

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate February 24, 2020

FOLEY: [RECORDER MALFUNCTION] to the twenty-ninth day of the One Hundred Sixth Legislature, Second Session. Our chaplain for today is Chaplain Deb Badeer of the Grand Lodge of the Preserve and Lincoln Chaplaincy Corps, Lincoln, Nebraska, Senator Geist's district. Please rise.

CHAPLAIN BADEER: Almighty God, we ask your blessing, strength, and guidance this day. And we come before you, Lord, with grateful hearts, thanking you for the privilege of living in the great state of Nebraska. We thank you for the wonderful people you've surrounded us with and thank you for those you have called to this responsibility of serving in the Legislature. Lord, I also pray for your blessings on all those who work in this magnificent Capitol Building, all of those involved in security, maintenance, custodial, pages, legislative aides, Bill Drafters, auditors, all of our senators, of course, our Lieutenant Governor and Governor, and others who are here serving, as we know you've called them all to special service and they're all very vital in the functioning and the ruling of the state of Nebraska. Grant them all safety, Father, and protection of body, mind, and soul as they serve each of their special callings. Grant them mental clarity, soundness of thought, kindness of tongue, and courage in spirit. May they stand firm with grace in the exchange of their ideas and the passionate causes they will discuss today in this Legislative Chamber. We ask that, as you tell us that righteousness exalts a nation but sin is a disgrace to any people, that you'd keep us from sin and evil, oh Lord, and build in each one of us a love of truth and of righteousness. Your word says in James that we need wisdom, and we ask you for wisdom today, Father. You tell us that you will give to all generously and without reproach if we just ask you for your wisdom, and we do this today, Heavenly Father. We ask that you would build in us a loving respect and understanding toward others. We know that the wisened heart will be called understanding and sweetness of speech increases persuasiveness. Give each legislator today a renewed sweetness in speech and increase their respectful persuasiveness with one another. May you give them discernment, Father. May their love still abound more and more in real knowledge and all discernment. And we thank you for the reminder in your word that we-- each one of us has an accountability before you, as it says that your eyes are in every place watching the evil and the good. May we be ever mindful of the virtues of truth, justice, and love, as difficult decisions are made that affect all the citizens of this great state. And lastly, Father, we thank you for your love, your care, and your power to bring us blessings, strength, and guidance each day. Heavenly Father, we thank you for your words of truth, for your love, for your forgiveness

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for sin that's available to all men and women at any time and in any place through faith in your son, Jesus Christ, that whoever believes in him shall not perish but have everlasting life. We thank you for all these blessings and for the power that you will show each one in the Chamber today. Bless each senator today with your Holy Spirit. We ask these things in the name of Jesus. Amen.

FOLEY: Thank you, Chaplain Badeer, I call to order the twenty-ninth day of the One Hundred Sixth Legislature, Second Session. Senators please record your presence. Roll call.

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

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

CLERK: I have no corrections.

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

CLERK: One item, an Attorney General's Opinion addressed to Senator Hilgers. That's the only thing I have.

FOLEY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR319. Senate Briese would like to announce that Dr. Lynette Kramer of Albion, Nebraska, is with us today, serving us today as family physician of the day. Dr. Kramer is with us under the north balcony. Doctor, if you could please rise, like to welcome you and thank you for being here today. We'll now proceed to the first item on the agenda, LB790, Mr. Clerk.

CLERK: Mr. President, LB790, a bill by Senator Slama, relates to state purchasing. It provides exceptions to certain bidding requirements and contract approval procedures. Bill was introduced in January this year. Senator Slama presented her bill to the body on February 20. At that time, no committee amendments were offered. I do have an amendment to the bill from Senator Slama, AM2436. She did open on that amendment, Mr. President.

FOLEY: Senator Slama, you're welcome-- recognized to open your amendment to the bill.

SLAMA: Thank you very much. So AM2436, I do believe I already had the chance to open on it, but just as a refresher, AM2436 is in essence

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Senator Hilgers' LB890, which is a design-build bill. I think it's an outstanding addition to LB790 and I would like to yield him, if he's on the floor, the remainder of my time to explain--

FOLEY: Senator Hilgers, are on the floor, please? Here he-- he's coming.

SLAMA: Oh, he is. Perfect.

FOLEY: Senator Hilgers, you've been yielded time from Senator Slama.

HILGERS: Thank you, Mr. President. Good morning, colleagues. Thank you, Senator Slama, for the time. LB890-- or, I'm sorry, AM2436 is LB890, which was my bill in Government Affairs that related to design-build. It was an extension of design-build authority that we had given-- we had previously given the state for certain projects and then the counties last year. This is a slight extension to give municipalities the ability-- political subdivisions the ability to use design-build for sewer projects, and so that's what AM2436-- I appreciate the Government Committee's priority-- prioritizing the underlying bill, and I appreciate the support on this particular amendment. Thank you.

FOLEY: Thank you, Senator Hilgers. Debate is now open on LB790 and the pending amendments. Senator Kolterman.

KOLTERMAN: Thank you, Mr. President. Good morning, colleagues. Last Friday I rose and talked against this bill, primarily from the perspective that I wanted to buy some time. I've had a chance to talk to Senator Slama, and I believe it's good legislation. I had the opportunity after the session last Friday to meet with representatives from DAS, and they were able to address a lot of my concerns about this piece of legislation. I asked four primary questions of them: What would happen if Nebraska and Iowa team up in a purchasing agreement but Nebraska purchases a contract for the two states? Since Nebraska executed the contract for the two states, how does Iowa's procurement laws that allow for judicial review interact with Nebraska procurement law that does not allow for judicial review? The response was that the state that makes the bid is the owner of the contract, and that is where the protest is done. NASPO, or the National Association of State Procurement Officials, management board, which consists of 26 state procurement officers, determines which state leads a cooperative contract. This is primarily based on the interest and the capability of the state that was awarded the contract. I asked if there was a full-fledged lawsuit filed in protest of the contract,

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such as-- such as happened in 2016 with Heritage Health or in 2019 with the Saint Francis contract, which-- would the bidder protesting the contract have to file a lawsuit in Nebraska's court, or could a lawsuit be filed in any state in the procurement agreement, even if DAS led the negotiations? Their response was, it depends on who led the state-- who the lead state is and what the terms of the master agreement between the states say. I asked if-- if another state procured the cooperative contract on behalf of multiple states, would DAS Nebraska be dragged into the courts with the other state which conducted the procurements? Would Nebraska contract be bogged down in litigation in another state and be forced to spend money and time on a foreign state protest process? They informed me that this would not happen, as this would be outlined by the contract language and participating addendums. Participating addendums can be thought of as individual contracts between a participating state and the vendor that incorporates the terms of the master agreement. The participating addendums take precedence over the master agreement in the case of a conflict but cannot change the master agreement for the lead state. They also said that their legal division always ensure that Nebraska law controls in our participating addendums. Finally, I asked if other states could sue Nebraska for improperly conduct-- conducting a procurement or negotiating the collaborative contract. They said no because a procurement would be in accordance with Nebraska law and the agreement made by the adjoining states through NASPO. DAS also related to me that LB790 only deals with Mat-- the Materials Division and their ability to purchase goods and services. The changes made with LB790 have no effect on the ability to contract for the lease of a building or a new office building or prison. They said both of these items are outlined under the authority of the Legislature that gave the State Building Division, the Department of Corrections, but-- but they would have to come back to the Legislature for appropriation of the funds for the construction. So with that being said, I still had some major concerns with the procurement laws and the lack of defined protest procedures under the Administrative Procedures Act for any contract for services awarded by any state that will cost the taxpayers millions of dollars.

FOLEY: One minute.

KOLTERMAN: In other words, I was concerned about LB21. That being said, they have given me their assurances, from the Governor's Office as well as DAS, that they will work with me over the interim to re-- to attempt to revamp our procurement process that shows vendors that they will be treated fairly during an appeals process and will give them certainty that errors in the award process can be corrected. With

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that, I will be voting green on LB790 and the amendment and look forward to working with the Governor's Office and DAS in the future to bring a better process to the-- to the question that I had last Friday. I would encourage you to support AM2436 and LB790. I feel like they've answered my questions in a fair manner. Thank you.

FOLEY: Thank you, Senator Kolterman. Senator McCollister.

McCOLLISTER: Thank you, Mr. President. Good Monday morning, colleagues. I support LB790 now, after the discussion last Friday, and AM2436. But I'd rather talk about something else this morning. According to yesterday's World-Herald, it will cost the state an estimated \$241 million to build a new 1,600-bed medium- to maximum-security prison. With so many pressing needs in our state, for property tax reform above all, a quarter of a billion dollars for a new prison is a questionable expense. This is particularly true because there's ample evidence that inmates spend extra time in prison due to a lack of required programming and training, prison sentences are unnecessarily long in the absence of sentencing reform, and the system's unwillingness to use minimum-security facilities for other low-level, nonviolent criminals. It makes no sense. While crime rates have dropped throughout the country, felony rates have actually increased in Nebraska. Nationally, prison populations have dropped by 7 percent over the last decade, while Nebraska's rates have increased by 21 percent, 21 percent. Using FBI numbers, Pew Research reported that violent crimes fell between-- 51 percent between 1993 and 2018. The U.S. property crime rates today is also far below its peak level. FBI data shows the rates fell by 54 percent between 1993 and 2018. Nebraska is doing something wrong, no com-- no question. I contend the need to-- I contend we need the-- need to complete the task of sentencing reform that we started in 2015 with LB605. Pansing Brooks's LB131, sponsored by, as I mentioned, Senator Patty Pansing Brooks, would be a very good step. Let's also place my LR281CA on the ballot, giving judges the opportunity to reduce sentences for those deserving a second look. I believe we can reduce the overcrowding problem without jeopardizing public safety. We all know that the training and programming deficiencies in the Department of Corrections, people apparently languish in jail because of necessary programs aren't fully staffed or are off-- or are not offered at all facilities. With an annual cost of \$38,000 per person to house inmates, it's imperative for these service-- these pro-- services to be provided in a timely manner. NDCS should establish a complete census of every incarcerated person, along with what I would term an individual correction plan. Like a K-12 individual educational plan, the plan would map out the progressive milestones during incarceration. With such a system, it

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would be relatively easy to predict the population from month to month and year to year. I know that D-- NDCS keeps records, but I don't know whether such predictive information is available. I consider these ideas to be low-hanging fruit. Without enacting these reforms, I will have trouble supporting an expenditure of a single dollar to build another prison. Thank you, Mr. President.

FOLEY: Thank you, Senator McCollister. Senator Slama.

SLAMA: Thank you, Mr. President, and good morning again, colleagues. I realized in my very brief introduction for AM2436, I failed to review what's actually in LB790. so I'll be reviewing that rather quickly and then moving on to a couple other points. So LB790 is a bill to authorize the Department of Administrative Services, so DAS, in the use of group contracts entered into with political subdivisions of other states. Senator Kolterman has referenced kind of the finer points of that already. The bill also authorizes the State Purchasing Bureau to take the lead in negotiations when collaborating with other governmental entities. Currently, Nebraska is a member of the National Association of State Procurement Officials, also known as NASPO. NASPO is a nonprofit association whose focus is to help its members achieve success as public procurement leaders in their states through the promotion of best practices, education, professional development, research, and innovative procurement strategies. As member of NASPO, Nebraska has the ability to purchase off of and negotiate with Nebraska political subdivisions for goods and services. However, we cannot do so with other state political subdivisions. Also, as a member of NASPO, states can be designated as lead states for contract negotiation purposes on NASPO contracts. Nebraska currently cannot be named a lead state. Thirty-eight other states are lead states and are currently leading a number of projects. LB790 would allow Nebraska to not only be able to be a lead state, but would also allow Nebraska to contract with other out-of-state political subdivisions, opening us up for savings of taxpayer dollars and the potential for rebates for negotiating as a lead state. I'd like to wholeheartedly thank Senator Kolterman for coming to the table on this bill. I appreciate his willingness to work with DAS and myself in order to get a compromise together and work out the issues with this bill. So I'd also like to wholeheartedly thank him. This is how differences can be bridged as we're putting together bills, so I appreciate that. Thank you, Mr. President.

FOLEY: Thankyou, Senator Slama. Senator Hilgers.

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HILGERS: Thank you, Mr. President. Good morning, colleagues. As I said in the introduction here a minute ago, AM2436 is my LB890. There was one opponent in the hearing, and we had an amendment, which is part of the white copy of AM2436, to resolve the opposition that was there at the hearing. And the way that we attempted to resolve it was by creating, having a resolution that the political subdivision would have to-- would have to put forward in order to sort of lay the predicate for using the design-build system and process. In doing that, there-- a couple other interest groups had a couple questions and proposed tweaks to make sure that maybe that resolution was worded the right way. We've been in contact with those groups. We're going to work through, between General and Select, a fix to those. I don't think it's a foundational or material issue with the language, the resolution language that we put in there, but they certainly are some concerns we will address and work between General and Select to fix. With that, I'd ask for your green light on AM2436 and the-- the bill, LB790. Thank you, Mr. President.

FOLEY: Thank you, Senator Hilgers. Senator Pansing Brooks.

PANSING BROOKS: Thank you, Mr. President, Lieutenant Governor. Good morning, Nebraskans. Our state's unique motto is "Equality before the law," so know that whoever you are, wherever you are on life's journey, and whomever you love, we want you here. You are loved. So I have some questions for Senator Slama if she would be willing.

FOLEY: Senator Slama, would you yield, please?

SLAMA: Absolutely.

PANSING BROOKS: So with this bill, who currently does the negotiations? I'd like some explanation on all this, if you would.

SLAMA: So we currently do the negotiations right now. We can't do negotiations with political subdivisions of other states. So we could complete negotiations with, say, the city of Lincoln or some sort of-- like Lancaster County. But we can't go outside of the state and we also can't be a lead state, so we can't-- we can enter into these group contracts, but we can't take the lead, so other states can be lead negotiators but we cannot.

PANSING BROOKS: So could you give an example of why we would want to go outside the state and tell me how-- how that's working that isn't working now?

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SLAMA: Absolutely. So one example that DAS offered to me, because I asked that same question, was a contract. During this last year's floods, mobile hand-washing stations for towns that had their freshwater sources compromised were a critical need. There was an existing contract out there with a political subdivision of another state with source water to get these mobile handwashing stations, make them available. But we couldn't enter into that contract because it was a political subdivision of another state. In addition, being a lead state within NASPO means that we can get rebates for being a lead state. It's up to, I think, a half a million dollars' annual potential rebates for being a lead state.

PANSING BROOKS: OK, so-- and that is-- this is only for material supplies?

SLAMA: Yes. So this would not cover, say, building construction. This is absolutely only for goods and services.

PANSING BROOKS: It's only for goods and services, so--

SLAMA: Yes.

PANSING BROOKS: --so it-- so Senator Kolterman talked about the Heritage Health contract in 2016 or the Saint Francis contract in 2019. So can you explain what he was saying about if there were a full-fledged lawsuit with that, whether or not Nebraska-- how Nebraska would be involved in that lawsuit in regards to those specific cases?

SLAMA: So, I mean, in short, it would come down to what the specific terms of the contract would say. Our legal division, more or less, always ensures that Nebraska law controls. So it's my understanding that if we were to enter into one of those contracts, Nebraska law would control. But again, it would come down to the terms of that specific contract.

