

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Urban Affairs Committee March 02, 2021

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our COVID-19 response protocol

**WAYNE:** Welcome to your Urban Affairs Committee. My name is Justin Wayne. I represent Legislative District 13, which is north Omaha and northeast Douglas County, and I serve as Chair of the Urban Affairs Committee. We'll start off having members and committee staff do self-introduction, starting with my right, Senator Blood.

**BLOOD:** Good afternoon. Senator Carol Blood, representing District 3, which is western Bellevue and southeastern Papillion, Nebraska.

**HUNT:** I'm Megan Hunt from District 8, which is midtown Omaha.

**TREVOR FITZGERALD:** I'm Trevor Fitzgerald, committee legal counsel.

**LOWE:** John Lowe, District 37: Kearney, Gibbon, and Shelton.

**ANGENITA PIERRE-LOUIS:** Angenita Pierre-Louis, committee clerk.

**WAYNE:** Also, also assisting the committee, pages Noah-- how do you say your last name?

**NOAH BOGER:** Boger.

**WAYNE:** Boger, I've been saying it wrong all-- sorry about that, from Omaha, who is a political science major at UNL; and Samuel Sweeney from Omaha, who is a political science major at UNL. Due to ongoing COVID-- due to the ongoing COVID pandemic, the Legislature has adopted additional safety protocols that apply to all committee hearings which are posted outside. Due to social distancing requirements, seating in the room is limited. We ask that you only enter and exit in the room where the signs are up. Bills will be taken up in the order that is posted outside the committee hearing room, which is listed and will be updated after each hearing. So you'll know when to come in and when not to come in. We ask that you wear a mask or face covering while in the hearing room. Testifiers may remove their masks during the hearing when testifying so that the transcribers can clearly hear what is being said. Pages will sanitize the table and chair in between testifiers. In the event the seating room reaches capacity, which it won't today. So I won't read that. This afternoon we will be hearing three bills and they will be listed-- taken in the order listed outside. On each of the tables in the back of the room, you'll find a blue testifier sheet. If you are planning to testify today, please fill one out and hand it to Angenita when you come up just to make

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sure we have accurate records. Please note that if you wish to have your position listed on the committee statement for a particular bill, you must testify during that position, during that bill, during that hearing. If you do not wish to testify but would like to record your position on a bill, please fill out the gold sheet in the back of the room. I will also note that it's legislative policy that all letters must be received by the committee by noon prior day to the hearing. Any handout submitted by the testifier will be included as part of the record. Testimony will begin with the introducer's opening statement, followed by people in the proponents, followed by opposition, and those people speaking in the neutral capacity. Then again, followed by the introducer of the bill to give closing statements. We ask that you state and spell your first and last name for the record. We will be using the four-minute light system. When your testimony begins, the light will be green. When there's one minute left, it'll be yellow. And when the red light comes on, we ask that you wrap up your final thoughts. I would like to remind anyone, including the senators, please turn off your cell phone or put them on vibrate. With that, we'll begin today's hearing with LB423. Senator Lathrop, welcome to your Urban Affairs Committee hearing. And Senator Briese, thank you for joining us.

**BRIESE:** Sorry for my tardiness, Chairman.

**WAYNE:** Oh, Senator Briese, will you introduce yourself as Senator Lathrop-- and Senator Arch will you introduce yourself for the record as Lathrop begins, almost gets ready to begin?

**BRIESE:** Tom Briese, District 41.

**ARCH:** John Arch, District 14, Sarpy County.

**WAYNE:** Senator Lathrop, welcome.

**LATHROP:** Thank you, Mr. Chairman and members of the Urban Affairs Committee. My name is Steve Lathrop, L-a-t-h-r-o-p. I represent Legislative District 12 and I'm pleased to be here today to introduce LB423. LB423 creates a registry for home inspectors within, within the office of Secretary of State. The goal is simply to provide a minimum level of accountability for home inspectors and provide Nebraskans with some protection when making what is often the largest purchase of their lives. As part of most home purchases, a home inspection takes

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place. The home inspection identifies for the buyer any repairs or upgrades that are likely to be needed in the near future. Without reliable-- without a reliable home inspection process, buyers may be surprised with significant, unforeseen costs. While the vast majority of home inspections are done in a professional manner and include a thorough inspection and report, there are times when buyers are left with costly repairs due to defects that should have been discovered. There are people testifying behind me that have been in this situation and, and will be able to share their stories with you. LB423 places the home inspector registry within the office of the Secretary of State. The Secretary of State serves on the Nebraska Real Estate Commission and is the logical place to manage this registry. I brought an amendment today, AM433, which makes several small changes. This is in response to the letter from the Secretary of State Bob Evnen, that you've all probably received, dated March 1. First, it sets a maximum fee for the registration. This was left blank in Section 3 of the introduced copy of the bill. As you'll see in the fiscal note, the Secretary of State's office has determined that setting up the registry will have an initial cost of \$30,000. To help offset this cost and costs associated with the ongoing administration of this registry, the amendment sets the fees at no higher than \$300 for initial registration and \$100 biannually to renew. It also has language to ensure these fees go directly to the Secretary of State's General Fund. Finally, the amendment adds language that allows the home inspectors to list any national certifications on the registration. This was requested by the home inspectors. LB423 would require that home inspectors operating in the state be registered after January 1, 2023. As part of the registration, home inspectors must provide a certificate of insurance with no less than \$250,000 of general liability coverage and would need to provide the Secretary of State updated information regarding their business within 30 days of such changes. And with that, I'm happy to answer any questions regarding the bill or the amendment.

