

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: Good morning, ladies and gentlemen. Welcome to George W. Norris Legislative Chamber for the thirty-sixth day of the One Hundred Seventh Legislature, First Session. Our chaplain for today is Senator Moser. Please rise.

MOSER: Today's prayer was written by Father Joe Miksch, who for the last 24 years has been pastor of St. Isidore's Church in Columbus, Nebraska. Almighty, eternal, and ever-loving God, we ask your blessings upon us as we gather here today. As elected representatives, we come from the prairie-covered Sandhills, the wheat fields of southwestern Nebraska, the corn and bean fields of eastern Nebraska, from the cities of Omaha, Lincoln, Grand Island, and Scottsbluff, as well as small towns like Creighton, Gordon, Glenvil, and Plymouth. The needs of our constituents may be different. We may come from varied religious backgrounds and may not share the same moral values, but send your spirit of wisdom upon us. Help us listen intently to our constituents, even when they object to some of our positions. As members of our body-- this body, help us to listen with respect for one another, even when we may strongly object to one another's views or values. Guide us Lord in our deliberations and may the laws we pass be in accord with your will and be for the best interest of all the people living in Nebraska and in the future. May your will be done in all that we do today. We ask this in Jesus' name, amen.

FOLEY: Thank you, Senator Hughes. I recognize Senator-- excuse me, thank you, Senator Moser. I recognize Senator Hughes for the Pledge of Allegiance.

HUGHES: Good morning, colleagues, would you please join me in the Pledge of Allegiance. I pledge allegiance to the flag of the United States of America and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

FOLEY: Thank you. I call to order this thirty-sixth day of One Hundred Seventh Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: There is a quorum present, Mr. President.

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

ASSISTANT CLERK: No corrections this morning.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

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

ASSISTANT CLERK: There are, Mr. President. Your committee on Health and Human Services reports LB86 and LB583 to General File, both with committee amendments attached. I have a Reference report referring various gubernatorial appointments. A Conflict of Interest statement from Senator Matt Hansen. Notice of committee hearing from the Revenue Committee. Your committee on Enrollment and Review reports LB106A and LB113A to Select File. Education reports LB136, LB389, both to General File as well as LB197 and LB210 placed on General File with committee amendments attached. That's all I have at this time.

FOLEY: Thank you, Mr. Clerk. Before proceeding, Senator Geist would like us to recognize Dr. Rachel Blake of Lincoln, Nebraska, who's serving us today as family physician of the day. Dr. Blake is with us under the north balcony. Doctor, if you could please rise, we'd like to welcome you to the Nebraska Legislature. Thank you for being here. Members, we'll now proceed to the first item on the agenda, LB297. Mr. Clerk.

ASSISTANT CLERK: LB297, introduced by Senator Lindstrom. It's a bill for an act relating to banking and finance; to adopt the Nebraska Protection of Vulnerable Adults from Financial Exploitation Act. The bill was introduced on January 12. It was referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File with committee amendments.

FOLEY: Thank you, Mr. Clerk. Senator Lindstrom, you're recognized to open on LB297.

LINDSTROM: Thank you, Mr. President. Good morning, colleagues. LB297 is a bill to adopt the Nebraska Protection of Vulnerable Adults from Financial Exploitation Act. LB297 was brought to me by Director Lammers of the Department of Banking and Finance to amend the act to include securities industry participants such as investment advisers and broker dealers. This bill expands on LB853 that Senator Williams introduced during the 2020 session and was passed and amended into LB909-- excuse me, LB297 and adds six new sections to be known as the Nebraska Protection of Vulnerable Adults from Financial Exploitation Act and provides definitions and context to the bill. There are some subtle changes from last year's legislation, but I believe they strengthen the act to provide protections for the exploitation of vulnerable adults and senior citizens living in the state of Nebraska. Thank you and I would appreciate your green vote on the underlying committee amendment and LB297. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: Thank you, Senator Lindstrom. As the Clerk indicated, there are amendments from the Banking Committee. Senator Williams, you're recognized to open.

WILLIAMS: Thank you, Mr. President. The committee amendments to LB297 make two changes and they come as close to E&R amendments as one can get. First, with reference to an occurrence of investment advisor, the committee amendments change the spelling of advisor with an "or" to adviser with an "er." This will make the spelling in the bill consistent with the Securities Act. Second, throughout the bill, the expression, quote, transaction or disbursement, end quote appears ten times. In one instance, however, the word, quote, disbursement, end quote, appears. The committee amendment will change the occurrence of disbursement to transaction or disbursement for consistency throughout. Those are the very technical committee amendment changes. I would urge their adoption and the advancement of LB297. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Debate is now open on LB297 and the pending committee amendment. Senator Groene. Senator Groene, we're having a problem here, just a moment. There you go.

GROENE: My mike-- yeah, thank you. I fully-- I like the bill. I like Senator Williams' bill from the previous year. I think if anybody's been around and talked to the banking industry in small towns, they've all seen some elderly person taken advantage of. And if you've got a landline or even a phone number, you, you know all the scams that are out there and how nice those folks are that's going to help you with your money. So it's a good bill. I even had a bank loan officer one time darn near in tears telling me a story about one of his clients and as he watched \$300,000 empty from his, his account, but couldn't do anything about it. But there is one problem I have and, you know, because I haven't had a chance to, to investigate it. But a qualified person means any broker, dealer, investment adviser agent, investment adviser representative, or person who serves in a supervisory compliance or legal capacity for a broker dealer or investment adviser. Then it says, a qualified person reasonably believes that a financial exploitation of an eligible adult may have occurred, may have been attempted, or is occurring or being attempted. The qualified person may notify the agency. What about the sons and daughters and siblings and family friends of this individual, that it might even be the qualified person who is doing the embezzling are giving bad advice? I asked Senator Lindstrom prior to standing here if he would answer a question so he could clarify to me, what if your mom or dad, you believe they're being taken advantage of by the so-called

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Floor Debate March 2, 2021

qualified person, where do they complain to? How do they get justice? And that is my question, Senator Lindstrom, if you would take a question.

FOLEY: Senator Lindstrom, would you yield, please?

LINDSTROM: Yes, I will. Your question was what type of recourse would an individual have towards an investment adviser?

GROENE: A sibling or a family member of the person they believe of being aggrieved.

LINDSTROM: Yep. So I'll just speak specifically to the why or hows as I can touch on some of the investment advisers. But we have compliance in our branch. And if there's a client that has an issue with what an adviser does, they can call or send an email or send a letter that would go on your U4 with a complaint on what you're doing. We are highly regulated from the federal level on down. This bill doesn't necessarily pertain to that. This is just the ability to protect vulnerable adults. But an individual that has an investment adviser does have recourse on--

GROENE: Thank you.

LINDSTROM: ---you know, any criticism that they may have on their financial situation.

GROENE: Thank you. Maybe I'll ask Senator Williams. Senator Williams on this-- like I said, I'm all for this. I'm glad you guys have addressed this issue. But on a statewide level, my father is-- he's deceased now, was a good man. I believe he's being taken advantage of by somebody or even the adviser himself. Where does-- do I take my complaint to government, not to the company itself or the, the foreman or the boss of this adviser, where do I take my complaint?

FOLEY: Senator Williams, would you yield, please?

WILLIAMS: Yes, I would. That's, that's a great question, Senator Groene. And the answer is, is twofold. This bill, as, as Senator Lindstrom mentioned, was brought by the Department of Banking and Finance. They have their own staff of people in their securities division that does consumer complaint research. So that's one place you could go.

FOLEY: One minute.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

WILLIAMS: The Attorney General's Office also has the ability to oftentimes be involved with these situations. I'm not as acquainted on the security side as I am the banking side, the bill that we brought last year. But many of the larger complaints that were involved with the banking side last year, the complaints went through the AG's Office also. So I think those are the steps that could be followed if it's the adviser. If it's not the adviser, you still have the recourse of law enforcement and other agencies also.

GROENE: Well-- thank you. Well, the reason I bring that up, it was a family member that first brought me a situation in my district. And he said he talked to the bank and it wasn't through the bank and is-- that's when I heard from the loan officer. He said, I know, I tried. I tried everything I could for the family member because I knew something was fishy, but they got away with \$300,000.

FOLEY: Senator Groene.

GROENE: And it--

FOLEY: That-- that's time, Senator.

GROENE: Thank you.

FOLEY: Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I stand in favor of this bill. We-- for those senators who are new this year, we had this bill for banking last year where if a bank feels that there's a customer being taken advantage of, we can stop withdrawals from that account for a period of time. And we're even able to notify family members if it's an elderly person to notify the children or the relatives and investigate this before the money goes out of their account. And this is expanding from banking to the investment world, investment advisers. And I'm glad to see that. But would Senator Lindstrom yield to a question?

FOLEY: Senator Lindstrom, would you yield, please?

LINDSTROM: Yes, I will.

CLEMENTS: Senator Lindstrom, if you as an adviser are suspicious of something happening to one of your clients, does this bill allow you to contact other family members to alert them?

LINDSTROM: Depends on the family member, but there is a third-party component to that to alert them if they're a vulnerable adult. And

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

that would include, you know, somebody that's aging, 65 and older, or somebody that might not have the capacity to make financial decisions above the age of 18. But you would have that. Oftentimes, there's a power of attorney appointed that you could contact. But, yes, you'd have the ability to do that. And in the meantime, you would be able to hold any type of transaction for 30 days just to, just to make sure that that is the intent of the individual that's wanting to make that transaction.

CLEMENTS: Thank you. That's what I was really wanted to make sure the bill had-- that it had ability that you could withhold a transaction for 30 days and be able to notify some other people that would be connected that can investigate this. Thank you, Mr. President. I urge your green vote on LB-- or AM30 and LB297.

FOLEY: Thank you, Senator Clements. Senator Williams.

WILLIAMS: Thank you, Mr. President. And to further answer Senator Groene's question, if I-- Senator Groene, one of the things that happened with COVID last year is the delayed implementation of some of the legislation that we adopted. So the provision that we landed on last year with the bankers did not actually go into effect until November of 2020. So bankers' hands were still tied up until that point to notify family members or do those kind of things. So that has been taken care of. So that banker that you talked to today would have some additional tools in his toolkit because of what we passed last year. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Senator Williams, you're recognized to close on the committee amendment. He waives closing. The question before the body is the adoption of AM30, the committee amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 40 ayes, 0 nays on the adoption of committee amendments, Mr. President.

FOLEY: AM30 has been adopted. Is there any further discussion on the bill as amended? I see none. Senator Lindstrom, you're recognized to close. He waives closing. The question before the body is the adoption-- excuse me, the advance of LB297 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 38 ayes, 0 nays on the motion to advance the bill.

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Floor Debate March 2, 2021

FOLEY: LB297 advances. Proceeding now to the next bill, LB177. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB177, introduced by Senator Lindstrom, is a bill for an act relating to liens; to change provisions relating to the filing and perfection of liens; and repeal the original sections. This bill was introduced on January 8 of this year, referred to the Banking, Commerce and Insurance Committee, placed on the General File. There are no committee amendments.

FOLEY: Thank you, Mr. Clerk. Senator Lindstrom, you're recognized to open on LB177.

LINDSTROM: Thank you, Mr. President. Good morning once again, colleagues. LB177 is a bill to change provisions relating to liens under the Uniform Commercial Code. The fertilizer and agriculture chemical lien and seed lien are part of a package of statutory liens that may be filed by agriculture input suppliers in order to secure payment from the proceeds of crops grown as a result of input supplier providing goods and services. These statutory liens are nearly always subject to a prior UCC lien by an, by an agriculture lender. Nothing in LB177 changes lien priorities. Under a current law, an input supplier has 60 days from the last date of delivery of goods and services covered by a fertilizer and agriculture chemical lien or a seed lien. As farms have become larger, the delivery period for these agriculture inputs have also expanded over a longer period of time. Further, weather delays may lengthen a spring planting or fall application season for longer than 60 days. In order for an input supplier to protect itself, it may be necessary to file more than one lien to cover an application period. Most input suppliers render a statement of goods and services delivered at the time of each month that the month purchases. The state-- the statement is not due to a payable until the end of the following month. That is essentially the end of the 60-day period currently allowed. This tight time frame either forces the input supplier to prematurely file a lien before knowing if the bill will not be paid or risk not being paid to file a lien if a bill is not subsequently paid and, therefore, not being able to collect from the producer at the time the crop is harvested. LB177 would further extend the time for filing fertilizer and agriculture chemical liens and seed liens from 60 days to 120 days. This does not give the input supplier any greater lien position or benefit vis-a-vis other lienholders, but it does provide the input supplier with enough time to determine if it will need to file a lien before the deadline runs out and it will reduce the time of successive liens that the input supplier may have on file over a longer application season. This

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

results in significant reduction in administrative burdens of tracking accounts and lien filings. LB177 came out of committee 8-0 from the BCI committee. Please vote green on LB177. Thank you, Mr. President.

FOLEY: Thank you, Senator Lindstrom. Debate is now open on the bill. Senator Groene.

GROENE: Thank you, Mr. President. No, I'm not going to say something on every bill, but these first two caught my eye. I came out of the agriculture industry. I used to manage fertilizer plants and ag chemical plants in my youth. But this should have been done a long time ago. But times have changed. It's kind of more just frosting on the cake because you always are third in line, the ag supplier is, because the bank has the first lien. But in today's world, if you're letting somebody go 120 days without collecting your bill, you're not going to be in business very long. But anyway, it's a good bill. It's a feel-good bill for agriculture industry. But I doubt a lot of these are even put out there anymore because of the strict accounts payable, accounts receivable. Ask any of the farmers around here how long they can get away without paying their bill. But anyway, I'm going to support it. It's common sense, less paperwork for the ag dealer, but I'll-- I'm going to vote green on it. Thank you.

FOLEY: Thank you, Senator Groene. Senator Friesen.

FRIESEN: Thank you, Mr. President. So I'm-- I rise to support LB177. But I just want to talk a little bit about what is happening sometimes in the, in the industry and, and with some of the co-ops. And when they first talked to me about this, I, I totally agreed with it. And I'm going to support the bill. But some of the other things that are happening with some of the co-ops is that there's a, there's a surcharge also put on a late payment of a fee. And so you've got co-ops now that can charge an 18 percent interest rate or 1.5 percent a month, plus a 5 percent of the bill surcharge. And that surcharge is just a one-time surcharge. But when you're starting to talk bills that might be \$70,000, \$80,000, \$100,000 for seed fertilizer and chemicals, 5 percent of that is a, a surcharge that's almost like a, you might say a, a loan shark. It's substantial. And so I'm going to be looking into that a little further down the road and see once if there's something we can do with that because not all co-ops do this. It's random. But a 5 percent surcharge on a past-due bill, and whether it's one day or two days or 30 days past due, it doesn't matter. You're going to do the 5 percent plus the 1.5 percent interest. I think it's substantial and we need to look at it. So with that, I do support the bill and will vote to advance it. Thank you, Mr. President.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: Thank you, Senator Friesen. I see no further discussion. Senator Lindstrom, you're recognized to close and advance the bill. He waives closing. The question before the body is the advance of LB177 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 40 ayes, 0 nays on the motion to advance the bill.

