chair. Good afternoon, Chairman Williams, and members of the Banking and Commerce and Insurance Committee. On behalf of the Nebraskans for the Arts, I would like to express our organization's support for LB224.

WILLIAMS: Ms. Johns. Could you state and spell--

PATSY KOCH JOHNS: Oh, yeah.

WILLIAMS: --your name for us, please?

PATSY KOCH JOHNS: Sorry.

WILLIAMS: Thank you.

PATSY KOCH JOHNS: Sorry, Patsy, P-a-t-s-y, Koch, K-o-c-h, new word, J-o-h-n-s.

WILLIAMS: Thank you.

PATSY KOCH JOHNS: On behalf of the Nebraskans for the Arts, I'd like to express our organization's support for LB224 which would apply to the Nebraska Educational, Health, and Social Services

Finance Authority Act to the state's nonprofit cultural organizations. The Nebraska Educational, Health, and Social Services Finance Authority Act has been beneficial to communities and organizations for arranging-- arranging infrastructure financing in these important areas of community needs. Legislation is proposed under Revised Statute 58-800 to allow cultural organizations to find capital projects within tax-exempt bonds. The Nebraska Education Finance Authority, NEFA, was first enacted in the mid-1980s to assist Nebraska's higher education communities obtain lower-interest bond financing. The purpose of the authority was to assist eligible institutions in the acquisition, construction, improvement, equipment, renovation, financing, and refinancing projects. NEFA was amended in 2013 under LB170 sponsored by Senator Gloor to con-- to include nonprofit healthcare and social services agencies as eligible organizations to obtain bond financing. Over the last several years, Nebraskans for the Arts has provided information and testimony to the legislature's economic development tap board-- task force. Some of the impacts the arts and cultural organizations include Nebraska has one of the highest participation rates of any state in the U.S. in adults attending an art exhibit or art performances. Cultural tourism has an enormous impact on local economies with arts and cultural museums, galleries, performance venues drawing visitors to enjoy restaurants, lodging, and retail establishments. Nebraska's arts and cultural industry is a \$174 million industry, this bill-- generating \$18.8 million in local and state government revenue. As the legislature discusses tools to expand economic development in the state of Nebraska, this bill will provide the infrastructure and programming to attract visitors and can be used as a recruiting and retention tool for local economics. LB224 will also bring Nebraska in line with other states that allow their state finance authorities the ability to support nonprofit cultural organizations. Currently, at least 10 states include the eligibility of private nonprofit cultural organizations in their statutes, Arkansas, California, Colorado, Connecticut, Illinois, Louisiana, Massachusetts, Missouri, Oregon, and Wisconsin. Thank you for your time and consideration on this important bill. Questions?

WILLIAMS: Thank you for your testimony. Are there questions for the witness? Seeing none, thank you very much.

PATSY KOCH JOHNS: Thank you.

WILLIAMS: We'd invite the next proponent.

GREGORY JOHNSON: Good afternoon to you, Mr. Chairman, and members of the Banking, Commerce and Insurance Committee. Thank you so much for your time today. My name is Gregory Johnson, J-o-h-n-s-o-n, and I am the executive manager of the Nebraska Educational, Health and Social Service Finance Authority, commonly referred to as NEFA. I am here today to ask you to consider an amendment to our statute that will allow us to issue bonds for cultural organizations in the state as we currently do for private nonprofit-- not-for-profit colleges, hospitals, and social service agencies. To date, we have issued bonds by every single private not-for-profit college and one of the largest social service organizations in the state of Nebraska. We would be serving all cultural institutions that have already been granted through the state the ability to access tax-exempt financing be it through the city or the county. We are simply requesting that they merely be-- have another option because NEFA is a statewide issuer-- issuer, and this may provide-- provide another avenue for them to finance their bond and be very beneficial to the organization. As an example, NEFA may be the preferred issuer when an organization is looking to expand, however, the expansion is beyond the cult-- the boundaries of the city or the County's jurisdiction. The organization may have to do multiple financing transactions in order to accomplish the expansion. As a statewide issuer, NEFA will be able to bring them the efficiency of doing just one financing. As we have looked to other states' financing authorities across the country that we associate with, we have noticed that most of those states include cultural organizations. Specifically, the state of Col-- Colorado since 1995 has issued over \$1 billion in tax-exempt bonds to at least 25 different organizations. In the interests of time, I have provided you also with a handout that provides you the steps of the bond process that you should have before you. I believe LB224 will not only expand NEFA authority but help to modernize the statutory mandate. This bill will be beneficial to our cultural organizations, and the state has the opportunity to save time and money for a number of these organization. I know we have others who are here to testify today, but I would be happy to answer any question that you might have of me.

WILLIAMS: Thank you, Mr. Johnson. Questions for Mr. Johnson? I have a couple. In-- we heard this bill, as you know, last year, too. And we-- we talked about-- were there some size limitations on the legislation last year or is this open to any size of request?

GREGORY JOHNSON: It's-- it's open to any size request. There is no limitation. What we discussed last year is whether or not there would be cost beneficial for some smaller organizations. So what-- that part of the process, we would have an initial meeting where we would talk about the cost. And so there may be some limitation based on that for the organization, but there is no statute limiting the amount.

WILLIAMS: Thank you. Any additional questions? Thank you for your testimony. We'd invite the next proponent.

RUTH MEINTS: Good afternoon. My name is Ruth Meints, R-u-t-h M-e-i-n-t-s, and I'm the executive director for the Omaha Conservatory of Music. We are a nonprofit 501(c)(3) community music school. We offer private instruction group lessons to over 2000 families. We work across the state of Nebraska. We have an innovative program called String Sprouts that enrolls about 1200 little kids from age 4 through 9 for an underserved or poverty areas. In my hometown of Scottsbluff which I'm very excited to have a lot of string players out there, we tried to provide equitable access to the arts by providing this five-year music instruction program. We are the largest purchaser of 1/16th size violins in the country right now. Our on-campus programs have 700 kids taking lessons, and we are only able to do this with our new facility that makes it possible for us to provide this high-quality music education. In 2016, we moved into a new state-of-the-art facility. It has a bunch of studios, a concert hall, a recital hall, keyboard labs, all of the things that we need to provide this education. The purchase and the renovation of the Temple Israel property in the Omaha Conservatory of Music launched our capital campaign of nearly \$20 million. To date, we've raised \$17.7 million of that, and we're on track to finish that out. Many of our pledges were over a period of time, and we have the gap that we're still closing. And over that time our capital loan at times was at \$7 million and we have had about a half a million in interest that we've paid over that three-year period. If this was approved, all of those dollars that we raise are so precious to us in creating our mission and finishing our-- the mission that we have of supplying arts to so many little kids. And so if this cultural was added to that bond, it would really take a lot-- it would offer us a lot of savings, that's for sure. And we would be able to put that back into our initiatives and our programming. So I really appreciate your consideration on this. Any questions?

WILLIAMS: Any questions? Thank you, Ms. Meints--

RUTH MEINTS: Yeah.

WILLIAMS: --for your testimony. Next proponent.