**WAYNE:** Any questions from the committee? Seeing none, thank you. Will you be here for closing?

**LATHROP:** I may stick around, otherwise I'll have to go to Ag Committee Exec Session. So this has worked out perfectly. Thanks for scheduling it today. Most people would wonder if it's going anywhere this late in the hearing process.

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**WAYNE:** We're going to Exec on it afterwards after today's hearing.

**LATHROP:** No, I appreciate that, Senator.

**WAYNE:** Any-- first we'll have proponents. Welcome to your Urban  
Affairs Committee.

**ARLA MEYER:** Thank you, everybody. Thank you, Senator Lathrop, for bringing this forward for us. We do greatly appreciate it. My name is Arla Meyer, A-r-l-a M-e-y-e-r. I am testifying in favor of LB423, a bill to register home inspectors in the state of Nebraska. First off, has anybody here ever had a home inspection? OK, good, then you understand the importance of it. What I have brought copies for you guys for is a copy of a whole house inspection, along with obviously my testimony. And on the back of the testimony is what each of the states have currently in place for each location, just so you can kind of see that information as well. The whole house inspection is just so you get an idea of all the details that do go into it, to one being completed. The Nebraska Realtors Association has been working towards a system for home inspectors to be registered, certified, or licensed for several years due to the request of the Nebraska Real Estate Commission. Nebraska is one of only 18 jurisdictions that does not currently have something in place for them. Home inspections impact 90 percent of all inspections that take place in real estate. They are the second leading cause for real estate transactions to fail. Buyers want to know all they can know about their potential homes before making their final decision. And using a qualified home inspector can provide this extra reassurance for them. When you think of first-time home buyers, which truly are the most vulnerable in these situations, they don't know what they should know. They've never owned a home. They've never maintained a home. Typically, they're used to mom and dad taking care of everything. This is why buyers, many of whom have no knowledge, will rely heavily on the knowledge and expertise of the home inspectors. In 2020, a third of the inspections that were completed were completed by first-time home buyers. In light of that, to help protect the consumers, there is currently no consumer platform to verify a home inspector of any kind. The implement-- implementation of registering process through the Secretary of State will provide a search mechanism for the consumer to verify this and any other information that is gathered through the Secretary of State's office, such as business location, certification the home inspector may have that leads to the credibility and the expertise of their inspection.

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Gives the public some place safe and secure for them to look for this information. Home inspections are one of the last remaining unregulated aspects of the home buying process. Registering home inspectors in Nebraska is a step towards providing consumers with another layer of protection when they're making likely the biggest investment of their lives. Realtors in Nebraska believe there should be some mechanism to help advise consumers to help find the inspectors that are in their areas. A registration process would identify those and give them a place to research that. We have taken the time to search-- survey the realtors that are in place. The first time it was 76 percent, realtors came back and said they felt that we needed something. Oh, I got to go fast. Currently, anyone can market themselves as a home inspector. I literally could leave right now, put a sign in the yard and be your best home inspector ever. Nobody wants that. I have taken the time to speak with the American National Home Society, which is your ASHI group. I see some of them here today, which is why we did have that amendment so that they could have that designation that they took the extra time to get to be able to have that in place for them and show it on there so that they took the extra education above everybody else. The registration process will help add a layer of legitima-- legitimate reasons and places we can look for. The additional home inspector registration application process will identify those who have taken the steps to become certified through this organization. The information is to be included in the consumer search. In closing, we believe this is necessary step in time with the home inspections is very important part to every transaction in real estate in Nebraska.

**WAYNE:** Any-- Senator Blood.

**BLOOD:** Thank you, Chairman Wayne. And thank you for your testimony. I have a quick question for you. So if the planets aligned and this bill were passed, how would you all feel, and you may not be able to answer this, I may have to ask, ask people behind, with reciprocity? So that's a big push for us, especially with our military families. And because we are, as you know, have a worker shortage here in Nebraska.

**ARLA MEYER:** Right.

**BLOOD:** So if I moved from, say, Colorado to Nebraska, which usually said the other way around, but say-- we're just going to say that, and this is what I did for a living, could I get to work right away if we

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identified this as one of the licensures that we wanted to have  
reciprocity, how-- what do you think the feeling would be on that?

**ARLA MEYER:** I, I don't think the feelings would be opposed to that. I  
mean, because, you know, each state has typically something in place  
and maybe it might come down to the fact that we look at putting a  
layer of a state test just so that they know what our codes are  
compared to someplace else. I don't think that would be opposed, not  
in my opinion.

**BLOOD:** I think that's an important issue with any licensure we look at  
because we're trying to make it easier for people to work.

**ARLA MEYER:** Absolutely.

**BLOOD:** And so I'm sure we're going to find out there's a little push  
back on new licenses. But I think that if the organizations involved  
are willing to identify that reciprocity is important, then that could  
be a different issue.

**ARLA MEYER:** Very valid.

**BLOOD:** Thank you.

**ARLA MEYER:** Yes. Thank you.

**HUNT:** Thank you, Senator Blood. Senator Lowe.

**LOWE:** Thank you, Vice Chair. And thank you, Miss Meyer, for being here  
today.

**ARLA MEYER:** Thank you.

**LOWE:** What recourses are there for a, a potential home buyer against  
a, a home inspector in, in case things are missed and, and or are  
there any?

**ARLA MEYER:** As it sits right now, there is not any. We had one, one in  
the greater area paid \$20 for an inspection, single parent, \$87,000  
house. In that inspection, came back, everything seems to be fine.  
Found out electrical was bad, plumbing was bad, roof was bad. The  
inspector just had them sign a report that said that we are only  
liable up to the expense of our report. After that, then it's on you.