PANSING BROOKS: So under section-- so-- so those-- but those contracts are about services, not about materials.

SLAMA: So Mater-- the Materiel Division covers goods and services. Yes.

PANSING BROOKS: OK. So-- so if-- if a state would-- would have a contract for the service provided to take care of-- and of-- of our state prisons, then that would be included in this. That's a service.

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SLAMA: I don't believe that would be covered under the Materiel Division. I believe that would fall--

PANSING BROOKS: No, it wouldn't be under materials. It would be under services.

SLAMA: The-- so Materiel Division is the department that covers those goods and services, and that would fall under a separate enter-- entity in our state government, and I can absolutely follow up with you on that once I check with DAS to ensure that I'm right there.

PANSING BROOKS: Because if you look at Section 1-- on page 2 of the bill, Section 1--

FOLEY: One minute.

PANSING BROOKS: --line 6, it talks about sole source contracts, emergency contracts, and contracts for services. So I-- I think that's what I'm really concerned about and have issues with. And I'm-- I'm concerned that this is leading to privatization, that this could be something of concern for us. And I really-- I'm sorry. I didn't realize that you were meeting with Senator Kolterman today, because that is something that I am very concerned about. Do you have any comments to that?

SLAMA: Absolutely. We can go off to the side right now. I know DS-- DAS is out in the Rotunda and we can iron out those details.

PANSING BROOKS: OK. Thank you, Senator Slama.

SLAMA: Absolutely.

FOLEY: That's time. Thank you, Senator Pansing Brooks and Senator Slama. Senator Wayne.

WAYNE: Thank you, colleagues, and thank you, Mr. President. I-- I'm not going to spend a whole lot of time. I'll spend some more time on this on Select File when it's only an hour and half to get to 33. I don't feel like wasting three hours to get there today. But the reality is, what you heard in the example from Senator Slama and Senator Pansing Brooks was there were some mobile services for water that could have been contracted out because a political subdivision in another state had already had the contract. That means that a local business would not have had the opportunity but for the fact that we can't do this today. This law would change that and say, well, if Council Bluffs has a contract and it was competitively bid, we can go

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ahead and use it and bypass the local opportunity to bid on that. That's a huge problem. That is a huge problem. In the example that was just cited by DAS through Senator Slama, they said, well, today we couldn't do that. So when they couldn't get water to wash their hands, they wanted to contract with a different company from a different political subdivision out of state, but they couldn't. Underneath this bill, they will be able to. So I just want to put that in the hands of everybody out here who is concerned how HHS doesn't listen to this body, how DAS is going to build a building that costs more, how the prison is now doing a RFI. At what point are we going to say no more? I-- I understand Senator Kolterman is-- is going to work with them over the summer. Well, I'd rather have them work with us now, before we pass this bill. So, again, I'm not going to take a lot of time. The way the rules work, I can still get to 33 with the hour and a half on Select, and that's probably what I'll do, because this bill, I think, is not Nebraska friendly, Nebraska-- Nebraska business friendly, and it hides the fact that you can get around our procurement laws. And we should all be very concerned about that. Thank you.

FOLEY: Thank you, Senator Wayne. Senator Vargas.

VARGAS: Thank you very much. I just wanted to weigh in here as well. I had a chance to-- and I probably will have to talk off the mike with DAS again and probably Senator Slama again. But before the week ended, when I got a chance to talk with DAS, I asked them, because I wanted to get a better understanding. You know, when we're in Appropriations, mostly what we deal with is whether or not we're appropriating funds for whatever DAS needs. But some of the questions that I was asking them was on whether or not, you know, this is something we need. And part of the answer was that this will enable us to be more competitive. I don't necessarily debate whether or not that may or may not enable us to be more competitive. My concern more has to do with what Senator Wayne raised is if we're competitive, if right now this is enabling us to be more competitive, and part of that is because we would-- it would open up some other potential competitive bids, responsible bids outside of the state, my question is then, who is it going to? And if it's going to then out-of-state businesses, I'm not entirely sure that that's something I'm right now ready to support, because the question I had for them is, what would happen if we didn't do this and they would continue to go through the process and they continue to work through with the existing businesses in our state? I'm not yet ready to vote on this personally. And I have to talk DAS again so that I can have some more of the questions in regards to what-- what the conversations have been with Senator Kolterman. But I do have concerns regarding learning a little bit more about the

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bidding process. I think this is part of why we're here. So with that, I'm-- I'm still listening. I am concerned. And what I really don't want is potential business to go outside of our state. What I was happy to hear-- and I asked about the competitive bidding processes. So part of my experience being on the Omaha Public School Board was serving on some of our contracting committees where we were to receive competitive bids. And there's a-- there's a very evaluative process for doing that, that that part at least, it is still going to be in process, but my concern is it's only in process if in a-- in a-- another subdivision is utilized in that process. So I just have more questions, and I'm going to ask DAS. I'll talk with Senator Slama off the mike. But I'm still listening. But I don't want business to go outside of state if it is-- even if it is less costly or is a little bit more inexpensive, if we can keep it within the state of Nebraska. Thank you.

FOLEY: Thank you, Senators. Senator Slama, there's no one else in the queue, if you'd like to close on AM2436. Actually, Senator Pansing Brooks has pushed her light. Senator Pansing Brooks, you're recognized.

PANSING BROOKS: Thank you. Sorry, Senator Slama. So I just talked to many of the powers that be out in the lobby who were explaining some things to me, and they said that they are willing to work with me between now and Select, with Senator Slama, if that's OK, to define services. That's what I-- that's where I have the heartburn because they said, you know, they don't have the power to contract on services for Corrections but that they do have a role with DHHS. And so, to me, my concern is if there is that role for a-- a contract of services, that literally, taken to its greatest extreme, you could have a-- a point where they are pri-- using private providers to contract with DHHS regarding YRTCs. So we-- that's about the kids in our-- in our Youth Rehabilitation Centers. So I-- I just-- I'm happy and grateful that they're willing to meet and talk and that you are too. And I'm sorry. I didn't realize you were meeting with Senator Kolterman over the weekend. And I think we can figure this out between now and Select, so thank you very much.

FOLEY: Thank you, Senator Pansing Brooks. Now, Senator Slama, you're recognized to close on the amendment.

SLAMA: Fantastic. All right. Well, I would just like to thank again Senator Kolterman, Senator Pansing Brooks, and Senator Vargas for working with myself and DAS on this bill. It's an important bill that would be beneficial, I think, to everybody in the state of Nebraska,

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along with LB890. So I would encourage a green vote on both AM2436 and the underlying bill, LB790. And I'm more than happy to work with anyone with concerns in between General and Select. Thank you.

FOLEY: Thank you, Senator Slama. Members, you've heard the debate on AM2436. 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.

CLERK: 31 ayes, 1 nay on the adoption of the amendment.

FOLEY: AM2436 is adopted. Is there any further discussion on the bill? I see none. Senator Slama, you're recognized to close on the advance of the bill. She waives closing. The question before the body is the advance of LB790 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

CLERK: 32 ayes, 1 nay, Mr. President, on the advancement of the bill.

FOLEY: LB790 advances. Proceeding now to General File 2020 senator priority bills, LB424, Mr. Clerk.

CLERK: Mr. President, LB424 is a bill introduced by Senator Quick and others. It's a bill for an act relating to municipalities; transfers and changes provisions of Nebraska Municipal Land Bank Act. The bill was discussed last year, Mr. President. At that time, the Urban Affairs Committee amendments were offered and considered. When we left the issue-- were con-- I'm sorry. When we-- there was-- committee members were pending, Senator Hilgers had an amendment to those committee amendments that was pending. I do have other amendments at this time, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Quick, it's your bill, if you'd like to go first with just a quick review, then I might turn over to Senator Hilgers and ask him to give us a quick review of his intentions with his amendments. Senator Quick.

QUICK: Thank you, Mr. President, and good morning, colleagues. LB424 would expand the ability to create a-- create or join land banks to communities across the state. The purpose of the land bank is to facilitate the return of vacant, abandoned, and tax-delinquent properties to productive use. Currently, only municipalities located in Douglas or Sarpy-- Sarpy County have that ability. Land banks are designed to address the vacant, abandoned, tax-delinquent properties in our communities that the private sector has been un-- unable to address. A land bank solves this problem by acquiring a property,

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clearing the title, and repurposing it in line with the priorities of the community. LB424 allows cities of the metropolitan class and, with the committee-- and, with the committee amendment, cities of the primary class to create a land bank independently. All other municipalities would be able to create a joint land bank with one or more municipalities through an interlocal agreement. I've introduced LB424 with this included in-- in response to requests from communities outside of Lincoln and Omaha who want to partner with other cities through interlocal agreements to create land banks at-- that best benefit their communities. This will mirror much of the cooperation that currently exists between these cities. Cities across the state have been asking for the ability to create land banks for several years now and L-- LB424 would give them that tool. Thank you, Mr. President.

FOLEY: Thank you, Senator Quick. Senator Hilgers, if you'd like a minute or two to refresh us on your intentions.

HILGERS: Thank you, Mr. President. Good morning, colleagues. When we last left this issue last year, I had a number of pending amendments as part of a fili-- ongoing filibuster of LB424. Since that time, Senator Stinner, Senator Quick, and other stakeholders have worked on a compromise amendment that would satisfy some of the opponents' concerns to LB424. That is AM2122. That amendment is well behind the amendments that I have filed on General File. Even with the amendment being on the bill, I still don't support the bill. We're going to spend a lot of time talking about land banks. However, as a courtesy to Senator Stinner and Senator Quick, and as a promise and a commitment that I made to them, I intend to withdraw these amendments to allow his amendment the opportunity-- to allow Senator Stinner and Senator Quick the opportunity to get that amendment on so that it is in the form that they wish to have it as it proceeds in debate. I think Senator Wayne has an amendment after that, and then I will be-- I will be filing a number of am-- substantive amendments that I would like to have discussion on with various aspects of the land bank for discussion this morning as-- and as the debate proceeds. So with that, Mr. President, I would withdraw all the pending amendments that I have to LB424.

FOLEY: Thank you, Senator Hilgers. Senator Wayne, the committee amendment is still pending if you-- I don't know if you want a minute or two to refresh us on that.

WAYNE: Thank you, Mr. President. AM509-- OK, I had to look here. Thank you, Mr. President and members of the Legislature. The committee

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amendment, AM509, is a simple amendment that provides for the city of the primary class may create a land bank without having to form a joint land bank. The city of Lincoln is currently the only city in the primary-- primary class in the state. Under the green copy of the bill, all land banks, other than one formed by the city of the metropolitan class are required to be joint land banks. The city of Omaha is currently the only city of the metropolitan class. With AM509, the cities of Omaha and Lincoln would be eligible to create "solo" land banks, while other municipalities would be required to create-- create-- create joint land banks. And with that, I would ask for a green vote on AM509.

FOLEY: Thank you, Senator Wayne. Mr. Clerk.

CLERK: Thank you, Mr. President. Senator Hilgers withdrew his amendments. Senator Quick, I have AM1513 that was offered last year. I have a note you wish to withdraw that.

QUICK: Yes.

CLERK: You do? Thank you, Senator. Mr. President, I then am-- the next amendment pending is Senator Quick's. Senator, this is AM2122. You filed it earlier this year. I think this is the one you want, Senator.

QUICK: Yes.

FOLEY: Senator Quick, you're recognized to open on your amendment.

QUICK: Thank you, Mr. President. Good morning, colleagues. I'm offering AM2122 on LB424. Last session, Senator Stinner and I worked on an amendment that addressed the concerns we heard on the floor during debate. This amendment in front of you, AM2122, includes those changes, as well-- as well as two new changes negotiated over the interim and agreed to by the Lincoln Independent Business Association and the League of Mu-- and League of Nebraska Municipalities. The new changes are that provide-- that-- providing that cities of the primary class, such as Lincoln, may not hold title to more than 7 percent of the total number of parcels in the city, and no more than 5 percent of those parcels can be commercial property. And the second part is a land bank can-- cannot acquire a commercial property unless it has been vacant for three years. As a reminder, the changes we proposed last year that are also in this amendment are the following. First, it allows for the removal of the land bank board members for good cause, as determined by the chief executive offices-- officer and two-thirds vote of the governing body. This will be consistent in the same manner

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as they are appointed. Second, if the joint land bank can-- includes a city of metropolitan class or a city of primary class, each municipality will have a voting member on the land bank board. For example, if Omaha or Lincoln were to enter into a joint land bank through an interlocal agreement with another community, that community would be guaranteed voting representation on the board. Finally, this amendment makes key changes to the automatically accepted bid process. It increases the number of factors that must be met for the land bank to issue an automatically accepted bid to four or more, requiring a higher threshold; strikes a catchall provision; and clarifies that all uses of the automatically accepted bid process requires two-thirds vote of the-- of the land bank board. Over the interim, I hope that you have had a chance to hear from leaders in your communities about the benefits of land bank with-- of benefits that a land bank might have. I have heard from communities outside my own and about how much of an asset this would be, and I'm glad that we'll have the chance to advance the vital tool. I hope-- I want to thank Senator Stinner for prior-- prioritizing this bill last year and this year and the stakeholders who came to the table to negotiate this over the interim. This bill will be a huge asset for my community and other Nebraska communities, and I would appreciate your green vote on the amendment and LB424. Thank you.

FOLEY: Thank you, Senator Quick. Senator Stinner, you're recognized.

STINNER: Thank you, Mr. President. Members of the Legislature, I would like, first of all, to thank Senator Quick. He has worked on this legislation. I think it's better legislation. It certainly addresses a lot of the veto issues that were in the Governor's veto. Certainly Senator Hilgers has expressed some concerns, and we've worked on trying to amend some of those issues. Certainly, as Senator Hilgers says, he's still not a supporter of it, but maybe we can convert him over the next day or so. I do want to thank LIBA also. They have-- are now supporting the bill. They were very much opponents to the bill. They are supporters now. The realtors have gotten behind the bill. Senator Wayne has offered an amendment, I think, certainly to address some of the concerns he had with what was happening in Omaha. This is my priority bill. It's-- it's an important bill. And I don't plan on spending a whole lot of time on the mike trying to explain all the details of land bank and the merits of detail-- the-- but this is my second time around for prioritizing it, so you know it's an important bill. It's an important bill for western Nebraska but for rural Nebraska as well. We've all seen the outmigration and the concerns and the stress that that has put on neighborhoods, that it's put on towns, put on villages. My first time around was talking to a group in

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Morrill and they said, John, what do we do with these five, six, seven abandoned homes that are falling in disrepair? And this is a mechanism that we can bring together and I-- in western Nebraska, we're going to do it on a regional basis. We already have money and people pledged to throw money into it from a philanthropic side. I think LB840 money will be part of that, so we have some financing put together that will help clean up neighborhoods, repurpose some buildings, probably tear down a few buildings, but it will clean up some of these towns that are in disrepair and give them a competitive advantage again. The other thing is, is as we start to work on these homes and-- and-- and stabilize these homes and then turn them over to people who-- who want to live in those homes, this is workforce housing. This is affordable housing. So it all fits together with a hand in glove. It's badly needed, I will tell you that. The cost of fixing up all these properties in western Nebraska would-- are extreme. But this is a way, a mechanism to get that done. So I would encourage you to listen to the debate. I would encourage you to vote green on this legislation. It's important for all of Nebraska. Thank you, Mr. President.