NATE ECKLOFF: My name is Nate Eckloff, that's N-a-t-e E-c-k-l-o-f-f, and Chairman Williams, and committee members, my name is Nate Eckloff. I'm with the firm called RBC Capital Markets. We underwrite municipal bonds and have underwritten issues with NEFA serving as an issuer. I'm here as a proponent today to say that this is a good opportunity for NEFA to work with cultural facilities in the state of Nebraska. Obviously, it's-- it's sometimes difficult for cultural facilities to have access to the tax-exempt markets. And so having an issuer as convenient as NEFA, to be able to serve as the issuer is very helpful as you've heard from the other proponents today. And so we're here to encourage you to support this. It's a very, again, a convenient mechanism for cultural facilities to access the markets. By way of background, I didn't give you my background. Actually, I probably should have. I'm originally from Minden, Nebraska. I do live in Denver, Colorado now, but my firm, RBC Capital Markets, has offices both in Lincoln and Omaha. And I'm back here quite often since I own a farm north of Minden. So that's just a little bit about my background, but I am in the public finance business. And this is a good opportunity for cultural facilities in the state of Nebraska to be able to access tax-- the tax-exempt market.

WILLIAMS: Any questions? Thank you, Mr. Eckloff.

NATE ECKLOFF: Thank you.

WILLIAMS: And welcome back to Nebraska.

NATE ECKLOFF: I'm here a lot.

WILLIAMS: Any additional proponents? Seeing none, is there anyone here to testify in opposition? Seeing none, is there anyone here to testify in a neutral capacity? Seeing none, Senator Albrecht, you're welcome to close.

ALBRECHT: Thank you. This bill was brought to me last year by Doug Zbylut, and he's not able to be here today. So if you have any other questions, I'd like to try to answer. But I do want to just reiterate again what Patsy had to say because this bill truly I think is a necessity for the state of Nebraska. When we talk about tourism, you know, the impact on local communities, the performing arts and festivals draw visitors, you know, all

across the state. Lodging, retail establishments obviously get some business, but the Nebraska arts and the cultural industry, again, \$174 million industry generating \$18.8 million in local and state revenue, is obviously something that we could use. But 349,000 Nebraskans or 1 in 5 adults actually go to see art exhibits and-- and performances. So I just ask that you'll think about this. I think it's really something that is needed. And I-- I know that you were asking, Chairman Williams, about like I know last year we were talking like 500,000, but I think a lot of different communities have different needs. I know when I sat on the Papillion City Council, in order to become one of the best cities to live in you had to-- to cover all the different criteria that they were looking for. So we ended up with an amphitheater to become one of the top five best cities to live in. So there are reasons that smaller communities or larger, medium-sized would like to look into something like this but obviously need the funding to be able to do so. So I appreciate your support.

WILLIAMS: Questions for Senator Albrecht? Senator Kolterman.

KOLTERMAN: Thank you, Senator Williams. Senator Albrecht--

ALBRECHT: Um-hum.

KOLTERMAN: --really all we're doing is adding one more option for people to borrow a different organ-- type of organization--

ALBRECHT: Yes.

KOLTERMAN: --arts, is that correct?

ALBRECHT: Yes.

KOLTERMAN: You're still going to have to go through all the same underwriting, the same process that our independent colleges or other organizations would go through, is that correct?

ALBRECHT: Yes, it is. Yes.

KOLTERMAN: OK. That's all I wanted.

ALBRECHT: So--

KOLTERMAN: Thank you.

ALBRECHT: --no problem.

WILLIAMS: Any additional questions? Senator Howard.

HOWARD: Thank you, Senator Williams. Thank you for bringing this bill to us today. I was just looking at the committee statement from last year. Do you know why Senators Baker and Senator Shoemaker decided to be "present, not voting."

ALBRECHT: Well, I can't speak for them but I feel like maybe-- with-- possibly one of the senators thought, why add more to this bill? But like with Senator Gloor, he added, too. I think you just have to find where the needs are. And if the needs are out there, and the people have the funding but just could use some extra resources to get lower rates. So it's just a matter of personal preference, I guess maybe--

HOWARD: So they didn't express any--

ALBRECHT: Not really. No. I know that our legal counsel did have an area that he wanted an amendment put on, and we put that inside the bill. But I don't believe, maybe you guys could answer that more than I could, whether-- why they would have chose not to be "present, not voting." I don't know.

HOWARD: Thank you.

WILLIAMS: Senator McCollister.

McCOLLISTER: Thank you, Senator Williams. And thank you for this bill. The faith and credit of the state of Nebraska won't be at risk in any way by expanding the definition of those organizations that are there, that can use this device?

ALBRECHT: I don't believe so. They operate the-- just based on the funds that they get, of-- the-- the administrative fees, so they're probably not going to loan the money out unless they feel that they have a-- a good partner to do business with. So I don't think anybody would be hurt.

McCOLLISTER: Thank you.

ALBRECHT: Um-hum.

WILLIAMS: Additional questions? Seeing none, thank you for--

ALBRECHT: Thank you.

WILLIAMS: --your testimony. We do have some proponent letters from Kevin Hendrix from the Omaha Museum of Science and Natural History, Christi Janssen from Durham Museum, Andrew Norman from Rabble Mill, and Kayla Meyer from Lincoln Young Professionals Group. And we have no letters in opposition or neutral. That will close our public hearing on LB224. We will now open our public hearing on LB384 to change certain educational requirements under the Nebraska Real Estate License Act presented by Senator Walz. And invite Senator Walz, and welcome you.

WALZ: Thank you, Chairman Williams. Good afternoon, Chairman Williams, and members of the Banking, Commerce and Insurance Committee. For the record, my name is Lynne Walz, L-y-n-n-e W-a-l-z, and I proudly represent District 15. I'm here today to introduce LB384, a bill to change certain education requirements under the Nebraska Real Estate License Act. This bill amends section 81-885.13 to require an additional 6-hour prelicense class related to professional standards and professionalism, and an additional 12 hours to post license education related to knowledge and skills used to prac-- used to practice real estate. The bill also changes experience requirements for becoming a designated broker from two years to five years and provides a waiver for those requirements as well as requiring an additional class for those who wish to become a designated broker and run their own real estate company. I'm currently working on an amendment to remove this five-year requirement in order to keep it at two years. The origin of this bill came from a 2015 report, commonly referred to as the Danger Report, solicited by the National Association of Realtors to identify issues and challenges facing the industry. One of the items identified by the report was that the industry has an issue with a lot of part-time agents who do not have the necessary training to properly provide services to their clients. Current education focuses on the License Act and state and federal rules and regulations but does not place any specific emphasis on professionalism and standards. One thing that is important to note is that these new education requirements would only apply going forward and would not be retroactive to existing license fees. As a realtor, I understand that homeownership is an important part of someone's life. In fact it is probably a person's biggest investment. This bill helps ensure that individuals are putting their trust into realtors' hands who are educated and trained to act in a professional manner. This is true not only for the person who purchases the property but also

other investors as well. For example, banks who are loaning money to clients to purchase property certainly have an interest in making sure their client's investment is-- is sound. Realtors are responsible for completing and executing contracts and leasing agreements, obtaining agency disclosures, seller property condition disclosures, understanding rules regarding confidentiality, negotiations leading their clients throughout the transaction process including the contract, working with the lender, obtaining a home inspection and follow up on that inspection, and coordinating the closing of the property. Realtors also need to be aware of any addendums to the contract that may relate to repairs, personal property, or early access to a property before closing. It is important that all agreements are in writing to assure the protection of buyers and sellers. Experience with transact-- with transaction education will help brokers and those who work under them to be trained and avoid costly mistakes. With that, I would like to, once again, thank this committee, and would be happy to try and answer any questions that you may have.