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Gave her back her \$20 and she was just-- there is nothing in place  
right now.

**LOWE:** Thank you.

**ARLA MEYER:** Um-hum.

**HUNT:** Thank you, Senator Lowe. Any other questions? Senator Briese.

**BRIESE:** Thank you, Vice Chairman Hunt. And thanks for your testimony  
here today. So would this proposed legislation require anything of a  
potential home inspector besides registration and signing your name,  
filling out your address, and having proof of insurance?

**ARLA MEYER:** As of right now, no.

**BRIESE:** OK, so we aren't talking necessarily here about improving the  
quality of the service through training or education programs.

**ARLA MEYER:** We, we want to have some more of that in place for them.  
And at least if we can get a basic standard guideline, it's a place to  
start.

**BRIESE:** OK, but as of now, this legislation would simply require proof  
of insurance to create a, create a pool to access in the event of  
problems with the inspection.

**ARLA MEYER:** Correct. Just to more help some of those fly by nights  
that show up and then disappear and leave the people.

**BRIESE:** What, what, what type of training would you propose going  
forward?

**ARLA MEYER:** Some of the different things that we have talked about are  
some of the different states, as you can see that are attached here.  
They do have a put in place to where they've got to take a national  
home inspection testing or exam. And you can customize that to each  
state of Nebraska. Different states have that so that it complies with  
more of the codes. That way then they are looking at what needs to be  
and have it addressed. When we're talking about that ASHI designation,  
that is exactly what they're doing. They have to go through so many  
hours of education, so many hours of inspections before they can be on  
their own and, and do just those types of steps.

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**BRIESE:** OK, thank you.

**HUNT:** Any other questions from the committee? I have one. So this  
isn't creating a license, correct? It's just a registry.

**ARLA MEYER:** Correct.

**HUNT:** OK, and then what would the penalty be if, if someone's  
conducting home inspections but they aren't part of the registry?

**ARLA MEYER:** The way--

**HUNT:** Is there a penalty or is it just--

**ARLA MEYER:** The way that we've looked or what we have been looking at  
is a, just a-- depending on what it is, of course, how unlawful, how  
unlawful does it come down to. But it could be a, a fourth  
misdemeanor, I think is what we ended up putting in there.

**HUNT:** OK. All right. Thank you. Seeing no other questions, thanks for  
your testimony today.

**ARLA MEYER:** Thank you.

**HUNT:** Next proponent for LB423. Welcome to your Urban Affairs  
Committee.

**GREG LEMON:** Thank you. Good afternoon, acting Chairperson Hunt and  
members of--

**HUNT:** Vice Chair.

**GREG LEMON:** Excuse me, Vice Chair Hunt and, and members of the Urban  
Affairs Committee. For the record, my name is Greg Lemon, G-r-e-g  
L-e-m-o-n. I am the director of the Nebraska Real Estate Commission,  
appearing today in support of LB423, the home inspectors registration  
act. Echoing what Miss Meyer said, this is a very important part of  
real estate transactions. We don't have numbers. But, you know, I, I  
think it's safe to say it's fairly standard in a residential purchase  
that a home inspection be done, that that home inspection is relied  
upon by the purchaser as to whether it's a good purchase, as to  
whether there are significant repairs needed. And as stated, you know,  
somebody can, can go out tomorrow and, and say they're a home



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inspector. This creates a, a base level of at least you have a record of that person. They have some insurance for some recourse if something goes awry. As the numbers stated, about two-thirds of the states currently have a home inspector licensing or registration act. I'll speak to the reciprocity just a little bit. It's going to be the Secretary of State's office, not the Real Estate Commission. But as a registration act, since there's not a test, since I, I would not anticipate there being any delay in getting licensed, I would think if you wanted to come into the state to do business, were you a resident of another state or were you moving here that you would just register like, like anyone else. But, you know, that's just kind of my, my read on it since that was asked. But, you know, there's two things. I mean, in the real estate business, they're worried about the hoops they jump through. But the main thing-- many times the main thing they worry about in reciprocity is the time. I mean, they want to get to work. And since there's no test, there's no criminal background check, that should be a fairly quick process. And that would be all my testimony. I would be glad to answer any questions you may have.

**HUNT:** Thank you, Mr. Lemon. Any questions from the committee? Seeing none, thanks for your testimony today.

**GREG LEMON:** Thank you.

**HUNT:** Next proponent for LB423. Welcome to your Urban Affairs Committee.

**BRAD HULSE:** Thank you, Senator Hunt. My name is Brad Hulse, B-r-a-d H-u-l-s-e. I'm the designated broker for a small real estate brokerage here in Lincoln, Nebraska. I'd like to echo the comments of Miss Meyer that was said before and then also read you a few excerpts from a few home inspections that have performed-- been performed recently. And these are statements made from current whole home inspectors. Standing at the house, the home inspector said: This house has radon because the house next door has radon. No test was performed, no research done, simply because the house next door had radon and that person paid upwards of \$650 for that opinion. The next one. While leaning on an exterior wall and bending his elbows, the home inspector commented, I do not know how this wall was built or if it is strong enough to stand up to 800-- excuse me, 80 to 100 mile per hour winds if they should come. Also in a home inspector's report. The next home inspector said as he measured every step on a deck to make sure they

