

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate January 30, 2025

Rough Draft

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the sixteenth day of the One Hundred Ninth Legislature, First Session. Our chaplain for today is a guest of Senator Hughes: Reverend Shawn Kitzing, Our Redeemer Lutheran Church in Staplehurst. Please rise.

SHAWN KITZING: Let us pray. Most gracious Heavenly Father, we come today before you with hearts full of thanksgiving for those who serve and lead in this great state. As we begin this session, we ask you for your guidance, wisdom and strength, and may your spirit and understanding and unity rest upon each of our representatives as they work together to serve the people of Nebraska. Grant these leaders the ability to listen with open hearts, to speak with integrity and to act with fairness. And help us to make decisions-- help them to make decisions that honor you. Bless this session with clarity of purpose, a spirit of collaboration, and a commitment to doing what is best for our state and its people. We also ask you for protection over each of these congressmen [SIC] and each of their families. And also this day, with mourning hearts, we ask you to be with the families of those who lost loved ones in the air accident in Washington, D.C. So, we pray for your continued blessing on our state and our nation. In your holy name we pray. Amen.

KELLY: I recognize Senator Hughes for the Pledge of Allegiance.

HUGHES: Please join me in the Pledge. 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.

KELLY: Thank you. I call to order the sixteenth day of the One Hundred Ninth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: There's a quorum present, Mr. President.

KELLY: Thank you. Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

KELLY: Are there any messages, reports or announcements?

CLERK: There are, Mr. President. Your Committee on Transportation and Telecommunications, chaired by Senator Moser, reports LB362 to General

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File. Additionally, new LR from Senator Arch and others, expressing sympathy to the friends and family of Walter Horner Radcliffe; that will be laid over. Reference report from 1-29-25, referring LR33 and a re-reference of LB105. That's all I have at this time, Mr. President.

KELLY: Thank you, Mr. Clerk. Mr.-- Senators, please welcome the physician of the day, Dan "Roequist" from-- Rosenquist, from Columbus, here as a guest of Senator Moser. Mr. Clerk, please proceed to the first item on the agenda.

CLERK: Thank you, Mr. President. First item on the agenda: committee report concerning the gubernatorial appointment of Josh Hohensee to the Underground Excavation Safety Committee.

KELLY: Senator Moser, you're recognized to open.

MOSER: Thank you, Mr. President. Good morning, colleagues, and good morning, Nebraskans. The Transportation and Telecommunications Committee held a confirmation hearing on Monday, January 27 for the appointment to the Underground Excavation Safety Committee, which reviews complaints with the State Fire Marshal regarding violations of Nebraska's one-call system. The committee is a seven-member, governor-approved-- appointed commission. In addition to the State Fire Marshal, the committee is made up of three excavators, three operators, and an alternate for both excavators and operators, should a regular member be unable to attend. Governor Pillen has nominated Josh Hohensee to serve as an operator representative to the committee. He has worked for Black Hills Energy since 2011, and has responded to over 150 damaged natural gas line incidents, and has held the positions of damage prevention coordinator and locate supervisor for the last six years. The Transportation and Telecommunication Committee recommends that this confirmation be approved with a majority voice vote. Thank you.

KELLY: Thank you, Senator Moser. Seeing no one else in the queue, you're recognized to close, and waive closing. Members, the question is the adoption of the committee report from Transportation. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 42 ayes, 0 nays on adoption of the committee report, Mr. President.

KELLY: Committee report is adopted. Mr. Clerk.

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CLERK: Mr. President, next item. Committee report from the Transportation and Telecommunications Committee concerning the gubernatorial appointment of Edward Jarrett to the Underground Excavation Safety Committee.

KELLY: Senator Hardin, you are recognized-- excuse me. Senator Moser, you're recognized to open.

MOSER: Sorry about that. Thank you, Mr. President. The Transportation and Telecommunications Committee held a confirmation hearing on Monday, January 27 for the appointments to the Underground Excavation (Safety) Committee. The committee's mission is to review complaints filed with the State Fire Marshal regarding violations of Nebraska's one-call system. Governor Pillen has nominated Edward Jarrett to serve as an operator representative on the committee. He has served on the Nebraska one-call board of directors, and is the acting vice chair representing telecommunications. He has worked in telecommunications and in locating services, and managed a team of utility locators who have completed over 89,000 locates. The Transportation and Telecommunication Committee recommends this confirmation, and would appreciate your vote. Thank you.

KELLY: Thank you, Senator Moser. Seeing no one else in the queue, you're recognized to close, and waive. Members, the question is the adoption of the Transportation and Telecommunications Committee report. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 41 ayes, 0 nays on adoption of the committee report, Mr. President.

KELLY: The report is adopted. Senator Moser, you're recognized-- Mr. Clerk.

CLERK: Mr. President, next committee report from Transportation and Telecommunications Committee concerning the gubernatorial appointment of Robert Knapp to the Underground Excavation Safety Committee.

KELLY: Senator Moser, you're recognized to open.

MOSER: Thank you, Mr. President. The Transportation and Telecommunications Committee held a confirmation hearing on Monday, January 27 for appointments to the Underground Excavation Safety Committee. The committee's mission is to review complaints filed with the State Fire Marshal regarding violations of Nebraska's one-call

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system. Governor Pillen has nominated Robert Knapp to serve as an operator representative on the committee. He's an Omaha area manager for Bauer Underground, and has been in the underground utility industry for 45 years. The Transportation and Telecommunications Committee recommends this confirmation be approved; we would appreciate your support. Thank you.

KELLY: Thank you, Senator Moser. Seeing no one else in the queue, you are recognized to close, and waive. Members, the question is the adoption of the Transportation and Telecommunications Committee report. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 41 ayes, 0 nays on adoption of the committee report, Mr. President.

KELLY: The committee report is adopted. Mr. Clerk.

CLERK: Mr. President, committee report from the Health and Human Services Committee, concerning gubernatorial appointment of Thomas Janis-- Janousek as director of the Division of Behavioral Health, Department of Health and Human Services.

KELLY: Senator Hardin, you're recognized to open.

HARDIN: Thank you, Mr. President, and good morning, colleagues. The Health and Human Services Committee is reporting Doctor Thomas Janousek for confirmation by the Legislature for the position of the director of the Division of Behavioral Health within the Department of Health and Human Services. Dr. Thomas Janousek is a native Nebraskan, born and raised in Lincoln. He received his bachelor's degree from Nebraska Wesleyan University, his Masters of Arts in marriage and family therapy, and his doctorate of clinical psychology from the Forest Institute in Springfield, Missouri. He's a licensed psychologist, and, over the course of his clinical career, he's specialized in the psychological assessment and treatment of individuals in both rural and urban community mental health settings, as well as forensic evaluations for the Missouri Department of Family Services and multiple medical boards across the United States and Canada. He has served as neuropsychologist for Madonna Rehabilitation Hospitals, specializing in assessment and treatment of individuals with dementia, stroke, traumatic brain injury and spinal cord injury. In his administrative capacity, he has worked as the vice president of quality and compliance for Burrell Behavioral Health, and served as

the deputy director of clinical excellence for the Nebraska Department of Health and Human Services Division of Behavioral Health. Dr. Janousek's overall vision for behavioral health is to create a system where access is expanded without losing quality of care. He strives to work with providers to address barriers which may make it difficult to engage with the public behavioral health system, enhance the state's existing service array, and expand crisis and community-based service options across the state. We believe the department will benefit greatly from his years of work, experience, expertise and commitment to, to service. On January 24, 2025, the Health and Human Services Committee voted to approve his confirmation unanimously, and we would ask for your green vote to approve Director Janousek on the floor here today. Thank you.

KELLY: Thank you, Senator Hardin. Seeing no one else in the queue, you are recognized to close. Members, the question is the adoption of the committee report from Health and Human Services. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 40 ayes, no nays on adoption of the committee report, Mr. President.

KELLY: The committee report is adopted. Mr. Clerk.

CLERK: Mr. President, Senator-- excuse me. Committee report from the Health Human Services Committee concerning the favorable gubernatorial appointment of Drew "Gonorshki"-- "Gonoshorski" [SIC] as director of the Division of Medicaid and Long Term Care-Department of Health and Human Services.

KELLY: Senator Hardin, you are recognized to open.