WILLIAMS: Thank you, Senator Walz. Questions for the senator?
Senator McCollister.

McCOLLISTER: Thank you, Senator Williams. Senator Walz, who asked you to bring this bill?

WALZ: The Nebraska Realtors and the commission.

McCOLLISTER: Do they receive a large number of complaints about realtors that are ill-equipped to provide the services good realtors provide?

WALZ: I read the reports that come out, and there are a large number of complaints that go before the board. And just on a daily basis, you know, in my work I know I notice a lot of mistakes that are made that probably wouldn't need to be made if they had more education so.

McCOLLISTER: Of the universe of realtors that are currently practicing in Nebraska, how many of them would-- would-- would need more education? What percentage would you estimate?

WALZ: Oh, this would be an estimate on my part, but I would say like 35 to 40 percent.

McCOLLISTER: Goodness. OK. Thank you very much.

WALZ: Um-hum.

WILLIAMS: Senator McColl-- Kolterman, excuse me.

KOLTERMAN: I know.

WILLIAMS: I'm just used to him.

MCCOLLISTER: the black glasses, gray hair.

KOLTERMAN: Thank you, Senator Williams. Thanks for coming, Senator Walz. In a time when we're trying to knock down the barriers--

WALZ: Um-hum.

KOLTERMAN: --obviously you remember LB299 a year ago. I held a realtor's license for quite a few years. Will this create more challenges for people that want to get on-- do you think this will run up the cost, it will help-- are we trying to keep people out of the industry? I'm just curious--

WALZ: No. Absolutely not.

KOLTERMAN: --where this came from because it just seems kind of odd that we would increase the requirement.

WALZ: And I don't think-- I mean-- this is for anybody-- this is not retro, this is for anybody coming in, so it's not going to be a barrier--

KOLTERMAN: [INAUDIBLE]

WALZ: --for somebody who already has their license. But I think it's a challenge that-- I think it's a good challenge. I think that they're-- people should be challenged when they're getting their real estate license. I think that we want the most professional people that we can possibly get who are, you know, helping others with their biggest investment. So it's a few more hours, but I think that it's well worth it. And the other thing is that the-- these hours really are about professionalism and just the everyday business of writing a contract or listing a-- a property. When you go through school a lot of it is like the state and federal requirements, but I think that these classes are going to be really good because they really concentrate on professionalism.

KOLTERMAN: OK. Thank you.

WALZ: Yeah.

WILLIAMS: Additional questions? Senator Howard.

HOWARD: Thank you, Senator Williams. Thank you for visiting with us today. I wanted to ask you how-- right now it's at two years, and then what's sort of the average of the states around us in terms of how long?

WALZ: I don't know the answer.

HOWARD: That's okay.

WALZ: Maybe somebody will be behind me.

HOWARD: No, that's OK. And then the-- the new practice standards of six hours of study, this is more about ethics and professionalism? It's not about sort of what you would cover in terms of how to write a contract or things like that?

WALZ: No, that is what it's more about is-- I mean, yes, it's about professionalism and-- and ethics, but I think it's, especially the-- the post. And I-- I could be wrong about this. He may be unable-- be able to answer it better than I can, but I think especially the post class that you take after you've practiced in the real estate profession for a number of months, you, and ask him for clarification on this, but you go back and take a test to see how well you have learned how to write a contract or execute agreements so.

HOWARD: OK. Thank you.

WALZ: And I think that's a really important, very important piece to this.

HOWARD: Um-hum. Um-hum. Thank you.

McCOLLISTER: I just want--

WILLIAMS: Senator McCollister.

McCOLLISTER: --one-- one quick question. This-- this requirement would be for brokers only, correct?

WALZ: Real estate, no, it's for licensees.

McCOLLISTER: So all-- all real estate agents would-- would need this requirement.

WALZ: Right, when they first go to school.

McCOLLISTER: I understand. Now are there additional requirements to become a broker in Nebraska?

WALZ: Yes.

McCOLLISTER: Do they already exist that they have to take additional classes?

WALZ: Yes.

McCOLLISTER: OK. Thank you.

WILLIAMS: Thank you, and will you be staying to close?

WALZ: Yes.

WILLIAMS: Thank you. We'd invite our first proponent.

GREG LEMON: Thank you, Chairperson Williams, and members of the Banking, Commerce and Insurance Committee. My name is Greg Lemon. I'm the director of the Nebraska Real Estate Commission, and I want to thank Senator Walz for introducing this bill for us today. And thank you all for being here to listen to my testimony. I took a kind of a public presentation, public speaking class once, and they told me to stick to three topics because if you try to do more, you'll probably screw it up and they probably won't remember what you said. So I'm going to try to stick to three things and stay with-- well under my five minutes and plus, answers on the questions that came up. First of all, the amendment which Senator Walz referred to, that was my mistake. There were different versions of that bill floating around in the change. And the experience requirement was-- was in a draft that shouldn't have made it here, and we caught that. And all agreed that we should go with what the commission endorsed which is keeping the current two-year experience requirement. It's a couple of words changed on page 2, lines 4-- 14 and 24. That's the first thing. The second thing, like many professional licensure qualifications, real estate education has focused on learning the laws, learning the regulations. That's-- that's what the classes are about now. The thought coming from

both the industry and the commission is that in order to better represent the clients, in order to better protect the public, that there should be more emphasis both on professionalism, on ethics, on fiduciary duty to the client, and also on coming out actually knowing how to execute contracts, how to execute the listing agreements, how to-- how to negotiate the offers, that type of thing. So this is an emphasis I guess both on-- on behavior and on practical knowledge beyond just knowing the laws that regulate the real estate industry. That's the second thing. Third thing, LB299 was mentioned in sort of right-size regulation for professions and, you know, I think that's an appropriate discussion. It's a good discussion to have. As far as the real estate licensing goes, the real estate industry, we talked a little bit about qualifications for getting a real estate license. The current qualifications for getting a sales license are 60 hours of classes, and that's not like 60 university hours, that's 60 clock hours. So currently you can qualify for a real estate license by taking two weeks of classes, five days a week, passing a criminal background check, passing a test. That's, at least in my opinion, and-- and, you know, you guys' opinion probably matters more than mine on this, but in my opinion, that's not a real high barrier to getting into an industry that, as mentioned, you know, getting into an area where you're the trusted adviser for someone on one of the most, you know, important financial decisions they're going to make in their lives. For a broker, it's 120 hours, so that's 4 weeks of classes. We're adding about a half a week, so now we're going-- we're going from 2 weeks to 2 and a half weeks of training for that real estate with this bill. I know that LB299 also included provisions for the legislative committee to reviewing the licensing. And we welcome that review. And if you guys would like to do that anytime, that's great, but I don't think that this bill I think can be reviewed, the policies can be reviewed on their own. And the commission, the committee can make a decision on that. With that, those are my three points. Oh, experience requirements, I don't have an exact answer to that other than it varies quite a bit. Some states look for number of transactions which they all have their shortcomings. If you look at number of transactions, it's quite a bit different if you're a real estate agent in western Nebraska who sells two or three farms a year versus somebody that sells, you know, 15 or 20 houses a year in-- in the eastern part of the state. So we have a two-year experience requirement to become a broker. We have them self-report as to whether, you know, how many hours they put in a year as to when that comes. But the answer to that is every state sort of has a different metric for it. So sometimes it's not exactly an apples-to-apples

comparison, but I'd say we're in the ballpark of-- of surrounding states. Any other-- be glad to take any other questions.