FOLEY: LB177 advances. Proceeding now to the next bill on the agenda, LB509. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB509, introduced by Senator Lindstrom, is a bill for an act relating to the State Treasurer and treasury management; change how certain disbursements, reimbursements, remittances, and distributions are made; change and eliminate duties of the State Treasurer; rename fund; change provisions relating to warrants, the distribution of cigarette tax proceeds; to eliminate obsolete provisions, Municipal Infrastructure Redevelopment Act. Bill was introduced on January 19 of this year, referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File. There are no committee amendments.

FOLEY: Thank you, Mr. Clerk. Senator Lindstrom, you're recognized to open on LB509.

LINDSTROM: Thank you, Mr. President. And good morning again, colleagues. Today, I bring before you LB509 on behalf of the State Treasurer's Office. There's a simple cleanup bill to remove obsolete language, to update terminology, reflect in our more modernized process, and to include necessary harmonizing language. I do have a list of section-by-section changes. Otherwise, I believe if you read the committee statement online or excuse me, our legal counsel, Bill Marienau, has a very detailed itemized list of the changes that are made in LB509. I'll be happy to answer any questions, but I encourage your vote on LB509. Thank you.

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

ASSISTANT CLERK: Mr. President, Senator Lathrop would move to amend with FA2.

FOLEY: Senator Lathrop, you're recognized to open on FA2.

LATHROP: Thank you, Mr. President. Colleagues, good morning. I put this in this morning, talked to Senator Lindstrom. I just had a conversation with him, so I'm going to introduce this amendment and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

then pull it because we're going to take care of this issue between General and Select. The amendment strikes a provision in Section 21, a line in 21. So as Senator Lindstrom said, this is sort of a clean up. There's a lot of language in there about the, the Treasurer doing a warrant and a lot of it's going to be electronic transfer, so much of it is clean up. In Section 21 are the responsibilities of the Treasurer. Added to the responsibilities of the State Treasurer on line 16 of page 27, which the motion would strike, is paragraph 9 or subsection (9) "To promote financial literacy." Now I don't mind anybody that wants to promote financial literacy, but we have a fund over at the university that, that is funded to promote financial literacy. We have bills in the Education Committee dealing with financial literacy. I think Senator Slama and McKinney have bills dealing with financial literacy. I'm all in favor of financial literacy. What I'm not in favor of is the Treasurer given a responsibility that then turns into TV ads promoting himself and we've seen those over the last two years show up randomly, different things that appear to be within the responsibilities of the State Treasurer. We don't need to put that assignment or that responsibility on the Treasurer when it is dealt with in the Education Committee, when it is dealt with with a fund that is provided for apparently at the university called the Financial Literacy Fund. I want to put some context in this motion and why you, why you may wonder, why are you worried about this? The next bill, LB510, changes some fees for people that are in the installment loan industry. It doubles the loan if you look at the, the committee statement on LB510, doubles the fee for people in the financial installment loan industry from \$250, which used to go to help the industry, to \$500, lowers the amount going to regulate the industry, and puts \$350 into the Financial Literacy Fund. I think these are things that we need to work through. We don't need to create a fund of money that then is used to promote anybody, any one of our elected officers in this state. I intend to work through that with Senator Lindstrom between General File and Select and for that reason, I will pull FA2. Thank you.

FOLEY: Thank you, Senator. FA2 has been withdrawn. Continuing discussion on the bill. Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Mr. President-- Lieutenant Governor. Good morning, colleagues. I hope everyone is well on this bright, sunny morning. Would Senator Lindstrom yield to a question?

FOLEY: Senator Lindstrom, would you yield, please?

LINDSTROM: Yes, I will.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

M. CAVANAUGH: If we don't pass this bill, what happens?

LINDSTROM: Well, I probably have to either sit on it or push it through or we bring a bill again next year. You know, the intent is really the cleanup bill. And I, I, I appreciate what Senator Lathrop stated. And I, and I think there's some change we can do between General and Select. I guess my, my viewpoint from kind of the obligations of a State Treasurer, no matter who it is, is to provide that financial literacy. But in the way we do it, and, and I'll speak to it on the next bill. But this bill and the next bill, there was no discussion between putting some money into that fund and what we're doing here that never-- that discussion were-- they were separate and it was never brought up. But this is just a cleanup bill. It's, it's, you know, is it going to change the world? Probably not, but I would appreciate, you know, support on it.

M. CAVANAUGH: So the main intent of this bill is just to clean up statute?

LINDSTROM: Yes, it is.

M. CAVANAUGH: Oh, OK. And the part about the financial literacy, you-- you're in agreement to remove that?

LINDSTROM: Well, I, I haven't had enough conversations with the parties that are vested in this. I-- it was brought up to me about 20 minutes ago and so I haven't had enough time to have discussions, having the two previous bills, on what the intent is and, and why. So I, I would prefer to work on it between General and Select so we have all of our bases covered.

M. CAVANAUGH: OK, thank you. I mean, this is a long bill and it does have a lot of statutory changes to it and language struck and it is concerning about how we're handling financial literacy and, and, and how these bills are being referenced to various committees. We've got one financial literacy bill in one committee and another financial literacy bill in another committee. And so I think it is difficult for us as a, as a body to keep track of, of where things are, are at. This is why referencing is so important. I-- I'm not sure that I can support this bill until I know for certain how it's going to look and so I'm going to be standing in opposition to this until I see changes brought. Thank you, Mr. President. I yield my time.

FOLEY: Thank you, Senator Cavanaugh. Senator McKinney.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

McKINNEY: Thank you, Mr. President. I just got up here today because I think it's important. I have a bill in Education-- Senator Slama does as well-- addressing financial literacy. And we're having some issues because we've been given a, a fiscal note and we're trying to work around that. And I think if we're given a fiscal note and a fund can be created, I think some of those resources should go to our financial literacy bill so our students in the state can begin to be taught financial literacy throughout K-12. I'm willing to speak with Senator Lindstrom and work on something, but I think it's very important that we prioritize our students in our state and make sure that they are provided financial literacy in our schools and that's all. Thank you.

FOLEY: Thank you, Senator McKinney. I see no further discussion. Senator Lindstrom, you're recognized to close on the advance of the bill.

LINDSTROM: I'll be, I'll be brief. I appreciate the comments today. Again, the intent of this bill is, is clean up. I do, I do think that there may be some language that we can come to a consensus on between General and Select that addresses maybe the concerns that we've discussed. But I would appreciate your green vote on LB509. Thank you, Mr. President.

FOLEY: Thank you, Senator Lindstrom. Members, you heard the debate on the bill. The question before the body is the advance of LB509 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 38 ayes, 0 nays on the motion to advance the bill.

FOLEY: LB509 advances. Proceeding now to LB510. Mr. Clerk.

ASSISTANT CLERK: LB510, offered by Senator Lindstrom, is a bill for an act relating to the Nebraska Installment Loan Act; to change installment loan license renewal fees and provide for distribution; change the rate of interest charged on installment loans; to harmonize provisions; and repeal the original sections. This bill was introduced on January 19, referred to the Banking, Commerce and Insurance Committee, placed on General File. There are no committee amendments.

FOLEY: Thank you, Senator Lindstrom. Senator Lindstrom, you're recognized to open on LB510. Sorry about that.

LINDSTROM: That's OK, Mr. President. This is-- I promise this is the last one for the day and I appreciate everybody's patience. LB510 will amend the Nebraska Installment Loan Act. It would cap the amount of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

interest a lender may charge a, charge a borrower. The current act currently provides the rate may not exceed 24 percent per annum for the first \$1,000 of unpaid-- of an unpaid balance and 21 percent per annum on the remainder of the unpaid balance. This bill would simply change the cap to a single rate of 29 percent per annum. I want to reiterate, this, this does not mean that every loan will be charged 29 percent. It broadens the range of borrowers the bank or lender can serve. LB510 would also provide \$150 for each annual renewal fee to the Financial Institution Assessment Cash Fund and \$350 of each annual renewal fee, renewal fee to the Financial Literacy Cash Fund. State licensed and examined installment loan, loan lenders with brick-and-mortar locations are disappearing in the face of growth online, out-of-state, and unlicensed installment loan lenders. Online, out-of-state lenders charge much higher interest rates than can be charged by Nebraska license installment lenders. Those online lenders can seek out businesses-- business in Nebraska without having to cover overhead costs, which may be borne by the state-licensed brick-and-mortar installment lenders. These installment loan interest caps have not been amended by the Legislature since 1984. While interest rates were significantly higher in 1984, there were no online option then. No online lender-- lenders to pull customers away from brick-and-mortar banks right here in Nebraska. The changes created by online installment lenders are with the Legislature should be focused on. Our state license installment lenders are the source-- sources of credit we should not want Nebraskans to go through first-- would want Nebraska to go through first for installment loan needs. Although there is risk for online lenders, what we should be more concerned about is the risk posed for the consumers that seek installment loans online. These sites aren't regulated, regulated by the Department of Banking. Therefore, there is no protection to ensure these companies are conducting business appropriately and fairly. Having local institutions that can offer lower interest rates than these online lenders have several advantages. These installment loan lenders can sit down face to face with an individual to help people understand what the loan-- what the loans are and what they're getting into and can offer assistance to improving credit and potentially qualifying for lower rates in the future. This bill isn't just about making a business more competitive in a world of online. It really is about giving Nebraskans an opportunity. Not every person can rely upon a family borrower-- family member to borrow money from or cosign a loan to help them establish a line of credit. Without installment loan companies that can assist these riskier credit consumers, some people would have no other option to improve their situation. This bill would help Nebraska banks and lenders to remain competitive with other states and online lenders. Again, I would like to reiterate that this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

caps the rate at 29 percent. It doesn't mean that every loan is going to be 29 percent. It allows other-- allows financial institutions to charge up to the amount based on the borrower's credit history. I would also like to say for the record that this is an installment loan and is not a payday lending loan. I know there's concerns about predatory lending and I can assure you that these installment loans are not predatory and provide opportunity for a borrower to build their credit. LB510 came out of the Banking, Commerce and Insurance Committee 7-1. The bill had no opposite-- no opposition in the public hearing and had no committee amendments. Again, I want to state that this is-- we had the ballot initiative this last fall that dealt with the payday lending. We have our standard bank loans. This fits the middle. This is for people to access credit, to access capital. These individuals have to have credit. Where a, a payday lender, when you walk into those establishments, you don't have to have credit. So we're, we're facilitating the gap. And because of this bill, and I think during the 2020, the COVID situation, people needed access to capital. And again, I want to reiterate, this does increase the rate up to 29 percent per annum, but does not mean that every loan that the installment loan will charge will be that. This is to help establish credit to, to allow an individual to access capital, to go out and purchase things that they may need. So with that, I'll close on LB510 and would encourage your green vote. Thank you, Mr. President.

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

ASSISTANT CLERK: Mr. President, motion on the desk. Senator Wayne would move to recommit LB510 to the Banking Committee.

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

WAYNE: Thank you, Mr. President. I'm not going to take the full ten minutes. To me, this is-- it's up to the body to decide if we want to go until 11:50 a.m. on this bill and we have to move to Select and continue to go on. But at the end of the day, this was a bill that was brought last year. And if you recall the floor debate, Senator Brandt brought up that we're moving it to 29 percent. Senator Chambers then filibustered it along with-- it actually was both Democrat, Republican, conservative, liberal, and the bill quietly had a, a slow death. We can do that again. This is a bill that I, I told Senator Lindstrom that I don't use the word hate very often, but I, I hate. And so we'll, we'll spend time on it. There's a lot of reasons. One, this is actually increasing it to 29 percent, which is higher than what the payday lending. And I know they're different in and of themselves, the type of loans, but we're actually increasing what the voters just said that they didn't want to be as high as it is already.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

Second, no consumer is actually asking for this. This is the lending industry that is asking for this. And why is that important? Well, if you look at the federal interest rates and you look at what's going on with lending, we're at an all time low. You can almost borrow money for nothing with the right credit. This is a way for those who don't have the best credit to get preyed upon and add an extra 5 percent to it. So, again, there are a lot of other people in the queue. I'm kind of just waiting to see how this goes. I won't even get on to the Financial Literacy Fund increase in that aspect yet. But we have a lot of other bills and I'm trying to see how this body is going to react because we got some new people here, but we can go the eight hours and test the new rule, but it'll only be two hours today. So that's pretty easy. We can just read the bill for two hours or we can figure it out and, and vote to recommit this to the committee or vote to IPP it on the floor. Again, I got ten minutes to use, but I won't use the ten minutes. I'll yield the rest of my time just to see how this body starts talking and then if I have to file motions to keep it going for two hours, I will. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. When we have eight senators in the speaking queue at the moment. Senator Wayne, you're actually first in the queue to speak if you care to use that. He'll waive that opportunity, which takes us to Senator Vargas. Senator Vargas, you're in the queue. You're recognized.

VARGAS: Yes. Thank you very much. So, colleagues, I think this is worth-- worthwhile discussion that we need to have, appreciate Senator Lindstrom. This is not the first time this bill has come to us. We've discussed this bill in the last couple of years. So I'm going to give you my perspective because I think it's, I think it's a helpful perspective. Last couple of years, we worked on a lot of different things. And I do want to thank Senator Williams and Senator Lindstrom in the past for helping us work on some negotiations within payday lending. Now, this isn't payday lending. And, and he's right. Payday lending is a different product. And it was in our statutes and it allowed, it allowed in our statutes the ability for us to provide very high-risk loans that got people into debt. Guys. Dan. Sorry, I can't hear myself. OK. These loans are different, but if you look at the literature and I encourage you to look right now, you can Google, you can Google predatory loans. And the next product that comes up, predatory installment loans. The research that comes from many different think tanks that are working on and monitoring these, these types of loans continue to show that installment loans are another product that are very difficult products because when you create higher interest rates, they are specifically being provided to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

consumers that are working class, higher need, and by increasing the interest rates, even if it's not a mandatory increase, but the ability to increase, the only reason that an entity would ask to increase it is because they intend to. Currently, right now, consumers are not asking us to increase these interest rates. I have not received an email. Maybe you've received an email. I'd be really interested to, to see if you received any emails from constituents, consumers saying we would like these interest rates to increase. We would like the product to have a higher interest rate so that we can utilize it. But I have not received that. Colleagues, we're going to have a good conversation on this today because the last couple of years I've had conversations with the other side of this issue. A lot of respect for Senator Lindstrom, but at the end of the day, I do see this as another product that is amidst the pandemic currently right now that can make it harder for working families at this moment to afford the everyday parts of life. And to the argument that there are no other loan products that are available, I do want to thank the-- there are banks, there are other types of banks currently right now providing short-term and some instances longer-term loans that are at a better interest rate than the up to 29 percent. The question that we're going to discuss today is whether or not we're going to vote in the affirmative to allow a lender to provide up to 29 percent interest rates on long-term installment loans for working Nebraskans that are in need, why would we need to do that? If the business model isn't currently working, we're not changing legislation to make their business model work, that's not what we do here. I'm asking us to, to support the recommit to not move forward on this bill. I've been working in this area of payday lending and I understand that the voters were firmly against payday lending. But one of the reasons they were firmly against payday lending is they did not like the idea that a loan can be taking advantage--

FOLEY: One minute.