HARDIN: Thank you. And Mr. Clerk, I had a personal tutorial lesson on that from Mr. Gonshorowski himself, so I understand. Thank you, Mr. President. Good morning, colleagues. The Health and Human Services Committee is reporting Drew Gonshorowski for confirmation by the Legislature for the position of the director of the Division of Medicaid and Long Term Care within the Department of Health and Human Services. Can I have a gavel, please? [GAVEL] Director Gonshorowski began serving in the position on December 9, 2024. For the past 12 years, Director Gonshorowski has served as a policy analyst, most recently as senior research fellow for Paragon Health Institute, and before that, the Heritage Foundation. His previous work dealt largely with Medicaid and health insurance markets. He also has experience

evaluating the effects of reforms on health policy, Social Security, and retirement issues. Director Gonshorowski studied economics at Hillsdale College in Michigan and at Suffolk University in Massachusetts, where he earned his master's degree. Director Gonshorowski's work ranged from topics such as Medicaid redeterminations to Medicaid undercount, and extensive work analyzing and estimated effects of changes to federal Medicaid policy at the state level. We believe the department will benefit greatly from his years of expertise and education. On January 24, 2025, the Health and Human Services Committee voted to approve his confirmation unanimously, and we would ask for your green vote to approve Director Gonshorowski on the floor here today. Thank you.

KELLY: Thank you, Senator Hardin. Senator Machaela Cavanaugh, you are recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Would Senator Hardin yield to a question?

KELLY: Senator Hardin, would you yield to some questions?

HARDIN: Yes.

M. CAVANAUGH: Thank you, Senator Hardin. So, I was trying to listen to the information you were sharing about the new Medicaid director, and it stood out to me that he does not have managerial experience, necessarily? He's a--

HARDIN: That is correct.

M. CAVANAUGH: OK.

HARDIN: He-- that, that would be the weak part of his resume. On the strength side of his resume, he is an enormous researcher.

M. CAVANAUGH: OK. And it also seems like he, maybe, hasn't had any experience working in a Medicaid agency for a government?

HARDIN: Interestingly, while he does not have experience doing that, he has a-- an encyclopedic knowledge of that world because of his research background.

M. CAVANAUGH: Has he worked in regulatory work with Medicaid?

HARDIN: With Medicaid, inside of an agency, again, no. But in terms of understanding the concepts that are associated with it, he is a very, very deep well, and probably has a greater understanding of the concepts than anyone we've had in that position before, because of that experience.

M. CAVANAUGH: When you say a greater understanding of the concepts, what concepts are you referring to?

HARDIN: Generally speaking, we're talking about the public health policy, because as a researcher, both with Heritage and in the university settings where he's also worked, he's got a very, a very deep background in that world, and that's why the committee sent him out unanimously.

M. CAVANAUGH: OK. Thank you. I, I think I will be refraining from supporting his nomination, but I wish him well, and I thank you for answering my questions. I would like to let the Clerk's staff know that my button is not working. Oh, they seem to know. OK. Thank you, Senator Hardin. And I--

HARDIN: Certainly.

M. CAVANAUGH: --yield the remainder of my time.

KELLY: Thank you, Senators Cavanaugh and Hardin. Seeing no one else in the queue, Senator Hardin, you are recognized to close. And waive. Members, the question is the adoption of the Health and Human Services Committee report. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 34 ayes, 3 nays, Mr. President, on adoption of the committee report.

KELLY: The committee report is adopted. Mr. Clerk.

CLERK: Thank you, Mr. President. Some items. Committee report from the Banking, Commerce and Insurance Committee, concerning LB139-- reporting LB139 and LB231 to General File, LB231 having committee amendments. Additionally, your Committee on General Affairs, chaired by Senator Holdcroft, reports LB357 to General File, and your Committee on Government, Military and Veterans Affairs, chaired by Senator Sanders, reports LB180 and LB59 to General File, LB59 having committee amendments. Committee report from the General Affairs Committee concerning gubernatorial appointments to the State

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Electrical Board. Committee Report from the Government, Military and Veterans Affairs Committee concerning gubernatorial appointments to the Nebraska State Historical Society, the Nebraska Accountability and Disclosure Commission, Department of Administrative Services, State Personnel Board. Notice of committee hearings from the Banking, Commerce and Insurance Committee, as well as the General Affairs Committee. A new LR from Senator Holdcroft; that will be laid over. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. Please proceed to the next item on the agenda.

CLERK: Mr. President, next item on the agenda: General File, LB38, introduced by Senator Jacobson. It's a bill for an act relating to Geologists Regulation Act. Defines, redefines, and eliminates terms; changes, provides, and eliminates provisions relating to prohibited acts, the Board of Geologists, the roster of professional geologists, the code of practice, licensure-- certificates of licensure, certificates of authority, seals and-- seals, the practice of geology, violations of the act, examinations, and exempt activities; to harmonize provisions; repeals the original section; outright repeals section 81-3505 and 81-3513. The bill was read for the first time on January 9 of this year and referred to the Natural Resources Committee. That committee placed the bill on General File. There are committee amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Jacobson, you are recognized to open.

JACOBSON: Thank you, Mr. President. Good morning, colleagues. I'm here today to introduce LB38. This bill addresses updates needed to the Geologist Regulation Act by streamlining processes, modernizing provisions and cutting unnecessary red tape. This bill makes necessary revisions to modernize outdated terms, streamline licensure requirements, and improve administrative practices. Key changes include reducing the required geologic experience for licensure from five years to four, aligning Nebraska with national standards; adding a licensure pathway for individuals in exempt fields, such as academics, to become licensed voluntarily; allowing qualified, non-licensed geologists to serve as education board members; addressing the limited pool of candidates which-- while maintaining standards and allowing for different expertise on the board. This includes faculty members of the university. Removing outdated requirements, such as printed licensure, licensee rosters, and

updating language to reflect computer-based testing for examinations. These changes provide straightforward updates to align the act with current times, improving efficiency and reducing unnecessary barriers. I would ask you to please forward this bill on to Select File. Thank you, Mr. President.

KELLY: Thank you, Senator Jacobson. As the Clerk stated, there was a committee amendment. Senator Brandt, you're recognized to open.

BRANDT: Thank you, Mr. President. The committee amendment is as followed. AM17 amends Section 17 of the bill as it pertains to the terms of members of the Board of Geologists by striking lines 16-18 on page 6, and replacing it with "each member shall serve four terms of five years terminating on the last day of February." The purpose of this amendment is simply to stagger the terms of the geologists.

KELLY: Thank you, Senator Brandt. Senator McKinney, you are recognized to speak.

McKINNEY: Thank you, Mr. President. I've just got-- I have a couple questions for Senator Jacobson, just for clarification, if he would yield to a question.

KELLY: Senator Jacobson, would you yield to some questions?

JACOBSON: Yes, I will.

McKINNEY: Thank you, Senator Jacobson. I know you mentioned academics. What are some other exempt fields that may qualify?

JACOBSON: Well, I, I think anyone who would have expertise in this area. I think the reason universities are specifically mentioned is you could have someone teaching geology that has a great background in that, but aren't actively involved in it. So, I would see it as anyone who could-- would have the expertise that they would be allowed to be a member of the board and, and, and serve to help with training, and so on.

McKINNEY: All right. And my last question, as far as board terms, are they only able to serve five years, or could they serve five years, get reappointed for another five, and so on and so on?

JACOBSON: Well, I'm going to-- I, I would-- I was going to speak to the amendment, but I'm supportive of the amendment, because right now it's a five-year term and they're renewable, and I-- there is no term

limit. And, and we did bring the committee amendment. I appreciate the committee for approving that amendment at the committee level. What this would do is stagger the term so you're not replacing all five board members at the same year.

McKINNEY: All right. Thank you.

JACOBSON: Thank you.

KELLY: Thank you, Senators McKinney and Jacobson. Senator Jacobson, you're recognized to speak.

JACOBSON: I was only going to speak to the amendment that-- the amendment was a friendly amendment that was brought at the time-- the geologists that I was working with had that changed last-minute, and so we offered it as an amendment. I-- again, I appreciate the committee for considering it and bringing it to the floor. Thank you.

KELLY: Thank you, Senator Jacobson. Seeing no one else in the queue, Senator Brandt, you're recognized to close on the amendment. And waive. Members, the question is the adoption of AM17. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 39 ayes, 0 nays on adoption of the committee amendment, Mr. President.

KELLY: AM17 is adopted. Senator Jacobson, seeing no one else in the queue, you're recognized to close on the bill. And waive. Members, the question is to advance LB38 to E&R Initial. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 42 ayes, 0 nays, Mr. President, on advancement of the bill.

KELLY: LB38 is advanced to E&R Initial. Mr. Clerk.

CLERK: Mr. President, LB43, introduced by Senator DeKay. It's a bill for an act relating to electricity. Defines and redefines terms; changes provisions relating to notice and certification requirements for electric generation facilities, transmission lines, and privately developed renewable energy generation facilities located near military installations; harmonize provisions; repeals the original section; declares an emergency. Bill was read for the first time on January 9 of this year, and referred to Natural Resources Committee. That committee placed the bill on General File with committee amendments, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator DeKay, you're recognized to open.