WILLIAMS: Senator McCollister.

McCOLLISTER: Thank you, Senator Williams. If a consumer had a bad experience with a real estate agent, would that complaint come to your office?

GREG LEMON: Yes. Well, I mean if they-- if they contact us certainly. I mean, not necessarily. We get a number of calls. Sometimes they're just questions. Sometimes they're potential complaints. You know, deal with a lot of issues through phone calls, through providing advice as to whether somebody's followed the law. And then we also get formal complaints. The number of formal complaints we get a year is not that high, but the number of issues out there, you know, isn't-- it-- is-- is quite a bit higher than the number of--

McCOLLISTER: Like how many formal complaints?

GREG LEMON: --formal complaints. Formal complaints is usually around 40 a year so.

McCOLLISTER: I see. Thank you.

WILLIAMS: Senator Kolterman.

KOLTERMAN: Thank you, Senator Williams. I appreciate your points, A B and C. Correct me if I'm wrong. OK, so we have 60 hours of classwork currently. You're going to increase that 10 percent, another 6 hours. At the end of the day, they still have to pass the test.

GREG LEMON: Yes.

KOLTERMAN: Is the test changing at all?

GREG LEMON: Yeah. Not really related to this, but we're actually-- we contract with an exam company, and we have a new exam company. The-- the test is constantly evolving. Both members of the industry and the real estate commission work with the exam company to update the questions. But a wholesale change to the test? No.

KOLTERMAN: So as I understand it, this is going to teach people how to do their job. But the other part of the keynote there is there's going to be a focus on ethics. Do you think that you can regulate ethics through a class?

GREG LEMON: I don't know that you can regulate ethics through a class, but hopefully you can reinforce the importance of it. One of the things I do is go out and talk to local associations, realtor groups. And one of the things I say is that, you know, there are a lot of rules to remember, and it's important to remember those rules. But the first rule to remember is the fiduciary duty you-- to your client. And if you put your client's interest-- interest first, you probably won't get in trouble.

KOLTERMAN: Then-- then-- can I follow up?

WILLIAMS: Yes.

KOLTERMAN: Then my follow-up question is how much continuing education does a realtor have to have as a salesperson as well as a broker over their license renewal time?

GREG LEMON: Continuing education is 18 hours every 2 years.

KOLTERMAN: OK. For a real-- for a broker or a--

GREG LEMON: Yeah.

KOLTERMAN: --salesperson or all--

GREG LEMON: Either one.

KOLTERMAN: --of the above?

GREG LEMON: Either one. Yes.

KOLTERMAN: OK. Eighteen hours, what does that cost typically?

GREG LEMON: It varies. There are some classes that are made available for free. Others may cost, you know, they-- they are offered in 3-hour incre-- increments. Some of those classes, and Senator Walz may be able to address this one because she's taken those classes, but \$100, \$200, maybe less per class. But I think usually less than that.

KOLTERMAN: OK. Thank you

WILLIAMS: Senator Gragert.

GRAGERT: Thank you, Senator. Well, you may have already answered my question but I just, for myself here, the additional 12 hours-- OK, we have 6 hours of these for all new employees. The additional 12 hours, is that continuing education or is that above and beyond.

GREG LEMON: It's--

GRAGERT: You still have to take another 18 hours of continuing education?

GREG LEMON: --the-- the additional 12 would be what we call postlicense education, so they would need to take that within 6 months of becoming licensed. And that's-- so that'd be a 1-time deal versus the continuing education which is 18 hours every 2 years.

GRAGERT: So that first year, would they be taking 12 and then another 18?

GREG LEMON: Yeah. They'd be taking 30.

GRAGERT: Thirty?

GREG LEMON: Yeah.

GRAGERT: OK. Thank you.

WILLIAMS: Thank you, Mr. Lemon. Can you clear up just so we're very clear on the grandfathering of those that currently hold either a license or a broker's license?

GREG LEMON: Yeah, absolutely. This bill as drafted would apply, and there's an operative date in it as well of July 1, 2020, and it would apply to those getting licensed after that date only.

WILLIAMS: So any of those that currently are holding a license or would acquire one before then would be under the old rule, just-- just the new ones.

GREG LEMON: Correct.

WILLIAMS: You also mentioned an amendment--

GREG LEMON: Yes.

WILLIAMS: --that would be coming. And this is a question for either you or Senator Walz when she comes back up. Will that be amendment that you will be preparing and presenting to the committee or will that be--

GREG LEMON: It's my understanding Senator Walz's office is working on an amendment with the bill drafters as we speak.

WILLIAMS: --OK.

GREG LEMON: And so that would be forwarded to you, yes.

WILLIAMS: OK. Thank you. Any further questions? Seeing none, thank you for your testimony.

GREG LEMON: Thank you very much.

WILLIAMS: Are there additional proponents? Seeing none, is there anyone here to testify in opposition? Seeing none, is there anyone here to testify in a neutral capacity? Someone moved, but they're not-- they're not coming up here. [LAUGHTER] Before Senator Walz closes, we do have one proponent letter from Justin Brady representing the Nebraska Realtors Association and we have one neutral letter from Laura Ebke representing the Platte Institute. Senator Walz, would you like to close?

WALZ: Well, thank you for listening today I understand that there are some concerns with overburdensome educational requirements in order to enter into a field. But I feel that in certain fields more education is needed. We require teachers to achieve a certain amount of educational attainment in order to educate our children because a set amount of knowledge is needed for them to do their job. In the same sense, realtors need to have specific knowledge in order to take care of their homeowners' best interests. This bill is necessary to ensure realtors have been properly-- properly educated. We have financial duties to our clients and need to ensure their interests are well-represented and done so in a professional manner. I just want to go back to Senator Kolterman's question on can you regulate ethics? And you may not be able to regulate ethics, but I think that other realtors just making them aware, in those classes, of the ethical situations that they will encounter with other realtors is important. And then preparing

and presenting, we will be preparing and presenting a-- an amendment to the committee. Once again, I am working on an amendment to move the number of years required to become a designated broker and would encourage the committee to advance the bill once I bring the amendment. Thank you.

WILLIAMS: Any final questions for Senator Walz? Seeing none, thank you.

WALZ: Thank you.

WILLIAMS: And that will close our public hearing on LB384. We will now open our public hearing on LB454 brought by Senator Clements to eliminate a high school diploma or equivalent requirements for real estate licenses. Senator Clements, welcome.