FOLEY: Thank you, Senator Stinner. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. Welcome back. And good morning, Nebraskans. Senator Stinner had-- in his opening comments said he don't plan on talking much about this bill. That may change. I was opposed to this bill when it came up last year. No amendment and no discussion has changed my opinion. I am opposed to government owning property. This is an opportunity for us to be generous and compassionate with other people's money. For the life of me, I don't understand why, if a private investor can't take that property and make it work, why would it be that the government can do that? The only answer is they get all the tax breaks. They're going to write off the property tax, and then they're going to allow that land bank to collect half of the property tax for five years. So if one was to do that same thing with a private investor, and the reason a private investor won't invest in these is because the taxes are too high, I have a solution for that as well. The taxes are too high and there is no return on their investment, but if the government buys it, then they then get a forgiveness of the taxes, plus they get property tax for five years. This was foreign to me. I didn't come here thinking that government was the answer. So we have restricted now, according to the amendments, on how much-- how many parcels the land bank can own in each community and also the variety of property, whether it's commercial, residential, or what it may be. In some of those communities, I'm not sure what you would do with the property once you fixed it up, because people are leaving that area, because the taxes

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are too high, and because agriculture is not doing well and there's not the jobs they used to have. So I was wondering if Senator Stinner would yield to a question.

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

ERDMAN: Thank you, Senator Stinner. Senator Stinner, help me understand. We have a property. You say it's in Morrill, or whatever community you want to use for an example, and a private investor can't make it work. What would be the reason why it wouldn't work for them?

STINNER: A private investor, there are so many properties, as-- in your hometown of Bayard, there's 88 of these designated properties that are fallen in disrepair and they're considered nuisance properties, so the volume of them. But also, from an individual standpoint, nobody has stepped up, the private side has not stepped up, and these are abandoned properties over a two-, three-, four-, five-year period of time, and they're bringing the valuation of that whole neighborhood down just because they're in such disrepair. Nobody's stepping up to these. We're not competing against the private sector. Many times they'll go in and stabilize the property, which means they'll clean it up, then turn it over to that investor that wants to take it to the next level or turn it over to the person who wants to own that house and fix it.

ERDMAN: So-- so, OK, I understand that. So let's say that a private investor, one of those people that may be a borrower or a client of yours, came to you and said, I want to invest in these properties, and we would give that private investor the same advantage that the land bank has. We would allow them to collect one-half of the property tax for five years.

FOLEY: One minute.

ERDMAN: Would that change your opinion?

STINNER: That would not change my opinion. The mechanism of one-half is just to reimburse the land bank for the cost of clearing the title. And that's the other problem is this is a mechanism that clears titles. A lot of times individual investors don't want to spend the time and the energy to clear titles.

ERDMAN: So explain that a minute. You're going to take five years of one-half of the property tax to clear the title?

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STINNER: It's going to take a period of time to clear the titles, yes. It'll take a time when they get the certificate to get to that level to clear title. And then obviously you have to go in and stabilize the property for the neighborhood and then try to either get investors that will take over the property or owners of the property to-- to-- to continue to repair that property.

ERDMAN: OK. Well, I--

FOLEY: It's time, Sen-- that's time, Senator.

ERDMAN: Thank you. Thank you.

FOLEY: Thank you, Senator Erdman, Senator Stinner. Senator Hilgers.

HILGERS: Thank you, Mr. President. Good morning, colleagues. I intend to speak mostly on the amendments that I have-- that I will be putting forward over the course of this debate. But I did want to kind of reset where we are. This-- land banks have been a discussion we've had, we had last year, we had the year before, so I think it's important to help set a little bit of the statutory stage to where this bill fits in before we really proceed. So a couple years ago, before my time in the body, this-- this Legislature passed a bill that-- to create the first land bank, which is in-- currently in Omaha. And what this bill under LB424 would do would be to expand the land bank provisions all over the state. Now I-- if I were here, if I would have been here at the time the original bill was put into law, I would have had many of the same objections that I have now. So Senator Quick has put forward a bill to expand an existing mechanism. The vast majority, if not nearly all of the objections that I have, is with the existing mechanism, and by opening up that mechanism for discussion and potential expansion in front of the floor, I have taken that opportunity to point out what I believe to be serious flaws, serious loopholes in a structure that, while it may have a worthwhile goal, the-- the mechanism to achieve that goal is very broad and has loophole after loophole after loophole. And what I intend to do over the course of this debate, General File, Select File, as we go-- as we go forward, is to walk through what I believe to be significant flaws in the current structure that should not be expanded and frankly should be cleaned up, and my-- the amendments that I'm offering are intended to do just that. The amendments are intended to close loopholes and close these provisions and the potential for abuse that I believe are already inherent in this structure. So I'm going to give the body a little bit of a preview about some of the issues that I'm going to raise. And these, as I said a minute ago when I withdrew my

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first series of amendments, these amendments are meant to be substantive. These-- I have a number of amendments. And I think normally when we think that someone has seven, eight, nine, ten amendments, they think immediately, well, this has got to be a filibuster. These amendments, every single one of them are meant to make the bill better, every single one of them are substantive, and every single one of them are meant to close what I believe to be a serious-- or fix a serious flaw in the current system, one that may not-- even if it's not being abused now, absolutely has the potential for abuse down the road and are not the types of things that I believe this body ought to endorse. So I'm going to go through at a high level, kind of give you a little bit of the table of contents for how I intend to proceed during the course of this debate with just some of the amendments that I intend to offer. And I'll-- like I said, I will spend most of my time on the substance of each amendment when they get before the body. But let me just give you a preview, and I believe there are least eight issues that are endemic in this particular piece of legislation and the underlying statute and eight issues that I intend to focus on, and the-- here are-- here are what those issues are. So first is this automatic bid provision. Now I don't like the automatic bid provision. I think the idea of giving anyone the ability to have a bid automatically accepted is wrong and it conflicts with our market-based economy and it certainly shouldn't be approved when it's an actual governmental entity doing the bidding. My amendment that will be coming up soon, that I'll talk about, is intended to close what is a gigantic loophole in that bidding process, in my view. We'll talk about what that loophole-- loophole is and why I intend to close it and why I'm offering that amendment. There's also another-- there's another provision in there that I think should give this body great pause, and that provision relates to the ability of the land bank to invest. Now the land bank can-- it's-- if it's intended to go get property and get them back on the tax rolls, that's great. We should ask ourselves, why should the land bank be able to invest in securities, in other businesses, and any other vehicle of any kind that could generate revenue? That, on its own, colleagues, is very flawed. And when you combine it with the almost complete lack of any sort of conflict provision in this particular piece of legislation, it should give us great pause. That's number two. Number three, Senator Erdman's already talked about it this morning. The idea of taking off that-- the property tax off the rolls to help support the land bank, I don't agree with and I don't think we ought to support.

FOLEY: One minute.

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HILGERS: Thank you, Mr. President, very briefly. And it-- there-- right now, the land bank, there's no accountability. The land bank can exist unless-- unless and until the land bank itself decides to dissolve itself. So if the land bank decides to dissolve itself, the land bank can go away. But once the land bank is created-- I want to be very clear about this, colleagues. Once the land bank is created, the municipality or political subdivision that created the land bank has no power at all to dissolve the land bank. So we could create this structure, but we can't uncreate it. I think that's very problematic. I'm about-- I'm about out of time, so I'm going to-- I will spend my next time on the mike going through, again, the-- kind of the table of contents of some of the other issues that I think we're going to be talking about on the floor when it comes to land bank. Thanks. Thank you, Mr. President.

FOLEY: Thank you, Senator Hilgers. Senator Blood.

BLOOD: Thank you, Mr. President. Fellow Senators, friends all, I stand in enthusiastic support of Senator Quick's amendment, the Urban Affairs amendment, and the underlying bill. I've yet to see, except-- and hear the debate on Senator Hilgers' bill amendments, except what he's said on the mike, so I do look forward to seeing those. But I just-- I remember last year's debate and I remember that the key word last time was "cronyism," which was like the most ridiculous phrase I'd ever heard because that's not what land banks are about, and they were trying to scare everybody into supporting land banks. And I want to talk about municipalities and why land banks are important to municipalities. So when we talk about vacant properties, when we talk about properties in disrepair, we're talking about public safety issues. So these properties become-- fall into disrepair. People are-- are failing to pay their taxes. They're fail-- they're not paying their utilities. They default on their mortgages. And then the liens against the property start. Now that's issue number one about why private investors don't care about these properties, because what happens is it's lien after lien after lien after lien. And you may very well want to buy that property, but do you want to pay for all those liens? And that's usually a big no based on what I've seen across Nebraska. And then the true cost to taxpayers, we talk about why this is a bad idea, but we're not really talking about what happens when we don't create tools like land banks to protect the taxpayers when it comes to vacant and abandoned properties in their communities. We know that there's three times more drug calls to these properties. We know that there's two times more theft calls, so, again, taxpayer dollars when law enforcement shows up, taxpayer dollars when the-- any first responders show up, especially when it

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comes to arson, which is a big problem in vacant properties as well. We know that it affects the neighboring property owners, that there's significant cost to municipalities when it comes to nuisance abatement, crime and fire prevention, increased neighborhood blight, decreased property values, decreased tax revenues. And so we have a black hole. It's a black hole that the taxpayers have on their backs that they don't know that they have. So why would we-- can I get the gavel, please? Why are we opposing government owning property? Well, it's our job at a municipal level to make sure that we are very good caretakers when it comes to people's tax dollars. And because so many municipalities have to do more with less and we have to make sure that everybody is served, especially when it comes to our first responders and it comes to snow removal and it comes to abatement issues, we need to prevent these types of issues from happening in our municipalities. What happens when one of these vacant properties catches on fire? Well, somebody has to come and board it up; somebody has to come and put out the fire. What happens when the drug addicts pop the wood off the windows and the doors of these buildings and then they make a home inside? Well, law enforcement has to come and they have to shoo them away and they have to board it back up until the next day when they pop the windows off again. And then what happens when the people come in to steal the copper in the building? Well, the neighbor is going to call and law enforcement is going to show up. So I want you to put yourself in those positions. I want you to be that next-door neighbor. And we have a lot of them in Bellevue, and people can call every single day and there's not a lot that we can do about it unless we have money in--

FOLEY: One minute.

BLOOD: --the budget to tear down that property. And even after we tear it down, there's so many liens on that property, nobody's ever going to want to buy it. So why are we fighting so hard against this bill when it's so commonsense and it's going to protect tax dollars-- protect tax dollar-- protect tax dollars? This is ridiculous that we have had so many debates for such a long length of time on a bill that is such a good bill. And frankly, I don't understand why Senator Hilgers can't work this out off the mike, once and for all, so we can move forward with the many, many priority bills that other senators have to offer this year. Thank you, Mr. President.

FOLEY: Thank you, Senator Blood. Before proceeding, Senator McDonnell would like to recognize a couple of guests today. We have with us, Evan Schmeits and Shanna Murphy, who are with the AFL-CIO liaisons at the United Way. They're with us under the south balcony. If those two

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guests could please rise, like to welcome you to the Nebraska Legislature. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. Good morning again. I listened to Senator Hilgers' comments, made a lot of sense. To answer Senator Blood's questions-- she said, why would one be opposed to the government owning land? Well, that's exactly what it is. The government owning land, that's why we'd be opposed to it. I'm not so exactly sure why we think this is a panacea and we're going to clean up these properties and people are going to move there. I mean, it's peculiar to me, but government is the answer. I forgot about that one. But I was wondering if Senator Stinner would yield to a question.

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

ERDMAN: Senator Stinner, in the amendment-- AM1513 is one that I printed off-- let me-- let me read this to you. On the-- on the second page, second line, it says executive officer means the mayor, city manager, or chairperson of the board of trustees of a municipality. OK, so they're making a definition there. And then over on page 5, it talks about the executive director or officers. It says the odd number of voting members, totaling at least seven, appointed by the chief executive officers, plural, and it strikes a line through "mayor." So in one regard, we're saying the chief officer means the mayor, and on the next page we're striking a line through the "mayor" and replacing that with "chief executive officers." Can you explain that?

STINNER: I-- I'd-- I'd have to look at it. It sounds like there might be an inconsistency that could easily be fixed. I will tell you, we're dealing with villages as well as municipalities, so structurally sometimes-- but we have made it subject to either the village board or the municipality to vote-- to vote members on to the land bank board. So you've got a mayor or-- or executive officer putting forth a name, and then the village board and the commissioners then would get together and vote that person on or, in some cases off, with-- there's a procedure for that as well.

ERDMAN: OK, so if a-- if a community, a municipality, a village wants to start a land bank, the procedure is the city council just votes to start the land bank? That's all we have to do?

STINNER: No. You have to go through a process, obviously, to set up the land bank, and the process would be obviously articles of

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incorporation and hearings, I believe, to set these-- the land bank up and then--

ERDMAN: OK. Let me--

STINNER: Obviously, then it becomes a matter of selecting individuals to run it.

ERDMAN: OK. Let me rephrase that question. Is the start of a land bank, is it established by a vote of the people?

STINNER: I do not believe it is.

ERDMAN: So then the city council can-- can approve those things and start a land bank?

STINNER: Yes.

ERDMAN: So then a city council could also eliminate a land bank?

STINNER: Yes.

ERDMAN: Is there a way for the people to eliminate a land bank if they don't like what it's doing?

STINNER: The people could go to the city council and protest either an individual or what the land bank is doing, say there's a conflict of interest of somebody, and obviously then there's a procedure to eliminate that person and/or the land bank.

ERDMAN: OK. So I know the-- the-- the amendment says that it has to be-- you have to have at least seven voting members, and it gives qualifications for each one of those to have specific experience to be on there. Can-- is there a limit on how many board members they can have?

STINNER: I-- I think they specified seven. You'd want to have odd. I-- I'd have to get back with you on that if they wanted to have nine or ten or eleven. I-- my presumption is that would be OK, but it gets to be unwieldy if you get too big of a board.

ERDMAN: OK. So if we had-- let's say we had a land bank in--

FOLEY: One minute.

ERDMAN: --thank you-- a land bank in Bayard and a land bank in Minatare, and each one had an executive officer, which may be the

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mayor-- I'm not sure that's what it is-- and they would combine their land banks. Would they have two executive officers or one?

STINNER: They would have to enter into an interlocal agreement. That interlocal agreement then would have to be flushed out between the two of who-- who would elect the person for the land bank in-- in that case. So it would work in-- and actually, Scottsbluff, Gering will probably get together, along with Mitchell, Morrill, Minatare regionally, and they'll have interlocal agreements and then decide who sits on it, how many members, those types of things.

ERDMAN: OK. That will answer my questions for this time. I'll put my light on. Thank you.

FOLEY: Thank you, Senators. Before proceeding, Senator Howard would like to recognize eight graduate medical students from UNMC Omaha. They're with us up in the north balcony. If those medical students could please rise, like to welcome you to the Nebraska Legislature. Continuing debate, Senator Hilgers.