DeKAY: Thank you, Mr. President. LB43 is an update bill to LB1370 that-- which passed last year by Senator Bostelman, to deal with situations involving components and equipment manufactured by foreign adversaries being placed in electric infrastructure near sensitive military installations in Nebraska. LB43 would make several technical changes-- clarifications to LB1370. First, the bill would better define what military installations are considered sensitive and pertinent to this legislation by citing a couple of federal regulations. These federal regulations would make it clear that LB43 pertains to the areas around Offutt Air Force Base and the missile field out in the Panhandle in a federally designated area defined by all or portions of the counties of Banner, Cheyenne, Deuel, Garden, Kimball, Morrill, Scotts Bluff, and Sioux Counties. Second, LB43 would update the foreign adversary listed in LB1370, which was updated over the summer by the federal government. Third, this legislation would clarify that this bill pertains to just electronic re-- related equipment and electronic-related components manufactured by foreign adversaries. There were some concerns that LB1370 applied to bolts, nuts, nails and screws, which were hard for electric suppliers to get clear answers from their vendors that none of their procured equipment or components are tied to foreign adversaries, since it is a bit hard to know if you have an American-made screw versus an Iranian made screw. LB43 narrows this bill to just the equipment and components that need an electric current or an electric magnetism to operate, which will make it a lot easier for electric suppliers to work with their vendors, and then work with the Power Review Board to ensure compliance with the provisions of this act. Fourth, LB43 would authorize electric suppliers affected by this bill to submit a one-time written notice to the Power Review Board certifying that the facility is continuously operating in compliance with the requirements of this act. There was a broad agreement in a hearing that if an electric supplier can work with their vendors to ensure nothing electronic comes from a foreign adversary, then one-time certification should be fine, since it cuts down on redundant paperwork for both the electric supplier and the Power Review Board. If the electric supplier were to fall out of compliance, then the electric supplier has the duty to tell the Power Review Board, and work with them to get back into compliance. Fifth, LB43 would expand the bill to include reconstructions, alterations, upgrades, repairs, installations or maintenance of new or replacement electronic-related equipment and electronic-related components, in addition to new construction. If an

electric supplier can work with their vendors to get a one-time certification from the PRB, then complying with this requirement should not be a general issue. In case of a situation does pop up with a vendor, there is a release valve where electric supplier can work with the PRB to get approval for installing foreign adversary-made electric-related equipment and electronic-related components if there is no other reasonable option. I worked with the Power Review Board and other electric suppliers to get fairly broad general consensus on substance of this bill. This bill is fairly simple. It's streamlined to what we passed last year in LB1370, and it makes it much easier for electric suppliers and the Power Review Board to work with. I will add that this bill came out of committee unanimously with an 8-0 vote in Natural Resources Committee. This bill only had one opponent-- OPPD-- and I am working with them on an amendment to be brought onto Select File, which should address their concerns with undermining the overall intent and purpose of this legislation. With this, I yield the remainder of my time. Thank you, Mr. President.

KELLY: Thank you, Senator DeKay. As the Clerk mentioned, there is a committee amendment from Natural Resources Dist-- Natural Resources Committee. Senator Brandt, you're recognized to open on AM43.

BRANDT: Thank you, Mr. President. AM43 to LB43 inserts the language "modifications to" after the word "that" on line 7 of page 6 of the bill, to clarify that the certification provides that no electronics manufactured or supplied by identified foreign adversaries will be contained in modifications to the electronic equipment in a facility, and clarifies that the requirement includes electronic-related components. Thank you.

KELLY: Thank you, Senator Brandt. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I wanted to ask Senator DeKay a quick question, if he would yield to a question.

KELLY: Senator DeKay, would you yield to a question?

DeKAY: Yes.

McKINNEY: I was going to ask you about OPPD's opposition. I was trying to understand-- I was trying to understand what it was. I know you mentioned you're working through a possible amendment.

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DeKAY: We're just working through some wordage on-- of the authority issue of the bill, and-- with the OPPD and the other electric generation companies. We've worked through those, and there will be an amendment coming to address that wordage.

McKINNEY: OK. All right. Thank you.

DeKAY: Thank you.

KELLY: Thank you, Senators McKinney and DeKay. Seeing no one else in the queue, Senator Brandt, you're recognized to close on the amendment, and waive. Members, the question is the adoption of AM43. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 41 ayes, 0 nays on adoption of the committee amendment, Mr. President.

KELLY: AM43 is adopted. Mr. Clerk.

CLERK: Mr. President, I have Senator DeKay AM11, with a note that you would withdraw.

KELLY: With-- so ordered.

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

KELLY: Seeing no one else in the queue, Senator DeKay, you're recognized to close, and waive. Members, the question is the advancement of LB43 to E&R Initial. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 39 ayes, 0 nays, Mr. President, on advancement of the bill.

KELLY: LB43 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President, General File, LB91, introduced by Senator DeKay. It's a bill for an act relating to public power. Amends Section 70 -650.01; changes provisions relating to the conveyance of electron-- electric distribution systems by public power districts or public power and irrigation districts to cities or villages; repeals the original section. Bill was read for the first time on January 10 of this year, and referred to the Natural Resources Committee. That committee placed the bill on General File. There's currently nothing on the bill, Mr. President.

KELLY: Senator DeKay, you're recognized to open.

DeKAY: Thank you, Mr. President. LB91 would amend Section 70-650.01 to eliminate two words in statute that could require a public power district or public power and irrigation district to return ownership of an electric distribution system back to the requesting city or village without cost. This bill addresses a very narrow set of circumstances when a municipal system surrendered or lost its electric service area, and is requesting its return. Simply stated, LB91 will reinforce the existing process used when a municipality requests a return of their electric service from a powered-- public power district or a public power and irrigation district. And second, it will eliminate the potential risk to power district that exists under the current statute. Over the history of our state's all-public power model, there are times when a municipal utilities have asked a power district to take over the responsibility of providing electric service to their town. This can be done for a number of reasons. Transferring service may increase efficiency, lowering costs. Towns may be in need of expensive upgrades or repairs, and it makes sense for a power district to take over this service. 70-650 and 70-650.01 outline a process that occurs when this transition occurs. After electric service transfers from one entity to another, the statutes make it clear that the municipal system can, in the future, request service back, and a power district is required to return that electric service back to a municipal system. 7-650 [SIC] states that the municipality must pay the power district a sum that is fair and reasonable, including reasonable severance damages when this transition occurs. 70-650.01, however, outlines a process that can occur without any cost to the municipality. The underlying issue here is that we can have a situation where a power district takes over providing electric service to a town, pays off any debt incurred, if any debt incurred in the first place, make significant upgrades, and then, at a later date, the town could take the system back at no cost. LB91 would eliminate those risks to the power district and better harmonize 750-650 [SIC] with the provisions in section 7-650.01 [SIC]. This bill came out of committee on a unanimous 8-0 vote of the Natural Resources Committee. There are no opponents to this bill; there is no committee amendment. I would encourage the body to consider voting in support of LB91. With that, I yield the remainder of my time. Thank you, Mr. President.

KELLY: Thank you, Senator DeKay. Senator McKinney, you're recognized to speak.

McKINNEY: Thank you, Mr. President. I, I have a couple questions. I'm not on Natural Resources. I just was looking at this, and I saw the League had opposed. I just had two questions. How often does these transfers happen? This-- that's my first one.

KELLY: Senator DeKay, would you yield to some questions?

DeKAY: Yes, I will. It's very rare when these happens, but the content of it is, is that there were times-- and there was-- 20-some years ago, there was a act out there to try to work with the towns and municipalities with this. What it does-- what this bill does, if there's a town that has significant upgrades to be made or they can't provide service, they will turn that over to a distribution company. With that, the distribution company now comes in and does all the "majus" repairs, poles, wires, all the infrastructure, whatever, all the costs incurred. And this protects that power district in the case that these things take place that they-- now, the town could come back and buy-- right now, they could come back and request that coming back to them at no cost. This just makes it where the municipalities will pay a reasonable, fair settlement on taking back that service.

McKINNEY: Does the-- does the distribution company ever break even or make a profit after the transfer?

DeKAY: No, we're-- all-- Nebraska public power is a-- we're-- no. They-- they're in it to provide the services. The only thing that they would want back is to be recompensated for the money that they put into it to cover costs, so that they're not covering costs for one municipality and having the rest of the ratepayers make up the difference.

McKINNEY: OK. And-- last question. I'm not sure if the League brought this up. I was just kind of curious. Is it a possible-- if this passed, is it possible unfunded mandate to the municipalities?

DeKAY: No. The mun-- we worked with the municipalities, and they are all in agreement of what we're doing. They think this is fair and reasonable, and they want to work with their public power provider to continue that good relationship and that service.