CLEMENTS: Thank you, Chairman Williams, members of the Banking, Insurance and Commerce Committee. I am Senator Rob Clements, R-o-b C-l-e-m-e-n-t-s. I represent Legislative District 2. I'm here to introduce LB454. LB454 amends section 81-885.13 by striking the requirement that a person be a high school graduate or holder of a certificate of high school equivalency to be issued a license as a real estate salesperson or broker in Nebraska. This bill came about because of an application where the Nebraska Real Estate Commission had interpreted the statute to mean that they are not allowed to license certain homeschool graduates unless they obtain a GED. I was surprised because I know homeschool graduates who are just as academically prepared as other graduates. Also, getting a GTD would likely require more time and expense before an applicant is allowed to become a realtor. This is the case with a constituent who is a homeschool graduate and who has completed all of the other real estate course requirements. She's here today to explain her situation. The Legislature has been reviewing Nebraska's occupational licensure statutes to eliminate unnecessary barriers to job entry and make Nebraska a more job-friendly state. I believe the real estate statute needs to be reviewed as well. The other requirements for obtaining a real estate license are a fairly robust educational series directly pertaining to the real estate industry. This makes the high school diploma or an equivalent requirement less meaningful. I believe we need to be careful that our good intentions to provide the public the assurance that a licensed real estate professional adequately knows our laws and is of good character does not necessarily-- unnecessarily keep capable people from a successful career as a realtor. More and more colleges recognize the quality of a

homeschool education and the type of character those graduates possess. Many institutions seek them out and have put them on the same level as other graduates. In the same way, I believe Nebraska should find a more reasonable solution to the high school graduate requirement for this occupational license. This bill was not introduced to attack the commission or diminish the importance of education but to bring to light an inconsistency in this statute that excludes some graduates where I believe there is no practical reason for it. I'd like to thank Secretary of State Bob Evnen, Chairman of the Real Estate Commission and Commission Director Greg Lemon for their indication to me that though the commission opposes LB454 in its current form, "The commission would support a more limited change to allow for recognition of homeschool education for purposes of obtaining a real estate license." I appreciate their willingness to work with me, and I will be glad to work with them to find a solution. The wording of an amendment is in process but is not complete at this time and will be brought to you shortly. Thank you for your consideration of LB454, and I'll try to answer any questions at this time.

WILLIAMS: Thank you, Senator Clements. Questions? Senator McCollister.

McCOLLISTER: Thank you, Senator Williams. Just so I know, Senator Clements, when a 12th grader, a homeschool 12th grader re-- finishes 12th grade, do they receive any kind of certificate at all that would be equivalent to a high school diploma?

CLEMENTS: I'm not a homeschool parent, but Dave Lostroh with the Association of Homeschool Educators will be testifying, and I'll defer to him.

McCOLLISTER: Thank you.

WILLIAMS: Senator Clements, I-- I want to be sure. I think this is your testimony. There-- there is nothing in LB454 that changes any of the licensing requirements to obtain a real estate license other than the qualification for the GED.

CLEMENTS: That's correct.

WILLIAMS: And you mentioned the amendment-- I'm-- just so we are clear, with legal counsel here you are working on wording that you will bring to us.

CLEMENTS: Yes, I'm working with the commission. If I may, the current statute language says no license will be issued to a person who is not a high school graduate-- graduate or the holder of a certificate of high school equivalency. We were hoping that they would consider homeschool equivalent, but they have interpreted that last part, equivalency, to mean a GED certificate. So as-- that's where we are.

WILLIAMS: Senator Howard.

HOWARD: Thank you, Senator Williams. Thank you for visiting with us today, Senator Clements. So essentially the commission could interpret this to include a homeschool equivalency but they're just choosing not to?

CLEMENTS: We worked with them recently and they interpreted the statute that they were not able to accommodate the constituents that we have.

HOWARD: Why-- did they give you an explanation? But-- the-- I mean because a GED can't be the only way that we prove that you've had an education.

CLEMENTS: They were just pretty strict with their interpretation that-- that the word equivalency really only applied to a GED. And so that's what brought this about.

HOWARD: And-- and just by way of a very quick follow up, do you know why this was put in place in the first place?

CLEMENTS: The realtors I visited with said they like to just have their occupation be recognized as a profession--

HOWARD: Um-hum.

CLEMENTS: --and just to demonstrate some degree of education and professionalism.

HOWARD: OK. Thank you.

WILLIAMS: Senator Gragert.

GRAGERT: Thank you, Senator Williams. Thank you. I'm just curious, homeschool graduate in other areas, is it equivalent to a high school education.

CLEMENTS: Yes.

GRAGERT: And just in this particular field, they don't consider a-- a homeschool high school?

CLEMENTS: Well, they might consider the person qualified, but they think that the statute isn't broad enough to allow for this. That's what we're going to work on.

GRAGERT: Thank you.

WILLIAMS: Seeing no more questions, thank you, Senator Clements. And I'm assuming you'll stay for close?

CLEMENTS: Yes.

WILLIAMS: OK.

CLEMENTS: Thank you.

WILLIAMS: We'd invite the first proponent. Welcome. If you'd state and spell your name, please.

JOHN PENTON: Thank you, John, J-o-h-n, Penton, P-e-n-t-o-n. Thank you for your time. Thank you for having us here. I believe I'm the catalyst to this. My daughter, Abigail behind me, is the constituent that-- that Senator Clements is referring to. I normally would not get involved in my daughter's affairs. She's 25. I'm a grandfather through her. Back in 2-- early 2018 or late 2017, she expressed interest in becoming a real estate agent. And I believe the story starts at about 2000-- early 2018 she-- she takes the necessary courses at VanEd real estate school, passes the courses, and through the process she starts experiencing some frustration that she conveys to her parents about, you know, I don't have a GED. They're requiring me to get a GED. And it was-- I-- I-- I heard this story over and over through early summer. And I contacted the Real Estate Commission probably September or October and explained the situation where she was homeschooled, and the-- the only barrier for her getting into this is her obtaining the GED. Right now, she's enrolled at-- at a community college trying to get through the GED courses whereby the teachers are holding the entire group back and not letting her test to just get the GED test taken care of. So she's gone on from February of 2017 and up until today still not able to obtain her real estate license because she was homeschooled and doesn't have the GED education or the certificate. So she's-- and she's I mean-- she's taken all the

tests. She's done everything she needs. And the barrier-- and what I was told by the Real Estate Commission the-- their interpretation was it wasn't an accredited form of education. And my-- my issue with the Real Estate Commission was if the state of Nebraska allows parents to homeschool their children as a form of education, why don't you recognize this? And they-- their response was it's not an accredited form of-- of education. We either need a GED or an accredited-- having attended-- a diploma where you-- a school where you get to-- a accredited diploma. That's

WILLIAMS: Thank you for your testimony. Questions?

JOHN PENTON: She's the first of my eight.

WILLIAMS: Senator McCollister

McCOLLISTER: Senator Williams. Can a person that's been homeschooled and completes 12th grade attend UNL, UNO, Metro Tech?

JOHN PENTON: Well, Abby attended Metro Tech when she was 16 years old.

McCOLLISTER: But to receive a GED or regular--

JOHN PENTON: To-- she took a-- she was two classes short of receiving her associate's degree by the age of 18.

McCOLLISTER: --I see.

JOHN PENTON: So yeah, a homeschool person can dual enroll in a community college, and then all the credits that she earned from-- from Metro would transfer over to the University of Nebraska system. So essentially she could have, if she'd kept with it, she could have had her bachelor's degree by the time she was 20.

McCOLLISTER: So what I--

JOHN PENTON: And nobody-- and nobody at any point would have asked for a GED.