HILGERS: Thank you, Mr. President. Good morning again, colleagues. When I last was on the mike, I was walking through a little bit of sort of the preview of the issues that I have and in-- in the intervening time, Senator Blood made a few arguments in support of the land bank. And I want to address those at the front-- at the front end of this, because I think it's-- it raises an important point, which is the difference between the rhetoric that we hear on the floor of this body and the actual substance of the legislative language. So as Senator Stinner gets up and speaks, or Senator Quick or Senator Blood, the problem that is being articulated is one I think we all have empathy for, we all believe that are-- is a real problem in our-- in our communities around the state, which is the problem of this substandard, abandoned housing that is-- that creates a problem in these communities. OK, we can all agree on that potential problem. We can articulate on the floor that we would all like a narrowly tailored, focused solution to that problem. Hey, I would agree with that as well. The problem, where the rubber meets the road, is between the rhetoric and the language in the bill, and I'm going to go through amendment by amendment by amendment. And, Senator Blood, I would-- I would love to have this debate with you on the floor this morning or as this proceeds and explain how the language in the bill, the language in the statute, is not-- how that is narrowly tailored, how these are not giant loopholes. And if I've gotten it wrong, hey, I-- hey, no pride in authorship here. Let's get it right. No pride in getting it right. But the reality is-- or no pride in being right. I'd

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like to get it right, but no pride in being right. The reality is the specific language, the specific authority and power, the spe-- lack of actual restriction on these land banks creates a huge issue for me. And I'm willing to have that debate. I'm willing to have this conversation. I think it's an important one to have on the floor this morning. But rhetoric is one thing, sort of big-picture, bumper-sticker proponent slogans is one thing. Land banks are good. Great, I'm with you. Give me the language. Show me how it's narrowly tailored. It's not, and I'm going to walk through every reason why I believe that it's not. Here's one where I left off at last time on the mike. The conflict-of-interest provision, I would-- the conflict-of-interest provision in this particular statute, as would be extended by this bill, is exceedingly narrow. You-- we had last week in Government-- the Government Affairs Committee discussion about the importance and the potential corruption or cronyism, to use Senator Blood's word from last-- or our word that Senator Blood liked from last-- from our last debate. We would all-- I would hope we all would agree the potential for corruption with having our immediate family members benefit from a public position that we have, I hope we would all agree with that. The language in the statute doesn't touch immediate family members at all. The conflict-of-interest provision also doesn't touch in any way any of the investments that are authorized under the land bank. So as we talk through the specific language of the statute, I would like to hear the counterargument as to why the conflict-of-interest provision should not also apply to immediate family members, as to why it should not also apply to investments that the land bank can make. That's a specific focus on the language. Another amendment that I'll have at some point here during this debate is discussion of the bonding authority, articulating why the land bank ought to have bon-- bonding authority to accomplish its narrow mission of getting some of these properties back on the tax rolls. Why does it need to have bonding authority? Another provision that I think we ought to have a robust debate on is the percentage of parcels that the land bank can own. Right now it's nearly 10 percent of the parcels in the entire city, 10-- nearly 10 percent. And by the way, there's no restrict-- we're going to talk about this on the floor. There is no portion of this bill or underlying statute that requires the land bank to ever get those properties off the rolls, as far as I can see. So they could get up to 7 percent of the parcels in the city and there's no mechanism to do what the proponents say we want to do, which is get these back on the tax rolls. If that's the case, if that's the rhetoric, where does that tie into the language of the statute of the bill? We're going to have that discussion. And the last piece that I focused on is the-- the

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exemption from taxes. Now we can talk about how government should not have to pay certain taxes.

FOLEY: One minute.

HILGERS: Thank you, Mr. President. But I got to tell you, this one is last for a reason because we're going to talk about all the ways that the land bank can profit and can enter into all sorts of different private enterprise. With that investment provision-- provision, colleagues, that is a loophole you can drive a truck through. And the way it reads now is that the income from those investments that have nothing to do, that-- there is nothing restricting them to the actual purpose of the land bank. They could-- they could invest in technology or private equity companies or the spouse of one of the-- the land bank board members' companies and there's no restriction at all. Why should that be tax free? So we're going to have a good debate on this. We're going to talk about the language of the statute. I am excited and look forward to hearing from the proponents of the bill talking about how maybe some of the amendments that I have are off base or ought to be tweaked. But I think these are important points that we ought to discuss on the floor and I'm looking for to the conversation this morning. Thank you, Mr. President.

FOLEY: Thank you, Senator Hilgers. Before proceeding, Senator Quick and Senator McDonnell would like to recognize 100 members of the Nebraska State AFL-CIO and the Nebraska Labor Unity Council from all across the state of Nebraska. Those guests are with us in the north balcony. If the AFL-CIO delegation can please rise, like to welcome you to the Nebraska Legislature. Speaker Scheer has some guests as well. We have with us Chad, Emerson, and Hudson Waldow, all from Norfolk, Nebraska. Those guests are with us under the south balcony. If they could please rise, like to welcome you to the Nebraska Legislature. Continuing debate, Senator Albrecht.

ALBRECHT: Thank you, President Foley, and welcome back. Colleagues, I rise because it seems like we need more information. Everybody has been meeting about these bills, whether it be Senator Hilgers or Senator Quick. I'd like to learn a little bit more about these amendments and why they were compromised from the original bill last year that was debated, so if Senator Quick would yield to a few questions?

FOLEY: Senator Quick, would you yield, please?

QUICK: Yes.

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ALBRECHT: If you could-- I don't know if you've been writing down some of the things that Senator Hilgers has been talking about, but do you have any concerns with any of his points about the automatically being able to bid, the land bank investing in other businesses, the property being taken off the tax rolls? I'd like to know how long would it be taken off the tax rolls. Existing-- the bill, how does it dissolve itself? If there are certain powers to be that enacted it but then there are new people on the boards, how would that happen? Excuse me. No powers to create the land bank if-- to-- to-- to-- to take it back out of commission. Do they just sell it and have an investment firm that keeps the money and they go invest in other properties? I'd just like for you to either, you know, comment on some of these so that I can figure out where I'm going to be at on this bill, and also, if you'd like to talk a little bit about your-- your new amendment, AM2122.

OK.

I'd like to yield the time to Senator Quick.

FOLEY: Senator Quick, you're recognized.

QUICK: All right. Thank-- thank you, Senator Albrecht, and thank you, Mr. President. So I'll start reading through this list on how a land bank-- how-- how does-- how does it work, land banks automatically accept a bid, and then maybe that will give you some information as we go along. And I think at some point maybe I'll go ahead and I'll get this sent out to everybody so that they can understand it. So-- so how-- how does it work? Under current statute, land banks are authorized to participate in tax sale foreclosure process by investing in tax sale certificates and purchasing properties at tax sale foreclosures. In limited circumstances, a land bank may be given to automatically accept a bid at a-- at a tax certificate sale or a tax sale foreclosure sale. Land banks that purchase tax sale certificates may-- must purchase the full amount of taxes, interest, and cost owed, regardless of whether the automatically-- automatically bid-- automatically accepted bid is used or not. In the event-- in an event an automatically accepted bid is used as a tax foreclosure sale, written consent to the automatically accepted bid must be given by the existing private lienholder. Existing restrictions: Current statute requires that each land bank must adopt policies and procedures to-- to specify the conditions that must be met in order for the land bank to give an automatically accepted bid. So in order they have-- in other words, they have to meet a certain criteria. The policies must ensure that the automatically accepted bid should only be given for

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one of the three reasons-- and actually, it's up to four reasons: the property-- the property substantially meets more than one half-- one of the lists of criteria that describes an abandoned or problem property; the property is contiguous to a parcel that either meets the abandoned or problem property criteria or is already owned by the land bank; or the acquisition of the property by the land bank would serve the best interests of the community as determined by a two-thirds vote of the land bank board. And also, just so you understand, the land bank board is made up of-- of-- by a-- it's a criteria to-- to belong in the land bank. So you have a banker on the-- on-- on the board; you have a realtor on the board; you have someone from a nonprofit like Habitat for Humanity who sits on the board; or you have a private developer on the board. So you want that, that expertise on that board, so that they understand how those-- how to-- how to acquire that property and how those issues with those certain properties are so-- and the other part of that is, is that most of these properties are the worst of the worst. They're the ones that have been sitting there. They've been going through the tax sale certificates--

FOLEY: One minute.

QUICK: --over and over and over. So no one wants the properties. You can't find the person that owns the property. So they sit there in a neighborhood and they take down the whole neighborhood, and that's one of the problems. The private developers can't take on the cost of that property, so we have to find in a way-- a way to address it, because it's becoming costly for cities, because they're using taxpayer dollars to either demolish the property or have the fire department burn it down. And so it's becoming costly for our communities as well. Plus, they have to-- if they have to find a way to clear the title, it's-- it's costly because it goes through a whole process. And the land bank is afforded that-- that-- the process to clear the title. And I think there's another-- another amendment that's actually going to-- that Senator Wayne may have that addresses one of the problems with clearing the title as well.

FOLEY: That's time, Senator.

QUICK: Thank you.

FOLEY: Thank you, Senator Quick. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. I appreciate that. So I was listening to Senator Quick there make an explanation of that. I have a question for him, if he would yield.

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FOLEY: Senator Quick, would you yield, please?

QUICK: Yes, I will.

ERDMAN: Senator Quick, you-- you made a comment, I think, in your explanation that you have to get permission from the person who has the tax certificates to buy the property. Is that correct?

QUICK: That is in a foreclosure sale. In a foreclosure sale, you have to-- you have to acquire-- in a-- in a sheriff's sale, and that's addressed in the green copy, if you read that, they have to acquire permission. And if they-- if someone doesn't send in that permission, then it's-- it'd be just like any other foreclosure sale that whoever is buying that property would get the property.

ERDMAN: OK. So I think what's happening here is we're trying to lead us to believe that it takes five years to clear a title. Would-- would you agree that it takes five years?

QUICK: That, I can't tell you. I don't have an answer for that, but I can try to find out an answer for that.

ERDMAN: Yeah, that-- that's-- that's not po-- that's not possible, five years, but-- but anyway, so let's say that I have-- for the last three years, I have gone to the courthouse and I have paid the taxes. I don't own the property, but I buy the tax certificates every year on the property that the land bank is trying to secure. What happens to my position then as a tax certificate holder? What happens to me?

QUICK: Well, I mean, you can still buy tax certificates. The only ones that we're-- that the land bank is trying to acquire is the ones at the-- so say you buy a tax certificate or you buy a whole group of tax cer-- you buy ten of them. But it gets to the end of the process and you go, well, there's three of these properties I don't want. So you don't get the 14 percent interest, you don't get anything, and then those properties go right back on the tax certificate, the tax-- you know, that they'll be sold again. But the ones that you want, then you may take and redevelop. And the-- the land bank is not trying to deal with those properties that you want to take. They're dealing with the properties that nobody wants.

ERDMAN: OK. I think I understood that. But, OK, so I buy the tax certificates on lot A for three years. At the end of three years, lot B next to me is delinquent and the land bank takes the property. And the land bank has the opportunity, according to the statute, to take lot B and lot A because they're contiguous. That's what it says. You

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can buy the property that is considered blighted or slighted, whatever you want to use, but it also gives you a provision to buy the property next to it. That's what it says. So I'm the certificate holder, and I've paid the-- did you say time?

FOLEY: You've got two minutes, Senator.

ERDMAN: All right, thank you. Anyway, so I'm the certificate holder and I've paid the taxes for three years. So then you want to take my lot A with B, put them together and build one bigger facility or whatever. Do the-- does the land bank have to pay me my certificate 14 percent interest plus my-- my purchase price of the certificates back?

QUICK: I have to-- I'll have to get an answer for you on that.

ERDMAN: OK. OK.

QUICK: But I-- I'll come back and get you an answer for that.

ERDMAN: OK. And on your amendment, on AM1513, if you have it there, I-- I would like to ask you a question about that.

QUICK: OK.

ERDMAN: On-- on page 6, line 4, said a public official or a public employee shall be eligible to be a member of the board. So an employee of a city could be a member of the land bank board? On-- on page-- page 6, line 28.

QUICK: Yes, I-- I would say that's the way that reads, unless they have a conflict of interest.

ERDMAN: Well--

QUICK: There's--

FOLEY: One minute.

ERDMAN: OK. Thank you. That-- that-- that's peculiar. Then on page 7, we may not get to this, this time, and I'll-- I'll ask you next time, but on-- on page 7, line 21, it talks about-- starting in line 20 it says adoption or amendment of the annual budget and sale, lease, encumbrances, or alienation of real property, improvements, or personal property with a value of more than \$50,000, and at the top it talked about the voting members have to vote on that. So I'm making a conclusion, I'm drawing a conclusion that anything that they do under

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\$50,000 doesn't require a vote of the members. It can be done by the executive director. That's my question, and I'll wait for your answer the next time my light is on. Thank you.

FOLEY: Thank you, Senator Erdman and Senator Quick. Senator Lowe.
Senator Lowe.

LOWE: Thank you, Lieutenant Governor. Would Senator Wayne--

FOLEY: Senator Wayne, if you're on the floor, would you yield to a question, please?

LOWE: --yield to a question?

WAYNE: Yes.

LOWE: Senator Wayne, you brought AM2122.

WAYNE: I did? No, I didn't. Quick did. Senator Quick did.

LOWE: Oh, excuse me.

WAYNE: You had me double checking. AM2568.

LOWE: AM2568, sorry. What-- can you explain that again and your reasons why you brought that bill?

WAYNE: Yeah. I kind of want to wait until the opening do so, but to give you a snapshot preview is some of the issues that Senator Hilgers-- Hilgers addressed our first two years about acquiring property and owning it, the-- the law did not specifically say that nonprofits could enter into agreements or not with agreements with the land bank. And so my bill makes sure that the land bank continues to move property through and that they don't hold it in what they call a depository agreement for five years with a nonprofit. So what had happened was nonprofits get deeded a lot of houses or lots in Omaha. And those nonprofits, as they try to build, always don't have funds or they're trying to figure out what to do with that property, and they entered into an agreement with the land bank to hold that property until they come up with it. Well, I believe that defeats the purpose of the land bank, and nowhere did our bill authorize that. So we just made it clear and specific that that can no longer go into effect, that the purpose of the land bank is to move property through, which means to get it back out on the market and to get it back usable. And that's what my bill does. It actually strengthens what the land bank is doing. So, yes, it-- it-- there was some issues that we found

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unique to Omaha that has to do with the volume of donated property to nonprofits like Habitat for Humanity, Holy Name Housing, where children who live out of the state don't necessarily want to have rental properties, so they just donate it to an organization. So we-- we-- clarified that and we fixed that and strengthened the land bank. But, Senator Erdman, if you want to ask me questions about the land bank, I have the answers you were looking for. Thank you, Senator Lowe.

LOWE: Thank you, Senator Wayne. And I'd like to yield the rest of my time to Senator Erdman.

FOLEY: Thank you, Senator Lowe. Senator Erdman, 2:19.

ERDMAN: Thank you. Thank you, Senator Lowe, appreciate that. Let's follow up, if I would. Senator Quick, would you yield to a question?

FOLEY: Senator Quick, would you yield, please?

QUICK: Yes.

ERDMAN: Yeah. Thank you, Senator Quick. Senator Quick, you and I had a brief conversation off of the mike there about my question about the vote on the \$50,000. Can you explain to us? And I asked the question about-- so up to \$50,000, it doesn't require a vote of the board. It only requires the decision by the executive director. Can you explain that?

QUICK: Yeah. And I-- I'd like to make sure I-- I clarify that before I actually speak on that, on the-- you talked about the-- you asked me about the \$50,000. And so I'm trying to find out that answer for sure--

ERDMAN: OK.