McKINNEY: All right. Thank you.

KELLY: Thank you, Senators McKinney and DeKay. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. And I-- I have a question for Senator DeKay, and I didn't tell him about it ahead of time. You know, I just miss my time on Natural Resources. But, would Senator DeKay yield for a question?

KELLY: Senator DeKay, would you yield to some questions?

DeKAY: Yes.

J. CAVANAUGH: Senator DeKay, does-- this bill is about transfers of, of materials for public power districts. Is that right?

DeKAY: Transfer of what?

J. CAVANAUGH: This bill is about transferring materials and--

DeKAY: Transfer service--

J. CAVANAUGH: Service? OK.

DeKAY: --from the municipalities to the public power. Say, say, if you have a town of 350 people, they don't have a-- they don't have a fund set up to cover their costs, they can't do it. This gives the-- those municipalities a chance to go to their public power provider and say, will, you cover our-- take over our towns, and take care of our maintenance, and, and things of that.

J. CAVANAUGH: OK. I just wanted to make sure. A few years ago, Central Public Power and Dawson were going to merge, and that didn't happen, and-- you know, I don't know all the ins and outs of that, but the result was that Central still exists, and their logo still exists, which is one of my favorite things in the state. So I just wanted to make sure this wasn't going to make it easier to eliminate Central Irrigation and Power's [SIC] logo.

DeKAY: No. This, this is a totally different animal, if you want to call it that. This is a different species of an animal. So it has nothing to do with what we're doing there and what would happen there.

J. CAVANAUGH: Thank you, Senator DeKay.

DeKAY: Thank you.

KELLY: Thank you, Senator Cavanaugh and DeKay. There's no one else in the queue. Senator DeKay, you're recognized to close, and waive.

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Members, the question is the advancement of LB91 to E&R Initial. All those in favor, vote aye; all those opposed, to vote nay. Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays on advancement of the bill, Mr. President.

KELLY: LB91 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President, next bill. LB167, introduced by Senator Clouse. It's a bill for an act relating to the Nebraska Litter Reduction and Recycling Act. Amends Section 81-1566; changes a termination date; repeals the regis-- original section; declares an emergency. Bill was read for the first time on January 13 of this year, and referred to the Natural Resources Committee. That committee placed the bill on General File. There are-- is nothing on the bill, Mr. President.

KELLY: Senator Clouse, you're recognized to open.

CLOUSE: Thank you, Mr. President. And I'd like to thank Chairman Brandt and the Natural Resources Committee for advancing LB167 to General File. LB167 seeks to extend the termination date of the Litter Reduction and Recycling Act. This was passed in 1979, and historically, it gets reviewed every five years for the purpose of reviewing the grant program and the effectiveness, and so it's time to renew this, this particular act, and this bill does that. And the way it works is fees apply to manufacturers, retailers and wholesalers of products that are deemed to contribute to the litter stream for the purpose of recycling. And these products-- it's pretty extensive-- the products are food, groceries, cigarettes, tobacco products, soft drinks, bottles, all, all types of things like that. And the fee is \$175 per \$1 million of gross sales of, of these products. And this fund, then, is-- provides grants out of this fund to provide education, promote recycling, reduce litter, those types of things. And in my district alone, in the last four years, we've received over \$600,000 in grants for things like a compost turner, a new skid steer for the recycling area, and 325-ton scrap tire clean up process. And this goes on in other areas all across the state. Total [INAUDIBLE] businesses paid about \$3.1 million into the grant fund last year to support recycling. Recycling again, can be education, can be different processes related to litter management and the recycling, and it, it awards \$2-3 million per grant each year. And this is all across the state, and I do have a listing if, if senators would like to see what has been sent back to their respective districts. I do have that available if they'd like to look at it. It's an exhaustive list of

several pages, and it can range in size from small grants to large grants, but it's very impressive what this provides. This bill also has an e-clause in it, simply because it's ready to expire here in a couple of months. So, if this is approved, we will extend for the next five years. Some of the senators that may have been here a little bit longer may have been around when this was extended to this particular date coming up. So, I would ask the body-- encourage them to vote green on this, this particular bill, because I think it does provide a lot of benefit to our state. And thank you, Mr. President.

KELLY: Thank you, Senator Clouse. Senator Machaela Cavanaugh, you are recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Would Senator Clouse yield to a question?

CLOUSE: Yes, I will.

KELLY: Senator Clouse, would you yield?

M. CAVANAUGH: Thank you, Senator Clouse. I think this is a bit of a softball, I hope.

CLOUSE: I, I hope so, too, Senator.

M. CAVANAUGH: Is there a reason that we keep sunseting instead of just removing the termination date?

CLOUSE: Yeah, that was brought up in committee. We talked about that, and it was 8-0, there was no opposition to it. But I think the, the fundamental reason is just take a look at it every five years, see if there's some changes need to be made to it. Just a review process.

M. CAVANAUGH: OK. That was really it.

CLOUSE: OK. Thank you.

M. CAVANAUGH: So-- is this your first bill?

CLOUSE: Yeah, but you, you don't act like a rookie.

M. CAVANAUGH: Well, thank you, Senator.

CLOUSE: Thank you.

M. CAVANAUGH: I yield the remainder of my--

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KELLY: Thank you, Senator Clouse and Cavanaugh. Senator Spivey, you're recognized to speak.

SPIVEY: Thank you, Mr. President. I'm hoping that Senator Clouse would yield to a question.

KELLY: Senator Clouse, would you yield to a question?

CLOUSE: Yes, I will.

SPIVEY: So I am just interested in, in general around like, environmental work and climate action. And so, I was interested in this bill. And I have seen that other states sometimes will add more fees to, like, folks that are still using plastic bags, and you see it in the grocery store. And I just was wondering, has that ever been a conversation around this bill and how it looks with that fee schedule.

CLOUSE: No, that was not addressed in this bill. But when-- there's percentages here that-- a lot of it is attributed to education. So, it's, it's not just about collecting the trash, sorting through it, recycling. A pretty significant amount is on education: what should be recycled, how do you do it, getting into the schools, things of that nature. So, the actual banning bags and things like that is not a part of this. This is just how do you deal with it once it's there?

SPIVEY: Thank you, Senator Clouse. I yield the rest of my time, Mr. President.

KELLY: Thank you, Senators Spivey and Clouse. Seeing no one else in the queue, Senator Clouse, you are recognized to close. And waive. Members, the question is the advancement of LB167 to E&R Initial. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays on advancement of the bill, Mr. President.

KELLY: LB167 advances to E&R Initial. Mr. Clerk.

CLERK: Next bill, Mr. President. General File, LB51, introduced by Senator Ibach. It's a bill for an act relating to criminal history record information. Adopts the National Crime Prevention and Privacy Compact; provides powers and duties for the Superintendent of Law Enforcement and Public Safety and the Nebraska State Patrol. The bill was read for the first time on January 9 of this year and referred to

the Judiciary Committee. That committee placed the bill on General File. There is nothing currently on the bill, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Ibach, you're recognized to open.

IBACH: Thank you, Mr. President. And thank you, Senator Bosn and members of the Judiciary Committee for advancing this bill from your committee. I'm happy today to present LB51 for your consideration. If Nebraska were to adopt LB51, we would join the National Crime Prevention and Privacy Compact, which has 35 members currently in states, as of October 2023. The Crime Prevention and Privacy Compact, established in 1998, established an infrastructure that allows states to exchange criminal history records for non-criminal justice purposes, without charging each other for data. Being a member of the compact, Nebraska will be able to receive and provide other states the most complete and up-to-date records for non-criminal justice purposes. Given the complexity of this compact, I would like to provide you testimony from Shawna Backemeyer, who is with the Nebraska State Patrol, who spoke in support of LB51. According to her testimony, the compact makes available the most complete and up-to-date records possible for non-criminal justice purposes, with a mission to enhance public safety through non-criminal justice background checks based on positive identification, while protecting individual pry-- privacy rights. It's been determined that a state's criminal history records were more accurate and complete than records maintained by the FBI, which is true also for the state of Nebraska. As of October 24, 30-- 35 states have ratified the compact, which means they joined. Ratifying the compact facilitates the interstate and federal-state exchange of criminal history information to streamline the processing of background checks for non-criminal justice purposes. Ratifying the compact is the first step in becoming a national fingerprint file-- an NFF program-- participant. This is a benefit available only to states who have ratified. Participation in the NFF program is the final step in ensuring the most accurate, up-to-date criminal history information, and is available when a fingerprint-based background check is conducted, ensuring a higher level of security, benefiting the most vulnerable populations. Participating in the NFF program allows agencies to reduce duplicate processing and decrease operational costs. Under the NFF program, states are no longer required to send duplicate information to the FBI for criminal history record-check purposes. Instead, states respond directly with their individual state's record when a background check is requested on a record which they maintain. Because Nebraska is currently not an NFF program participant, it is a requirement to