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were exactly the same and one was half an inch off, he wrote it up as a defect and insisted that the remedy for that defect was to rebuild the deck. It was a low deck and had five steps down to the landing. The same inspector at that house ran out of time to perform the rest of his inspection and neglected to check the electrical panels within that house, but was able to find that half inch off the deck. In a couple of points I wanted to make, we believe that there are many qualified and highly-skilled home inspectors here in the state of Nebraska. We are fortunate to have many of them here, and they've taken steps to inform themselves and to educate themselves so that they may in turn pass that on to their customers and service their customers. Even though, unlike 33 other states, Nebraska, in Nebraska, there are no requirements to become and continue to become a home inspector. Again, as mentioned, we are not proposing any at this time, but would like to have this be a start. Home inspectors are meant to be the last line of defense. When it comes to answering the question, and every-- almost every buyer will ask this of their home inspector, did we buy a good home? This is a sincere question. And the buyers that are buying their first home for themselves, buying a home for their children's-- children-- excuse me, children, buying a home for their parents or perhaps even buying a home for their grandparents. They would like some reassurances as to the condition of the home as they may not have the knowledge that gives them that reassurance. LB423, as has been stated, is simply a step towards a fair proposition towards the home buyers and future home buyers in the state of Nebraska. We hope that it is going to be something that will lead to other things that will further protect Mr. and Mrs. Home Buyer in the state of Nebraska. And with that, that is my statement. If there are any questions, be happy to answer.

**HUNT:** Thank you, Mr. Hulse. Any questions from the committee? Seeing none, thanks for your testimony.

**BRAD HULSE:** Thank you.

**HUNT:** I'll turn it back over to Chairman Wayne.

**WAYNE:** The next proponent. Welcome to your Urban Affairs Committee.

**KARALYN HOEFER:** Thank you, Senator Wayne. My name is Karalyn Hoefer, K-a-r-a-l-y-n H-o-e-f-e-r. I'm testifying in favor of LB423, a bill to register home inspectors in the state of Nebraska. Throughout my 20-

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year career, I have had multiple clients and agents ask me for recommendations on home inspectors. Consumers typically look to the agents for recommendations as they have very little experience or no interaction with home inspectors. The average consumer typically buys or sells a home every seven to ten years. The consumer relies on us to be their fiduciary and trusted adviser throughout this home buying and selling process. For most consumers, the home is the largest financial investment that they will ever make. We need a regulated resource that we can provide to our clients that will assist them in protecting that investment. A home inspector registry would be extremely helpful to agents and consumers. It would help ensure that home inspectors meet basic business criteria. Consumers could then complete further research to help them make their choice. Our clients trust us with not only their most expensive asset, but they are also trusting us with their home, their personal safe haven, their refuge. I recently became aware of the following home inspection situation. We had a listing sell and the buyer selected a home inspection company and that is typically what happens. The buyer selects the home inspector. The sellers are neat freaks and when they came home, they found their house messy. They were not happy, so they decided to see who was at their house. Upon investigating this home inspector, they found out that he was a registered sex offender. Can you imagine their shock in discovering that information? No one involved in the transaction was aware of this material fact. There has to be a baseline, a basic set of requirements and background checks for this integral part of home ownership. The state registry for homeowner-- home inspectors is needed to provide one more layer of protection for the consumer.

**WAYNE:** Any other questions from the committee? Senator Lowe.

**LOWE:** Well, thank you, Chairman. And thank you for being here today. What is the largest complaint following a real estate transaction?

**KARALYN HOEFER:** Why didn't you tell us about that? We had no idea. How did-- you know. And a lot of times we don't know ourselves. We're, we're not there. We're not a part of that home inspection process. But again, the consumer is relying on us as their trusted adviser to walk them through that situation. And again, most of us have very great relationships with home inspectors. There-- there's a rapport and there's a trust that comes along with many years of experience. But for most new agents and new homeowners, they don't have that. We've got to have somewhere where they can at least start.

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**LOWE:** Thank you.

**WAYNE:** Any other questions from the committee? Senator Blood.

**BLOOD:** Thank you, Chair Wayne. So that's a scary story, by the way.

**KARALYN HOEFER:** Um-hum.

**BLOOD:** But I'm not seen in the bill that there's an actual background  
check that would prevent that from happening.

**KARALYN HOEFER:** There is not yet.

**BLOOD:** Oh, OK.

**KARALYN HOEFER:** I think that-- again, we have to start somewhere. And  
I think as we progress through, that could be something that could be  
added. But if they're registered, then again gives the public a  
point-- an entry point to go and do research. And they should be able  
to find that information if they're given that information.

**BLOOD:** And I would assume that if you're a felon, that that's a  
question they would ask on your insurance survey.

**KARALYN HOEFER:** I would think so.

**BLOOD:** Yeah. OK.

**KARALYN HOEFER:** I'm not fully aware, but I know on my insurance  
policies I have to declare if there have been any lawsuits against me  
or anything like that.

**BLOOD:** All right. Thank you for the clarification.

**KARALYN HOEFER:** You bet.

**WAYNE:** Any other questions from the committee? Seeing none, thank you.

**KARALYN HOEFER:** Thank you.

**WAYNE:** Any other proponents? Proponents? Seeing none, moving to  
opponents. Any opponents?

**JON VACHA:** [INAUDIBLE] neutral.

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**WAYNE:** You can testify under opponent. I mean, that-- that'll help us not get this on consent calendar if you want to. [LAUGHTER] Come on up. Neutral testimony. We are on neutral testimony.