VARGAS: --of consumers at such a high interest rate. And I'd venture to say that most of us that have credit cards or other loans will not stand for an up to 29 percent interest rate. I'm asking you to support the recommit motion. I'm asking you to vote no on this. We're obviously going to continue talking about this issue because it warrants it, because there are people watching us and there are still families that are suffering and providing an, an ability to go up to this amount for a lender, there's not a rationale for it right now. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: Thank you, Senator Vargas. In the speaking queue, we have Senator Lathrop, Senator Machaela Cavanaugh, Senator Blood, Senator Matt Hansen, Senator Williams, Senator Lindstrom, and Senator Morfeld. Senator Lathrop, you're recognized.

LATHROP: Thank you, Mr. President. Colleagues, good morning once again. I'm going to support the motion to recommit. I'm struggling to see a reason to take the maximum interest rate from 24 percent, which is a lot, up to 29 percent. Senator Lindstrom said these are people that have to have credit as opposed to the payday lending people. That makes it even more troublesome for me. I do have concerns about that much of it that, that would take part of the fee and put it into the Financial Literacy Fund. And I'd like to visit with Senator Lindstrom about that, if he'll yield to a question.

FOLEY: Senator Lindstrom, would you yield, please?

LINDSTROM: Yes, I will.

LATHROP: Senator Lindstrom, it's my understanding that Section 45-930 passed in 2012 and created the Financial Literacy Fund, which is administered by the University of Nebraska and is to be used for the assistance to nonprofit entities that offer financial literacy programs to K-12 students. Is that your understanding as well?

LINDSTROM: That is.

LATHROP: Do you know how much money is going into that fund annually at this time?

LINDSTROM: I do not.

LATHROP: Do you know what the university is doing with the money in the Literacy Cash Fund?

LINDSTROM: Currently, no.

LATHROP: You're not aware of any nonprofits that are engaged in this?

LINDSTROM: I know, I know they've had a few summits in the past where they've provided financial literacy, but all the different things that they spend their money on, I'm unaware of all the things that they do.

LATHROP: OK. The money that would go in here, the increase in the filing fee would send \$350 from each \$500 renewal fee into the Literacy Cash Fund. Do you know how much money that would generate if this bill were to pass?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

LINDSTROM: Well, I don't. But to just give you an idea, the brick and mortar, there's, there's ten of them in the state of Nebraska. So this was part of-- this, this provision was not included in last year's deal. And I want to again reiterate, this bill and the last bill, there was no correlation between the Financial Literacy Cash Fund. Two separate worlds, never had a conversation where they crossed paths. So just to let you know.

LATHROP: OK. Well, thank you, Senator Lindstrom. Can-- would Senator McKinney yield to a question?

FOLEY: Senator McKinney, would you yield, please?

McKINNEY: Yes, sorry.

LATHROP: Senator McKinney, you have a bill in front of the Education Committee relative to or that relates to financial literacy.

McKINNEY: Yes, I do.

LATHROP: And did that bill draw a fiscal note?

McKINNEY: Yes, it did.

LATHROP: Do you know what agency told you there would be a fiscal note?

McKINNEY: Department of Education to hire one FTE.

LATHROP: For financial-- to coordinate financial literacy? Do you want to tell us a little bit about what your bill does?

McKINNEY: What my bill does is it's the Financial Literacy Act and it will require, you know, school districts to teach financial literacy in K-12 education and monitor it to make sure that it's being implemented and making sure that students are being provided financial literacy throughout their tenure in school.

LATHROP: Did that bill have a hearing yet?

McKINNEY: Yes, it did.

LATHROP: In that hearing, did anyone from K-12 education come in and say nonprofits are already doing this?

McKINNEY: I know there were-- I know the Treasurer came and some other people came and said there were some programs that--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: One minute.

McKINNEY: --are available.

FOLEY: That's one minute, Senator.

LATHROP: OK. Do you know how much your fiscal note was?

McKINNEY: In the first, in the first year, it was \$108,000. Almost \$109,000.

LATHROP: OK. Thank you, Senator McKinney. I think what we have is Education isn't talking to Insurance or Banking, rather. There's the university has a fund of money. These bills are drawing fiscal notes and getting stopped in Education for want of the resources to fund a fiscal note when we have a fund. And this bill would put more money in the fund and really no one knows what's happening with it. I'll try to find out between General and Select before LB509 comes back up what's happening with that fund and, and be able to discuss that in more detail when LB509 comes up in front of this body on Select File. And with that, I'll yield the balance of my time. Thank you.

FOLEY: Thank you, Senator Lathrop. Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Colleagues, I rise in opposition to LB510. I opposed this when it was on the floor previously and I oppose it today. I do believe that financial literacy is an important thing and has a great impact on communities in our state, especially communities of color, but this bill isn't about financial literacy. This bill is about predatory lending. And we just went through a payday lending ballot initiative that the people of Nebraska voted to support. Clearly, we need to be doing more to protect from predatory practices, not finding ways to expand them. There's a lot of things that we as a, as a Legislature, as a body, can do to support people who are in financial distress. And I understand the interest and the desire to help build back better credit, but this lends itself to more perpetuating cycles of poverty and bad credit, just as predatory lending and payday lending did. I'd like to talk about some of the things we can do to help those that are struggling financially. There are many programs that this state could participate in more fully to help those that are impacted by financial constraints. We could fully participate in our SNAP program and draw down all the federal dollars due to us. We could fully participate in childcare subsidies. We could use our TANF dollars to help families that are financially struggling. There are so many programs and opportunities that we can utilize to help those that are financially

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

disadvantaged, but we don't do that and this bill doesn't help those families. This bill helps businesses make money off of those families and I cannot support that. And I will take all the time that we have left this morning to make sure that this bill does not move forward to Select File. We are at a time in this state where we really need to decide who we are. Are we pro-people or are we pro-business? We've done tax incentives for corporations. We've done property tax relief for just one specific industry in this state. We seem to be pro-business, but not pro-people. We continue to struggle with having workforce numbers in this state and it should be no surprise to anyone. We take advantage of the workforce. Yesterday, we had Senator Vargas' bill about meatpacking workers. We call them essential workers, but then we don't protect their lives. We don't prioritize teachers for getting vaccines. We don't prioritize people with underlying medical conditions to get vaccines. We seem to only prioritize business and I find that to be unconscionable. I'm not here to serve the business industry, I'm here to serve the people of Nebraska. I'm here to stand up every single day that I am in this body to talk about the people of Nebraska and what they need. They need healthcare. They need food. They need housing. They need education.

FOLEY: One minute.

M. CAVANAUGH: They need a safe place to send their children. Our priorities are-- well, I shouldn't say our because these are not my priorities. The priorities in this body, the priorities in this administration do not align with what I think our values of family and, and protecting and elevating life. It is quite the opposite. It is disappointing that these are the conversations that we continue to have, but these are the conversations that I'm going to continue to have until we do more and we do better by the people of Nebraska. I will get back in the queue and give the remainder of my time to the chair.

FOLEY: Thank you, Senator Cavanaugh. Senator Blood.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, at this time, I stand in support of the recommit to committee amend-- motion and I'm still really not sure how I feel about Senator Lindstrom's bill. It was my hope that he would do a Speaker hold, but apparently that is not an option for him at this time. So I want to talk a little bit about these types of loans because I, I think there's still some things that we should get on the record in reference to these, these loans. So these types of loans are a cash cow for creditors. The working class has a growing need right now, especially during the pandemic, for credit. The benefit of installment loans is that you

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

have more time to make payments, but the downside to this program is that you are basically paying interest towards that loan for up to the first 18 months of that loan. Now, the industry wants higher interest rates to counter the fact that nonprime consumers are likely probably going to default because they're already struggling, they're already in a crisis, and that's why they get these types of loans. So the high cost of credit only serves people who don't qualify for other types of credit. They prey often on people experiencing hard times. Now, if you look at bankruptcy statistics, you'll notice that a lot of these bankruptcies were people that were considered lower class financially. But more and more now are middle class and upper, upper-middle class. And if you look at those court documents, you'll find it's because not only do they get one of these types of loans, but they get multiple. Because they keep thinking that they can catch up, but they're never catching up because interest rates are so outrageous that they can't seem to get them paid off. And I don't fault these businesses for trying to, to make a living and I don't fault them for seeing that the middle class is struggling and needs help, but I question the need to raise interest rate. Somewhere, we have to decide what's predatory and what is not predatory and there hasn't been a big focus on these types of loans because payday lending was the predatory loans that we were going after, that we were trying to help these people that were in this cycle. But now it's time to help the middle class and now it's time to help the upper-middle class because they are losing their homes, they are losing their businesses, they're losing their vehicles, they're losing their families because of this type of predatory lending. And so you may agree that it's OK to have this type of loan, but I would question why you would want to raise the interest rate to make it harder on these people who are just trying to get by usually in a crisis. That doesn't seem like good business to me. That seems like us preying on people who really need help at probably the worst time in their life. And for my constituents, that's not something that I'm willing to offer up right now. So with that, I would yield any time that I have left to Senator Machaela Cavanaugh.

FOLEY: Thank you, Senator Blood. Senator, Senator Machaela Cavanaugh, you've been yielded 1:40.

M. CAVANAUGH: Thank you. Thank you, Senator Blood. I appreciate the time. So it seems like this bill is not super popular with too many people and I'm interested to see how the motion to recommit moves forward, so I will give the remainder of my time to the chair. Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Matt Hansen.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

M. HANSEN: Thank you, Mr. President, and good morning, colleagues. Colleagues, I do also rise in support of the recommit to committee motion. In the scheme of things, I know we've talked about it broadly and I know Senator Lindstrom in his opening talked about this being two different groups. But in the scheme of things, having one of the first handful of bills that we do immediately after the people finally addressed payday lending, seems like a-- seems like an instance in which, in which we as the Legislature maybe aren't-- as listening as close to the public on some issues as we could be. That's fundamentally [INAUDIBLE] to me. I've spent, as others have said, this bill has come up before, spent a lot of time talking with supporters of the bill, with the specific company and industry that is kind of the lead supporter of the bill. And I feel like I have a good sense of it. And I still can't just get that justification for, in the scheme of all these things, raising interest rates, raising interest rates, and then also saying that the raising interest rates is somehow a benefit to the consumer or somehow an anti-poverty thing for the benefit of the consumer. If there's truly a class of people that fall into this donut hole between different layers of loans, I'd be interested in that. And that's something I've asked about. And it seems to be-- and that's just not something I've seen the evidence for or, or feel comfortable knowing. And also noting that this isn't just for a specific class, you know, this isn't for people with a certain type of credit. This isn't for blah, blah, blah. You know, it's for all of these installment loans are being consolidated to a 29 percent cap so existing customers could have their interest rates go up. People who already qualify for the lower interest rates could have their interest rates, should they need another loan, have that go up. That's what I'm struggling with here, is, is the stated motivations are to have more people access the program, I guess, and that's where I'm trying to, trying to find out, find out and that's kind of my big barrier, my big hurdle. It seems like fundamentally what we're going to do is just take an existing customer base and run the risk that all of their loans go up and raise the interest on that. So with that, this isn't my most polished of floor speeches, but it's an issue that's been recurring. I did want to let people know that, you know, I've tried to do my due diligence. I've talked with, again, the industry, the providers, tried to understand where they're coming from. I appreciate their perseverance and passion to bring this back multiple times. But, you know, talking from our constituents, talking from a consumer, I've just not seen a push or a need or a clear problem that this bill is trying to address. And my worry is that more we meddle in this area, we're going to ultimately create other problems. So with that, again, I support the recommit to motion at

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

this time. And with that, I will conclude my remarks. Thank you, Mr. President.

FOLEY: Thank you, Senator Hansen. Senator Matt Williams.

WILLIAMS: Thank you, Mr. President. Good morning again, colleagues. First of all, I stand in opposition to the commit-- recommit motion and in support of the underlying bill and in support of the action taken by the Banking, Commerce and Insurance Committee. Again, as Senator Lindstrom mentioned, there was no opposition testimony. We have lots of groups that represent consumers that show up in many of our hearings, including the BCI Committee. None of them took their time to show up to oppose this bill. Therefore, it advanced 7-1, as mentioned. A number of the people that have talked in, in opposition to the underlying bill have talked about the people of our state speaking on payday lending and it would be too soon to come back and do something after that. I think that's the exact reason why we're here today. What we thought was going to happen following the vote of the people on payday lending is exactly what did happen. We have eliminated that industry in our state. As my last contact with the Department of Banking, I believe there is only one licensed payday lender that has renewed their license. And that particular payday lender actually runs a collection service, not a true payday lending operation. So we have eliminated a source of capital for people. That is my fear, if we do not address the situation with the installment loan companies, that's being addressed by LB510. The business model that OneMain and a few others are operating under is not functioning for them long term. So when we have a business model that doesn't work, what happens? People are hurt. The businesses go on, but the people are hurt. The people that work there, the people that have those jobs, and the people that use that source of credit. With the elimination of payday lending, which was a regulated industry in our state, regulated by the Department of Banking and Finance, and if we eliminate the OneMains of the world which are also regulated, where do people find that source of credit? It drives them to unregulated sources of credit. Check on your gadget, you can go online. Those companies that are making those loans are not regulated by our Department of Banking. They're certainly also not paying taxes to our state in the way that we would like to see them do this. Why does OneMain need to do this? They have seen changes in their underwriting standards that they have had to follow going forward. The quality of loans that they are making, they are experiencing higher rates of loss and it requires higher rates of interest to cover those losses. So I think sometimes we need to think about in trying to line this up that we are always supporting business and not supporting people, look at

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

the preliminary budget that is before you. See how many dollars, taxpayer dollars from our taxpayers are going to benefit people. It may not be enough, but it's a lot. Don't forget that when we have these discussions. We need to be pro-business and continue to be that way in our state. I would encourage your red vote on the, the recommit motion and encourage supporting the underlying bill. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Senator Lindstrom.