QUICK: --before I actually make a comment on that.

ERDMAN: All right. So let me-- let me share with the rest of you the question that I asked Senator Quick. At-- at the top of the paragraph there, it talks about actions that need required-- a required vote of the board. And then the last one, it said sale, lease, encumbrance, alienation of real property or personal property with a value of more than \$50,000. What I believe that to say is this, is if the executive director--

FOLEY: One minute.

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ERDMAN: --thank you-- the executive director finds a property that he or she believes ought to be in the land bank, they can make the decision on their own to purchase the property up to \$50,000, informing the board of what they did. That is-- that seems a little peculiar to me. I mean, this whole thing, the more you read it, the more you understand it, the more convoluted it gets. And it looks to me like that this is a bill that needs to go away like it did last year. I haven't changed my opinion. In fact, I'm more confused about it now than I ever was. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Blood.

BLOOD: Thank you, Mr. President. Fellow Senators, friends all, I still stand in full support of Senator Quick's amendment, the Urban Affairs amendment, and the underlying bill. And since the other amendments have yet to be offered, I choose not to address those at this time. With that, I would ask Senator Quick to please yield to a question.

FOLEY: Senator Quick, would you yield, please?

QUICK: Yes.

BLOOD: Senator Quick, can you tell me how many active land banks-- banks are there right now in the United States?

QUICK: I'm going to say around 170.

BLOOD: I-- I would agree. Are you aware of any horror stories that pertain to these 170 land banks?

QUICK: Not-- not the current ones, but I noticed they had some issues over-- earlier when land banks were first formed.

BLOOD: But the more recent ones have been highly successful, especially in areas such as Michigan--

QUICK: Yes.

BLOOD: --is the one that comes to mind especially.

QUICK: Yes.

BLOOD: Right? Thank you very much, Senator Quick. I would ask that Senator Hilgers please yield to a question.

FOLEY: Senator Hilgers, would you yield, please?

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HILGERS: Ab-- absolutely.

BLOOD: How are you today, Senator Hilgers?

HILGERS: I'm well, thank you, Senator Blood. How are you?

BLOOD: I am well. Hey, do you remember Senator Moser kind of made you our-- our Dillon's Rule expert here on the floor last week?

HILGERS: I recall the Dillon's Rule. Did he make me an expert? I'm--

BLOOD: I-- I don't know. I-- I-- I saw it on the bathroom wall. It must be true, so. Can you tell me, first of all, is Nebraska a Dillon's Rule state?

HILGERS: Yeah. We are-- we are a Dillon's Rule state.

BLOOD: OK. What are the four categories in which Nebraska allows discretionary authority to our-- say, our municipalities?

HILGERS: I don't know those four categories offhand.

BLOOD: Structural, functional, fiscal, and personnel.

HILGERS: OK.

BLOOD: I-- I listened in fourth grade. So the-- the question that I have for you, Senator, is can you name-- and again, let's talk about municipalities because that's the area that I come from. What tools do we give municipalities in their tool box to help them with these vacant properties?

HILGERS: Well, some of-- some of the tools are through the foreclosure profit-- processes through the private market, through tax foreclosures and the like. I don't know if that's-- outside of a land bank, I'm not sure what other specific municipal tools for the municipality would exist.

BLOOD: So TIF is a tool.

HILGERS: TIF-- that's fair.

BLOOD: OK. But I think that it's really telling that we're not going to be able list a whole lot of tools. With that, I appreciate your answers. Thank you, Senator Hilgers. I want to point out that in communities like Bellevue, which is one of if not the oldest community in the state in Nebraska, there are a lot of infrastructure issues.

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They're infrastructure issues that go on the backs of our taxpayers. Now I agree with Senator Hilgers. We are all empathetic when it comes to the problem of substandard housing and vacant properties. We all agree on that. Now here's the question. What are we going to do about it? I think that a lot of what I'm hearing is-- is silly, that we don't trust government to know what's best for their own communities, but yet we elect these officials at the municipal level, at the county level, to do our bidding, to do our will. So if we give them a tool that has a separate board, so more voices that are talking about what's-- what's good for the municipality, why is that a bad thing? I don't think people understand that land banks are specifically designed to address the inventory of problem properties that the private market has discarded. I can't stress that enough. They're not lining up to buy these properties. So it converts these neighborhood liabilities and assets that advance the community and those-- that community has goals. So what we're doing is we're giving them another tool to help them meet the goals that they have met on, more than likely, during strategic planning when they wanted to plan the future of that community.

FOLEY: One minute.

BLOOD: It streamlines blight removal and creates a quicker, accountable, and community-driven approach to returning these parcels to the tax rolls. Michigan and New York alone have been able to recapture 50 percent of the taxes on properties returned to the tax rolls for five years. We're not talking about a new idea. We're talking about an idea that has been successfully done across the country. And granted that there was some growing pains when they initially started, but if we can't come to terms on this quicker than what we're doing, then we're not trying. Thank you, Mr. President.

FOLEY: Thank you, Senator Blood. Before proceeding, Mr. Clerk.

CLERK: Thank you, Mr. President, a few items: a new resolution, LR326 by Senator Wishart. That will be laid over. Agriculture Committee, chaired by Senator Halloran, reports LB1159 to General File. Urban Affairs, chaired by Senator Wayne, reports LB1155 to General File with amendments. I have a confirmation report from the Agriculture Committee. New A bill, Senator Pansing Brooks, LB849A, it appropriates funds to implement LB849; and LB963A by Senator Brewer, it appropriates funds to implement LB963. Finally, Mr. President, an amendment, Senator Pansing Brooks to LB238, to be printed. That's all that I have. Thank you.

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FOLEY: Thank you, Mr. Clerk. Continuing debate, Senator Halloran.

HALLORAN: Thank you, Mr. President. I would like to yield my time to Senator Erdman, if he'd take it, please.

FOLEY: Senator Erdman, you've been yielded five minutes.

ERDMAN: Thank you, Senator Halloran. Thank you, Lieutenant Governor. So continuing my conversation on-- on the land banks, I have a-- another question for Senator Quick, if he would yield.

FOLEY: Senator Quick, would you yield, please?

QUICK: Yes.

ERDMAN: Senator Quick, thank you. There's a provision in the statute that says there have been-- if there have been previous efforts to rehabilitate one or more of the major buildings on the property, how does one go about discovering whether there's been rehabilitation efforts and to what level does it have to be before the land bank takes that over?

QUICK: Well, and the-- the city would know that, of course, because most of those properties have been reported to-- through code enforcement, the code-- code enforcement process, or people calling their-- their city councilmen and complaining about a property that's-- that's been an issue. So I know that's-- that's one of the processes. But I know the city is pretty aware of every property that-- that-- that has-- has an issue.

ERDMAN: OK. And I-- and I know Senator-- Senator Hilgers is going to have a couple of amendments that try to tighten up some of the loopholes that we see in the-- in the statute. But thank you for that. I appreciate it. So one of the things that is very troublesome to me is the fact that a land bank can borrow money from private lenders, from municipalities, from the state, from the federal government. Funds may be necessary for the operation of the land bank. They can do all those things. They can issue negotiable revenue bonds and notes according to the provisions of the Nebraska Municipal Land Bank Act and procure an assurance or guarantees from the state or federal government for payments of any debts or parts thereof incurred by the land bank and pay premiums in connection therewith. So what is it? I think it would be a lot easier for the land bank to say these are the things we can't do. I mean, the list would be a lot shorter. I mean, they can do whatever they feel necessary and-- to do to accomplish whatever it is they're going to try to accomplish. I don't agree that

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this is going to solve all those vacant, dilapidated properties in these small communities. And I am still of the opinion that if it was economically feasible, that private investors would be doing this. And if we gave the opportunity to private investors to have the same opportunity that the government does in these land banks, there may be people step up to do this. And it would be on the tax rolls. It wouldn't be 50 percent of the taxes for five years going to a government agency. It-- it-- it-- it's-- it's just strange. I-- I mean, I'm having a tough time getting my hands around what exactly it is that we should be doing as far as government taking over land. And we'll talk-- next time I talk, I'd like to talk about the amount of land that the land bank can own. As I remember the discussion last year, the city of St. Louis has done this extensively. And I didn't bring that document with me, but the one I looked at last year said there were so many properties owned by the city of St. Louis that if you would come and mow the lot, if you would control the weeds on the lot, they would give it to you. And so I'm not sure that that is any different in Omaha. Maybe Senator Wayne can put his light on and explain that to me about how it works in Omaha. But after you get to 7, 8, 10 percent of the parcels in your community, I don't know. That sounds to me like that is a monopoly. But irregardless, we'll talk about that next time. Thank you for your time.

FOLEY: Thank you, Senator Erdman. Senator Brewer.

BREWER: Thank you, Mr. President. Senator Erdman, would you be able to pick up where you left off there?

ERDMAN: OK.

BREWER: I'll yield the rest of my time to him.

FOLEY: Senator Erdman, you've been yielded 4:40.

ERDMAN: Thank you, Lieutenant Governor. I appreciate that. I was wondering now if Senator Quick would yield to another question.

FOLEY: Senator Quick, would you yield to a question, please?

QUICK: Yes.

ERDMAN: Senator Quick, I see that you handed out an explanation of AM2122, and there's been some adjustments made to the amount of property that can be held by a land bank, correct?

QUICK: Yes.

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ERDMAN: OK. So your-- your new provision, new statute-- or amendment says it provides a city of the primary class, which is Lincoln, may not hold legal title to more than 7 percent of the total parcels in the city, and no more than 5 percent of the parcels can be commercial property. Is that correct?

QUICK: Yes, that-- that's correct.

ERDMAN: Do you think that that is appropriate? That is a significant number of-- of parcels.

QUICK: That was an agreement reached between the interested parties, the Lincoln Independent Business Association and also with the League of Municipalities. They sat down and-- and come to an agreement on that, on those numbers.

ERDMAN: OK, OK. So when it says parcels, do you mean a number of parcels or a-- or valuation of the county or the city?

QUICK: I'm going to guess those would be individual properties. So there's-- there's a certain percentage of properties within each community that they know are-- are-- you know, you have your total number of properties in the community and they're taking that percentage and figuring out how many of the percentage they could actually hold that are out of-- out of that community based on those numbers.

ERDMAN: OK. That's still a significant number. So if I understand the statute correctly, then it's 7 percent of residential and 5 percent commercial in a primary cl-- city like Lincoln and then 7 percent of the residential parcels and-- and 10 percent in a metropolitan city and then 10 percent and 5 percent, respectively, in a city of the first class. And then here's one that's amazing. In a city-- a second-class city or a village, 25 percent-- 25 percent of the property, residential, and 5 percent of the commercial properties can be owned by a land bank. Does-- doesn't that seem like a lot of properties?

QUICK: Well, if you look at even like your community of Bayard, how many properties do you think are in that-- in the community? And then there's 88 properties that are vacant and abandoned. And so I-- I'm going to-- I'm going to say that that 88 isn't even 25 percent. I mean, it's-- it's more than 25 percent. You know what I'm saying? So then maybe they can only have maybe 25 out of those properties out of the 88. I don't know what the percentage is for Bayard but--

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ERDMAN: Right. Right. I would assume there's more than-- there's more than 400 properties in Bayard.

QUICK: Yeah. Well, and I-- and then I look at where I came-- where I grew--

ERDMAN: Right.

QUICK: I grew up near Hordville, Nebraska, a community of 100 people. So you may have 20 properties that are vacant and abandoned in that community, I mean, so at some point you'd only get a hold one-- one-- you know, try to redevelop one of those properties.

ERDMAN: But if-- if someone owned-- if a land bank owned 25 percent of the properties in Bayard, that is-- that's significant.

FOLEY: One minute.

ERDMAN: That is-- that's an amazing amount. There's a lot of things in this bill that doesn't make sense, and that's one of them. Twenty-five percent is an exorbitant amount of properties being held by-- by the government. So thank you for answering my questions.

QUICK: OK.

ERDMAN: Thank you.

FOLEY: Thank you, Senator Erdman. Before proceeding, Senator Kolterman would like to recognize some guests today. We have with us the presidents and board members of the Southeast, Northeast, Central, Mid-Plains, and Western Community Colleges, as well as 4 students, about 20 people in total in delegation, and they're in both the north and the south balconies. If those guests could please rise, like to welcome you to the Nebraska Legislature. Senator Quick, you're recognized to close on AM2122.

QUICK: Thank you, Mr. President. One of the things I want to address with the amendment-- and I know people have had a lot of questions. So, you know, one of the things that's come up and the reason that-- that I brought this, this bill, in the first place is I've met with a lot of people, especially in my community of Grand Island. We have 200 abandoned or vacant properties that are really an issue for-- for our community and for some of our neighborhoods, because it's-- it's not-- it-- it makes our neighborhoods not very safe. We have problems with maybe even vagrant-- vagrants moving in there, or we also have something like maybe drug deals that go on in those commun-- in those

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homes. So that's one of the reasons that I brought this bill in the first place. So this amendment is something that we use to address most of these issues. And so that was a compromise that we reached over the summer. And so I would just want-- would appreciate your green vote on this amendment and so we can move forward. Thank you, Mr. President.

FOLEY: Thank you, Senator Quick. Members, you've heard the debate on AM2122. The question before the body is adoption of the amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please. Senator McDonnell, did you-- did you inadvertently press the wrong button?

McDONNELL: Yes.

FOLEY: Thank you, Senator McDonnell.

CLERK: 30 ayes, 1 nay, Mr. President, on the adoption of the amendment.

FOLEY: The amendment is adopted.

CLERK: Mr. President, the next amendment I have to the bill, Senator Wayne, AM2568.

FOLEY: Senator Wayne, you're recognized to open on AM2568.

WAYNE: Thank you, Mr. President and members of the Legislature. AM2568 makes two changes to strengthen and improve the bill. First, the amendment corrects the oversight-- an oversight in the land bank statutes regarding the ability of the land bank to extinguish lien-- tax liens-- extinguish tax liens that was recently bought by the-- brought to the committee's attention by the city of Omaha. Second, the AM2568 incorporates the provisions of LB1178, my bill which was recently advanced by the Urban Affairs Committee with a committee amendment. As I introduced LB1178-- as introduced, LB1178 would prohibit land banks from entering into what are known as depository agreements with local nonprofits. Under these agreements, nonprofit organizations transfer property to the land bank temporarily with the intent to transfer them back to the nonprofit at the conclusion of up to five years. My primary concern with this-- with regards to these depository agreements is that they are temporary holding of the property, which might delay getting the property back to the community, fixed up and back to the market, or have people living in them. At the committee hearing, LB-- at the committee hearing on LB1178, a case was made that there may be a valid instance which

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nonprofits or other private entities would want to work with the land bank to help clear title problem. The committee amend-- amendment would maintain a general prohibition on depository agreements but allow an exception for an agreement to help clear title provided that the agreement does not exceed a period of one year. To be clear, I support the land bank's work. I strongly prohibit LB424-- I strongly support LB424 and I believe LB1178 addresses the isolated incidents that happened in Omaha. And with that, I'd ask for a green vote.

FOLEY: Thank you, Senator Wayne. Senator Hilgers.