submit every fingerprint-based arrest to the FBI, to ensure the FBI records match Nebraska's records. This results in duplicate maintenance of criminal history records by both the state and the FBI. When a state becomes a sole maintainer and provider of its criminal history records, the requirement to submit subsequent information to the FBI, including subsequent arrests, expungements, disposition reports and death notices are eliminated. NFF program participation requires the state to submit fingerprints and identification data to the FBI for an individual's first arrest only, which establishes the FBI universal control number, which is also known as a UCN. This will relieve Nebraska of the burden and cost of submitting all fingerprint-- all arrest fingerprints and disposition data to the FBI. Currently, each fingerprint-based background check requires NSP to reach out to the FBI to obtain the individual's national criminal history record information. This yearly cost averaged about \$400,000 over the previous five years. These costs are waived with the NFF program implementation and participation. With the expansion of problem-solving courts in Nebraska joining the compact, this is essential. The Judiciary Committee heard from the County Attorneys Association, who said that having out-of-date criminal history records can harm those who are looking for employment within our state. LB51 received no opposition in the Judiciary hearing on January 22, and advanced from committee on a vote of 7-1. With that, I thank you for your time, and I urge your green vote on LB51. Thank you, Mr. President.

KELLY: Thank you, Senator Ibach. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Would Senator Ibach yield to a question?

KELLY: Senator Ibach, would you yield to questions?

IBACH: Yes, I will.

M. CAVANAUGH: Thank you, Senator Ibach. I was trying to follow along. And so I, I will say that fingerprinting and the state patrol is something that I try to pay a lot of attention to, because-- not only for crimes, but also for child care workers. And we've had a huge backlog. So I always-- gets my antenna up. But this is-- could you maybe give me a simpler explanation? We enter this compact, and then we can get-- we can share more easily criminal records across state lines?

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IBACH: That's correct. That's correct. If we join the compact, we can trade with the 35 other states without having to go to the FBI, which-- child care was the impetus for this bill. Because, as you know, during COVID, we couldn't put people to work quickly enough.

M. CAVANAUGH: Yes.

IBACH: And so, if we enter into this compact, we hold those records within our state. And rather than waiting up to six weeks to four months for those approvals, we can turn those around really, really quickly and put people to work.

M. CAVANAUGH: OK. And so the cost savings I saw is because we currently pay a fee, a federal fee.

IBACH: That's correct. To the FBI.

M. CAVANAUGH: Will there be any other costs associated with this, like, sharing with other states? Is that going to cost us anything, or?

IBACH: No. That does not cost us. And I think-- if you looked at the fiscal note, I think it's \$178,000 the first year, and then--

M. CAVANAUGH: Yeah.

IBACH: --doubles after that.

M. CAVANAUGH: Yes.

IBACH: So keeping those records in-state is a cost savings, too.

M. CAVANAUGH: OK. Thank you. I appreciate it. It sounds like a great bill. I just wanted to make sure. Thanks.

KELLY: Thank you, Senators Cavanaugh and Ibach. Senator Spivey, you are recognized to speak.

SPIVEY: Thank you, Mr. President. Would Senator Ibach yield to a-- two questions, please?

KELLY: Senator Ibach,--

IBACH: Yes, I would.

KELLY: --would you yield?

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IBACH: Yes, I will. Thank you.

SPIVEY: Thank you. Just like Senator Mach-- Cavanaugh, just trying to understand the bill. It seems like it would really be helpful as we are having different agencies and entities utilize this. With the compact, does it have provisions around barriers, or, like, providing support for people that maybe do a diversion program or complete, that it is not negatively impacting, like, future employment or-- as they're going through that program?

IBACH: That's a really good question. And yes, that is one of the provisions. You-- when you go through the background check process, and, and-- actually, I can even give you an example, if, if you want an example off the mic. But yes, that is included in the, in the language.

SPIVEY: Thank you. And then, in terms of capacity, we've seen a lot, and I was not at the Legislature at the time, but just around child care, fingerprints, and then every other industry that they do fingerprinting for. Do you feel like the State Patrol has the capacity and infrastructure now, to be able to manage being a part and taking on this compact's new structure?

IBACH: That's-- thank you. That's a really good question, too. And the State Patrol actually supports this because of the cost savings, and they feel like they already have enough in-house capability to, to utilize the program.

SPIVEY: OK.

IBACH: Thank you.

SPIVEY: Thank you for the answers. I yield the rest of my time, Mr. President.

KELLY: Thank you, Senators Spivey and Ibach. Seeing no one else in the queue, Senator Ibach, you're recognized to close--

IBACH: I'll just waive.

KELLY: --and waive. Members, the question is the advancement of LB51 to E&R Initial. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 38 ayes, 0 nays on advancement of the bill, Mr. President.

KELLY: ILB51 advances to E&R Initial. Mr. Clerk, next item.

CLERK: Mr. President, next bill. LB52, introduced by Senator Ibach. It's a bill for an act relating to victims. To amend Section 81-1850; changes offenses included within certain victim notification requirements; change provisions relating to disclosure of certain information; repeals the original section. Bill was read for the first time on January 9 of this year, and referred to the Judiciary Committee. That committee placed the bill directly-- excuse me, placed the bill on General File. There's nothing currently on the bill, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Ibach, you're recognized to open.

IBACH: Thank you again, Mr. President. Good morning again, colleagues. I'm happy to present LB52 now, for your consideration. LB52 is a continuation of the work that this Legislature undertook two years ago, in making sure victims of crimes are notified in a timely manner when the person who perpetrated a crime against them applies for a pardon or commutation, or if a pardon or commutation has been granted. For background, in 1996, the Nebraska Constitution was amended and provided victims of crimes additional rights. Article I-28 states "(1) A victim of a crime, as shall be defined by law, or his or her guardian or representative shall have" the following: the right to be informed of all criminal court proceedings; the right to be present at a trial unless the trial court finds sequestration necessary for a fair trial for the defendant; and the right to be informed of, be present at, or make an oral or written statement at sentencing, parole, pardon, commutation, or conditional re-- release proceedings. This enumeration of certain rights for crime victims shall not be construed to impair or deny others provided by law or retained by crime victims. And (2), the Legislature shall provide by law the implementation of the rights granted in this section. To ensure victims are notified per their constitutional rights, LB270 was enacted into law in 2004. This bill amended Nebraska Revised Statute 81-1850 to include language that states, quote, a victim whose name appears in the file of a convicted person shall be notified by the Board of Pardons, (a) of any pardon or commutation proceedings; and (b) if a pardon or commutation has been granted, and tasks the Board of Pardons to adopt rules and regulations, if necessary, to carry out the provisions of this section. Sadly, this was not happening, and additional legislation was necessary. Because of this, in 2023, I introduced LB220, which required the Board of Pardons to notify a victim whose name appears in the file of a convicted person via

certified mail of any pardon or commutation proceedings at least 90 calendar days prior to the proceeding, and within ten days if a pardon or commutation has been granted. This will ensure the victims of crimes are notified in a timely manner, and there's a record that the notification was delivered or a bona fide delivery attempt was made. As LB22-- LB220 went through the legislative process, it was determined we should limit the notification due to violent crimes. However, at the beginning of the last legislative session, it came to my attention that a victim of a violent crime was not notified when the person was-- when the person who committed the crime against them applied for a pardon, because the crime wasn't explicitly listed in statute. After combining-- after combing through Chapter 81 to identify additional violent crimes, there-- that were inadvertently left out last year, and this would-- and this should-- those should be included. The expanded list of crimes in which a victim shall be noted should LB52 be enacted includes manslaughter, motor vehicle homicide, first degree false imprisonment, assault by strangulation or suffocation, domestic assault, or-- domestic assault in the first or second degree, child enticement by means of an electronic communication device, sexual abuse by a school employee, sexual abuse of a protected individual, terroristic threats, sex trafficking and sex trafficking of a minor, labor trafficking or labor trafficking of a minor. LB52 was introduced last year as LB1159, and was advanced from committee unanimously, but unfortunately, was not scheduled for full debate due to lack of time last session. I reintroduced this legislation this year, because it is imperative the state notify these victims. I hope you will support LB52 to provide additional victims of violent crimes the ability to know when the person who committed the violent crime against them is asking for, or has received, a pardon or commutation. LB52 received no opposition at the hearing, and was advanced unanimously. With that, I thank you for your time, and I ask for your green vote. Thank you, Mr. President.

KELLY: Thank you, Senator Ibach. Seeing no one else in the queue, you're recognized to close. And waive. Members, the question is the advancement of LB52 to E&R Initial. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

CLERK: 41 ayes, 0 nays on advancement of the bill, Mr. President.