LINDSTROM: Thank you, Mr. President. I rise in opposition to the recommit motion and supportive of the bill. You know, where do you go for capital? I know some of you have probably toured OneMain and, and maybe another installment loan facility, brick and mortar. Where do you go for capital? We-- the payday lenders, because of the ballot initiative, are now at 36 percent. Most of the mom-and-pop payday lenders don't exist anymore. So where do you go? You go online, not regulated by the Banking and Finance Department. If you have an issue, what are you, what are you, what are you going to do about that? You can't go to the Banking and Finance Department to correct those issues. Payday lending is not what we're talking about here. I've heard the word used, predatory. Installment loans are not predatory. When you walk into an establishment-- again, I'm sure you've done this, you sit down with a person that is going to walk you through the process. What is their main goal? One, they're going to want to get it paid back, the loan that they've given, and, two, they may want a repeat customer. Well, if you're not able to pay your loan and you go bankrupt or you can't facilitate that loan and make your payments, you're never coming back. They don't want to do that. They want to help individuals get better credit to be able to pay those back and have a repeat customer. So when we're talking about 29 percent, essentially what we're doing is opening up more opportunities for individuals to get capital. If you have a low credit score and you walk in an installment loan, you're probably not going to get a 10 percent rate or a 15 percent rate. What we're doing is we're pushing away more people that can't get access to capital or be forced to the Internet where they might not have any recourse for some bad actor that they might run across on the Internet. These are individuals who can't go to your local bank, get a 5 percent loan. They don't want to go to the payday lenders because they charge 36 percent and above. These are for that middle group of individuals that need access capital. If you move to Nebraska, you don't have family members here. You have an issue with your house. You need to make a payment on something. You need to get access to capital. Where do you go? Do you go to the Internet? I wouldn't. I'd rather walk into a brick and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

mortar, put a face, face-- have a face-to-face conversation with one of the main-- OneMain consultants, walk you through the process and be able to make those payments on time and get a better credit, get access to capital because they're doing the right thing. This is not-- I've heard the word predatory. This is not predatory. I hope people understand that there's a difference. So to, to couple payday lending with installment loans is two different worlds. I think Senator Williams walked you through the need for this very well, and I know people are going to be on the mike for a little bit. You know, I don't know if we need to take this eight hours. I think people most likely are pretty well set on where they're going to be. So if we could get to a vote on the recommit and the bill, I'd appreciate it before-- looks like I can see in the queue maybe two people left. So, again, I, I want you to think about where people go for capital, whether it's good or bad and whether they go to the Internet or they go and work with an individual face to face to be able to meet the needs of their family and things that they need to get done. And, and I believe this bill is very timely in light of what we've seen. And this just opens it up to more people to access that capital versus going online to unregulated places and spaces to do so. So, again, I ask the vote against the recommit and vote for the bill. Thank you.

FOLEY: Thank you, Senator Lindstrom. Senator Moser.

MOSER: Good morning, colleagues. Killing this bill, recommitting it is not going to change people's needs and it's not going to keep them from borrowing money somewhere else, they just aren't going to be able to borrow it at a brick-and-mortar lender that's regulated by the Department of Banking. They could go online and borrow money from online lenders. And if they have a problem with the lender, which-- or a problem with their loan, which is probably likely with a loan with higher interest rates, trying to deal with somebody through the Internet is going to be a lot harder than going into the office of the, the lending company and talking about your problem and trying to resolve it. And if something is wrong with how the lender credited the money you paid or, or claims they didn't get the money on time, who do you go talk to? The Department of Banking is not going to help you, you know, where are your constituents going to go? These loans are not loans that anybody in this Legislature are probably going to get. I would bet that everybody in here has a credit score of 700 or higher. I'd bet my \$20 against anybody's 5 bucks here. Wait a minute, gambling's illegal, we can't talk about that. But that their credit scores are too-- that senators' credit scores are high enough that they don't have to go to this level of interest rate to get a loan. But these are people with credit scores in the low 600s. They're

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

unsecured loans. So if things go wrong, there's nothing to repossess. There's no thing of value to be sold by the loan company and that's why the rates are high. But it might be that your water is going to be turned off and you've got little children in the house or maybe you're going to be evicted because you're a month behind in your, your-- or several months behind in your mortgage payment. And you do need to solve that problem over a few months time because this higher interest rate is just going to cause you more problems in the long run. But in the short term, it could help out some family. So, you know, we can talk about class warfare and how we're going to be champions of the underprivileged. But when you have a problem and you're-- have a low-credit score and something worse is going to happen than paying what we think is too much interest, sometimes you make that choice. Thank you.

FOLEY: Thank you, Senator Moser. Senator Vargas.

VARGAS: Thank you very much. Colleagues, I really hope we are questioning the vote that we're going to have here. These aren't predatory loans. I started off my testimony last time with that same statement. They're not predatory loans in that it's not a predatory payday lending loan. We always have the best of intentions. We put in payday loans because while they were put in all across the country at one point and then they were available, senators like ourselves in the past put in place payday loans and installment loans for a reason. Nobody's here saying we need to eliminate the installment loan industry. Nobody is saying that, that's not what this legislation is. What we are voting in the affirmative is whether or not we increase the ability to make interest rates up to 29 percent on consumers. That is what we would be voting on and that's why I'm supporting the recommit because in amidst this pandemic, sending a message that we would be allowing these entities that are allowed to operate because of our state statutes without more information as to why that their business model is currently not working on, on our highest-need Nebraskans doesn't make logical sense to me why we would support this. Now, I have a question for Senator Lindstrom if he would yield.

FOLEY: Senator Lindstrom, would you yield, please?

VARGAS: Talking with OneMain, what, what is the economic rationale for increasing this to 29 percent? Are these businesses unable to make profits? What's the, what's the rationale?

LINDSTROM: Well, I think Senator Williams laid that out pretty well. They have some overhead costs that has increased because of they-- there, there's only ten of these brick and mortar available, but

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

they're the ones that are, are regulated by the Department of Banking and Finance. And with-- if you go to a, go to a loan to get online, they're not regulated. But they may be able to charge a little cheaper, but it's all dependent upon your ability to pay your credit. And so what the intent of this is, is if you increase it, some of those individuals that have a lower credit rating will have some access to the capital. And I was going to point this out in my closing, but because of this model, they only have a 7 percent default rate because they are working with those individuals to make their payments and to set up a schedule for them. So, you know, again, I know you said this before, but the predatory nature of this doesn't exist. This is-- these are individuals that need capital and this is where they go to get it and aren't going to be charged 36 percent. And it doesn't mean you're going to be charged 29 percent. It's all about the risk of the business to be able to make those loans. If they, if they don't exist, then you're forced to go to an online deal that's not regulated and who knows what they charge.

VARGAS: OK, I appreciate that. So there's two things that I take away from this. And I do appreciate Senator Lindstrom answering that question. One is, if the rationale is that there's online lenders that are unregulated now some of these online lenders, then we need to figure out a way to regulate the online lenders. I've had that conversation with the payday lenders saying that we need payday lending to expand because of online unregulated lenders. Then we need to create a mechanism to then regulate online lenders. Some of you have probably seen some of these long-term installment loans online and they are offering a lower interest rate. The answer to that issue is not increasing the interest rates of our products in our state. The answer is regulating the industry at a whole, both in our state and online. The second piece of this is I know the word predatory sends up flags for everybody. The reason why I've used it with payday loans is because they became predatory.

FOLEY: One minute.

VARGAS: Installment loans overall, even at a 7 percent default rate, is really high, 7 percent default is really high. And if the consumers that are being provided these products up to the 29 percent, you would only allow up to 29 percent means there's going to be people that are going to be given 29 percent interest rate installment loans. These individuals are at a higher risk of defaults, but they still have to pay a higher premium because of the APR to these companies. Nobody's bringing a bill to eliminate installment loans. Nobody's bringing a bill to further police or regulate installment loans. This bill very

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

firmly increases the interest rates on consumers and it's why I don't think it's the right thing for us to do. Consumers are not clamoring for this in other states. If you look at other states and installment loans, they have not been standing up saying I need another option for capital. The opposite is true. They work within the options that are available, typically banks, they work on financial literacy and they don't get down a debt trap. The question is whether or not any of us would be OK with taking this high of an APR interest loan.

FOLEY: That's time, Senator.

VARGAS: Thank you.

FOLEY: Senator McKinney.

McKINNEY: Thank you. I don't think it's the right thing, especially coming-- once whenever we get out of this pandemic to raise interest rates on consumers if they need capital. I think a better solution to making sure that consumers get capital is to not build a new prison in our state that costs \$230 million. I think if we want to help consumers, we save the money on the prison and figure out a way to provide some type of money for consumers like we-- some state stimulus package. Senator Lindstrom, would you yield to a few questions?

FOLEY: Senator Lindstrom, would you yield, please?

LINDSTROM: Yes, I will.

McKINNEY: Will these lenders ensure that individuals that access these loans aren't paying more than 5 percent of their monthly income?

LINDSTROM: They do fully underwrite these loans. And so they will go through and verify income and their debts, monthly expenses, and then their net disposable income to make sure, one, it's a, it's a good loan, but, two, the individual has the ability to pay.

McKINNEY: How do we make sure the durations of these loans aren't excessive?

LINDSTROM: I'll, I'll have to double-check on it, but I don't think this is some-- these loans are not based upon in perpetuity. So I can double-check on some of those things as far as the extent, but the, the installment loans are set up on a, on a timely basis. That isn't a forever deal where, you know, the payday lending you could get in that cycle and never come out.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

McKINNEY: Does this, does this bill have any language prohibiting encouragement of loan flipping?

LINDSTROM: The bill that I-- that this is, it doesn't touch on that. I'd have to double-check if we have anything like that in statute already.

McKINNEY: And my last thing is how do we make sure that these, these monthly payments don't exceed other expenses like utilities, food, water, day care, and things like that?

LINDSTROM: Well, and that's what the, that's what the installment loan providers do. And they will walk through an individual and underwrite and go through the process of what the individual has the ability to pay. And so as long as there's open dialog between the borrower and the lender as to what their expenses are when it comes to utilities and day care and anything else that comes into it, the, the lender will make, you know, make adjustments so that the individual doesn't get caught in some type of cycle or defaults on their loan. So that, that process-- and this is why it's important-- sorry, to take up, but this is why it's important when you walk into a brick and mortar, you can sit across the table from an individual and talk about those things and go through the process versus going online, punching a bunch of information to some, you know, who knows where it's at and not have any type of dialog to understand where the individual is coming from. This is a face-to-face relationship.

McKINNEY: All right. Last question. Do you think it would be a better choice for our state to use \$230 million not for a prison, but for a statewide stimulus package for Nebraskans that may need capital coming out of this pandemic?

LINDSTROM: That's an interesting question. You know, two, two different subjects, I, I believe. You know, what I think is, is the need, and I'm not going to talk about necessarily the, the, the prison or what we're talking about there, but as far as financial literacy, providing some understanding of what money is, what it means, and how to access it and what you can use it for, there-- I think there's somewhat a lack of under-- have an understanding of how to, how to utilize money, how to work with money, and to do it in a way that is responsible.

McKINNEY: All right, thank you. And I just think it would be a, a better idea or decision for this state and for this Legislature to really think, look at not raising interest rates on consumers, especially those that, that have been most affected by this pandemic.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

And look at this proposal for this prison and see where we could use those funds to help Nebraskans instead of raising interest rates. Thank you.

FOLEY: Thank you, Senator McKinney. Senator Vargas, you're recognized for your third opportunity.

VARGAS: Thank you very much. Two years ago, as I was working on the predatory or payday lending legislation that I brought forward and obviously the voters have passed on this, it's not us. The voters have decisively said that they didn't want this product or in the, in the continued model. One of the things that we did talk about and I did talk about with OneMain, in particular, and installment loans was about their model. The larger concern that we have presented is the Bureau for Financial Protection has consistently brought forward data on concerns about our regulatory schemes for installment loans. Now, again, this is not about eliminating the installment loan industry, and it's not about further regulating it necessarily, but we're talking about increasing the interest rate allowed on consumers. That's what we would be voting in the affirmative on. And it clearly-- data clearly shows that when we increase, when we increase the interest rates, default numbers go up. OneMain's financial model has some of the same concerns and the installment loans we've seen has the same concerns we've seen in other all across the country, which is there's origination fees on top of the installment loan. There are ancillary products that are included on this, things like credit insurance. The question that Senator McKinney asked is also a cause for concern. Even though some practices may be to then take into account the ability to pay, there is nothing in statute that regulates them to consider the ability to pay. It's actually one of the pieces of feedback I gave two years ago. It's not in this legislation, in this actual language, which I think would make the bill better. But there is nothing saying they have to consider the ability to pay. The opposite is actually true. We have heard and seen issues with underwriting the loan, making the consumers eligible for more that they can afford because it's still in the best interest of them to then do that. Colleagues, what we are voting on here is whether or not the interest rate allowable on these loans for consumers that are not asking for it should go up to a potential 29 percent still amidst this pandemic. I fundamentally believe that there are other big issues that are at hand that we can be taking up. And it's not just prisons. We're still talking about issues about property tax relief. We're still talking about creating good jobs. We're still talking about making sure we have the resources we need for working families. This doesn't fit in those boxes. Consumers aren't asking for the ability to take

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

out these types of loans, especially some of those consumers that don't have that credit. So the real reason is who is this serving? The only place that I can see that this is serving is the product and the business itself and I don't think that's the right thing for us to do right now, quite honestly. I would be more encouraged if we saw information on the financial model since we put this into statute and we regulate it on showing that it-- things aren't keeping up, putting in some more protections for the loans themselves on ability to pay, cutting down on these ancillary products that they can add, looking at the origination fee, making sure they can't churn many bills which they can write-- sorry, loans, they can churn at least three right now. They can give at least the three of these loans in each year and refinance and then continue going on. If we can cap some of these other things, then maybe this bill would be better. And I've offered those suggestions in the past. Now, that I think is a better use of our time for a bill like this. I encourage you to vote for the recommit because at the end of the day, we have really pressing items on our agenda and this agenda item has not been brought to us by consumers, it's being brought to us by the industry.

FOLEY: One minute.

VARGAS: And this industry operates fine in other states that have the same APR. So the question is why now? They've been lobbying in every other-- several other states, ten-plus states in the last two years to increase the APR because it's in the best interest of their business, not because it's in the best interest of Nebraskans. So I ask you to support the recommit to committee. Thank you very much.