HILGERS: Thank you, Mr. President. Good morning, colleagues. Probably the only time I'll speak on Senator Wayne's underlying amendment. I support it, and I'm hopeful we'll get votes here on-- on this amendment and the Urban Affairs amendment here so that my amendment will come in-- up after that. I wonder-- I was wondering, though, if Senator Wayne would yield to a question or two.

FOLEY: Senator Wayne, would you yield, please?

WAYNE: Yes.

HILGERS: Thank you, Senator Wayne. I-- I appreciate your opening on the amendment. I was wondering if you just could sort of again just summarize the problem that was trying to be solved with your underlying bill.

WAYNE: So in Omaha, due to the amount of property-- and again, I think this is an Omaha issue because, whether it's Bayard or wherever else, Grand Island, they won't have the number of properties that we have in nonprofits. So there are three house-- actually, four nonprofits: Seventy Five North, Habitat for Humanity, Holy Name, and another one that I can't remember, who would put these into depository agreements with the land bank, and they would hold those with the land bank for up to five years. And the issue I had with them was-- the purpose of the land bank, as we've discussed multiple times, was to move-- move property. So while this property is sitting in the land bank neighborhoods and all the issues that Senator Briese, Senator Quick, and others have talked about-- about as far as property sitting and becoming dilapidated, were still occurring. Now nowhere did the statutes authorize this, and so my bill and this amendment, which is my bill, would just say we specifically prohibit this, except for if there's issues around clearing title. The reason why clearing title is important, because oftentimes in Omaha we have generations of generations of people who, quite frankly, don't know who owned the

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property. Multiple people have died. The mortgage has been paid off. It's been sitting there. And then a cousin gets a letter saying you owe money for tax liens, and so they just donate it to Habitat. Well, the way our laws are regarding estates is that you really can't clear title if you don't know who it is. So oftentimes these profit-- nonprofits would put it into the land bank, which has the ability, because it's a government agency, government political subdivision, to clear title. While I think that's important, particularly dealing with generations of somebody not knowing who the property owner is but family members just living there, this allows for that provision to still happen, but it limits it to one year.

HILGERS: Thank you, Senator Wayne. So in other words, the-- the current practice wasn't authorized by statute, so this would provide the statutory authorization, but in exchange it would require these properties to cycle off, and it-- it couldn't be indefinite. Is that-- is that right?

WAYNE: Yes, that is correct. And actually, part of it was for one of my client who wanted to buy some property, and we ended up finding out that it wasn't actually the land bank who owned it. It was a nonprofit. And then actually there's three houses down the street from my cousin, who many of you met, who runs my law firm while I'm not here, that have been sitting for two-and-a-half years with this nonprofit. And we thought it was a land bank, and that's how we found out about these depository agreements. The committee all agrees, the Urban Affairs Committee, that this is not the intention of the land bank and we should stop this. The issue was this clearing of title, and so that's why we left the one-year provision in the amendment to allow them to clear title. But the purpose of the land bank is to not actually be a bank of land, and so this provision makes sure that that doesn't occur. So I think it addresses many of the issues that you-- you had the first two years we talked about the land bank.

HILGERS: Thank you-- thank you, Senator Wayne. So-- to be clear, just so I'm on the same page, this-- the-- the requirement that the property cycle off within a certain period of time only applies to these depository agreements, or is it any holding of any kind that the land bank might acquire?

WAYNE: Well, actually, the land bank was already required--

FOLEY: One minute.

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WAYNE: --underneath the current statute to at least auction, and everything has to go through an auction in the land bank, to auction off property within a year. They cannot have commercial leases for anything over a year, but then after that commercial lease, they are required to go through an auction process within a year. So they're supposed to do this within a year, and this just clarifies that you can't get around that year requirement.

HILGERS: OK, OK, that makes sense. Thank you, Senator Wayne. Were there-- and, Mr. President, I know I'm almost out of time. Am I next in the queue?

FOLEY: You've got a half-minute, and then you're next in the queue.

HILGERS: Might I just continue through?

FOLEY: Please.

HILGERS: Thank you. And, Senator Wayne, if I-- just a couple more questions, if you might, Senator Wayne. Senator Wayne, were there-- were there-- was there opposition at the hearing?

WAYNE: Yes. Nonprofits and the-- the nonprofits who use these expository-- depository agreements. And I do want to clarify, you are correct that the non-- the land bank can hold property for longer than a year. Sorry, it was the commercial leases that they have to not have for longer than a year. And the reason for that is, in Omaha, there are tax liens that are literally slivers as wide as a desk that we sit in, that are just a sliver of property owned by somebody else. So they are allowed to have those for more than a year. But to correct Senator Erdman's issue, you've still got to bid on the contiguous lot, on the tax liens, so you can't just-- they don't have eminent main-- eminent domain authority that if I own this, if the land bank owns a sliver, they can just go buy the next desk, where Senator Walz is, and eminent domain it. They don't-- they don't have that authority, and that was incorrect by Senator Erdman.

HILGERS: Thank you, Senator Wayne. At the hearing, was there any discussion, if you can remember, about how many parcels these nonprofits or the land bank had? Can you speak to that?

WAYNE: Yes. So there's a little-- there's a little over 550 parcels of land that are in these nonprofit depository agreements.

HILGERS: And is that-- is-- was there any testimony, or would you know, and maybe you don't, is the-- are these depository agreements

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most of the land bank's holdings are in, they-- are-- are there hundreds of other parcels or other parcels in other forms?

WAYNE: I believe the land bank has around 100-200 parcels. So obviously, these depository agreements are a significant portion or-- or more than the-- what I would say should be allowable, and that's what brought this bill.

HILGERS: I appreciate that, Senator Wayne. And I've asked for the transcript of that hearing so I can look at it, so I appreciate your dialogue on the floor as we make a record this morning. So one, was there any discussion about the-- there's a lot of-- it seems to me, and-- but you're Chair of the Urban Affairs Committee, so you-- in context, you may disagree, and I'd love to hear your thoughts. But that strikes me as quite a few parcels. If the purpose of the land bank is to get these-- get the land back onto the rolls and into a productive purpose, that's-- that strikes me as quite a few. Would you agree with that characterization, or how would-- 550, how would you-- is that a lot, a little? Tell me what-- your thoughts there.

WAYNE: It's a-- it's a lot for me, and that's why I brought this bill. But to be clear, those properties don't just disappear. They're still going to sit on Habitat or Holy Name or Seventy Five North books, so the-- the property is still going to be there, one way or another. I just don't think they should sit in a land bank. So they're not going to disappear that quick. They've still got to be revitalized.

HILGERS: So in other words, the properties through these depository agreements will no longer be held in the Land Bank, but they will-- but the non-profits will still have them.

WAYNE: Correct.

HILGERS: Got it. OK. That's very helpful. Thank you, Senator Wayne. I appreciate the dialogue, Senator Wayne, and-- and the work of the Urban Affairs Committee on not only the underlying bill, which I believe was LB1187 in committee-- LB1178 was in committee. So I appreciate Senator Wayne's focus on this. I appreciate the opportunity to hear some of what was spoken at the hearing and some of the information. I think, colleagues, there's a couple of things that I think were worth flagging here. And I do support this amendment. I support Senator Wayne's bill. And I appreciate what Senator Wayne is trying to do here, which is trying to limit-- narrowly focus on some of the opportunities for-- you know, abuse is a strong word. I don't mean to imply that it is as strong as I'm using it here, but-- this

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this strikes me, and it struck-- it sounds like it struck Senator Wayne, as-- as maybe not how the-- the-- the original land bank was designed. The original land bank was-- I don't believe was designed, and as it's been articulated on the floor here this morning and on other previous debates, to have a bank that holds 550 parcels or more of land. As Senator Wayne put it, I think very nicely, it's not-- even though we call it a land bank, the idea is not just to grab a bunch of land and hold it. The idea is to get it, as I understand it, is to get the-- get the land and get it back into the community, into a productive purpose. So I appreciate what Senator Wayne's done here. I appreciate what the Urban Affairs Committee has done here. I certainly support this bill. And I-- in the same vein as this amendment, I am bringing my amendments, and they'll come up here pretty soon, and those are meant to narrowly focus on certain aspects of the land-- land bank statute that I believe to be overly broad and present a real possibility for abuse. And so--

FOLEY: One minute.

HILGERS: Thank you, Mr. President. So I'm going to vote green on this underlying amendment. I appreciate Senator Wayne's dialogue and the work that they have done. I will vote green also on AM509, and after AM509 is dispensed with, my first amendment will come up. So thank you, Mr. President.

FOLEY: Thank you, Senator Hilgers. Senator Wayne, you're recognized to close on AM2568.

WAYNE: Thank you, colleagues. I do want to clarify. Part of the reason why the land bank only has 200 properties is the land bank actually does a good job of turning property through their auction process. They turn about 15 to 20 properties around, or at least they sell them, within a month, so they don't keep a lot of inventory. In addition to that, part of their agreements are they require the buyer to have the house ready to market or at least rentable within two years after they purchase it. So we're actually shorting the rehab time through the-- through the land bank process. The last thing I want to say regarding this is my amendment, colleagues, proves that the runaway train does not exist. So while I-- while I understand Senator Hilgers' concerns, and I've heard him from two years and after that, I've-- I mean, we've had plenty of conversations where I've actually dug into the land bank, and I brought an amendment. And I brought an amendment which I think will pass 49-0 because we don't let things run away in this body. But at the same time, you can't start something where the private sector has said we don't want anything to

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do with it, and here's what I mean. Out of the 88 properties in Senator Erdman's town in one of his districts, 88 properties, only roughly 10 to 12 may go to the land bank. The only way 88 goes to the land bank is if the private sector does not want to participate because the land bank buys liens just the same as the private sector. And it isn't until the private sector says, hey, and this is actually how most of the land bank's properties actually are acquired, is because people say, do something with this property, I will sell it to the land bank for \$10,000, I will sell it to the land bank for \$20,000. They actually buy it and then turn around and-- and refurb-- or at least get contractors in to refurbish it, as far as not-- them not doing it-- not them doing it themselves, but they sell it to contractors at a better price with a clean title. That's part of the problem with the tax lien. The reason why the tax liens stay on the rolls forever and actually no taxes, so 88 people, \$137,000, according to your budget in that county, is not being paid right now, Senator Erdman, because those properties are in tax liens, are not being paid. That's \$137,000. But the reason they can be paid after two years is because the land bank moves them and they clean title. But the reason the six-- three-year cycle stays forever is because if I'm an investor and I'm only getting 12 percent on my investment on this tax lien and it's time for me to foreclose and acquire the property, if I don't have clean title, that 12 percent is not worth it because then I'm going to spend over 12 percent trying to clean title and make sure it's my property. So what happens is it stays on that tax lien roll and then it-- another three years goes by. And there's literally property out in western Nebraska that has been going through this tax lien cycle for 12 years, 12 years that there are just properties sitting in these communities that are sitting for 12 years because every three years somebody is like, ah, 12 percent, cleaning title, getting it fixed up, not worth my headache, I'll lose the 12 percent. That's literally what happens on about 10 percent of the property across the state. That's why 10 percent of the property is going to the land bank to figure out that short, narrow property that is not being utilized by the private sector. And if, Senator Erdman, this runs away, or, Senator Hilgers, this runs away, I may be Chair of Urban affairs, I may not get reelected-- who knows? But we just bring an amendment to fix the issue. But if we hamstring the land banks across the state to where they can't even perform their function, then we're still dealing with these 10 to 12 percent of properties that are always going to stay in your community, that are always not going to be on the tax roll. That's a problem. So, yeah, there's-- there's some broad powers in there.

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FOLEY: One minute.

WAYNE: But they're not powers that we don't-- they're actually less powers than that we give most political subdivisions because we recognize some of the concerns. And when I found a concern, I dealt with it. I brought an amendment and it's fixed. It'll-- this-- this should pass. Senator Hilgers said he's going to vote for it. We should move forward. But if we hamstrung them before they even start, those 88 properties are never going to come to the market and you're always going to miss \$137,000 in property taxes in some of these communities. And with that, I would ask for a green vote. Thank you.

FOLEY: Thank you, Senator Wayne. Members, you've heard the debate on AM2568. 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.

CLERK: 33 ayes, 0 nays on adoption of Senator Wayne's amendment.

FOLEY: AM2568 is adopted. Mr. Clerk.

CLERK: Mr. President, Senator Hilgers would move to amend with A-- excuse me, FA101.

FOLEY: Senator Hilgers, you're recognized to open on your amendment.

HILGERS: Thank you, Mr. President. Good morning again, colleagues. FA101 is the first of my proposed amendments that we're going to talk about this morning as this debate continues. And before I get into this amendment, I do want to-- I do want to respond briefly to the comment that Senator Wayne made about whether or not this is a runaway train and how that should impact the debate that we have here today. Whether or not I agree with Senator Wayne, and I don't have-- I don't know if I have enough facts to know whether or not currently it's a runaway train. I've never used that language. I've never suggested the current use in Omaha is a runaway train or anything close to it. But what I have said and what I will continue to say is that the language of the statute, which would be extended by this bill, creates a structure that I believe will be ripe for abuse down the road. And we're going to talk through every single way that I think that is true. And ultimately, I think the facts that will be presented through the language of the statute and the language of the bill will make very plain and very clear that there are real problems, real loopholes, and real flaws that this body ought to fix. Now, ultimately, you may disagree with me, but I've chosen ones that are

not intended to gut the entire land bank bill. And I'm not saying Senator Stinner or Senator Quick are going to agree with any or-- or most or even-- or any at all. But they are certainly narrowly tailored to try to identify certain problems that I see in the land bank bill. And whether or not-- I don't-- I don't believe it is sufficient to say in response to the concerns that right now Omaha is working OK, because the reality is, whatever the leadership is in Omaha for the land bank, it's going to change eventually. There's going to be-- if we-- if we pass this bill and there's-- there are new land banks all across this state, there's going to be new leadership, and whatever leadership that is, it'll change eventually. What will be constant will be the legislation that we put forward, and that will remain stable for potentially decades to come, so we better get it right. And while it's an important data point, or it's a relevant one, at least, to say that the current land bank hasn't created a runaway train or-- or a tremendous amount of abuse-- and I'm not taking a position on that. Some of the facts that I've heard suggest that we ought to be tightening just based on the Omaha experience. But notwithstanding that, the language of this statute is too broad. So the first change that I'm proposing is what I believe is to be a pretty significant loophole to the automatic bid acceptance provision of this statute. And what-- I rarely do this. And, colleagues, I know we always get a lot of papers at our desk. If you look at my desk, it's-- it's filled with papers that we circulate. I rarely circulate papers to the body, and I have this morning because I think it's helpful to have the statute in front of you, and so I've done that. I've got a piece of paper that everyone has. I've put it on your desk. And it is the provision that I'm going to talk about. It's-- this is what FA101 does. It strikes this language here. I'm going to talk about why I think this language ought to come out. I'm going to talk about the opportunity for abuse that could come from having this language being left in. And I'm going to talk about why it does dilute a little bit some of the compromise language that Senator Stinner worked so hard to come up with. So this automatic bid acceptance provision, so the land bank has a very particular power that is unique in the sense that it gives the land bank the opportunity, if the board does these certain qualifications and criteria, to be able to have their bid be automatically accepted. Doesn't matter what anyone else has bid for the property, doesn't matter-- again, we're trying to get this-- the land back on the rolls. So you have a private investor come in, say, I got a plan for this land, I'm going to turn it around, I'm going to do X, Y and Z, and it's going to be the next great thing for this community, doesn't matter; doesn't matter if an auto-- if the criteria of the automatically accepted bid is met, and there are a number of