**JON VACHA:** Thank you, Chairman. Thank you, Senators. My name is Jon Vacha. It's spelled J-o-n V-a-c-h-a. I am the president of a home inspection organization here in Nebraska, Greater Omaha ASHI. I just wanted to, to start by saying we, we a-- couple of reasons we wanted to be here, mostly just to, to make our presence known so that, you know, the-- or as a representative of the industry that this bill is for, we wanted to let you know that we are out here and we have a, a voice as a-- so I'm, I'm testifying for, for the group, not for my company, not for me personally. So we have been opposed in the past to licensing for reasons-- registering, we're not as opposed to-- we're, we're, we're more wanting to keep the importance of ASHI and not have it watered down by, by just a simple registry like you guys have, have brought up. I've heard been brought up that, that it's not, not enough to just have insurance and, and, you know, pay a fee. The reason-- so, so, so to, to have that designation as ASHI certified inspector be part of the thing that someone would search for so that you can-- that the consumer can see, yes, there's another level to this home inspector. They are ASHI certified. The states that do require licensing, they take guidance from, from ASHI to decide what, you know, they have to pass a national inspection exam. They have to have 16 credit hours continuing per year. So if you are ASHI certified, you meet those requirements. So that is one way for people to be able to see, yes, not only is this home inspector, you know, licensed with the state or registered with the state, also, they, they have gone through the education. They passed the test. You do have to have them pass a background check to be, to be ASHI certified. They changed that a couple of years ago. So I guess mostly what we want to, to hope for with this, with this bill is that when someone-- if that this list is publicly available, you know, I don't know how-- we, we would help promote it. But if a consumer does go to this list and they see an inspector that it is clearly designated that, yes, they are or are not ASHI certified. There are other home inspector organizations nationally, but to be certified through those other groups, it's not necessarily as stringent as it is to be ASHI certified. So it is, it is just nationally the most recognized group. And we, we do have a, you know, there's a standard procedure that ASHI certified inspectors

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follow and there's a code of ethics. And so that-- that's basically,  
basically what I wanted to say today.

**WAYNE:** Thank you. Any questions from the committee? Senator Briese.

**BRIESE:** Thank you, Chairman Wayne. And thanks for your testimony here  
today. So would you prefer that this registry perhaps only include  
individuals or organizations that-- or businesses that are certified  
by ASHI or certified by some outside organization?

**JON VACHA:** No, I, I mean, I don't want to stop people from working,  
you know, like, like that, you know, western Nebraska, it could be  
hard for some of those inspectors to be ASHI certified. You need to  
have, have done 250 paid inspections to get that certification. So for  
some areas, especially with, with western Nebraska and stuff like  
that, it can be difficult for someone to get that. But if somebody has  
the option between an inspector who's certified or not, I think just  
promoting that and, and making that clear to people is-- would be  
important at another level of that consumer protection, which is what  
I understand the bill is, the purpose of that is.

**BRIESE:** Does any home inspector do such without liability insurance  
that you're aware of?

**JON VACHA:** I mean, if, if, if you need, need access to-- like in Omaha  
and Lincoln, you have to provide-- to, to have access to the houses,  
[INAUDIBLE] access, basically you have to provide proof of insurance.  
So--

**BRIESE:** How much insurance? Do you know?

**JON VACHA:** Well, for Omaha, it's, it's \$1 million, \$2 million  
aggregate, so that's-- and then for Lincoln, I, I believe it might be  
a million.

**BRIESE:** OK, thank you.

**JON VACHA:** Yep.

**WAYNE:** Senator Hunt followed by Senator Lowe.

**HUNT:** Thank you, Chairman Wayne. Do you know of people or have you  
heard of anybody doing home inspections without having insurance?

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**JON VACHA:** Personally, I don't think I've heard of that.

**HUNT:** OK.

**JON VACHA:** But I'm, I'm--

**HUNT:** And your, and your preference for the bill would be for it to,  
to have some kind of designation or asterisk by their name or  
something saying this person is actually certified?

**JON VACHA:** Yeah, yeah. And I, I understand that was one of the  
amendments. But maybe to make it a little more clear and to put more  
importance on ASHI, as, as the ASHI representative, that's what we  
would like.

**HUNT:** I see, I see that in the amendment here in Section 3, "Any  
national certification relating to home inspection currently held by  
the home inspector." OK, thank you.

**JON VACHA:** Yep.

**WAYNE:** Senator Lowe.

**LOWE:** Thank you, Chairman. Thank you for being here today. You say you  
have to have continuing education and so where do you get the  
education? What are the qualifications for that? Is it through a  
university, is it through seminars, is it through--

**JON VACHA:** Yeah. So a lot of it is online classes that you take and  
through ASHI. There's also another organization, InterNACHI, that  
provides classes. And many states accept those credits as well, and  
either ASHI or InterNACHI accept them one way or the other. And I  
don't remember which way. But so there's, there's online-- if you're  
part of ASHI then there's, there's, there's a lot of online education.  
There-- there's a once a year they have a conference somewhere. Last  
year, I think it was in Orlando where you can go and you can get a  
bulk of your credits done sitting in classes in person. Our, our  
Greater Omaha ASHI group, ASHI national accepts attendance for one  
class, one meeting as one credit. So we have one, one meeting a,  
a month and we've been doing them over Zoom. And so we're not limiting,  
limiting it to people who, who are in the Omaha area who can make it  
to that meeting, which was the case a year or two ago. But now we see  
the importance of, you know, making it available to anyone, no matter

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their location. They can come-- they can attend this local meeting and receive one credit hour and that's get you up to 12. And then, you know, if you go once a month, so.

**LOWE:** OK. And you said that somebody in western Nebraska may not be able to get all these credits or you have to have 250 home inspections before you can become certified?

**JON VACHA:** That's correct. Yeah.

**LOWE:** So how does somebody in western Nebraska become certified? Because they may not do 250 inspections in their lifetime.