McCOLLISTER: --so-- so I think what-- what I'm hearing you say is the GED that she's taking is simply for the real estate exam, is that correct?

JOHN PENTON: Correct.

McCOLLISTER: OK, thank you--

JOHN PENTON: Correct.

McCOLLISTER: --very much. Thanks for your testimony.

JOHN PENTON: Thank you.

WILLIAMS: Additional questions? Senator Howard.

HOWARD: Thank you, Senator Williams. And thank you for visiting with us today. My apologies. I don't know very much about homeschooling. And so-- so if say a commission or a board wanted to sort of prove that you had, you know, actually received this education, is there a certificate that you get at the end of it if you're doing on-line programs or something like that?

JOHN PENTON: If you're doing on-line programs, you could probably obtain a certificate. We can put together a transcript of the courses that-- of study that-- that each of our children have-- have maintained over the period of years for like admission to a university. Aside from anybody else putting it together, no, I mean.

HOWARD: And so you could put it all together and then they could go to university regardless of whether or not they took a GED?

JOHN PENTON: Correct.

HOWARD: OK. Thank you.

JOHN PENTON: Yeah.

WILLIAMS: Senator Gragert.

GRAGERT: Thank you, Senator Williams. I'd just like to clarify. Your daughter currently holds an associate degree?

JOHN PENTON: She's two classes short of an associate's degree.

GRAGERT: OK. Thank you.

JOHN PENTON: I believe. She can probably confirm.

GRAGERT: OK, thanks.

WILLIAMS: Seeing no other questions, thank you for your testimony.

JOHN PENTON: Thank you for your time.

WILLIAMS: Invite the next proponent.

ABIGAIL LEGGETT: My name is Abigail Leggett. I am the homeschooled high school graduate.

WILLIAMS: Would you please spell your name for us, please?

ABIGAIL LEGGETT: A-b-i-g-a-i-l L-e-g-g-e-t-t. I went through VanEd which is a real estate school, and I completed all their courses. And I did see the requirements for Nebraska Real Estate. It was in-- a home-- home-- a high school diploma which I thought I had. And so I paid all of the money to become a real estate agent, and it's not accepted. So going through this GED process for about a year and I'm being held back for it. And I don't mean to cry, but this has just been a process. And I-- I don't really have anything to say.

WILLIAMS: Do we have some questions? Senator Howard.

HOWARD: Thank you, Senator Williams. Thanks for visiting with us today. I know it's really hard to tell your story in front-- here. Especially we're all very intimidating--

ABIGAIL LEGGETT: A little bit.

HOWARD: --especially Senator Williams there. So OK, when you applied--

ABIGAIL LEGGETT: Thank you.

HOWARD: --to VanEd--

ABIGAIL LEGGETT: Yes. There was no like high school--

HOWARD: --there was nothing like--

ABIGAIL LEGGETT: No.

HOWARD: --no checking a box to make sure--

ABIGAIL LEGGETT: No.

HOWARD: --that you wouldn't like pay a ton of money and then--

ABIGAIL LEGGETT: Well, I did pay a lot of money.

HOWARD: Yeah. But like you-- do you know what I mean? Like there was nothing to check the box at the beginning to say hey, I don't have this thing?

ABIGAIL LEGGETT: No, you just sign up.

HOWARD: And-- and then--

ABIGAIL LEGGETT: And that goes for any like when you go in [INAUDIBLE].

HOWARD: --but you go all the way through.

ABIGAIL LEGGETT: Yeah. You just go through. So I went through the whole process and then submitted the application through Nebraska Real Estate. And they just came back and said I needed a GED.

HOWARD: And you had like passed all the tests and everything?

ABIGAIL LEGGETT: I passed everything. And so now it's been a year, So now I feel like I have to go back to school--

HOWARD: Right.

ABIGAIL LEGGETT: --because I've been so caught up in this GED.

HOWARD: Um-hum. Um-hum. No, thank you, really--

ABIGAIL LEGGETT: Yeah.

HOWARD: --sincerely for visiting with us today.

ABIGAIL LEGGETT: All right.

WILLIAMS: Additional questions? Seeing none, thank you for being with us today. I would invite the next proponent.

DAVID LOSTROH: Senator Williams, Senator Kolterman, and others on the Banking Committee, Commerce and Insurance Committee, my

name is David Lostroh, D-a-v-i-d L-o-s-t-r-o-h. I serve as a board member and legislative liaison for the Nebraska Christian Home Educators Association. The NCHEA supports LB454. But before I continue, I'd like to mention I bought my house from Senator Kolterman's wife, and he-- he assisted her. She was a great agent, I tell you. So anyway, I won't go over this section about what's being done with the bill. I think that's straightforward, and the comment from Senator Clements as to why this is here. I do have a folder right here that I will submit to this committee. Every senator except the 13 new senators already has one in-- in your office about home education, so you can get an idea of what home education is capable of doing. Those 13 new senators will each be getting a copy of this red folder on Legislative Day which is this coming Wednesday. So everybody, every senator should have a copy. The studies presented in the packet-- and there's-- there's quite a few different studies and some things from the NCHEA. I think it would be very helpful if you have questions. You can always contact the NCHEA if you have questions as well. But the average homeschool student performs above the 80th percentile on standardized achievement tests. They're well-socialized. Their academic performance is essentially unaffected by the parents' educational level whether or not the parents are certified, money spent per child, whether they're male or female student, the race of the family, and the level of state regulation because there are states that have more regulation and states that have less. It doesn't make any difference between these states. They all perform at the high level of education which I believe demonstrates that homeschool parents are motivated by love for their children, not by-- by government pressure. My wife and I have homeschooled all nine of our children through the 12th grade. Their average ACT percentile was 91.2. All were recruited heavily by colleges and universities. None were required to have GED. They only had their homeschool-issued high school diploma. I have said all this to make the case that a homeschool graduate's lack of a diploma from an approved or accredited high school or a GED does not mean that he or she is not educated. The performance levels of graduates from approved or accredited schools vary widely with-- with some who can barely read. And so I believe that the current statutory requirement for a high school diploma or GED provides no real guarantee of success yet can cause needless expense and delay, as we've heard about earlier. It seems to me that the real test of a real estate license candidate is whether or not he or she can complete the-- successfully complete the two courses that were heard about earlier, and successfully pass the exam, the state exam. At the 2015 NCHEA Legislative Day, Senator and college professor, Laura Ebke, referred to

homeschoolers as "the dream of college professors." It is true. Colleges and universities want homeschool graduates. So, you know, what is it about real estate that is more demanding? I believe that homeschooled graduates can thrive in-- in the real estate. So I would encourage you to-- to pass LB454 out of committee on to the General File as is. Maybe there's some things that can be done to deal with the Real Estate Commission, as well, with a-- with some kind of a modification. But I-- I'd like to urge that the reason why homeschoolers do so well is because there's the freedom for the parents to do what they think is best. And so the more regulation that's applied to home education, it won't be as good. And so we don't really want to have the state check everything and issue a state homeschool diploma. Now each of my children had a homeschool diploma that we issued, signed by me. I was principal. My wife, Lorraine, signed it as the instructor. And the kids all went to college. Three of them graduated summa cum laude, one magna, and one cumma laude with four-year degrees. One homeschool mom now had a 30 on the ACT and a letter of commendation on National Merit. Homeschooling can really provide a great education, so perhaps something could be put in the statute for those who have completed 12 years or whatever-- whatever portion through this legal means of education. Every parent needs to turn in some paperwork to the Department of Education saying that I'm going to teach these five classes, and here's the curriculum I'm going to use. And to be legal, you need to turn these things in. And while I'm a proponent of home education, if there is somebody out there that doesn't do what they say they're going to do, I have no pity for them. I mean they've taken on a task and they really need to be-- do it well. And so, but for those who do, I just don't like to see the situation that we heard about today. So I'd be happy to answer any other questions you might have about Home Education.