KELLY: LB52 advances to E&R Initial. Mr. Clerk.

CLERK: Mr. President, next bill. General File, LB72, introduced by Senator Hallstrom. It's a bill for an act relating to the Uniform

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Controlled Substances Act. To amend Section 28-405 and 28-416; to change provisions relating to controlled substances, schedules; harmonize provisions; repeals the original section. Bill was read for the first time on January 9 of this year, and referred to the Judiciary Committee. That committee placed the bill on General File. There is nothing currently on the bill, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Hallstrom, you are recognized to open.

HALLSTROM: Thank you, Mr. President. Good morning, colleagues. LB72 updates the Nebraska Uniform Controlled Substances Act to conform the state Controlled Substances Schedule to the federal Controlled Substances Schedule. Having a state Controlled Substances Schedule allows for local enforcement of violations involving the unlawful use, possession, manufacture or distribution of controlled substances. Each time the federal government updates its Controlled Substances Schedule, the state of Nebraska also updates its Schedule pursuant to legislation subsequently adopted. Since the state Controlled Substances Schedule update was not adopted last session, LB72 contains updates to the federal Controlled Substances Schedule for the past two years. LB72 makes specific updates to Schedule I, Schedule III and Schedule IV of the Controlled Substances Schedule. Schedule I controlled substances currently have no accepted medical use in the United States and a high potential for abuse. The Schedule II, III and IV substances also have the potential for abuse. With regard to LB72, specifically relating to Schedule I controlled substances, the bill adds to Schedule I a series of fentanyl-like compounds, compounds with opioid-like effects, and a substance structurally similar to methamphetamine. With respect to Schedule III, LB72 adds Xylazine [SIC] to Schedule III; this is a prescription animal sedative used to facilitate safe medical evaluation, treatment and surgical care of animals, while adding Xylazine to Schedule III. The bill excludes utilization of Xylazine by licensed pharmacists or veterinarians for non-human species. With regard to Schedule IV, the update under LB72 will remove Fenfluramine and adds Zuranolone to Schedule IV. Finally, while psilocybin is presently and remains a Schedule I drug, LB72 would reschedule a specific pharmaceutical composition of crystalline polymorph psilocybin upon approval by the Federal Food and Drug Administration as a Schedule IV substance. I'd like to give a shout out to Celeste Laird with the Nebraska State Patrol, who has helped and assisted for many years in identifying those changes at the federal level, which need to be matched or updated in the state

Controlled Substances Schedule. And with that, I would appreciate your support for the advancement of LB72. Thank you.

KELLY: Thank you, Senator Hallstrom. Seeing no one else in the queue, you are recognized to close, and waive closing. Members, the question is the advancement of LB72 to E&R Initial. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 39 ayes, 0 nays on the advancement of the bill, Mr. President.

KELLY: LB72 advances to E&R Initial. Mr. Clerk.

ASSISTANT CLERK: LB85, introduced by Senator Bosn [SIC]. A bill for an act relating to decedents' estates. To amend Section 30-24,125, Revised Statutes Cumulative Supplement, 2024; to change requirements for collection of personal property by affidavit as prescribed; and to repeal the original sections. The bill was advanced by the Judiciary Committee. There are no amendments pending on the bill.

KELLY: Thank you, Mr. Clerk. Senator DeBoer, you're recognized to open.

DeBOER: Thank you, Mr. President. Good morning, colleagues. I'm excited to open on my LB85, an update to our small estate affidavit statute. Last year, Senator Riepe introduced LB1173, which was passed as part of LB1215. This created a new document, which is called the "Abstract of Death," to be produced when the production of a death certificate is delayed. An abstract of death is a certified document that summarizes the facts of death, including, but not limited to the name of an individual and the date and place of death. This differs from a death certificate in that there is no cause of death listed, nor are there signatures of the individuals certifying the death, as the ops-- autopsy has not been finished. The bill before you today is a cleanup and update to our small state affidavit statute to allow the use of this abstract of death in proceedings involving a small estate. That's it, that's the whole bill. We're adding this to the small estate affidavit, which was omitted from the bill last year by accident. For the purposes of a full legislative record, the legal way to describe this bill would be to say something like LB5-- LB85 authorizes the use of an abstract of death to be attached to a small estate affidavit to allow a successor of the decedent, after the passage of 30 days from the date of death, to liquidate an account at a financial, financial institution and collect other personal property

authorized by law. As an example, colleagues, if I were to pass away, and, in order to pay for my funeral, my family needed the money in the bank account-- in my bank account-- under current law, they can present the bank with the small estate affidavit and a death certificate. However, if there was a delay in the production of a death certificate, as the bank is presented with a small estate "apsdavit" and the abstract of death, they would be unable to liquidate my account. Because, under current law, the abstract of death would not work with the small estate affidavit. LB85 simply says that a-- an abstract of death is a document a bank can accept with regards to the small state affidavit proceedings. Small estate affidavits, for those who might not know, are used in limited circumstances, and those are cases where all of the following must apply: the fair market value of the entire estate of the "desteesed," less liens and encumbrances, must be \$100,000 or debt-- or less; 30 days or more must have passed since the date of death; and the person signing the affidavit cannot be a creditor to the estate of the decedent; a personal representative has not been appointed for the estate of the decedent, nor an application for the appointment of a personal representative is pending; and no other person has the right to the property, or everyone who has inherited an interest in the property also must sign the affidavit. Despite all of that, LB85 is simply cleanup language to our small estate affidavit statutes that harmonizes them with this abstract of death process that we created last year. I encourage your green vote, and will answer any questions that you may have.

KELLY: Thank you, Senator DeBoer. Senator Clements, you are recognized to speak.

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

KELLY: Senator DeBoer, would you yield to questions?

DeBOER: I'd be happy to.

CLEMENTS: Thank you, Senator DeBoer. As a banker, if somebody brings in this abstract of death, who are people that would be authorized to sign that, or create that abstract?

DeBOER: It comes from vital statistics, just like a, a death certificate does.

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CLEMENTS: Oh, the state issues it?

DeBOER: Yes.

CLEMENTS: OK. But it's-- let's see-- who, who does the request of that, or-- to the state?

DeBOER: I'm not sure, but I imagine that would be whoever would request a death certificate would be able to do that as well.

CLEMENTS: But this-- when does this occasion occur--

DeBOER: So--

CLEMENTS: Where there's not a death certificate?

DeBOER: So basically, the, the point of the abstract of death, passed in Senator Riepe's bill last year, was that there are several circumstances in which someone might want an autopsy performed on the decedent. And in that situation, sometimes those autopsies, to finalize them, take longer than 30 days. There may-- this leads to a delay in getting at those funds, particularly in cases with the small estate affidavit. Being able to get to those funds earlier is sometimes necessary for the family. So, this speeds up the process by not requiring a cause-- the only difference between an abstract of death and a death certificate is really just the cause of death, which is waiting for the, the autopsy or whatever to be performed and finished.

CLEMENTS: Well-- so, mainly wanted to make sure it was an official document. So if it comes f-- it'll be coming from the state, the bank can rely on that being authentic, then.

DeBOER: In fact the reason that we have to pass this particular cleanup bill is because they are already doing so, which is against the law, because it's OK in other cases. But in the case of the small estate affidavit, we omitted that particular piece last year. So, in order to get-- keep bankers from getting on the wrong side of that, we're passing it to clean it up.

CLEMENTS: Thank you, Senator DeBoer. Thank you, Mr. President.

KELLY: Thank you, Senators Clements and DeBoer. Seeing no one else in the queue, Senator DeBoer, you're recognized to close. And waive. Members, the question is the advancement of LB85 to E&R Initial. All

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those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 42 ayes, 0 nays on the advancement of LB85, Mr. President.

KELLY: LB85 advances to E&R Initial. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB182, introduced by Senator Bostar. Bill for an act relating to revenue and taxation. To amend Section 77-2506 and 81-523, Reissue Revised Statutes of Nebraska, and Section 77-908, 77-2502, 77-2503, 77-2508, 77-3806, 77-7202 and 77-7204, Revised Statutes Cumulative Supplement, 2024; to redefine and eliminate terms, change provisions relating to transfer, sale and assignment of tax credits under the Affordable Housing Tax Credit Act; to authorize additional uses of tax credits granted under the Child Care Tax Credit Act; to harmonize provisions; and to repeal the original sections. The bill was read for the first time on January 13 of this year. It was referred to the Committee on Revenue. That bill [SIC] reports the bill to General File. I have nothing pending on the bill.

KELLY: Thank you, Mr. Clerk. Senator Bostar, you're recognized to open.