**JON VACHA:** Correct. Yeah. Yep. So I can see how that would be difficult. So in, in prior years, when, when there's been more of a push to get a licensing as opposed to registration, that's been one of the hang ups to get that passed through and then use the ASHI guidelines to, to make that happen. But so that's why I, I think I agree that having this baseline, this registration, I think is a good place to, to start. But then when someone has the option between someone who-- I mean, in western Nebraska, there might, there might be no one out there. So there might not be a choice for someone who's ASHI certified. But if you're, if you're in town or you're, you know, someplace that has a company big enough, then, then that way I think that would provide a lot of value and protection for the, the consumer.

**LOWE:** Thank you.

**WAYNE:** Any other questions from the committee? Seeing none, thank you for being here.

**JON VACHA:** Yes, thank you.

**WAYNE:** Anybody else in the neutral testifier-- neutral position? Seeing none, we do have for the record, the Platte Institute in a neutral position. You're still on your way to--

**LATHROP:** There in a neutral position?

**WAYNE:** Yeah, you're on your way to consent calendar.



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**LATHROP:** All right, hopefully this close doesn't ruin it. I think this is a really commonsense approach. And it's, it's an approach that isn't the heavy hand of government, but basically saying we're going to have people register, they're going to pay a bit of a fee to be on the registry, and they will be able to showcase the fact that they're certified. As one of the testifiers indicated an awful lot of the things that happen, termite inspection, radon inspection, home inspection, title insurance, a lot of people choose those people based on a recommendation from their agent. And now the agent can, with confidence say, I'm going to recommend you have your home inspection by somebody who is certified. You can find that on the registry. That's important because some of these-- there's some fly by nights that you heard and some of them will nitpick a property and some of them will miss stuff. And I think this is a thoughtful way to approach it without being heavy handed and saying, let's find out who the certified people are and then we can effectively they can have that next to or as part of the registration. And hopefully people gravitate towards those folks. It doesn't mean that somebody in, in more sparsely populated parts of the state who may not be certified can't do the work. It just means that where a majority of the, the home sales are, that can be part of the recommendation. So I appreciate your courtesy. I appreciate you Execing on this after your hearing today and for your support. And I'm happy to answer any other questions there might be.

**WAYNE:** Any questions from the committee? Seeing none, thank you for being here.

**LATHROP:** All right. Thank you.

**WAYNE:** And that'll conclude the hearing on LB423. And next up, we have LB549.

**HUNT:** Senator Wayne, welcome to your Urban Affairs Committee.

**WAYNE:** Thank you, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. Between 1982 and 2011, the state of Nebraska maintained an aid to municipalities program which distributed state aid to municipalities based off a statutory formula. In 2011 during a budget crunch, this program, as well as other similar programs for

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counties and natural resource districts, were repealed. While testifiers behind me can do a much better job explaining the history of the aid program, it is important to note that origins of these programs were reimbursement for changes in state law that prior legislators had made, which in some cases severely restricted the ability of local government to fund operations. Historically, the aid to municipality program appropriated between \$10 million and \$8 million on an annual basis. In order to demonstrate the impact of these programs on, on various sizes of municipalities, included in your material is a sampling of appropriations for various Nebraska municipalities over the final three years of the program. I introduce LB549 to start the conversation about the decisions of previous legislators to repeal aid to municipality program and to consider the role of reinstating such program could have not only on helping fuel economic development of our municipalities, but also combat the rising property taxes at the municipal level. Unlike the previous aid to municipality program, LB549 would not act as a direct state aid program, but would instead be a grant-based program. Under the act, the state aid to municipality would come in forms of a grant which could be used to fund various municipal infrastructure projects. The grant would allow-- would be operated by the DED and provided grant applications would be approved in the order in which they were received by the department. Grants under the act must be exclusively used to pay for the construction, acquisition, and equipment of infrastructure projects or bond financing related to such projects. Grants-- grant fund under this act would-- act must be placed in separate fund by municipality and may not be commingled with any other funds. As noted in the memo from the committee council, a green copy of the bill did not set appropriation level to the new aid. Committee members should have received AM359, which would appropriate \$15 million of fiscal year, which is roughly the middle of the historic appropriations of the previous aid program. The amendment would also change one provision of the grant program, reducing the maximum grant from \$10 million to \$5 million. There are several individuals behind me planning on testifying, but I'd be happy to answer any questions.

**HUNT:** Thank you, Senator Wayne. Any questions from the committee? Seeing none, thank you for your open. We can take the first proponent for LB549. Welcome.

**CHRISTY ABRAHAM:** Thank you, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y

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A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. And I think I am the person Senator Wayne referred to who said they're going to give a brief history. And in case I don't get through the history, I want to first say thank you to Senator Wayne for introducing this bill. We're just so happy to have the conversation. So with that said, I will start with a brief history of state aid. It started in 1967 and the Legislature passed a bill that exempted households and intangibles from property taxes. The Legislature then created a governmental subdivision fund to partially reimburse local governments for the lost property tax base. The fund in 1967 had \$12.6 million in it, and even that amount back then was inadequate to reimburse what local governments had lost in that bill. Throughout all of this, local governments had been promised that they would have a dollar-for-dollar reimbursement when state legislators diminished the property tax base. So we moved to 1972 and 1977. And in those years, the Legislature passed two bills that gave an exemption for livestock, farm equipment, and business inventory. Those three exemptions alone resulted in the loss of actual dollars to over \$250 million. That's not loss in valuation. That's actual dollars lost to local governments. I was one years old at this time and I can only imagine what \$250 million was in 1972. It was a lot of money. So then Governor Exon said that the state couldn't afford the \$250 million to reimburse the local governments. So Governor Exon capped it at \$70 million and they named it the Personal Property Tax Relief Fund. Unfortunately, the Nebraska Supreme Court did not like that scheme and declared that fund to be unconstitutional because it was a frozen class. So then in 1980, I'm nine years old by this time, the Legislature passed LB882 and that bill eliminated the Personal Property Tax Relief Fund and the governmental subdivision fund. It created a new fund with a new strategy that was hoping to address the constitutional issues. Unfortunately, in 1980, the Nebraska Supreme Court said the Legislature failed, that the new scheme did not pass constitutional muster and again called it unconstitutional because it was a frozen class. In 1982, the Legislature then passed LB816, and in that bill they finally just called it state aid. I bring up this history to show you that state aid was never considered to be a gift from the state of Nebraska to the local governments to subsidize local governments. It's been part of Legislature's commitment to reimburse local governments for decisions that past Legislatures have made that lost property tax base for the local governments. I believe you got a handout from me. In it, oh, I'm on the yellow light. Did I thank