FOLEY: Thank you, Senator Vargas. Senator Brandt.

BRANDT: Thank you, Mr. Lieutenant Governor. And I'd like to thank Senator Lindstrom for bringing LB510. I'm not quite sure where I'm at on that-- this bill, this time because if this bill does not pass, the installment loan companies can still charge 24 percent on the first \$1,000 and 21 percent thereafter. And we had this bill two years ago and as far as I know, we have about the same number of installment loan companies out there. We need these companies. They fill a need. If you are a beginning borrower or you have bad credit, this helps you get good credit and then you can move on to the credit union and you can move on to a community bank. Would Senator Clements yield to a question?

FOLEY: Senator Clements, would you yield, please?

CLEMENTS: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

BRANDT: Senator Clements, you're a community banker. What is the maximum interest rate a community bank in Nebraska can charge?

CLEMENTS: I believe our usury rate is 19 percent maximum.

BRANDT: So, right. Do you charge 19 percent on every loan that you make?

CLEMENTS: No, I don't think there's been one even over 12 percent in those. That would be even a little-- a very small one.

BRANDT: Do the installment loan companies charge 21 and 24 percent on every loan that they make?

CLEMENTS: No. If your credit is a little bit better, you're going to get a lower rate.

BRANDT: OK. Thank you, Senator Clements, and I yield my time back to the chair.

FOLEY: Thank you, Senator Brandt and Senator Clements. Senator Wayne, you're recognized to close on your motion to recommit the bill to committee.

WAYNE: Thank you, Mr. President. Again, colleagues, to me, this is a, a simple bill. We've heard a lot of the issues that are going on in this bill, but what was interesting to me when I listened to this debate is we are trying to change statutes to prop up an industry. And I thought that went against most of my conservative colleagues who say the free market should operate. It's just odd to me. But more importantly, whether we consider this a, in a spectrum of loans closer to payday lending or closer to a mortgage, at the end of the day, it comes down to whether 29 percent during a pandemic, during what we would call economic uncertainties, is the right thing for this body to do. And right now, I just think-- and that's the reason why I didn't put the IPP motion up there. I think we just need to send it back to committee, see if some of the issues that Senator Vargas and others have raised on this floor can be addressed and the bill can come back out. I just think it's premature at this time, and the committee can still do some work to answer a couple of these other issues. How much time do I have left?

FOLEY: 3:30.

WAYNE: Call of the house.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

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

ASSISTANT CLERK: 23 ayes, 3 nays to place the house under call.

FOLEY: Members, the house is under call. Please return to the Chamber and check in. The house is under call. Wayne, you may-- Senator Wayne, you may continue if you care to do so.

WAYNE: Thank you. So, again, while colleagues are coming in, this is a bill that was on the floor last year. Again, there's been a lot of interesting issues that have been raised, particularly around this type of loan, what the loan does. And again, there's a spectrum from what some would deem as a mortgage to payday lending. The one thing that was clear about the vote on payday lending was this is higher than what payday lending was voted down to change. So that means there's a mindset, at least among the citizens of Nebraska, that we don't want that type of high interest rate to be allowed under Nebraska law. So I think we should take that into mind when we talk about what the voters want. I do think it's also disingenuous for us to say because the voters may or may not have put out a, a type of industry for Nebraska to say the voters do not know what's best for them. And that's the other thing that we heard on the arguments of the proponents is we have to fix this because if we don't and we pass something that was-- if we don't and we look at what happened to payday lending, they didn't know, the voters didn't know what they were doing. But those same colleagues will say the voters knew exactly what they were doing when it comes to gambling. When it comes to issues that they believe in, that the voters knew exactly what they were talking about when they voted, but on this issue it's different. And I just don't believe it is. Either we have faith in the voters or we don't, whether we like how they vote sometimes and or we don't, but it is what it is. So, again, I have a motion up here to IPP next. We have about an hour left until, according to the agenda, we go to Select File. I have intentionally not engaged in talking a whole lot on this bill because I wanted to hear others talk about the interest rates and about some of the issues. And for those who don't know, you can call the house at any time. Even if you're just standing here and you want to rise and you push your button, you can call your house. And the reason why that's interesting, so when we get into some late debates and there's only 22 of us here. When you call the house and nobody shows, the session's done for the day. It's an easy way to burn a day. But the reason why I called the house is because it forces everybody to sit in here and listen. So we might-- you might see a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

little bit more of this trend, Speaker Hilgers, where people call the house right before they're closing so everybody can listen to the, to the closing. I just thought it was a, was a--

FOLEY: One minute.

WAYNE: --mistake I came upon on last year. So it's a, it's a good mistake. Again, we got to decide today if this is worth going the entire time. And again, it's only another hour, but underneath our rules, we will be going eight hours. We are working workbook order, which means all the other bills behind this, except for Select File, will be delayed unless the Speaker decides to rearrange the order. I just don't think this bill is ready. There have been multiple issues that people have raised that can be fixed in a committee amendment, that can be fixed in a committee amendment. So I urge you to vote green on the motion to recommit to the committee and let the committee fix this bill. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. All unexcused members are now present. The question before the body is whether or not to recommit LB510 to committee. Those in favor of recommitting the bill vote aye; those opposed vote nay. Senator Wayne. A roll call vote has been requested. Mr. Clerk. Reverse order roll call. Mr. Clerk.

ASSISTANT CLERK: Senator Wishart, not voting. Senator Williams, voting no. Senator Wayne, voting yes. Senator Walz, not voting. Senator Vargas, voting yes. Senator Stinner. Senator Slama, voting no. Senator Sanders, voting no. Senator Pansing Brooks, not voting. Senator Pahls, voting no. Senator Murman, voting no. Senator Moser, voting no. Senator Morfeld, not voting. Senator McKinney, voting yes. Senator McDonnell, voting yes. Senator McCollister, voting no. Senator Lowe, voting no. Senator Linehan, voting no. Senator Lindstrom, voting no. Senator Lathrop, voting yes. Senator Kolterman, voting no. Senator Hunt, voting yes. Senator Hughes, voting no. Senator Hilkemann, voting no. Senator Hilgers, voting no. Senator Matt Hansen, voting yes. Senator Ben Hansen, voting no. Senator Halloran, voting no. Senator Groene, voting no. Senator Gragert, voting no. Senator Geist, voting no. Senator Friesen, not voting. Senator Flood, voting no. Senator Erdman, voting no. Senator Dorn, voting no. Senator DeBoer, not voting. Senator Day, not voting. Senator Clements, voting no. Senator Machaela Cavanaugh, voting yes. Senator John Cavanaugh, voting yes. Senator Briese. Senator Brewer, voting no. Senator Brandt, voting no. Senator Bostelman, voting no. Senator Bostar, voting yes. Senator Blood, not voting. Senator Arch, voting no. Senator Albrecht, voting yes. Senator Aguilar, voting no. Vote is 11 ayes, 28 nays, 8 present not voting, 2 excused not voting.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: The motion to recommit is not successful. I raise the call. Mr. Clerk.

ASSISTANT CLERK: Senator Wayne would move to IPP LB510.

FOLEY: Senator Wayne, you're recognized to open on your IPP motion.

WAYNE: Thank you, Mr. President. Thank you, colleagues. I was hoping we didn't have to go here today. I'm trying to work on a few bids for my actual company today. That's why I really wasn't talking a whole lot. But I guess we'll start. Again, there are very few issues this year or really any issue that I believe is a filibuster issue versus a straight up or down vote. But when it comes to lending banks some social things, I have to look through it through the lens in which the communities we represent. There was a comment made on the floor that there would be a bet whether the senators have over 700 credit score. I'll take that bet because I know I'll win because right now I'm below 700. I have no problem saying that. That's what happens when you start businesses and you start using credit cards and you're paying them off slowly and surely to make sure your businesses and everything are working. Your, your debt-to-income ratio looks kind of interesting when you're down here making \$12,000 a year and you continue to invest back in your business versus in yourself. So I will take that bet. My point is, is most of the time we're talking about people who use these facilities or these types of banks are those who are lower income. Otherwise, they could walk into a traditional bank and get a loan. And what we are saying that in order for them to operate, and I want to-- I want us to think about this a little clearer here. In order for them to operate, they have to create-- they have to have a 5 percent increase on their maximum loans or on their loans. Again, this bill has been brought multiple years, yet the industry seems to be here. There's still a One Bank off of 76th and Dodge, right off of Cass. I haven't seen it-- OneMain bank, I haven't seen it close. I have to agree with Senator Vargas on the fact that the consumer is not out here asking for it. Now, if we're going to take the position, Chairman Williams, that as long as there is no negative testimony or the people who represent certain individuals didn't come down and testify in this year, then there are going to be a lot of votes on this floor that I think most people won't agree with. In my community, police brutality is very, very important to them. Did they show up to the hearing? No, not necessarily. They've sent emails, they've commented, and they sent emails and commented because primarily they were told not to. We are out here telling people to not come to hearings, that they should send emails as other ways to communicate. And overall, I would think to say that most of our hearings this year just have a general lack of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

participation. So I don't think that's a fair barometer to read on whether or not it's a good bill or not, I think it's us doing our due diligence of talking to our constituents, to talking to people who are affected by the bills that we introduce or the bills that we are talking about on the floor. And this is one of those bills that primarily-- and this is what's interesting, primarily the people who are using these bills when you looked at that vote, the people who represent those areas that are using these types of loans are voting no. Again, this, this patriarch system of you know what's best for our community. It's this patriarch system of you know what's best for some folks out there. But those folks aren't the ones who came to the committee and said we want this bill, we want to raise our interest rates at a time when bank borrowing is at its low. There is no reason to move forward with this bill. And I'm looking to see if Senator Vargas is on the floor. Senator, I am-- Senator Vargas, would you yield to a question?

HUGHES: Senator Vargas, will you yield?

VARGAS: Yes.

WAYNE: When you were involved in the payday lending initiative and just talking to individuals, was there a clean-- clear distinction among the communities between payday versus One Bank versus something else? Did-- or did people just generally think interest rates on loans are too high?

VARGAS: People generally thought interest loans were too high.

WAYNE: So we didn't have a long conversation of-- and do you-- and I guess, do you think the people understand the difference between walking into a bank and doing a payday loan? Generally, I would say yes, but do you agree with that?

VARGAS: I think to some extent, yes.

WAYNE: But the, the idea around this initiative was generally interest rates for lending when people need it the most are too high.

VARGAS: Yes.

WAYNE: And if you can summarize briefly the, the reason why you're opposed to this bill.

VARGAS: Yeah, I'm opposed to this bill because we come here to solve usually solutions and consumers aren't asking for more of this. The

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

consumers that this is going to be actually utilizing it the most are going to be those that are the highest risk. And those high-risk individuals are at higher risk of default, likely on public assistance, likely already leaning on the state of Nebraska in some way, shape, or form. And so this is furthering the problems that we're trying to solve here.

WAYNE: And if you could fix anything about this bill, what do you think you could be able to do? Because you mentioned a couple earlier.

VARGAS: Yeah, I would, I would put in the ability to pay a component here to make sure that they have to evaluate the ability to pay. I would put in a limit to the number of loans that they can provide any given year so people aren't getting-- taking too many of these loans. I would look at the origination fee and seeing how it looks in other states and potentially lower that. There, there are other safeguards that can be put in place to make this better if you're going to increase it. Yeah.

WAYNE: Thank you. Senator Lindstrom, will you yield to a question? And how much time do I have?

HUGHES: 3:24. Senator Lindstrom, will you yield?

LINDSTROM: Yes, I will.

WAYNE: So I just typed on my Internet and typed in kind of what we're doing here. Do you know why they sent me to the Council Bluffs Main bank instead of the one on 72nd and, and Cass?

LINDSTROM: So did you Google it?

WAYNE: No, so what I-- I was putting in the loan request and all of that, and it says, you know, basically I qualify in Council Bluffs and not, and not in Nebraska. Do you know why that is?

LINDSTROM: I have no idea.

WAYNE: I was just wondering, just-- I figured that might be the answer, but--

LINDSTROM: Is it the-- it's the same business?

WAYNE: Yeah, it's, it's Main, but I, I think it has to do with what we're talking about here. So it seems that Omaha already has access to at least the Iowa side via the Internet. That's what I was trying to figure out. But we can figure that out before tomorrow, I guess, and I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

can know why I was sent there. Thank you, Senator Lindstrom. Colleagues, I'm going to spend some time, I guess, going through this bill. We'll go line by line and we'll talk about the financial literacy component, which is a, a, a concern for me, why we're putting more money into this fund. And there's fiscal notes on the financial literacy, so we'll have some more conversations with Senator McKinney and Senator Slama about their bill. And so I'm inviting people to talk for the next hour, otherwise I will talk for the next hour. Thank you, Mr. President.

HUGHES: Thank you, Senator Wayne, and you are next in the queue. Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, I would like to speak to some of the, the points that Senator Moser was making. I'm not sure if he's here or not, but Senator Moser was talking about the, the things that people might need such loans for. And I just want to discuss some of the things that he mentioned, people who are about to lose their homes. We have rental assistance programs in this state to help with people who are losing their homes. And if people are losing their homes at such a rate that they need to seek these types of loans, we need to be evaluating what we are doing in the state. Is the cost of living that we're allowing too high for the wages that people are earning? If people can't afford food, again, what are we doing as our role as legislators to ensure that the people of Nebraska have access to adequate food to feed their children? Isn't that our job? Not to make it easier for a business to make more money, but isn't it our job to take care of the citizens of the state that are most in need? Energy assistance. We have energy assistance. I encourage the citizens of Nebraska, if you are having challenges paying your energy bills, do not seek one of these types of loans or any type of loan. Call your energy company and ask for energy assistance. OPPD, NPPD, they all offer energy assistance and there are grants to help you. We just need to educate the public more about some of these things. Healthcare costs. That's one of the biggest things that just comes up for people. That's something that we should be working to address. The cost of healthcare, unexpected costs, costs because you were hospitalized for an unexpected illness. That can devastate a family and getting a loan to pay for that only perpetuates that devastation. This, this bill is not needed. If this business model doesn't work for these businesses, then they should go out of business. It's not our job to make sure that businesses that whether they're predatory or not, by design, perpetuate people in poverty, staying in poverty. It's not our job to help them with that business model. That is not a good business model. I understand unsecured loans, unsecured debt. We

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

should be doing something to work to secure the financial solvency of individuals that are seeking these loans, not secure the perpetuation of these loans. We had a fiscal forecast last Friday. It was good. I think we can all agree that that's a, a nice thing to have, and the Governor immediately said that it should go towards property tax relief. I don't know how that's going to help the people that we're talking about today. I don't know--

HUGHES: One minute.