BOSTAR: Thank you, Mr. President, and good morning, colleagues. LB182 expands the accessibility of the Nebraska Affordable Housing Tax Credit and the Nebraska Child Care Tax Credit, and thereby creates greater investment in our state's affordable housing stock and child care opportunities. The sections of LB182 pertaining to the Nebraska Affordable Housing Tax Credit Act expand eligible recipients to include nonprofit corporations, and to make the use of the credits easier by allowing a transfer, sale or assignment of the credit through certification. Using a certificated credit would make the program much easier to use for smaller and mid-size investors who are currently effectively barred from engaging in the program by bureaucratic reporting and ownership requirements. By opening up the credits to small and mid-size investors through certification of the credit, we are using a market-based solution to create further investment in affordable housing across our state. This bill will also make the tax credit more usable for Nebraska businesses, financial institutions and nonprofits, while the tax credit, in its current form, is more likely to be utilized by larger out-of-state investors. According to the Nebraska Investment Finance Authority, these changes

will create a roughly \$8-10 million increase in investment in affordable housing in Nebraska, annually. Currently, two types of federal tax credits are used to create more affordable housing across our state: a 9% credit and a 4% credit. The 9% credit of the qualified cost of building or rehabilitating your property is available each year for ten years. Owners lower the amount of a property's debt financing by exchanging the credits for equity investments. There is a dynamically-calculated cap on the amount of credits awarded. Credits are allocated to each state and distributed competitively once per year. The 4% credit is non-competitive, and awarded to the developments that meet program requirements. The allocation is tied to the state's tax-exempt bond volume cap, and maintains a continuous allocation cycle. The Nebraska Affordable Housing Tax Credit is linked-- and is equally matched-- to federal credits, and distributed by the Nebraska Investment Finance Authority. The Nebraska Affordable Housing Tax Credit currently operates as an allocated credit, similar to the federal credit. This means that the tax credits are generated as a result of an equity contribution to a development. Investors to obtain credits must have an ownership interest in the development. Allocated credits often-- offer a structured, long-term approach with potential tax benefits for investors, but involve significant direct compliance obligations of the investors as part of the ownership structure. As an allocated credit, the credit is currently not transferable, other than to entities that have an ownership interest in the development. Certificated credits, on the other hand, generally provide immediate fiscal impact and greater market flexibility. Certificated credits would be initially allocated by the Nebraska Investment Finance Authority to the ownership entity of the development. Under the certificated model, the purchaser of the credit need not have an ownership interest in the development. Transferability without an ownership restriction has the benefit of increasing the demand and pricing of the tax credit, bringing more resources to cover the costs of development of affordable housing. It is worth emphasizing that the certificated state affordable housing tax credit will open these opportunities up to business interests in Nebraska. LB182 would provide an alternative to the current allocated structure of the Nebraska Affordable Housing Tax Credit. This legislation would give a developer-recipient of the credit the option to certificate or sell the state credit, separate and apart from the ownership entity of the development. This alternative will provide developers with the ability to use the most efficient execution of the credits for their individual projects and drive better pricing by investors, bringing more funding to projects. LB182 will enhance the

value of the Nebraska Affordable Housing Tax Credit by creating additional optionality in the structure of affordable housing developments and projects. This, in turn, will magnify the local total investment-- sorry. Magnify the total investment in affordable housing across our state. LB182 goes on to expand the recipient eligibility of the Nebraska Child Care Tax Credit to include insurance companies and financial institutions, and clarifies that the tax credits can be used for income franchising, premium and retaliatory taxes. The underlying child care tax credit contains two parts: one, a tiered, nonrefundable tax credit for any taxpaying entity or individual that financially contributes to support the childcare industry; two, a tiered, refundable tax credit for families with children in licensed childcare programs that have an annual household income of \$150,000 or less. Since its inception, the nonrefundable tax credit has been extremely popular and has encouraged private sector contributions to invest in and grow Nebraska's childcare infrastructure. For the 2024 tax year, roughly \$1.1 million of the \$2.5 million has been reserved, and more applications are still being processed. However, the original bill did not include either insurance companies or financial institutions as eligible recipients for the nonrefundable tax credit. LB182 adjusts this in order to create a more-- to create more incentives for the private sector to support child care developments in our state. We know how important it is to invest in our youngest Nebraskans, and we know that the private sector plays a vital role in making sure that all children have access to quality care. LB182 offers a simple solution and expands the accessibility of these tax credits so insurance companies and financial institutions can also apply and support our state's childcare infrastructure. LB182 offers market-based solutions to increase greater investment in affordable housing and childcare across Nebraska, without imposing a fiscal impact on the state budget. I would urge your support of LB182. Thank you very much.

KELLY: Thank you, Senator Bostar. Senator Juarez, you're next, and recognized to speak.

JUAREZ: Thank you. I'd like to ask Senator Bostar to yield to a question, please.

KELLY: Senator Bostar, would you yield?

BOSTAR: Yes, I would.

JUAREZ: I just wanted to get clarification about something that I read on your bill. And I don't know if you could actually give me the tax code, will I could-- where I could read about this more. But you have something here that says "a taxpayer may transfer, sell or assign the tax credits to another taxpayer." And I was curious if-- have you actually had accountants, you know, review the provisions in this bill? And how could I find more explanation about this provision?

BOSTAR: Yes, certainly accountants have reviewed the bill. I, I would be happy to try to provide you with specifics around any provisions you're interested in, in seeing more about. That particular section is related to having certificated credits available for transfer where the current allocated model does not allow for that. So that's, that's what that is referencing.

JUAREZ: OK. I would just appreciate it, even if you could just email me the reference where I could further review it.

BOSTAR: Be happy to.

JUAREZ: Thank you.

KELLY: Thank you, Senators Juarez and Bostar. Senator Clements, you are next in the queue.

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

KELLY: Senator Bostar, would you yield to questions?

CLEMENTS: Here we go.

M. CAVANAUGH: Point of order.

KELLY: Please approach. The point of order had to do with the order of senators in the queue. There was a technical glitch. Senator Clements was and is next in the queue by virtue of having called in and talked with the Clerk. So, Senator Clements, you're recognized to speak.

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

KELLY: Senator Bostar, would you yield?

BOSTAR: Yes, I would.

CLEMENTS: Thank you, Senator Bostar. I'm see-- hearing descriptions of expanding the number of people that could get this credit, and I'm just wondering how can there be zero fiscal note on this? No effect to our revenue.

BOSTAR: Thank you, Senator Clements, for the question. It's actually a very good question. So, what the bill is doing is-- it isn't expanding the number of credits that we issue. Those exist under the same caps and formula that they do now, even after we pass this bill. What this is doing is it's making the credits usable by more people. And, by allowing credits to be sold-- essentially creating a secondary market for the tax credits themselves-- we are able to extract more resources out of the marketplace effectively, and drive it into child care investment and affordable housing investment by utilizing the exact same number of credits that we are today. It's a win-win.

CLEMENTS: Thank you. Just one more comment or question. I see we're expanding this to non-profits to be able to get an income tax credit. Do nonprofits pay income tax?

BOSTAR: No, but they can-- this, this is effectively is a-- becomes a, a monetized instrument that can be purchased and sold. So, a nonprofit could choose to invest in affordable housing projects by buying credits. They can do what they want with them. But I mean-- your, your point is correct, but this would allow the transfer of credits through entities.

CLEMENTS: OK. Thank you, Senator Bostar. Thank you, Mr. President.

KELLY: Thank you, Senators. Senator Spivey, you're recognized to speak.

SPIVEY: Thank you, Mr. President. Will Senator Bostar yield to a few questions?

KELLY: Senator Bostar, would you yield to some questions?

CLEMENTS: Ebony and ivory.

BOSTAR: Yes, I would.

SPIVEY: Thank you for bringing this bill. And I just had a few questions and points of clarity. So, you mentioned that the goal of this is to help catalyze and innovate more affordable housing. Correct?

BOSTAR: Yeah. It's to drive, ultimately, the amount of investment we get out of these existing programs into child care and affordable housing.

SPIVEY: For sure. So, on the affordable housing side-- and, and in District 13, we are seeing a lot of this, and I'm sure we are not an anomaly-- that there are a lot of out-of-state landlords that are really slumlords that are providing spaces that-- what you would consider to be more affordable to people, but there's not the quality. Like, they are not creating safe, quality housing for the people that need it most. And so, I'm interested in-- if you could provide more insight into when-- as this is operationalized or implemented, how can you ensure that people that are out-of-state landlords and are not having the best interest of those that are most vulnerable, that need affordable housing, are not taken advantage of, because now they have this tax credit and feel like, oh, there's a-- the boom in the market, so I'm going to buy up more, I'm going to do more.