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Senator Wayne already? I want to make sure I got that in. OK. In the handout, you will see cuts to aid to municipalities over the years. We started with \$18 million and in 2011 we went to zero and I see my red light. So I'm going to stop because I thanked Senator Wayne. I remember I did.

**HUNT:** Thank you, Miss [INAUDIBLE]. Any questions from the committee? Senator Lowe.

**LOWE:** Thank you, Miss Abraham. What were you going to say?

**CHRISTY ABRAHAM:** Oh, aren't you kind. OK, so it's mostly in the handout. So I don't want to be too repetitive. But as you'll see in the handout over the years, beginning in 1982 and, and moving forward, there were cuts every year to these state aid funds. When the fund was eliminated in 2011, that fund was down to about \$11 million. And then as Senator Wayne mentioned, we had a state budget crisis in 2011 and so it was completely eliminated. So thank you, Senator Lowe, for letting me say my last sentence. I appreciate that.

**HUNT:** Thank you, Senator Lowe. Any other questions? Thank you for that history lesson.

**CHRISTY ABRAHAM:** Thank you, Senator Hunt. So good to see you for the last time this year. I wish you the best of luck for the rest of the session.

**HUNT:** Thank you. Any other proponents for LB549? Welcome.

**ERIC GERRARD:** Thank you, Vice Chair Hunt, members of the Urban Affairs Committee. My name is Eric Gerrard. That's E-r-i-c, last name is G-e-r-r-a-r-d, and I too want to thank Senator Wayne for introducing this bill, although I'm not sure why he saved the perfect bill for the last day of committee hearings. I shouldn't admit this as a municipal lobbyist, but I actually didn't know the history that Miss Abraham just gave so that's helpful for me. I'll make my points brief. I do think any sort of form of state aid to municipalities or counties, for that matter, can lead to property tax relief. And this would be a real, a real boost to cities. And I think the way Senator Wayne has set it up, you need to show a need through the grant process. So it's not just going out to say, you know, a city that's on its way down. But I think this-- a bill like this or concept like this would give

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cities the ability to thrive instead of some that are just surviving right now. I grew up in Norfolk, Nebraska, was born in Norfolk, Nebraska. And I will admit, once I, I moved out of Norfolk when I was ten, I didn't return all that often. In the last two or three years, I go back to Norfolk quite often and, and I give Mayor Moenning a lot of credit. Some of the projects that are outlined in Section 3 of this bill, he's been able to-- or the city of Norfolk has been able to take on. And I really do think that invites people to come back to the community, either to visit, work, or to live. And I think some of the concepts of this bill get to that point. The last thing I'll say, and not to be too abstract on the last day of committee hearings with a mostly empty room, but this would give our city staff some flexibility and the ability to be creative. I think sometimes there's a perception that, that city personnel don't think that way. In my-- it's been the exact opposite for me. I think our city, city team and the city of Lincoln really cares deeply about the city, about the people they serve. And so any boost like this, I think would, would inspire them to, to think thoughtfully, creatively. They already do that. But I think any sort of aid from the state makes them feel more empowered. And hopefully would be, would be good for the residents, and in my case, the city of Lincoln. So with that, I'll close and thank Senator Wayne once more.

**HUNT:** Thank you for your testimony. Any questions? Seeing none, thanks for being here today. Next proponent for LB549. Welcome.

**JACK CHELOHA:** Good afternoon, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Jack Cheloha, J-a-c-k C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha and I want to testify in favor of LB549 this afternoon. And I would also like to thank Senator Wayne for introducing this bill and for this committee hearing it this afternoon. First of all, when we listen to the hearing-- or the testimony by the League of Municipalities representative, it brought back some painful memories for me because I've been at this for 26 years, working for the city of Omaha. And I mean, we can understand the economic ups and downs that the, the state faces and cities face, etcetera. And so a lot of, a lot of the times when there was cuts made to state aid, it was simply put to us as well. Everybody's doing their part. You know, you can take 2.5 percent or you can take, you know, a little higher cut or whatever. But then the numbers kept growing that 25 percent of your total was gone. And then finally it was flat out eliminated, which, which was really devastating because like you