M. CAVANAUGH: --thank you, I don't know how property tax relief is going to make sure that families can stay in their home and feed their kids and clothe their children and take them to the doctor when they need it. I don't know how property tax relief is going to let cities and counties provide rental assistance and energy assistance to its citizens. It doesn't make any sense. I try to follow things in a logical pattern, and this is just a jumbled alphabet soup. Acting like these things are not connected doesn't mean that they aren't connected. You can divorce them in your mind. They're not divorced in reality. We need to be taking a smarter, stronger approach to poverty and bills like this don't do it. They just perpetuate the system. I will yield the remainder of my time and get back in the queue.

HUGHES: Thank you, Senator Cavanaugh. Those in the queue are Senators Vargas, John Cavanaugh, Senator Groene, and others. Senator Vargas, you're recognized.

VARGAS: Thank you very much. Colleagues, we are talking over here about this bill, which is a good thing. I want to repeat-- I want to try to correct one record because I think it's, it's helpful. The interest rate that was set in, in statute-- sorry, set through the voters voting to eliminate payday lending was around 34, 35, 36 percent. So it is higher than what we're talking about here. I just want to correct that. I think that's helpful. However, if you take a look and you look at the Pew Institute or the center for-- the CFPB, you will see research that shows that installment loans need consumer protections. I would venture to say that if the, the vote that we'd be taking here, not the, not the indefinitely IPP vote, but the actual underlying bill. If the vote is to increase the allowable interest rate from these lenders, that vote is for that. That it is a worthwhile conversation to talk about additional consumer protections, to evaluate the ability to pay, to make sure that there aren't too many of these loans going out every single year, to make sure that there is-- there aren't ancillary other products being added on to this, to take a healthy look at the origination fee because at the end of the day, we're talking about Nebraskans taking out these loans. We

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

are not discussing whether or not the industry has a benefit to existing here because it currently works and does exist. We're not talking about further necessarily changing. That wasn't the bill. This bill was to increase it, but I would venture to say that based on the research and I'm looking right now and I'm going to reference here the Pew Institute that state laws put installment loan borrowers at risk. And one of the bullet points here says state laws allow two harmful practices in installment loan lending markets. Oh, excuse me. The first is the sale of ancillary products, particularly credit insurance, and the charging of origination or acquisition fees. Such costs are paid every time consumers refinance loans, raising the cost of credit for customers who repay. So I want you to imagine that you're paying a certain amount of a refinance origination fee and you're taking it out every time that you're refinancing. And if there's no limit on the number of loans you can take out at that place, this would potentially be a churn and an economic benefit to the lender, but at the detriment of the borrower. There are some ways to reform, provide amendments that would make this less usury, some better cost protections. I've also already discussed the number of loans that are usually provided. The number of loans usually provided is also an opportunity for us to better protect consumers, capping the number of loans happening every single year so that we're not having this refinancing churn that can get individuals into a long-term cycle of debt. I think that's also a worthwhile conversation to have if we're talking about increasing the ability to go up to 29 percent APR because currently right now only one in five loans are issued to new borrowers compared to about four in five that are made to existing or former customers. Most of the funding is coming from repeat customers getting these loans. And it is a benefit to these repeat customers because-- or to the lenders because what they're doing is churning on the origination fees and continuing to keep them on some sort of a loan program and extending the loan product. It is a benefit, especially if they can increase it to 29 percent. It is a long-term benefit to them. The question is, is that to the best benefit of the consumer? We don't have any data that suggests that's to the benefit of consumer. So we would be voting to say that we're trusting the lender, that this is the best way to solve this issue. That's part of the concern I have here. I want to make sure we're making a more data-driven decision here. That is what largely drove some of the conversations we have with payday lending. Again, it's separate, but we wanted to see how usury is this? In this instance, because we're debating whether or not we're voting in the affirmative to increase the ability for these lenders to then get up to 29 percent interest rate, that is what we're voting on, I think it then warrants the same conversations about better consumer protections, better potential

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

reporting to the Department of Banking and Insurance, some more increased oversight, and also making sure that these lenders aren't giving out too many loans in any given year and are potentially churning them. There are some things that we can look at that will make it better. In the same instance, why at least listening to the argument that Senator Lindstrom's making that these lenders need this to operate.

FOLEY: That's time, Senator.

VARGAS: Thank you.

FOLEY: Thank you, Senator Vargas. Senator John Cavanaugh.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor, and thank you, colleagues. This is my first time speaking, so I appreciate the opportunity to be here and to speak to everybody. This conversation has been interesting and I've enjoyed everybody's points. And there a couple of things just struck me as we were having this conversation. We talk about the need to expand this interest rate. It was set in 1984. So my mind goes to what was the situation like in 1984? And I'm going to take my mask off. So the fed rate this week is at 25-- or .25 percent. My understanding is the fed rate, and maybe some of these folks in the Banking Committee and the industry can explain this to me better, but that's the rate at which financial institutions can borrow money. So they borrowed at .25 percent. They're asking to lower this or to increase the rate that they're lending money from 21 and 24 percent to 29 percent. When we set this rate in 1984, the fed rate was 10.5 percent, which is substantially higher than the rate is currently in which these institutions would be borrowing money. So that's, that's one thing that I think is kind of an important point to think about when you're talking about whether or not these industries are having a difficulty surviving. The other thing that struck me was I went and looked up the SEC filings for the financial institution that everyone's talking about here. The most recent available that I could find on their website was the 2019 SEC filing, where they report that their profits in 2017 were \$183 million. In 2018, they went up to \$447 million and in 2019, they went up to \$855 million. The rate at which their profits are increasing, I'd say that's more than doubling, does not demonstrate an industry that is struggling and that needs further expansion in their ability to increase the rates. Sounds like they are making a pretty decent profit and proud of that as they report to their shareholders, their stock dividend in that report filing was \$3 per share. So I guess when we're talking about whether or not it's important to be competitive, whether or not they're having problems, and whether or not this is something that we need to be doing, I think

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

we need to take into account the fact that when people come and talk to us, they tell us how hard things are for them to make money and how difficult it is to compete in this industry. But when they go and they talk to their shareholders, they go and they talk to the financial markets, they're more than happy to talk about how profitable the industry is for them and how well they're doing and how they continue plans to expand. I think a number of people have talked about the fact that if, if it's too hard that you should get out of the business. I, I think that there's a demonstration here that it's not difficult. And so I guess the question I'd like to hear the answer to is when they came and talked before the committee, did they express how well they were doing financially or was it all doom and gloom and how they weren't going to be able to compete going forward if we didn't increase the rates here? And I guess with that, I would yield the remainder of my time.

FOLEY: Thank you, Senator Cavanaugh. Senator Groene.

GROENE: I understand that this is for folks who have bad credit records, correct credit. Do you understand that these lenders don't make 29 percent on their loans overall? What happens is probably one out of five doesn't pay their loan back. They don't pay it. So all you have to do is a little math. If one individual borrows \$100, five people borrow \$100 each and one of them doesn't pay it back, subtract \$29 from \$100 and you'll find it takes four loans, the next four loans where the person pays it back before the individual loan company starts making a dollar. It'd be nice. I would agree with you, opposed to this bill, if, if everybody paid their loans back, but they don't. There's loss. If you give somebody \$100, they don't pay it back, it takes another four people to pay the \$29 on that loan before you start making money again. This mess was created back in Washington by people who thought credit card people were predatory. They passed the Dodd-Frank bill and they said 30 percent is too much or 25 percent was too much interest rate. So they took it down to like 13 or 15 percent. And guess what? Credit card companies would no longer give credit to people who had bad credit history. If you look back on it, people with bad credit were a lot better off with high interest rates on credit cards because if they, after 30 days, paid off their, their balance, had no fee. So guess what? Payday loans popped up all across the country and you start paying interest after a week. Cause and effect. Payday loans were created because of the same argument against credit cards. People need a place to gain credit. If one person doesn't pay their loan at 29 percent, that company has to have another four loans before they start showing a profit again. That's called business. That's called business. They're not greedy. They're not making 29

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

percent on their entire loan portfolio. At the end of the day, they're probably making about what a normal bank does. To good-- to people with good credit. These aren't predatory people, they're offering a service. I just wish we'd go back to the credit card so those people get their lives turned around, could have got a credit card at high interest rate, paid it off at the end of the month. I know a few people that have done that, got a good credit score again. But no, we took it away and now you're going to take another opportunity for people to buy a couch or a car or whatever they do on a installment loan. That's the economics of it, folks, isn't predatory. It's a business decision. So I'm going to support Senator Lindstrom's LB510 and I wish we could change things in Washington and get back where the people could have got a credit card. Thank you.

FOLEY: Thank you, Senator Groene. Senator Wayne.

WAYNE: Thank you, Mr. President. Will Senator Cavanaugh, John Cavanaugh yield to a question?

FOLEY: Senator John Cavanaugh, would you yield, please?

J. CAVANAUGH: Yes.

WAYNE: Could you repeat what you said about all the finances? And I'm going to yield the rest of my time to you.

J. CAVANAUGH: Repeat what I said? I would gladly repeat what I said. Well, I just was pointing out that the fed rate, and I was told I should specifically ask this question of a banker, but the fed rate in 1984 when we set this rate was at 10.5 percent and the fed rate currently is at .25 percent. Additionally, I pointed out that the financial disclosures of this brick-and-mortar lending company that we're talking about reported profits of \$183 million in, in 2017, \$447 million in 2018, and \$855 million in 2019. So a pretty dramatic increase in profits year to year, going back to 2017. We don't have the 2020 filing, or at least I didn't have it on their website. So I think-- does that answer your question, Senator Wayne? I don't know where-- I think I answered his question or-- and, well, the only other information I put on the record was the \$3 per share was their reported profits last year. And with that, I would yield back.

FOLEY: Thank you, Senator Cavanaugh. Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Sorry, I was on, I was on the other side of the room. OK, so-- well, first of all, I'm not going to read Dr. Seuss but it's Dr. Seuss's birthday and my

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

children talked about that a lot this morning when getting ready to leave the house. So I'm also not going to read Yertle the Turtle for you today, so don't worry. I might sing some songs. No, I won't do that either. OK, I have a list of unfunded and underfunded mandates to the counties and I'm just going to take the opportunity whenever I have it to talk about how we are funding government in the state of Nebraska. We currently just throw money basically down the drain where we could be giving it in support to people who would potentially be seeking these loans yet again. So let's see here, compensate counties for printing ballots, ballot space for elections, we don't do that. Restore the .5 percent monthly commission to counties for motor vehicle sales tax collection for all motor vehicle sales. Oh, that sounds like something that could come to Transportation. And I was just having a conversation with one of our colleagues about one of my bills that has a fiscal note. And so the state agency is in opposition to my bill because of the fiscal note. And I know that Senator Wayne has a bill coming up this week, right, Senator Wayne, this week to address the issue of state agencies coming in opposition to bills or in support really. State agencies should be neutral. They should be sharing with us as the Legislature the practicality of our bills. Can, can the bill happen or not happen? What, what technical changes need to be made? We passed two bills out of Transportation yesterday with amended technical language from the state agency that would be executing that. That's how that should work, not what is the cost or how is it paid for. But time and time and time and time again, state agencies come and they tell us that they are opposed to things because it's not in this little book, Executive Budget in Brief, the Governor's proposed budget. And it's my understanding that this is the Governor's proposed budget and our Appropriations Committee puts together the actual budget, taking into consideration the, the Governor's requests. And somehow we have gotten to the point where the Governor's requests have now turned into if it's not in here, we're not going to do it, which begs the question of what are we all doing here except for to pass bills that help businesses and hurt the people of Nebraska? One of the reasons that payday lending was so unpopular in Nebraska has to do with our large veteran population. Payday lending would set up shop, probably still does, outside of the base, and they would have the veterans come cash their checks at the payday lending because they needed money and that, I guess they weren't veterans, they'd be service members at the time, veterans eventually, and that just got our service population into this pattern of predatory lending--

FOLEY: One minute.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

M. CAVANAUGH: --that they could never get out of. So when we talk about people who are in poverty, it's not just communities of color that are in poverty. It's our service members, it's our veterans, it's our neighbors, it's our friends. And contrary to what Senator Moser thinks, I don't think that everyone in this Legislature has a, a great credit score. This is hard work and if everyone in this Legislature has over 700 credit score, then we probably need to reevaluate how people are being elected because that means that only the wealthy and the privileged are being elected to office and not the working poor.

FOLEY: That's time, Senator.

M. CAVANAUGH: Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Vargas.

VARGAS: Thank you very much. Colleagues, I just want to remind you what we'll be voting on. LB510 on its own is to increase the ability, the allowable rate of interest that an installment loan lender can provide in terms of loans to consumers. We're not limiting the industry. It's not about that. It's not an anti-business case because if they needed us, then the business model itself isn't clearly working. We're not talking about predatory lending, although predatory lending was put into place by law makers like us that did not take into account the type of actual language and, and, and the type of consumer protections that are necessary for people. And I have corrected that 36 thing, Senator Lindstrom, but so I'm saying this because that is what the end what we would be voting on. Now, are there-- is there room to work on things? I believe there's room to work on things. I think that that is a conversation I'll have with Senator Lindstrom. And I'll yield some time here in a second to Senator Wayne. But at the end of the day, we're voting-- I mean, it's all of our priorities, military, you know, military benefits. We're looking at whether or not a prison is the right idea, property taxes, whether or not we have to close our achievement gap in our schools, better protections to LGBTQ. There's so many things that we need to work on. The question of whether or not whether this is the most urgent priority when consumers aren't asking for it is the issue at hand here. I still don't think it's the right thing that we need to do. It's not urgent and it's not needed, but I will work and talk with Senator Lindstrom to see if there's more consumer protections that will be-- make this bill less harmful to consumers that better protect them. With that, I'll yield the remainder of my time to Senator Wayne.

FOLEY: Senator Wayne, you've been yielded 3:00.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

WAYNE: Thank you. And in effort to get to Kolterman's bill, so Senator Lindstrom, myself, and Senator Vargas have been talking. Obviously, for those who aren't familiar, it's hard to get amendments and everything done without talking to everybody. But we are going to work on something from Select to-- I mean, from General to Select. I am not withdrawing necessarily my filibuster. I think we got a pretty good starting point. And so with that, I'm going to withdraw this motion on indefinitely postpone. I still am going to vote no and I'm asking people who are unsure to presently not vote because I do think we need to get a true sense and Senator Lindstrom needs a true sense of where the body is on the next round if we do go filibuster, if there's actually 33. So with that, I'm voting no. I'm withdrawing this motion and I'll ask people to vote, if they're not going to support it, vote no too on the underlining bill. Thanks.