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criteria. And we've talked mostly on the floor about this list in section (a). And it's-- this is on page 8 of the white-copy amendment. It lists of section (a) and it-- and it says basically, if the board finds that it's-- the current law says if the board finds one of these seven things, or eight, nine things to exist, then that's sufficient one-- for one piece of this automatic bid acceptance criteria to be met, and you can have the automatic bid to be-- or the bid to be accepted automatically. Now what Senator Stinner and Senator Quick have done, and I think it's helpful and I think this is a good change, is, as part of their compromise effort, they have said, OK, we understand one of nine might be a little too broad, one-- you-- maybe you could find one of these things, right? I mean, one of them is the property is not occupied by the owner or any lessee or licensee. The owner may-- you probably find that in a lot of properties. So we're going to say, OK, we'll narrow that and what we'll require is four. So you-- now you have to have four of these things, four of nine, and that sounds like a limitation and it is a limitation. But there's a loophole, and I'm going to talk about the loophole in a second. I don't think-- to be very clear, colleagues, I do not think this automatic bid provision ought to be anywhere in this statute at all. I have brought the amendment, however, because I'm not sure a majority of the body would agree with me. So I've brought a limit-- more limited amendment that I believe ought to attain majority support of the body. And what is that amendment? What is this loophole I keep talking about? Well, it's what I've circled on the paper that I've put in front of you, which is lines 27 through 29. So here's-- here's the thing. All right? So it says-- the language says, OK, if you have one of these nine or four of these nine, you've got to have them all, right? And if you don't show those four, then you don't-- you can't have the automatic bid. And I'm like, OK, I'm with you as far as it goes. But-- but there's an awfully big loophole, right? Line 27, 28-- 28. Or you could have four of the nine or-- that "or" does a heck of a lot of work here, colleagues-- the real property is contiguous to a parcel-- parcel that meets four or more of the criteria, so it's next to, or that is already owned by the land bank. All right? That is a gigantic loophole. That means, colleagues, none of these nine could apply to the parcel that is being acquired, not one, zero. The-- it could be owner occupied, it could not have been deemed unfit for habitation or occupancy, it could not be boarded up, none of those, as long as-- all it takes is, well, if that property which could be completely just fine, just dandy, no problem, but if it's next to a piece of property that's owned by the land bank or a piece of property to which four of those restrictive criteria apply, then it can be acquired. So if it's next to, doesn't go to anything about the

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property itself, the only thing about the property-- so if we're trying to get properties-- and remember, I'm trying to match the rhetoric with the language. The rhetoric is, let's get these properties that are-- that are bad, terrible, back on the rolls. Well, the language goes a heck of a lot further than that, colleagues, because the language says, yeah, we'll-- we'll take care of some of those boarded-up properties, but if you-- if you're a perfectly fine property and you just happen to be next to something that we own, well, automatic bid for you, I'm sorry. Now what I would like to hear on the floor is why that loophole, that breadth of language is anywhere-- why it is in the statute in the first place and why isn't it the case that the property itself in all-- any and all and every case has to have those restrictive qualities. If we're trying to narrow it to a specific problem and a specific type of property, why are we giving this breadth of a provision in this particular statute? So this is loophole number one, colleagues. This is loophole number one. We've decided that what we want to solve is the problem of boarded-up properties, and what we are doing is giving the land bank the power to get properties that aren't boarded up, aren't dilapidated, aren't problematic at all, no requirement. It's overbroad. It's a big loophole. It ought not to be in the statute. And so what I've done with FA101-- it's the very first of eight that I have drafted, and we'll see how long this one will take, but we'll go through these one by one-- is to try to narrowly craft, frankly, in my view, more of a compromise provision, because I would have wanted-- preferred to take out the entire automatic bid acceptance process in its entirety, but a narrowly tailored provision, take that out, take the loophole out and just say to the land bank, hey, look, if what we're trying to do is get these border have-- these border properties, dilapidated properties back on the tax rolls-- fair enough, but all we're going to put to you, we're going to-- we're going to ask you to actually make the case with each property you acquire. We're not going to give you the opportunity to acquire through an automatic bid properties that don't meet any of these criteria simply because they are next-door to a property that does. So that's all that FA101 does. It strikes one provision of the current law, certainly less than I'd like, but I believe it's narrowly tailored--

FOLEY: One minute.

HILGERS: --to accomplish a very specific purpose, which is to eliminate an exception that could in some cases swallow the restrictions that we have put on the land banks in the first place. So with that, I look forward to the discussion on this amendment and I'd ask for your green vote on FA101. Thank you, Mr. President.

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FOLEY: Thank you, Senator Hilgers. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. Thank you, Senator Hilgers, for bringing that amendment. It makes sense. It does make the bill better. It is amazing to see that those kind of loopholes are in there now and it's a provision that is available to land banks, and so I will be voting for that amendment. I don't know if I can vote for the bill, but I'll vote for that amendment. So as I was listening to Senator Wayne make a comment about the properties, and I think he was referring to Morrill County being \$137,000 in arrears on their property tax on those 88 properties, I think that was the conversation, so if he would yield to a question, I would appreciate that, if he's here on the floor. Senator Wayne?

FOLEY: Senator Wayne, would you yield to a question, please?

ERDMAN: I don't see Senator Wayne. How about Senator Quick? Would he yield?

FOLEY: Senator Quick, would you yield to a question, please?

QUICK: Yes.

ERDMAN: Senator Quick, here-- here's the question. You-- you have probably heard Senator Wayne make the comments about the back taxes that are owed on those properties. Is that correct?

QUICK: Yeah, I can't remember. I-- you-- you can refresh my memory on what--

ERDMAN: OK. He-- he said there was \$137,000 in delinquent properties in-- I-- I think he referred to my county-- that were not being paid because they couldn't find the owner or the owner wasn't available to pay the taxes, so it's-- it's back taxes.

QUICK: Yes.

ERDMAN: So let's assume that that is the case. So here's my question. So the land bank acquires the properties and they do whatever they're going to do as far as stabilizing, remove the property off of the lot, whatever they do. And then going forward, do they pay property tax?

QUICK: No, I don't believe so.

ERDMAN: So--

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QUICK: It would be-- because they're just a pass-through, so they don't-- you know, the-- it goes through to the developer or Habitat for Humanity. And from that point, once they've revitalized or refurbished the property--

ERDMAN: OK. All right. So play along with me, if you would, and help me when I make assumptions. You know what happens when you assume. But let's-- let's assume the land bank buys 25 percent of the properties in that community and they stabilize them and they remove the old buildings and then they can't sell those properties, nobody wants them, and they don't pay any property tax. Can you tell me how much better off the community is? Except for just removal of the buildings, they're still not getting any tax dollars. Is that correct?

QUICK: Well, I think at some point the-- the land bank's not going to hold onto it for forever. I mean, they might even gift it to the city or, I mean, like-- especially like for Habitat for Humanity, they might gift it to Habitat for Humanity. And then from that point, something will happen with the property, but they don't hold it for forever.

ERDMAN: OK. So what happens at the end of five years? They have these properties and they want to give them to Habitat for Humanity, or whoever they want to give them to, and there is no need for those properties, nobody wants them. What happens then?

QUICK: Well, then I-- I'm sure they would communicate with the city. Maybe the city would purchase the properties. Maybe they decide they're going to use the-- that for-- I know they can do community gardens and things like that where-- where community members can put a garden in different areas. I know Grand Island has done that, not with land bank form of property, but they've done that.

ERDMAN: Grand Island may have a few more people than rural Nebraska has.

QUICK: Yeah, but I think every community can have-- would-- can enjoy those type of properties. I mean, you can-- that way-- I mean, if you want to-- to help vital-- revitalize, at least you're getting rid of that-- that-- that-- that-- that home what-- that was on there that was actually causing bringing down a neighborhood where--

ERDMAN: Right.

QUICK: And maybe the next-door neighbor wants to buy that property.

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ERDMAN: Yeah. So once the land bank owns the property, they don't-- they don't pay any property tax. Now if they sell the property--

FOLEY: One minute.

ERDMAN: Thank you. If they sell the property to someone and then it goes back on the tax rolls, the land bank collects one half of the property tax for five years. Is that correct?

QUICK: They can if they feel that they need to, because if they have to pay for demolition and all these other costs, then they've got cost out of their pocket. So they just would use 50 percent to whatever to pay back for what they had paid either for the property--

ERDMAN: OK.

QUICK: --or-- or paid to demolish it.

ERDMAN: All right. So-- so let's say that land bank buys a property. It's got a house on it and it's dilapidated, boarded up. They remove the house. They sell the lot to a-- to a person. That person builds a new house, a \$200,000 house, \$100,000 house. Now the property tax is 2 percent of \$100,000, so it's \$2,000 a year. So then would the land bank get one-half of the increased value once the new facility has been built on there?

FOLEY: That's time, Senators.

ERDMAN: Thank you.

FOLEY: Thank you, Senator Erdman and Senator Quick. Senator Cavanaugh.

CAVANAUGH: Thank you, Lieutenant Governor. Colleagues, I rise today not to discuss this bill but to discuss something else. Friday, this body and this experience-- building experienced a singular event. Hundreds of gun owners and Second Amendment supporters converged on the Capitol to show their opposition to bills being introduced in Judiciary. Besides the sheer number of individuals, this stands out as unusual because many showed up brandishing various types of guns. What makes this outpouring of opposition remarkable is normally when someone testifies in opposition to a senator's bill, they're not sitting behind that senator openly carrying a deadly weapon. If we were in the U.S. Capitol Building, this would not have been tolerated. I support an individual's right to bear arms. But like all other rights, there are parameters. On Friday, hundreds of opponents to proposed legislation showed up in the Capitol and is-- in a display

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that was intended-- clearly intended to intimidate this body. Some may question the judgment of individuals who would be so bold as to have their finger on the trigger-- trigger of a loaded assault rifle during a legislative testimony. Colleagues, I'm asking that we as a body come together to do better for one another and for the individuals visiting this building. Allowing weapons in this building, especially into committee rooms, suppresses the voices of those who stand in opposition to the gun holders. It was clearly the intent to intimidate this body. I won't assume to speak for others in this Legislature, but for myself, I was intimidated. I was scared. I was worried about how someone might react to my bill and what I had to say might trigger a dangerous reaction. I was worried about getting home to my children. I was worried about the safety of people testifying in support of my bill, the safety of the members of the Judiciary Committee, the safety of our pages and sergeants-at-arms. No one should come before this body and fear for their safety when expressing a viewpoint. Every single day we hear from individuals we agree and disagree with on innumerable topics. Never, before Friday, had I been concerned about everyone's safety in exercising their First Amendment rights. I have reread the rules governing this body several times this weekend, and I have found them to be egregiously inadequate. I also searched the Capitol Commission's rules and regulations. Both of these documents are 100 percent silent on the issue of bringing weapons of any kind into this building. Additionally, we clearly have absolutely no protocols in place to address this body and the public when 400 citizens converge on the Capitol to express their viewpoints while likely carrying a deadly weapon. As an introducer of one of the two bills addressing gun regulations in this state on Friday, I am mystified that the only reason I had security was because I asked for it after hearing from a passerby in the-- in the hallway that individuals were carrying semiautomatic rifles. Why was the full body not briefed? We were alerted about concerns about the public e-mail, and immediate and swift action was taken. The Omaha World-Herald stated: AR-15, a semiautomatic rifle mainly used for self-defense. I cannot recall a single news story referencing an AR-15 being used for anything beyond mass shootings. I cannot find a single news story about it being used for self-defense. As this body may recall, I have spoken publicly several times about how the Parkland shooting on February 14, 2018, impacted my teenage relatives. After what transpired in this building, in my place of work on Friday, I am traumatized. That does not make me weak.

FOLEY: One minute.

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CAVANAUGH: That doesn't mean that anyone who was here last week won or lost some mystical battle. What it does mean is that I'm going to do what I have done from day one on this job and I am going to speak truth to power. I was intimidated. I was scared. And today I am picking myself back up again and let everyone in this body, everyone that I represent, and everyone that comes here to share their views on the work we do that I will continue to show up for you all. I will continue to speak truth to power, even when it pers-- is personally challenging and a bit scary for me to do so. Not speaking up today would have meant I let the strangers define who I am and how I lead and legislate, and I will not let that happen, ever. I will close by saying I believe in our constitution. I believe in our rights to bear arms. I support every individual showing up to share their story. I will continue to show up to hear them. But as a body, we can and should-- should do better for the care and safety of every soul in this building. Thank you to the sergeant-at-arms and State Troopers for being ever vigilant. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Cavanaugh. Senator Hilgers.

HILGERS: Thank you, Mr. President. Good morning, colleagues. Is Senator Wayne on the floor?

FOLEY: Senator Wayne, would you yield, please? I do not see Senator Wayne.

HILGERS: I don't see him. OK. I had a conversation off the mike. I was trying to understand amend-- FA101. I was trying to understand the purpose. I had a couple of questions about why the-- the initial exception that FA101 is trying to strike was included in the initial language. And so I've spoken briefly with Senator Quick. But I understand that this bill, what FA101 is trying to do is try to modify and alter the original statute, which is being extended. Right? So we've opened up the statute. We're looking at the various powers and authorities that land banks have. And this isn't directly part of Senator Quick's bill, but by the fact it's expanding that authority, it is something that-- that I think we need to discuss on the floor. So I'm trying to understand what the counterargument would be for why FA101 wouldn't be a-- an amendment that ought to be adopted with unanimous support from this body. It strikes me as a pretty large exception and loophole to say that for a particular piece of property, you don't have to actually meet any of the criteria that is required under the automatic bid acceptance portion of this particular statute if all-- the only criteria is required is that it's just contiguous to or next to that particular piece of property. So ultimately, I think

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there really isn't a very good reason, as far as I can tell or that I-- anyone's been able to articulate. If Senator Wayne was on the floor, I'd ask him his thoughts as Chair of the Urban Affairs Committee. But certainly I believe this FA101 will help close this loophole and ought to be adopted by the body. Thank you, Mr. President.

FOLEY: Thank you, Senator Hilgers. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. I appreciate that. So let me go back to the question that I asked Senator Quick earlier last time, before we ran out of time. Senator Quick, will you yield to a question?

FOLEY: Senator Quick, would you yield, please?

QUICK: Yes.

ERDMAN: OK. Senator Quick, let me go through that again. A land bank buys a lot. They remove the old buildings. They sell the lot to a person that wanted to build a house. That person builds a house on that property. Let's say, for the sake of conversation, it's a \$100,000 house. And generally, in most of these communities, the tax is about 2 percent. So if they paid-- paid \$5,000 for the lot, built a \$100,000 house, that's \$105,000; their taxes would be short-- just a little over \$2,000. So then would the land bank get one half of the increased new value after the house was built for five years?

QUICK: They could, yes. It's not a requirement that they actually take that. I mean, it's just a way-- that's another way to-- for them to recover some of the funds that they spent on that lot. So they could collect 5 percent-- or 50 percent of the new property tax value of that property--

ERDMAN: OK.

QUICK: --where they weren't collecting any-- I mean, the county wasn't getting any tax money before, so--

ERDMAN: Right. So then the county or the city would collect one half of the taxes. The other half of the taxes would go to the-- just normal tax collection?