WILLIAMS: Senator McCollister.

McCOLLISTER: Thank you, Senator Williams. Does the Department of Education approve the curriculum?

DAVID LOSTROH: No, we are not an approved or accredited school. And you see, I think that's kind of what plays into some of the statutory interpretations. We are called an exempt school. We have been exempted by the law from having to follow the multitudinous rules and regulations required for teacher certification and school approval, but because of the nature of home-- home education even without that we have small class size. We have a mother that loves her kids, and these mothers do

a great job. So it's-- we don't have a state-issued diploma, but most, nearly all homeschool parents will issue a diploma. And as we talked about earlier, when our kids went to college, they took-- they took an ACT. We sent in a-- a-- what do you call it with a--

WILLIAMS: Transcript?

DAVID LOSTROH: --transcript, sorry, thank you, turned in a transcript with my signature on it. And the college took it, and the kids did great. I had twin boys that went to college, and my wife, Lorraine, was kind of concerned about them. And she-- she said-- and the boys said, Mom, you need to understand one thing. Your homeschool is tougher than college, so don't worry. Just quit worrying about it. And that's just because of the motherly love. I mean she really wanted to have these kids ready to go. And they're all successful in their endeavors.

McCOLLISTER: So-- so are the-- the courses are on-- all on-line?

DAVID LOSTROH: No, the parents can choose the courses that they would like to use. There's lots of homeschool-- a lot of curriculum companies that generate math, so studies--social studies, and all those things. There's really a plethora of-- of choices that homeschool parents have out there which was the opposite of what Lorraine and I went through when we first started homeschool. So there's a lot of great stuff out there. The hard part is picking from the big choice. And the-- and the Department of Education sees a lot of these various curriculums and they know what they are. So when you say I'm using Abacus, I answer whatever, for ninth grade and I'm doing this other thing for tenth grade, they-- they know what it is. And so we just say we're doing this, turn it in, and that's-- that's it, but the Depart--

McCOLLISTER: Does the Department of Education obligate you or want you to submit what the course of study is for-- for every child?

DAVID LOSTROH: Well, we say what curriculum we're going to be using. Lorraine and I had sometimes as many as five or six children being homeschooled at the same time. So we had to turn in information for every one of them, what curriculum we're using for every grade.

McCOLLISTER: OK. Thank you. Interesting.

WILLIAMS: Senator Kolterman.

KOLTERMAN: Thank you, Senator Williams. Welcome, David, appreciate you being here today. I will vouch for his children. They're all very bright young individuals. I got to correct the record, though. I didn't help my wife. I worked for her because she was the broker. My wife was a real estate broker and I happened to be a salesperson. So I did do the work, some of the work, but she actually did the-- the hard work.

DAVID LOSTROH: Well, I was trying to give her credit.

KOLTERMAN: I know you were. The other-- the other thing I was going to say is there are a lot of-- I happen to have in my office one of the best employees I've ever had. She is a homeschool graduate, went out and got a degree. I don't-- I don't know how you get through the-- the red tape of getting into college, but Katie's one of the best help I've ever had. And I would say that she was trained well by her parents. And I appreciate what she's gone through. And by the way, there happen to be quite a few others in this building that are homeschooled so. And then finally I, and this really doesn't deal with what you're talking about, but as I think back on the Great Generation, the generation that preceded me, my family, my parents, my in-laws, many of them went to war and came back and never got a high school degree. And I would hope that we didn't bar them from practicing in a-- in a real estate or any kind of environment because they didn't have a high school degree. I think it's important to acknow-- and I will tell you my mother-in-law went through sixth grade, and she's probably one of the brightest people I've ever met. So education doesn't necessarily mean you're successful or not successful. And I just want you--

DAVID LOSTROH: My dad has an eighth-grade education. He's 94 now. He was a topnotch farmer right between-- between Lancaster and Seward County. And he was a very intelligent man.

KOLTERMAN: --yeah.

DAVID LOSTROH: So.

KOLTERMAN: So thank you for coming today.

WILLIAMS: Senator Gragert.

GRAGERT: Senator Williams, thank you. I just wondered, you know, your kids are homeschooled and went to the college. Was, at that time, was the college requiring ACT scores to get in, you know.

DAVID LOSTROH: Most colleges, I'm not aware. There may be some colleges that don't require them. I think most do. And Lorraine and I knew that, so we always made sure that they took the-- the ACT, you know. And we had one that took the National Merit and the ACT. I think that shows something too, you know, that-- how well you do on that.

GRAGERT: Well just--

DAVID LOSTROH: But--

GRAGERT: --OK.

DAVID LOSTROH: --I'm sorry, go ahead, sir.

GRAGERT: I just wondering if, with this and-- and others though, you know, a GED or equivalent-- I mean if you had an associate degree, would they still make her go back to get a GED?

DAVID LOSTROH: Well the language in the law says that. I mean if they want to stick to it, I mean if you have a college degree-- if you're a homeschooled graduate and you have a college degree, the statute still says you have to have a high school diploma or an equivalency. So I don't know what they would do with that. I always thought that once you got through college nobody's going to ask you about your high school.

GRAGERT: I just coming out of the military, the-- it's a college education or equivalent. You could work in-- and, you know, younger people probably wouldn't have that but older people definitely would. That say we had a not-- a 40 or a 40-year-old that has all kinds of on-the-job training, but I still got to go get a GED? That's why I'd sure like to see GED or equivalent. Well, we could talk about that later. Thank you.

WILLIAMS: Additional questions. Seeing none, thank you for your testimony.

DAVID LOSTROH: Thank you.

WILLIAMS: Invite the next proponent. Welcome, Senator Fox.

NICOLE FOX: Good afternoon, Senator-- Chairman Williams, members of the Banking Committee, Nicole Fox, N-i-c-o-l-e F-o-x, director of government relations for the Platte Institute. I'm here today to testify in support of LB454 introduced by Senator Clements. LB454 proposes striking the requirement that a person seeking licensing as a real estate salesperson or broker be a high school graduate or a holder of a certificate of high school equivalency, also known as a GED. As a result of how current statute stands, homeschool graduates in our state can be denied licensing by the Nebraska Real Estate Commission, and now need to obtain a GED in order to overcome this denial. The time and money required to obtain a GED results in delayed entry into the work force, as has been exhibited today, and loss of potential income. Homeschool diplomas are accepted by colleges and universities across the country, so it only makes sense that individuals with homeschool diplomas who have successfully completed all other real estate-specific coursework approved by the Nebraska Real Estate Commission, be eligible for licensing as a real estate salesperson or broker in our state. The Platte Institute thanks Senator Clements for listening to the needs of his constituents, recognizing this current job barrier, and sponsoring LB454 so that those who have received their education through homeschooling can enter the real estate profession more readily. I ask the committee to vote to move LB454 to General File. Thank you for the opportunity to testify, and I'm happy to take any questions.