FOLEY: Thank you, Senator Wayne. The IPP motion's been withdrawn. Continuing discussion on the bill. Senator Hunt.

HUNT: Thank you, Mr., thank you, Mr. Lieutenant Governor. Good morning, Nebraska. Good morning, colleagues. I support, I support the efforts of, of my colleagues, Senator Vargas and Senator Wayne and Senator McKinney and others, to make sure that when we're talking about people in poverty and consumer protections, that we're applying those in a way that's actually going to help people in like a measurable, substantial way and not do things that are going to drive them more into debt and more into poverty, which is what I think this bill does. And we have a lot of measures and a lot of things that we can do here in Nebraska to help people who face poverty. And for us to be taking this up during a pandemic after we had that vote on payday lending on our ballot, I don't think that this is something Nebraskans are asking for and it doesn't solve a problem that I know my constituents face in District 8. LB510 seeks to raise interest rates on high-dollar loans that are really only taken out by people who are financially strapped, who are financially already vulnerable and already looking for kind of desperate measures to, to help their situation. And it would raise it from 24 percent to 29 percent with very few consumer protections. One thing that proponents of the bill have said is that online lenders have the ability to come into the state and take advantage of people, but we fought the same battle over payday loans over the past few years and the Nebraska Department of Banking has the authority to regulate online lenders currently. And they should choose to do that. That's something that the Department of Banking really ought to do. So my question is how do bills like this not basically turn certain financial institutions into payday lenders? What we're doing is we're just renaming the problem that we were

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

seeking to address with payday lenders. We're renaming that problem and we're moving the problem to a new place, but the problem then still exists. And if we really want to allow these online lenders to squeeze us, if we're worried about online lenders taking advantage of people and then all of these people in poverty are just going to end up going to the online lenders and they're not regulated and they don't have any consumer protections, well, we know that our, our Department of Banking can put those protections in. But also, if we let these online lenders squeeze us and squeeze us and we move our interest rate to 29 percent, those same folks are going to be back here in five years saying, oh, now we need the interest rate to be 35 percent because the online lenders are squeezing us. And it's just going to continue to be a race to the bottom. If we want to help people in poverty, we know ways to do that. This is one of the first days that we've had for full floor debate here in the Legislature. We've heard from some of our freshmen colleagues for the first time. And I know, you know, for, for Nebraskans procedurally, some of the reason that we debate certain bills first, it's not because they're the most important bills. It's because they're the ones that come out of committee first. It's kind of a, you know, first-in, first-out type of thing when you vote things out of committee. And we have lots of committee chairs that are not having Executive Sessions. They're not allowing us to vote bills out of committee that actually could help people in poverty, that could help people in Nebraska who are facing the conditions that cause them to go to these lenders and take out a 29 percent loan, 24 percent loan that, that causes them to kind of keep digging the hole of financial debt that plagues so many Nebraskans so much. And if we really want to help these people in poverty and we think the brilliant way that we're going to do that in Nebraska is to allow people to borrow at a 29 percent interest rate, we're just putting the problem on them more, we're not actually passing any policy that's going to end up helping them. The people I talked to in my community, the people from my district, it's not going to help them if we're just putting them deeper and deeper into debt. What they're asking for is healthcare.

FOLEY: One minute.

HUNT: What they're asking for is access to childcare to be able to make a living wage. Single mothers who are disproportionately likely to take out loans like this that are, that are predatory, in my opinion, that they're-- have a worst time struggling to pay off, they're also more likely to work as, as tipped workers. They're more likely to be servers or bartenders. And you know what they make in Nebraska, \$2.13 an hour since 1991. That wage hasn't changed in 30

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

years. And we know that the cost of living has gone way up. People have more consumer debt, which this bill doesn't help. People have student loan debt. And now so many people have such burdensome medical debt because of this pandemic. And I would like us as a body to examine what can we do to help people with their medical debt, not put them further into debt. And we have many bills that are still stuck in committees that can help them to do that, that we need to take a serious look at examining. Thank you, Mr. President.

FOLEY: Thank you, Senator Hunt. Senator Lindstrom, you're recognized to close on the advance of the bill.

LINDSTROM: Thank you, Mr. President, and thank you, colleagues, for the debate this morning and putting up with me for four bills. I appreciate it. I did have a conversation with Senator Wayne and Senator Vargas off the mike and to the extent we can work between General and Select to address any concerns, I am more than willing to do it and will continue to do that. Oftentimes, some of these bills that can be deemed, I don't know, uncontroversial, but can get a little sticky, oftentimes, we can find compromise and, and so I'm always willing to do that. A couple of just brief comments. I want to make sure that people understand what installment loans are and what they're not. I think there's, there's been some discussion to keep putting installment loans into the realm of payday lending, it's not, or putting it into this is preying upon impoverished people. It isn't-- just because you walk into an installment loan place and take out a loan doesn't mean that you're in poverty. It, it just means you need access to capital. Your credit rating might not be the best. It might not be above 700 where you could go to your bank or credit union. But again, people need capital. And then with the-- there's talks of the rate being the same. The payday lending, what was on the ballot, was 36 percent. There's actually a lot of states out there where the Installment Loan Act is 36 percent. I believe 44 other states in the-- out of the 50 have a higher rate than what, what 29 percent would be. So it isn't just-- it's apples and oranges when we're talking about installment loans versus payday loans and I want to make that distinction clear. I appreciated Senator Groene's comments on the math and, and why it makes sense and defaults and, and the need from a business standpoint to increase some of these things is that some people do default. But the idea of installment loan businesses trying to push somebody to default is not their intent. Again, they, they want to work with that customer so, one, they can build up their credit rating. And, two, they want to repeat customer. If, if the person has a good experience in the process of taking out that loan, they're going to have him come back and, and take out

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

another loan. So, again, this is not-- just because you walk into a facility and take out a loan doesn't mean you're charged 29 percent, OK? The vast majority are not going to be charged that. It's just they have more bandwidth to operate in to have, have people that have a little bit lower credit rating to have access to capital now that it's a little bit more finite on where they can go. And I always like to make sure that individuals can access Nebraska businesses versus going online where they're not regulated and, and there could have some issues arise. So I just want to clarify a few more things, but again, I-- you have my commitment that I'll work between General and Select to, to make this as good of a bill as it can be. So with that, I'll-- thank you, Mr. President. I'd appreciate your green vote on LB510.

FOLEY: Thank you, Senator Lindstrom. Members, you heard the debate on LB510. The question before the body is the advance of the bill to E&R Initial. Those in favor vote aye; those opposed vote nay. Senator Lindstrom. Have you all voted who care to? Record, please.

CLERK: 27 ayes, 9 nays on the advancement of the bill.

FOLEY: LB510 advances. Proceeding now to LB337. Mr. Clerk.

CLERK: Mr. President, LB337 is a bill introduced by Senator Kolterman. A bill for an act relating to prescription drug coverage; adopts the Step-Therapy Reform Act. Introduced on January 13 of this year. At that time, referred to the Banking, Commerce and Insurance Committee, advanced to General File. There are committee amendments pending.

FOLEY: Senator Kolterman, you're recognized to open on LB337.

KOLTERMAN: Thank you, Mr. President. Good morning, colleagues. Today, I ask for your support of LB337, which will adopt the Step-Therapy Reform Act. Step therapy, also known as fail first, is a program commonly used by insurers to control the order in which a patient takes certain therapies approved for a given condition. Under step therapy, a patient may be required to try one or more alternative prescription drugs chosen by their insurer before coverage is granted for the drug prescribed by that patient's healthcare provider. Step therapy programs require patients to try one of several medications before being covered for the drug selected by their healthcare provider. Because of this, a patient may have delayed access to the best therapy for their condition. I believe this legislation will help remedy issues that currently limit a patient to access life-changing treatment. More than two dozen other states, including Iowa and South Dakota, have adopted similar legislation to the language we are proposing here today and this bill is directly modeled after the Iowa

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

law. During the hearing on January 25, the Banking, Commerce and Insurance Committee heard from numerous individuals who have direct-- who have been directly affected by step-therapy protocols and we have built a large coalition here in Nebraska with over 45 patient advocacy groups and provider organizations that were represented. These groups and provider organizations are all committed to seeing some commonsense guardrails put into place for the patients of Nebraska. I worked diligently with Chairman Williams and all the stakeholders have come to common consensus on this language and there was no opposition during the hearing. The bill was advanced to the floor with 7 ayes and 1 present not voting. Thank you, colleagues, and I urge you to vote green on LB337 and I would be open to any questions that you might have.

FOLEY: Thank you, Senator Kolterman. As the Clerk indicated, there are amendments from the Banking Committee. Senator Williams, you're recognized to open on the committee amendments.

WILLIAMS: The-- thank you, Mr. President. The committee amendments to LB337 make one clarifying change. Section 5 provides that a step-therapy override exception shall be approved by a health carrier or utilization review organization if any of four circumstances set out in the section apply. The fourth of these circumstances requires an override if a covered person is currently receiving a positive therapeutic outcome on a prescription drug selected by the covered person's prescribing healthcare provider if the prescription drug is covered by the covered person's health benefit plan. The committee amendment would provide that a pharmaceutical sample may not be used to trigger an override in this circumstance. The committee amendment also would add a definition of pharmaceutical sample and that is "a unit of a prescription drug that is not intended to be sold and is intended to promote the sale of the drug." Those are the committee amendments to LB337. There was no opposition testimony. There was substantial written supporting testimony and this legislation was voted out of committee with no dissenting votes. I would encourage your green vote on the committee amendment and the underlying bill. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Debate is now open on LB337 and the pending committee amendment. I see no one wishing to speak. Senator Williams, you're recognized to close on the committee amendment. He waives closing. The question before the body is the adoption of the committee amendment, AM112. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

CLERK: 41 ayes, 0 nays on adoption of committee amendments.

FOLEY: AM112 committee amendment has been adopted. Any further discussion of the bill or the-- as amended? I see none. Senator Kolterman, you're recognized to close on the advance of the bill.

KOLTERMAN: Thank you, Mr. President. I wasn't going to say a lot, but I, I have-- I just have something I'd like to say about what has transpired this morning. I think it was, it was very-- I think we did what we're supposed to do in this body this morning. We debated a bill prior to this bill and while there was holdups, we came together so we could work together, both pro and con, on how we'd advance that bill. That's what we're here to do. And so I'd like to thank Senator Wayne for pulling it when he did, but at the same time debating the bill that came before this one. If we can continue to have good debate on bills, I think it, it-- it's what we're supposed to do and I compliment the body on that. With that, I would hope you'd advance LB337 to Select File. Thank you.

FOLEY: Thank you, Senator Kolterman. Members, the question before the body is the advance of LB337 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all vote who care to? Record, please.

CLERK: 43 ayes, 0 nays, Mr. President, on the advancement of LB337.

FOLEY: LB337 advances. Proceeding now to LB35.

CLERK: Thank you, Mr. President. LB35 by Senator Pansing Brooks relates to state history. It changes the membership provision of the First Regiment Nebraska Volunteer Infantry at Fort Donelson. It repeals the original section. Introduced on January 7 of this year, referred to the Government, Military and Veterans Affairs Committee, advanced to General File. I have no amendments to the bill, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Pansing Brooks, you're recognized to open on LB35.

PANSING BROOKS: Thank you, Mr. Lieutenant Governor. Good morning, Nebraskans. Colleagues, it's time for our country to heal. That most happens from the inside out. It will only happen with love and forgiveness. I ask for forgiveness from those whom I have wronged. I also ask that we show forgiveness and love and compassion to each other. Our Unicameral is unique and a special place in the middle of our country. Let's work together to heal our country, to bolster love. That doesn't mean we can't disagree, but we must do it with humanity

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

and grace. If not love, then what remains? If not each of us, then whom else? We can help lead and heal our country from the inside out. From the center of our country, we can recenter the soul of America. So today I am rising, colleagues, with LB35. It's a statutory cleanup bill that establishes that the Chairperson of the Government, Military and Veterans Affairs Committee of the Legislature or his or her designee shall be a nonvoting ex officio member of the First Regiment Nebraska Volunteer Infantry at Fort Donelson Committee. Some of you may remember last year that we established this committee through LB850 last year, which authorized the placement of a historic monument at Fort Donelson National Battlefield, celebrating heroic success of the First Regiment Nebraska Volunteer Infantry during the Civil War. A bit of that history bears repeating. In February of 1862, the Civil War had been going quite badly for the North and Ulysses S. Grant's victory at Fort Donelson was the first major victory of Union forces in that epic war that defined this nation. Nebraska, of course, was just a territory during the Civil War, but it contributed two regiments to the war effort. A little under 4,000 soldiers, approximately one-third of Nebraska's territory's military-aged men and one-ninth of its entire population served in the union armies during the war. The numbers may seem small, but percentage wise that is very impressive. The first Nebraska volunteer infantry was mustered into service in the summer of 1861 and served until it was mustered out of service in 1866, making it one of the longest serving units in the Civil War. At Fort Donelson, the first Nebraska played a very important role in, in Grant's victory, which then helped propel him to national prominence, eventually leading the Union to victory in the Civil War. It is-- it also led to Grant's ultimate nickname, Unconditional Surrender Grant. This is truly an amazing and little-known piece of Nebraska history. After the Governor signed LB850 last year into law, we were told that we needed to clarify that the legislative member of this committee would be an ex officio member so I agreed at that time to bring legislation this year to clarify that. LB35 does do that. As a reminder, the committee is charged with establishing a monument to the first Nebraska at Fort Donelson National Battlefield in western Tennessee, which will call attention to the significant contributions Nebraska made to the Union's success in the Civil War. I want to thank Chairman Brewer and the members of the Government Committee for playing an important role in helping to establish this monument and for the full Legislature as well. I also want to thank everyone who worked on the initial legislation last year. This bill had no opponents and was advanced from committee on an 8-0 vote. I ask for you to vote green on LB248 [SIC] so we can make the necessary clean up in statute. Thank you, Mr. Lieutenant Governor.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: Thank you, Senator Pansing Brooks. Debate is now open on LB35. Seeing no members wishing to speak, Senator Pansing Brooks, you're recognized to close on the advance of the bill. She waives closing. The question before the body is the advance of LB35 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 44 ayes, 0 nays on the advancement of the bill.

FOLEY: LB35 advances. Proceeding now to LB93.

CLERK: LB93, introduced by the Government, Military and Veterans Affairs Committee. It's a bill for an act relating to vital statistics; it eliminates a reporting requirement regarding marriages. Introduced on January 7, referred to the Government Committee for public hearing purposes, advanced to General File. I have no amendments to the bill, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Brewer, you're recognized to open on LB93.