QUICK: Yes.

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ERDMAN: OK, so let's say that this passes and those communities out there begin to establish a land bank. Where do they get the funds to buy the first property?

QUICK: Well, I know for the Omaha land bank, when they first established the land bank, there's a lot of foundations that donated money, contributed money to that, to a fund. Also, the city of Omaha put so much money in. There were some different contributors to get it started, to get it established. And I think they-- I think up to this day, I think they still contribute some money to those, to the land bank to help with some of those properties. So it's-- it's not all, you know--

ERDMAN: OK.

QUICK: --collected through taxes.

ERDMAN: But-- but they could borrow money, correct?

QUICK: What's that?

ERDMAN: They could borrow money?

QUICK: They can if they need to, to like-- to buy a-- to purchase a property, say, if they purchase a property.

ERDMAN: OK. All right. Thank you. I appreciate that. But, you know, as we move through this and you-- as a land bank, you buy these properties and now they're in your possession and if you have bought 25 percent of the properties in a community, there is a really good chance you won't be able to move those properties into private hands. So one has to think about this. If it's not economically feasible for private investors to do what the government is going to do, is it feasible for the government to do it? That's the question. So if we would give the same opportunity to a private investor, we would allow them, maybe gift them some money or whatever we do, forgive the taxes, that they would take that property over. And in my example, if they got-- if they had possession of the property, they remove the building and they build a new house, then the county and the city and the school and everyone would be collecting the-- in my example, the \$2,000 instead of \$1,000. So why don't we just give the opportunity to those people in the private sector the same opportunity we're trying to give the government? And then that land would be in private ownership. We wouldn't have to worry about the land disposing-- the land bank disposing of their property. This is a-- this is a strange

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way to improve properties and to have the government own properties, and I'm just having a tough time getting my head around this.

FOLEY: One minute.

ERDMAN: Thank you.

FOLEY: Thank you, Senator Erdman. Senator Brewer.

BREWER: Thank you, Mr. President. Well, since I guess we don't speak on the subject at hand, I will address the issue that was just addressed. Friday, for some, they looked at that as a traumatic event for them. For others of us, we saw an opportunity for the second house to speak. The dilemma I'm in now is that we decided that we would only give them a minute and a half. And we tout to the second house. But if it's a subject that a particular committee doesn't want to hear, then they figure out a way so that those they don't want to hear can't speak. That end-- that hearing ended way sooner than it should have. Only a handful of those that were in this building had a chance to speak. Now that doesn't forgive the idiots, but in every group that wants to speak in this building, you have those who are on the fringes that probably shouldn't have a microphone in front of them. The problem with that is you can't take away their ability to speak, no matter how stupid it is or how racist it is. The problem is I have a bill coming up in my committee, and it's probably a bill that there will be some in the committee who probably don't want to hear everybody that wants to speak on it. We got voter ID coming up this week. Now I could trim it to a minute and a half. I could end it at a given time. But at some point, we got to admit that we are not being honest about the second house when we take away people's ability to speak on topics. Whether we like them or not, we owe it to them. So when we have a committee hearing and people want to play on their phones or ignore the people speaking, shame on you, because that could be you in that chair in a few years wanting to speak on an issue, and to be ignored is probably the worst thing we can do to the people of Nebraska. Now I understand some people are afraid of guns. And if I had my way, I probably wouldn't have-- and I openly said I didn't think there was a need for anyone to bring a gun into this building, but it is their right to do that. Now, if you want to write rules and prohibit that, have at it, but understand that that 400 can turn into 800 pretty quick because this is an issue people will stand their ground on. They know that once they lose their Second Amendment, they lose their First Amendment. So all I'm asking is let's not write dumb bills that are going to cause people to get stirred up and come in this building and want to speak and then deny them the ability to

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speaking and then wonder why people are so angry. I wish that there was an easier way to resolve things on Friday. I do not envy Senator Lathrop. That was an impossible situation, and he handled it well. If I had a change to ask for, even if we have to stay until midnight-- and I will on Thursday. If there are enough people here, the committee can abandon the place, but I will stay in that chair and I will hear every one of them and we'll get through them, because that's what we should do if we're going to be honest about our jobs. And on another day, we'll have a discussion on the Second Amendment. But I think for now, we need to focus on the second house and doing what we have told people we would do and listen to the people. Thank you, Mr. President.

FOLEY: Thank you, Senator Brewer. Senator Pansing Brooks. She waives the opportunity. Senator Lathrop.

LATHROP: Thank you. Thank you, Mr. President and colleagues. I do want to talk about Friday, or if there is a criticism about how that bill was handled, I'd like to address it. I am proud to stand here and say this committee has heard, or will have heard, 93 bills in 15 hearing days in a short session. That was after we heard a great number of bills last year in a long session. And to this point in time, between last year and this year, every person who wants to be heard has had an opportunity to be heard. I would have been happy to go until midnight if we needed to last Friday. We had--- the committee hearing room was completely full. We had an overflow room that was com-- I understand, completely full, and a hallway out in front of the committee room that was full of people. And before the hearing began-- typically in Judiciary Committee, you have three minutes to testify. I asked by a raise-- by a show of hands how many people wanted to testify on Senator McCollister's bill. The number of people who raised their hand was just in the hearing room, and I couldn't see what was going on in the overflow room or in the hallway, but it appeared that there were going to be literally hundreds of people that wanted to testify. Typically, in the past, Judiciary Committee has said we're going to take two hours from the proponents and two hours from the opponents. Right? And then they arbitrarily cut people off that don't have a chance to get to the mike. I have what I call my Scottsbluff rule. I assume that everybody that wants to testify is coming from Scottsbluff. And I can only imagine, if you appeared in the Judiciary Committee room and the Chair said we're done taking testimony and you came all the way from Scottsbluff, you wouldn't be very happy with the legislative process. I made a decision to cut the time in half, and I explained it to those who were there. It was-- it had nothing to do with how I regard the topic. In fact, I-- and I will say this. I thought 99 percent of the people that were in-- in those rooms were--

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addressed the topic of the bill, they addressed their concerns about whether this is an effective means of preventing suicide, and they were respectful and I complimented them when it was over. I wasn't trying to cut them off short. What I do think happened is that, as people listened to those who testified-- and every single person who wanted to testify, for or against, had the same amount of time, and every single one of them that wanted to be heard were heard. Now is a minute and a half long enough? You can be critical of that, but if I would have made it three minutes and everybody who said they wanted to testify, we would have been there past midnight. Now I'll stay as long as I need to, to hear people. But I think what took place is that as the people testified, others decided they didn't want to stay and testify or others had already spoken the concerns that they had. I thought the hearing went, all things considered, very well, orderly and respectful, which I greatly appreciate from the testimony that we took. But it's a judgment call. I-- I fall on the side of giving everyone an opportunity to be heard, even if I have to cut some-- everybody in the room short of a full three minutes. If-- if all the people that raised their hands had three minutes, it would have gone past midnight. It's fine. I'm just trying to find a way to strike a balance between cutting people off and sending them home--

FOLEY: One minute.

LATHROP: --without a chance to be at the mike and giving everybody an opportunity to be heard. And at the end of the day, I think the message was clear from those who opposed the bill. They all had an opportunity to give us their angle, which had to do with whether this is an effective approach to suicide prevention, whether it's constitutional, whether it is an encroachment on a Second Amendment right. Those messages were all received by those who testified in opposition. And frankly, I think it was a pretty good hearing. Now are there some people that might have had more to add if they'd have had five minutes? Yes. We've never had a five-minute rule because it's a three-minute rule in Judiciary Committee that I and I alone decided to shorten with the idea that I wanted to hear from everybody who wanted to testify, rather than cut people off arbitrarily, which has been done. In my first eight years--

FOLEY: That's time.

LATHROP: --it was common practice. Thank you.

FOLEY: Thank you, Senator Lathrop. Senator Pansing Brooks.

PANSING BROOKS: Thank you, Mr. President. I-- I just want to also state that we made an effort-- and I'm Vice Chair of that committee-- we made an effort to make sure that everyone in all the different rooms had had an opportunity to speak. So it is-- it is not true that people did not get an opportunity to speak, or if they didn't, they may not have been listening when-- when-- I know that the clerk of the court went to the rooms to try to find out who still was left to speak, to make sure that we had the room switch over so that people were able to come into the room and sit. So there was-- I am dumbfounded if there's any kind of complaint that not everybody got a chance to speak. And as for the comments regarding working on computers, that's how I take my notes. So if people have a concern about-- and-- and we know that, and in most of the committees we announce that people are on their phones or on their computers because they're taking notes or requesting information from staff. I-- I felt that we had-- we did listen very politely. That being said, I, too, was very concerned about that hearing. I did not feel comfortable asking a question, and you know how hard that is for me not to ask a question on things. So I do believe it was handled very respectfully. I was concerned about the fact that First Amendment rights were-- were violated in that we have a com-- a rule that there should be no props. So we have determined that people's signs, I guess, are props, even though those are First Amendment examples of speech. So we chose to trample on people's First Amendment rights but protect people's Second Amendment rights. Again, something needs to be done. We should have an ability for people to come into our Capitol, our state, our state building, and feel comfortable and safe. And I have talked to staff members who were allowed to go home early that weren't even on Judiciary, who were allowed to go home early because their staff members were concerned about what was going on in our Capitol. And the guards did a great job. The State Patrol did a great job. They all had their flak jackets on. I had no flak jacket. At the last minute, I was given information on where to go. And I wasn't even going to bring this up today because I don't want to give more time to-- to this issue. But I do want to comment on a couple things that my colleague and friend, Senator Brewer, said, just so he knows we actually did go through and ask people and say, did you-- are you going to speak? We were going to stay there longer. I-- I was surprised that we ended that early, so-- and we were ready to continue staying and listening to people. So, again, I'm concerned about what's happening. We have to discuss it as a body. But also I do feel that Senator Lathrop did a good job of making sure that each voice was heard, because that is our priority that we hear from the second house, no matter what they're saying. Now I don't want to hear from them in a threatening manner,

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and that's another discussion. But I-- I do want to hear from the second house, as long as they don't appear to be threatening me and causing me to silence my questions because of their-- their-- their-- the way that they come forward and the attitude that I perceived. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Pansing Brooks. Senator Brewer.

BREWER: All right. If we go back to the issue of silence and the First Amendment, again, I agree that there were some in the building that I would have just as soon not had in the building. But that was a couple of individuals, compared to the bulk of the group, which I went and met with in both of the hearing rooms that were full, and in the hallway and in the cafeteria. And I would be glad to share emails, text messages on this issue where they did leave here feeling that it was a directive that the committee was done and they went home. But that's water under the bridge now. But again, can we go ahead and feel that we have done what we should do if we go to the minute and a half, because it-- there has to be a point we'd make that decision. Is that at 50? Is that 75? Is that 100? So that issue we need to address and what's fair and what's not. Now, if we put all this behind us-- because some people are going to be afraid of guns and some aren't. If you haven't grown up with them, if you haven't been around them, then you're going to have a different view than those that have. But let's get back to the issue at hand: suicide. Senator Morfeld came and talked to me, and I agree with him 100 percent. We-- we need to figure out a way to affect suicides and I-- and we're going to work together. And Senator McCollister has-- has talked to me. And so we're going to-- we're going to get focused on that. But we're going to laser focus on how we identify the problems, on how we figure out a path ahead, and try and put some of these other issues behind us. So Friday, hopefully, helps us to focus more on the best way to pass a message, reference the particular topic, because there wasn't enough Judiciary sign-in sheets to go around, so I reproduced 30 copies of that sheet. I got clipboards. I got pens. I walked folks around because I knew they weren't going to be able to get a voice, but then they can at least record how they feel about a given bill. And if you go and look at those sheets, you'll see how many were signed. And that would have never happened because there's no way to handle this overflow, this issue, when all of a sudden we have a whole building full of people that are upset about a particular topic. So that part we may have to manage better in the future. But let's focus on suicide. That's the thing we can all affect, and that's where we need to make sure there's help given. Thank you, Mr. President.

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FOLEY: Thank you, Senator Brewer. Senator Cavanaugh.

CAVANAUGH: Thank you, Mr. Lieutenant Governor. Would Senator Hilgers yield to a question?

FOLEY: Senator Hilgers, would you yield, please?

HILGERS: Sure.

CAVANAUGH: Senator Hilgers, I apologize if you're not the right person to have yielding to this question, but since you spoke to this body about cybersecurity, I am starting with you. I think we've misunderstood-- well, maybe they haven't misunderstood. People are speaking about a different area of what happened on Friday, and what I'm trying to speak about is the safety of this building and why I didn't know this was happening, because clearly people knew that there were going to be hundreds of people here, a lot of them likely carrying weapons, because I could see that reflected in the number of State Troopers that were in the building. So can you explain to me if there is a process, what the process is, who I should be talking to about this, how the body can be better informed in the future?

HILGERS: That's a good question, Senator Cavanaugh. What we-- we were aware that the individuals might come on that day, and so what we did was we spoke with the State Patrol in the morning to make sure members of the Judiciary Committee, the committee hearing, and those who had expressed some specific concern on that committee, there was Patrol presence. This is a new situation none of us have encountered before, and so communicating that to the body next time is something that we'll take into account.

CAVANAUGH: OK. So did you communicate with Senator McCollister?

HILGERS: Me? Not-- I did not specifically.

CAVANAUGH: Did-- OK. I haven't spoken with Senator McCollister about whether anybody communicated with him, but I did have a gun bill. And in the future, if people are coming with guns to oppose gun legislation, it seems that logic would dictate that you would speak to me. I-- I would have assumed if everyone knew, except for me, that there was going to be hundreds of people here, that it would have occurred to someone, other than someone who's an advocate in the-- in the hallway, to tell me. I was-- thank you, Senator Hilgers. I was-- actually found out about all of the details when an advocate told me in the hallway, and then I went to the State Troopers' office and was crying because I was terrified because in like 20 minutes I was going

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to introduce a bill about guns and I'd just found out that 400 people were in the building and that they were allowed to carry guns into the hearing room. I think that they have-- everyone has a right to be heard. That doesn't mean that they have a right to intimidate while being heard. So in the future, I would appreciate if this body did better by its members. I feel-- I feel really disappointed that it didn't occur to anyone. I can't imagine doing that to any of you. Clearly, my personal safety was of concern. It's just-- I'm flabbergasted and-- and-- and disappointed that we would even allow people with guns into a hearing room. I know that they weren't allowed up here because it's a tactical advantage for them, so I don't know why they were allowed to sit behind me while I was introducing a bill. That seems like a tactical advantage as well. I am not afraid of guns. I don't have a problem with guns. I have a problem with guns being used for intimidation when I am doing my job. That is my issue, not guns themselves. And we heard a lot on Friday of the only thing to stop a bad guy with a gun is a good guy with a gun, and I would argue that we had lots of good guys with guns. They're our State Troopers. So no one needed to bring a gun into this building because we have protection in this building, and I want to thank them again for their service and for being vigilant. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Cavanaugh. Items for the record, please.

CLERK: Mr. President, an amendment to be printed to LB424 from Senator Hilgers. Name adds: Senator McCollister to LB283; Matt Hansen, LB627; Kolterman, LB1018. Senator Halloran would move to adjourn the body until Tuesday, February 25, at 9:00 a.m.

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