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heard, it wasn't just a gift to cities. It was actually making up for lost revenue sources. Similar lines, there was a program, too, that was out there that kind of ran with state aid for a while. It was called the Municipal Infrastructure Redevelopment Fund, or MIRF for short it was known as. And that was a set aside by the state of cigarette tax money that ran for a number of years until, of course, the state decided they no longer could afford to, to give state aid in that method. And that was the fund programs, which are similar to what's listed in LB549 now. Just to give you a little specifics, in terms of Omaha's last full year of, of regular state aid that, you know, was passed out on a formula primarily based on population. In 2010, we received \$3.4 million from the state. Which if you were still making up from the cuts from 1967, that was woefully underfunded. The last-- first half of the year, we received \$1.9 million in 2011. And then the state's fiscal year ends June 30. And, and we were only halfway through our fiscal year because Omaha's a calendar year. But needless to say, we think this is a good starter. We'd love to see this, you know, back on the rolls, we consider the state to be a partner with municipalities as there's a number of mandates that are put forward for cities to implement on behalf of the state. And so anything we could do to help would be important, in particular, infrastructure. And in fact, right now, you may or may not know, at least the Omaha senators might know, we have a huge infrastructure project going on in Omaha right now. It has to do with our sewer system. When Omaha was built and we started sewer systems to collect either runoff or sanitary sewers, at one point we-- the building standards of the time were to put them together into one system. But now, with the 1970s Clean Water Act by Congress, we've been mandated that you must separate that and so Omaha is moving ahead and doing that. It's roughly a \$2 billion project that we've had to raise a substantially higher rate of sewer use fees on our customers. Omaha serves sewer customers not only for the city proper, but there's also other communities around Omaha that we also use the sewer system for. And so all of them are hit by these growing infrastructure costs. We think, like I said, LB549 would be a great starter bill. I think, you know, any community across the state would probably have worthwhile projects they can apply for. And hopefully we can get this bill to the floor. Thank you.

**HUNT:** Thank you, Mr. Cheloha. Any questions from the committee? Seeing none today. Thank you.

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**JACK CHELOHA:** Thank you.

**\*CAMDYN KAVAN:** Good morning, Vice Chairwoman Hunt and members of the Urban Affairs Committee. My name is Camdyn Kavan and I'm the policy and outreach coordinator for OpenSky Policy Institute. I'm testifying in support of LB549, a bill that would provide needed state aid to help municipalities fund infrastructure projects, which will improve their communities, create jobs and support local economies. Relative to other states, Nebraska municipalities receive a low percentage of their overall budgets from the state. According to the 2018 Census Survey of State and Local Finances, Nebraska localities received 23.73% of their general fund revenues from the state. This ranks 45th out of the 50 states, well below the average of 32.35%. While this below average funding for localities stretches beyond municipalities, cities are some of the largest governing bodies in Nebraska, responsible for maintaining infrastructure throughout the state. Increased aid from the state government is vital to ensure municipal services can be maintained without an overreliance on property taxes. LB549 would provide localities with the means to invest in Nebraska's infrastructure, which would serve to attract and retain a larger workforce and help grow key industries across the state. Increased state investment in infrastructure has been identified as a key economic development goal in several recent reports, including Blueprint Nebraska's 2019 report and a 2018 report from the Center for Regional Economic Competitiveness. According to Blueprint Nebraska, the state needs increased investment in telecommunications and repairs to our aging transportation infrastructure for strong economic growth. For these reasons, we hope the Urban Affairs Committee will advance this bill to the floor. Thank you for your consideration.

**HUNT:** Any other proponents for LB549? Seeing none, any opponents? Seeing none, anyone here to testify in the neutral capacity? Seeing none, Senator Wayne, you're invited to close.

**WAYNE:** Thank you all. I think this is an important bill. It's simple. Now that I'm on Natural Resources, I keep hearing about all these different water agencies and all of them have taxing authorities. And so I wonder why property tax is so high out in rural Nebraska because you have irrigation districts, natural resource districts, plus your county. So part of this is a long-term project just to figure out how do we provide aid to the locals, at the same time figuring out how to reduce some of the burdens on the local that we should be doing. And I

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think water is a state issue. We should probably look at it from a state's perspective. And I think many things that we do as far as restricting or tying, tying their hands or just sometimes eliminating revenue streams for the cities, we should be able to provide some kind of support. So with that, I'll answer any questions.

**HUNT:** Thank you, Senator Wayne. Any questions from the committee? Seeing none, we have letters. We have a letter of support from the National Utility Contractors Association of Nebraska. We have a letter of opposition from Nebraska Taxpayers for Freedom. And we have submitted written testimony on LB549 from Camdyn Kavan at OpenSky Policy Institute. And that'll close our hearing on LB549 and we'll move to LB219 with Senator Wayne.

**WAYNE:** Good afternoon, Vice Chair Hunt and members of the Urban Affairs Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. As many of you recall, in 2019, we passed LB492, which is the Regional Transit Authority Act. Under the act, the existing transit authority was established using our previous transit authority statutes and they can convert into a regional transit by a two-thirds vote of the existing transit board. This bill is not to do anything. It's a placeholder bill in case after the ten days some things came up. They're starting the transitioning process or they're at least getting community feedback. And we just wasn't sure if they needed anything so we put a placeholder bill. I'll answer any questions.

**HUNT:** Sounds good. Thank you, Senator Wayne. Any questions from the committee? Senator.

**LOWE:** Nope, nope.

**HUNT:** I was going to say. OK. All right, seeing none, we have no letters and no written testimony on this bill. Senator Wayne, do you waive closing?

**WAYNE:** Is there anybody [INAUDIBLE]?

**HUNT:** Oh, I'm sorry, what am I-- what's wrong with me?

**WAYNE:** [INAUDIBLE] it's still a good bill.



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**HUNT:** You're right. Any proponents for LB219? Any opponents? Seeing  
none, anyone here to testify in the neutral capacity? Seeing none,  
that'll close our hearing on LB219 and close our hearings for the day.