BREWER: Thank you, Mr. President. Colleagues, LB93, this is a bill to eliminate an obsolete monthly report currently required for counties to submit to the Department of Health and Human Services. When a marriage occurs, counties send notice of marriages to DHHS. This law requires the counties to provide an additional monthly report to DHHS for all marriages that are recorded. This monthly report used to serve a important purpose. Unfortunately, those days have long passed. The individual marriage notices are being filed with DHHS using, using physical copies back then. The monthly confirmation report allows DHHS to make sure that no individual notices were lost in the mail. Now counties report individual marriages electronically and it is automatically confirmed. This makes the monthly reports redundant and unnecessary. The Nebraska Association of County Officials brought this issue to our attention. The bill is not a big-ticket item, but it is needed. This bill would eliminate a little bit of unnecessary work for our counties. I urge you to vote green on LB93. Thank you, Mr. President.

FOLEY: Thank you, Senator Brewer. Is there any discussion of LB93? I see none. Senator Brewer, you're recognized to close on the advance of the bill. He waives closing. The question before the body is the advance of LB93 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

CLERK: 44 ayes, 0 nays on the advancement of the bill.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: LB93 advances. Proceeding now to LB94.

CLERK: LB94, Mr. President. It's a bill by the Government, Military and Veterans Affairs Committee. It relates to Online Notary Public Act; prohibits invalidation of certain online notarial acts performed pursuant to Executive Order 20-13. Introduced on January 7, referred to the Government Committee, advanced to General File. I have no amendments to the bill, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Brewer, you're recognized to open on LB94.

BREWER: Thank you, Mr. President. We have another exciting Government bill here. In 2019, the Nebraska Legislature passed Senator Brett Lindstrom's LB186, the Online Notary Public Act. This bill created a new method for notarizing certain legal documents without the notary having to be in the room with the person doing the signing. LB186 had a delay-- delayed effective date to 1, July 2020, allowing time for the Secretary of State to get the new program up and running. As you know, COVID-19 pandemic motivated folks to find a way to conduct business doing social distancing. To facilitate that, Governor Ricketts sped up the implementation of LB186 by executive order issued in early April. LB94 would protect anyone who relied on the Online Public Notary Act [SIC] from April 2, April 2 of 2020 and its original effective date until 1, July of 2020. This bill simply says that online notary acts and legal instruments involving online notary acts can now be-- cannot be thrown out from the time they occurred. I'm grateful for the Governor to issue this executive order. This bill makes sure that Nebraskans who relied on this notary are protected. Thank you, Mr. President.

FOLEY: Thank you, Senator Brewer. Any discussion on the bill? I see none. Senator Brewer, you're recognized to close on the advance of the bill. He waives closing. The question before the body is the advance of LB94 to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

CLERK: 45 ayes, 0 nays on the advancement of LB94.

FOLEY: LB94 advances. Members, at this point, we're going to move to the Select File portion of the agenda shown on the flip side of that agenda sheet. This is going to require many voice votes. Please be attentive to Senator McKinney as he makes his motions. First of those bills is LB21. Mr. Clerk.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

CLERK: Mr. President, LB21. Senator McKinney, I have no amendments to the bill.

FOLEY: Senator McKinney for a motion.

McKINNEY: Mr. President, I move that LB21 be advanced to E&R in engrossing-- for engrossing.

FOLEY: Members, you heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB21 advances. LB23, Mr. Clerk.

CLERK: LB23. I have Enrollment and Review amendments, Senator.

FOLEY: Senator McKinney for a motion.

McKINNEY: President, I move that the E&R amendments for LB23 be adopted.

FOLEY: Motion before you is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. E&R amendments are adopted. Senator McKinney for a motion.

McKINNEY: Oh, a motion to move LB23 be-- I move that LB23 be advanced to E&R for engrossing.

FOLEY: Members, you heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB23 advances. Proceeding to LB77. Mr. Clerk.

CLERK: LB77. Senator, I have no amendments to the bill.

FOLEY: Senator McKinney.

McKINNEY: Mr. President, I move that LB77 be advanced to E&R for engrossing.

FOLEY: Members, you heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB77 advances. Proceeding to LB248. Mr. Clerk.

CLERK: LB248, Senator, I do have E&R amendments pending.

FOLEY: Senator McKinney.

McKINNEY: Mr. President, I move that the E&R amendments for LB248 be, be adopted.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: Motion is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. E&R amendments are adopted. Senator McKinney for a motion.

McKINNEY: Mr. President, I move that LB248 be advanced to E&R for engrossing.

FOLEY: The motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB248 advances. Proceeding to LB363.

CLERK: LB363, Senator, does have Enrollment and Review amendments.

FOLEY: Senator McKinney.

McKINNEY: Mr. President, I move that the E&R amendments to LB363 be adopted.

FOLEY: Motion is to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. E&R amendments are adopted. Senator McKinney for a motion.

McKINNEY: Mr. President, I move that LB363 be advanced to E&R for engrossing.

FOLEY: The motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB363 advances. Proceeding to LB373. Mr. Clerk.

CLERK: Mr. President. Senator Wayne, I have a note you want to withdraw a motion you filed with respect to recommitting the bill. Mr. President, I have no amendments pending to LB373.

FOLEY: Senator McKinney for a motion.

McKINNEY: Mr. President, I move that LB373 be advanced to E&R for engrossing.

FOLEY: Motion is to advance the bill. Those in favor say aye. Those opposed say nay. LB373 advances. Proceeding to LB25. Mr. Clerk.

CLERK: Mr. President, with respect to LB25, I have no amendments to the bill.

FOLEY: Senator McKinney for a motion.

McKINNEY: Mr. President, I move that LB25 be advanced to E&R for engrossing.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: That is a debatable motion. Senator Erdman, you're recognized.

ERDMAN: Thank you, Lieutenant Governor. Good morning. As I read through this bill, I'm not sure exactly on some issues here and I wondered if Senator Wayne would yield to a question?

FOLEY: Senator Wayne, would you yield, please?

WAYNE: Yes.

ERDMAN: Senator Wayne, I have a simple question. Does this bill allow current TIF projects that were extremely blighted to be extended from 15 to 20 years?

WAYNE: No. If they're current, a current project?

ERDMAN: Correct.

WAYNE: No, this is the implement-- implementing-- implement legislation for the constitutional amendment. So they, they couldn't be current projects. It's projects going forward.

ERDMAN: OK, so those that are on the record now that are-- have a TIF project or a TIF bond will not be affected by this, it'll be all the new ones that come in on an extremely blighted area?

WAYNE: Correct. That's the intent.

ERDMAN: OK, thank you.

FOLEY: Thank you, Senator Erdman. Senator Clements.

CLEMENTS: Thank you, Mr. President. Would Senator Wayne yield to a question?

FOLEY: Senator Wayne, would you yield, please?

WAYNE: Yes.

CLEMENTS: Thank you. Well, generally, I would not be in favor of extending TIF to 20 years, but I do want to ask again what was on the ballot that the voters passed? This is just-- this is matching what was passed on the ballot in November?

WAYNE: Yes. It simply says that this gives the cities the authority to implement what was passed on the ballot, which was blighted--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

substandard and blighted being 15-- up to 15 years and extremely blighted being up to 20 years.

CLEMENTS: And the extremely blighted conditions are what?

WAYNE: One hundred-- 200 percent of the average poverty rate across the state and 20 percent poverty, so it's very limited. There's less than 50. I think when we looked at the map, there was less than 15 census tracts that meet that definition. So it's, it's, it's very limited.

CLEMENTS: And do you think this--

WAYNE: I'm sorry, 75.

CLEMENTS: Oh, OK. So this is specifically going to help your area. Have you had developers interested in working on projects they normally would not have?

WAYNE: Well, part-- there's actually extremely blighted all across the, the state. Thurston County has extremely blighted, part of Hastings, part of Grand Island. There's extremely blighted across the state, but it will help my district. And in Omaha, at the hearing, they testified that there are at least three or four developers who have approached the city of Omaha asking when it would be implemented so they could take advantage of this. So there are at least three that we know of for sure.

CLEMENTS: All right. Thank you, Senator Wayne.

WAYNE: Thank you.

CLEMENTS: Thank you, Mr. President.

FOLEY: Thank you, Senators Clements and Wayne. Members, you've already heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB25 advances. Proceeding to LB44. Mr. Clerk.

CLERK: LB44, Senator, I have no amendments to the bill.

FOLEY: Senator McKinney for a motion.

McKINNEY: Mr. President, I move that LB44 be advanced to E&R for engrossing.

FOLEY: That is a debatable motion. Senator Hilkemann, you're recognized.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

HILKEMANN: Thank you, Mr. President. I'd like to ask Senator Matt Hansen a, a question if he would yield.

FOLEY: Senator Matt Hansen, would you yield, please?

M. HANSEN: Yes.

HILKEMANN: Senator Hansen, I, I voted to, to advance this on, on General File. I was contacted by a member of, of my constituent who's concerned that this is going to allow cheap, low-income housing to be inserted into residential areas in, in the Lincoln and Omaha area. When I look at the bill, I don't know where that concern comes from, but could you-- could-- what reassurances can I give to my constituent this would not happen?

M. HANSEN: Yes. This bill is simply allowing two existing reports to get combined as a part of one report so they can only need one hearing. So, no, it just-- quite simply, it just doesn't do the thing that their constituent seems to be worried about.

HILKEMANN: Thank you, Senator Hansen. Would Senator Lowe take a question?

FOLEY: Senator Lowe, would you yield, please?

LOWE: Yes, I will.

HILKEMANN: Senator Lowe, I noted that in, in the committee debate that you were the, the, the lone dissenting vote on that. Can you, can you elucidate to us why you were dissented on that vote on this measure?

LOWE: Mainly because this can already be done. They're trying to shorten the time period and shorten it down to just one hearing instead of two.

HILKEMANN: So you're, you're-- if I'm hearing you, it was more the process that you were concerned about rather than the action itself?

LOWE: Well, it, it occurs to me that it can already be done according to this statute and I-- I'm just-- I think it needs two checks.

HILKEMANN: I mean--

LOWE: It, it, it needs to have the two comprehensive plans done--

HILKEMANN: So--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

LOWE: --for the city.

HILKEMANN: So this is not a redundancy that you're saying, it's a, it's a matter that, that there's more of a check and-- you think it needs more checks and balances?

LOWE: Yes.

HILKEMANN: Thank you, Senator Lowe. Those are my concerns and thank you, Mr. President.

FOLEY: Thank you, Senator Hilkemann. Senator Groene.

GROENE: Thank you, Mr. President. I'm a little confused here. I thought we did a comprehensive plan on this last year under Senator Wayne's LB866 on forcing communities over 20,000 to come up with a low-income housing plan where it integrated them into all the neighborhoods in the community. So, Senator Hansen, would you take a question?

FOLEY: Senator Matt Hansen, would you yield, please?

M. HANSEN: Yes.

GROENE: How does your bill intertwine or whatever or play into what Senator Wayne did last year in LB866?

M. HANSEN: Yes. The section I'm amending is a section from LB866. And then after we adopted LB866 last year, the cities of Lincoln and Omaha approached us and said, could it be rolled into the comprehensive plan, which is now what we're giving them authority to do.

GROENE: My community is over the 20,000, one of my communities, North Platte, and they were concerned that on LB866 where they-- we all seem to get along and people live all over the place, but they have to hire a consultant and come up with a new plan where they-- a, a long-term integration of different types of housing. Did you change any of that, the requirements on the-- for the smaller communities, Senator Hansen?

M. HANSEN: No, this doesn't change any of the other requirements for LB866. It just simply says the plan that's required under LB866 can be like an appendix or attached to the comprehensive plan.

GROENE: So would it help the smaller towns that they have to redo their entire existing plan, which I'm assuming they have, you know, to get government grants and they could just do an an appendage too or--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

M. HANSEN: Yeah, so, so it was supported by the Lincoln municipalities and others as being an extra flexibility, kind of simpler option for cities.

GROENE: Thank you, Senator Hansen. I, I don't-- I didn't like LB866 because of the added cost and bureaucracy and stress on a city's-- smaller town's budget to hire consultants. They act like parasites out there almost. Once we pass something here, they're banging on doors and they're 50 miles from home and they're an expert and they want to come out and do a study for these communities and create a plan. And if you ever seen one, they sell the same plan just change the city's name and the plan, it's the same wording, but they charge them high. Anyway, it's just too much government. Thank you, Mr. President, and I'll just sit on this bill. Thank you.

FOLEY: Thank you, Senator Groene. Senator Erdman, you're recognized.

ERDMAN: Thank you, Lieutenant Governor. Following up on what Senator Groene had to say, I would like to ask Senator Hansen a question about this as well.

FOLEY: Senator Matt Hansen, would you yield, please?

M. HANSEN: Yes, I would.

ERDMAN: OK, thank you, Senator. The summary in the fiscal note says that LB44 would clarify the affordable housing action plan required under the Municipal Density and Missing Middle Housing Act and can be adopted either as part of the city's comprehensive plan or a separate plan. So if we don't adopt this bill, what happens then?

M. HANSEN: Arguably, they would only be required to be adopted as a separate plan.

ERDMAN: So it's their choice, it's a city's choice whether they adopt this plan as part of their comprehensive plan?

M. HANSEN: Yes, if we adopt this bill, they'll have the choice.

ERDMAN: And if we don't adopt this bill, they don't have a choice?

M. HANSEN: Correct.

ERDMAN: OK. All right, thank you.

M. HANSEN: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 2, 2021

FOLEY: Thank you, Senator Erdman. Members, you've, you've previously heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. LB44 advances. Mr. Clerk, items for the record.

CLERK: Thank you, Mr. President. Series of resolutions: Senator Hughes offers LR50 and LR51; Senator Aguilar LB-- or LR52, excuse me; Senator Briese LR53. Those will all be laid over. I have notice of hearing by the Revenue Committee with respect to an amendment to LB39. Your committee on Revenue, Chaired by Senator Linehan, reports LB178 to General File with amendments and LB408 to General File with amendments and LB682 to General File with amendments. In addition, Transportation Committee reports LB166 to General File, LB317 to General File with amendments. An amendment to be printed: Senator Ben Hansen to LB106. Priority bill designations: Retirement Committee, LB147 and LB17. Announcements: Urban Affairs will have an Executive Session today following their public hearings; Education Committee will have an Executive Session immediately following their afternoon's hearings; the Agriculture Committee will meet in Executive Session in Room 1524 following their confirmation hearing. Name adds: Senator Day to LB40; Blood, LB61; Hunt, LB207; Slama, LB306; Blood, LB306; Groene, LB486; Aguilar, LB581; Linehan, LB639; Sanders, LB639; Brewer, LR21CA. Mr. President, Senator Dorn would move to adjourn the body until Wednesday morning 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.