WILLIAMS: Do we have questions? Seeing none, thank you for your testimony. We'd invite the next proponent. Seeing none, is there anyone here to testify in opposition? Welcome, Ms. Gilbertson.

KORBY GILBERTSON: Excuse me for sitting in the room-- back of the room and moving on you. Good afternoon, Chairman Williams, members of the Committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of the Nebraska Realtors Association in opposition to LB554 as drafted. And I want to talk a little bit about what all of the proponents have talked about versus what this bill does. All of the proponents have talked about the inability of homeschooled people to be able to get a real estate license. This bill removes all requirements for anyone to have any educational requirements. This doesn't say if you have a homeschool diploma, you can get a license. This says we don't care if you have any education, period. The realtors have voiced this concern, and we are very much open to just simply changing the language to allow for an equivalency that's determined by the Real Estate

Commission. I think a couple of people have talked about that. Senator Howard had a question earlier regarding why-- I think the focus was used on the word equivalency. The problem in the legislation is the word is a certificate, and under the definition a certificate of high school equivalency is a GED. So the statute, and to defend the Real Estate Commission, the statute, the way it's drafted right now, would limit it to a GED. We're very much open to the idea of striking that certificate language, making it an equivalency, but we think that this bill, in and of itself, sends a bad message for the profession of realtors. And that they're doing contract-- contractual work for people that is probably the biggest purchase of their life. They're advising people, and to remove this requirement puts us-- takes us in the wrong direction. With that, I'd be happy to answer any questions.

WILLIAMS: So the discussion we had at the beginning with Senator Clements concerning a potential amendment, that could be something that you would support.

KORBY GILBERTSON: I would have been here in support of the bill if we would-- if there would have been an amendment to that.

WILLIAMS: I just wanted to make that clear.

KORBY GILBERTSON: Yep.

WILLIAMS: Additional questions? Senator La Grone.

La GRONE: Thank you, Chairman Williams. Just on-- I'm trying to correctly understand the Real Estate Commission's interpretation here. So and I don't know if you're the person to ask this to, but basically, and Senator Gragert was kind of touching on it a little, is it, the-- the way I'm understanding it is that, under the current interpretation by the Real Estate Commission--

KORBY GILBERTSON: Um-hum.

La GRONE: --let's say there is an individual who is homeschooled, and I recognize the bill does more than that but we're talk-- on the homeschool--

KORBY GILBERTSON: Right.

La GRONE: --situation, went to college and let's say they graduated from, I don't know, Yale Law School and focused in on real estate law and they're a practicing real estate attorney

for 20 years. And then they retire and decide they actually want to be-- you know, just limit it to selling households so they go get that-- to get their real estate license. Am I correct that under the Real Estate Commission's current interpretation of this statute, they would not be qualified?

KORBY GILBERTSON: It-- I think based on the stat-- the statutory language, I think it's very clear right now. It says you have to have a high school-- you have to be a high school graduate. Now arguably they might be able to say they're going to accept a homeschool diploma as a graduation-- as a-- some form of proof of graduation, but that the language, holder of a certificate of high school equivalency, that is specifically a GED. And that's why the realtors are very open to saying let's add some language to allow for homeschooled people to be able to get a license, but not-- let's not throw all of this out. That we think is a big mistake.

WILLIAMS: Additional questions? Seeing none, thank--

KORBY GILBERTSON: Thank you.

WILLIAMS: --you for your testimony. Additional opposition testimony? Seeing none, is there anyone here to testify in a neutral capacity? Welcome, Mr. Lemon.

GREG LEMON: Thank you, Chairperson Williams, and members of the Banking, Commerce, and Insurance Committee. Once again for the record, my name is Greg Lemon, G-r-e-g L-e-m-o-n. I'm the director of the Nebraska Real Estate Commission appearing neutral. And there was a letter sent to-- to Chairperson Williams indicating the commission's opposition to this bill, but also saying that if Senator Clements was willing to work on language limiting the change to allowing homeschoolers to qualify for real estate licenses, that the commission would be glad to work on that. And he's indicated that. So I'm coming in a neutral capacity. And also just to answer the question, and-- and Ms. Gilbertson gave us a very good explanation of-- of where I guess the Real Estate Commission is coming from in not allowing homeschoolers to qualify for that real estate license. It's not something that we took lightly at all. We are not experts on what does and doesn't constitute a high school education, so we consulted the Department of Education and then went with the information that they provided us which was, you know, basically what Ms. Gilbertson said, that a high school equivalency is, you know, you-- you either have to have a diploma or a GED. But we're certainly willing to work on

something to recognize the homeschool educations. You know, there are always going to be examples of people who-- who didn't complete high school who were very high functioning, very high performers, and people who did complete high school who aren't. But-- but the flip side of that is, you want to have some sort of measurable in place for qualification for a license. And I guess I personally, and probably the taxpayers of Nebraska probably, hope that a high school education is worth something because we spend a heck of a lot of money sending our kids through-- most of our kids through high school. Or-- or-- or-- and-- and as I said, we're willing to recognize the equivalent homeschool programs as well. Be glad to answer any questions.

WILLIAMS: Thank you, Director Lemon. Questions? Senator La-- La Grone.

La GRONE: Thank you, Chairman Williams, and I-- I would have just asked this of you had I known you were coming next, but so this is just to clarify what the commission's current interpretation is. So the same question, let's say you have a person who graduates from a homeschool who goes on to, you know, in the-- in this hypothetical, graduate from college, go to law school, practice in real estate for 20 years. Decide they now want to take a step back, so they're going to go become a real estate agent instead, is it the commission's interpretation that they would not be qualified because they do not have a certificate of high school equivalency?

GREG LEMON: Well, I kind of expected that question might be coming up. Quite honestly, in my 10 years, we've never been faced with that situation, so we would have to review that. You know, we-- we, you know, on the one hand we certainly try to follow the rules that the legislature passes as interpreted, and rely on others' expertise on the interpretation as well. But there have been instances where we've been a little more flexible if common sense, you know, would dictate a different outcome. But we haven't, to my knowledge, we haven't-- we haven't crossed that bridge, so I-- we'd have to probably look at that a little further.

WILLIAMS: Additional questions? Thank you, Director, for your testimony.

GREG LEMON: Thank you.

WILLIAMS: Any additional neutral testimony? Before you start, Rob, we do have one proponent, Amy Miller from the ACLU, a letter in support of LB454. Senator Clements, invite to close.

CLEMENTS: Thank you, Chairman Williams. Yeah, so I'll just be brief. One thing I also forgot to mention was that you also have to be age 19 or older to get a real estate license. And I think that's reasonable because you need to be able to enter into a contract legally in Nebraska. And as you've heard, colleges accept homeschool students and I believe Real Estate Commission should also do that. And finally, I think I'm confident an amendment is possible to accommodate the opposition by adding a definition which would include homeschool students. And with that, I thank you for your time.

WILLIAMS: Questions for the senator? Seeing none, thank you. And that will close--

CLEMENTS: Thank you.

WILLIAMS: --our public hearing on LB454. I would ask the--