BOSTAR: Thank you for the credit-- thank you for the question. The, the, the credits and who they can go to-- let me put it this way. The, the state affordable housing tax credit is tied 1-to-1 to the federal affordable housing tax credits. So, if you are eligible to receive a federal affordable housing tax credit, you are then receiving a state affordable housing tax credit as well, and it's a 1-to-1 match. So we just-- we put up the same amount. So, that's not changing, because we aren't making any changes to who is the initial recipient of the tax credits, we're simply allowing them to be either sold, transferred or extinguished more broadly, thereby increasing their sort of-- their real market value compared to their, their, their face value. And, while I understand the, the, the problem that you've identified-- and, and we have situations in Lincoln as well that are, that are similar-- this, this doesn't really touch on any of that. It doesn't really have that impact. So if, if-- you know, if a developer is able to receive the federal tax credits now, they will be able to after this bill passes. And, by doing so, they'll be able to get the state tax credits because we just matched those.

SPIVEY: Thank you for that point of clarification. And then, my last question is around the financial and insurance companies participating, and I just was hoping that you could give more insight into, like, why those two types, two types of industries or companies, like-- why that exists, or why are you're interested in, in saying that that would help the market specifically around building an ecosystem for child care?

BOSTAR: Yeah. Yeah. Thank you. So, what makes tax credits valuable is their ability to offset tax liability. So, the more entities, individuals, taxpayers that can identify tax liability that they have that could be satisfied by a particular tax credit, the more value that tax credit will have. So, currently, in the child care tax credit, because we have tax-- we have different taxes in different sections of law. When the bill was first written, we did not include franchise, premium and retaliatory taxes, which-- franchise taxes are for financial institutions, and premium and retaliatory taxes are for insurance companies. And so, we've, we've left off entities that could drive demand for the credit. You get the credit by making an investment in child care, and so then, you-- we'll, we'll-- you know, the state will award you with a tax credit up to a cap. So, by leaving them out, we've unfortunately depressed the value of this. So, by opening back up, to make sure we're covering all of those pieces that were left behind, we're increasing the value.

SPIVEY: OK. And I was just kidding; I have one more question now--

BOSTAR: Great.

SPIVEY: --based on what you said.

ARCH: Time, Senator.

SPIVEY: Oh. Well, I'll have to circle back.

ARCH: Senator Dorn, you're recognized to speak.

DORN: Thank-- thank you, Mr. Speaker. A lot of the questions I was going to ask, Senator Spivey just asked and stuff. And, and-- sitting back here, and some of the partakers back here, some of the senators, we've had some conversation, especially when there was conversation going on up front about the child care tax credit, and insurance companies, and the bankers. And, and, and, and the conversation centered around just what Senator Bostar had said, it now makes those tax credits-- different entities will take, I, I call it, and use them, bankers, insurance companies now, and that's what we're opening this up, so that they can go-- get into that, basically, market. And now, instead of maybe purchasing them at \$0.80 on the dollar, they're going to be purchasing them at \$0.90 on the dollar, so there's more money than that goes to those entities. So, the conversation has been very interesting back here. I wish everybody could have been part of that. But I think Senator Bostar did a very good job of explaining

exactly what my questions were, why-- in the child care tax credit, why are we now opening it up to insurance companies and bankers? But there's a very good explanation. It broadens the base so that those-- some of those entities that are using those funds, that now it makes it more useful, or more open on the market, so that we can maybe have a higher percentage of participation and funding, or whatever. I did want to-- I did want to just mention, though, when I was looking at the fiscal note-- and Senator Clements looked at the fiscal note, too. No cost to the fiscal note. But way at the bottom line, I, I just-- I just wanted to put-- point this out, because as we look at fiscal notes this year, we're looking a lot of them-- very bottom line on the fiscal note said the NIFA, Nebraska Investment Finance Authority, estimates additional tap-- staff time as a result of the bill. But those costs would be absorbed by NIFA. They would absorb those cost. You won't see that. You will see more often that they're requesting a full-time person, or a full-time staff member or two staff members to run some of these bills, to process some of these bills. So, I just-- thank them, I want to thank them for putting that on there, that they are going to absorb that cost. Because as you look at fiscal notes this year, it will-- more often, you'll see a cost for, I call it, staffing expenditures and stuff like that. So this is pretty nice to see this. I just want to give them credit. Thank you. Yield my time.

ARCH: Senator Jacobson, you are recognized to speak.

JACOBSON: Thank you, Mr. Speaker. Well, not to beat a dead horse, but I, I do want to try to clarify for everyone, to make sure everybody understands what Senator Bostar is saying, and why there is no fiscal note, when it seems like there's additional dollars involved. And I know Senator von Gillern and I talked about this before the hearing and said, "How is this magic happening?" So, I would liken this to going to a charity auction where people donate, and you have a live auction. You will bid up to probably the value of the item, and obviously, if you go over it, you're making a donation. But if you have two people bidding on an item, it's probably going to bring quite a bit less than its full value. If you have more people bidding, you're probably going to move that price higher. When it comes to these tax credits, nobody's going to pay more than the highest tax rate, because that's what it's worth. So, if you're at roughly a 6% state, state income tax rate, no one's going to pay more than the 6% value. So, they're going to buy it for less than that. But-- and then that money that comes from the sale of those tax credits goes back to the developer who's building the project, so it brings more equity into the project if they could get a higher price for the tax credits.

It's one tax credit that's issued through NIFA, so there's no fiscal note, it's just that it's allowing the developer to bring more bidders in to bid for that tax credit, and they're likely going to bid closer to the 6% number than, say, 3 or 4%, where a lot of them would be selling at today. So hopefully, that clarifies what's going on there. We were looking at the voodoo math on it, and we concluded there's no voodoo math going on. Believe it or not, Senator Bostar is straight up on this. And so he's telling you way it really works. So, thank you, Senator Bostar, for bringing the bill.

ARCH: Senator Hallstrom, you are recognized to speak.

HALLSTROM: Mr. President, thank you. I don't have any questions for Senator Bostar, but just wanted to rise briefly in support of LB182. When we look at the positive changes contained within this bill as to affordable housing and child care tax credits, those are both issues of major significance statewide. So, I commend Senator Bostar for bringing the bill. If it's not already on your radar screen from having campaigned or otherwise, the affordability and accessibility of child care is a, is a major issue in my district that I heard about frequently on the campaign. And anything that we can do, not only with regard to this bill, but other issues regarding regulation of child care, to enhance the viability and profitability of our child care providers, and the availability and affordability to young couples with children is greatly appreciated. Thank you.

ARCH: Senator Spivey, you're recognized to speak.

SPIVEY: Thank you, Mr. President. Would Senator Bostar please yield to the rest of my questions?

ARCH: Senator Bostar, will you yield to the rest of her questions?

BOSTAR: Absolutely.

SPIVEY: Thank you. So, to circle back, you mentioned that it allows for more investment within the child care space. And so, I'm just interested in-- when this actualizes, like, what does that investment look like? What, what have you typically seen with this tax credit? And who is, like, usually accessing it? Is it-- been a certain industry that you've seen be more invested in that child care piece and utilizing the credit than not?

BOSTAR: Thank you for the question. I can-- you know, we can go and get some of that granular data from the Department of Revenue, and I'd

be happy to then share it. So, I, I personally haven't gone through and looked and say, you know, for this particular part of this tax credit that we're talking about, you know, who are the direct recipients and projects. But-- and again, not, not being impacted by this bill, the requirements are for this kind of investment, and-- thinking back to when we, we did this bill two years ago, the amount that the-- the percent of the tax credit changes depending on the area of need, so-- and I'll, and I'll find those definitions and how that breaks out. It's really more about the bill from two years ago than the bill today. But it's-- I would say it's encouraging to see it being utilized and the private sector making these financial contributions into the development and support of child care availability.

SPIVEY: Yeah. Thank you. I yield the rest of my time, Mr. President.

ARCH: Senator Moser, you're recognized to speak.

MOSER: Thank you, Mr. President. Well, I think what Senators Hallstrom and Bostar and Jacobson are saying needs a little bit of filling in of the story. So, when government wants to incentivize development that is not necessarily occurring in the free market, they can offer tax credits to give developers incentives to build housing or provide child care. And typically, the developer will take these tax credits and sell them, because they may not be able to use those tax credits themselves. And so if they get, say, \$100,000 in tax credits-- it depends on the size of the project, but that's all decided by government, it's not affected by this bill-- but say there's \$100,000 in tax credits. That \$100,000 can be sold to somebody who has tax liability, and then they can use them to pay their tax. But they're not going to pay \$100,000 for \$100,000 in tax credits, because they're not making anything. And there's some slippage in the transaction of the tax credits, I'm sure, too. So, the-- they might bid 60% or 70% on those tax credits, and so the developer only gets 60 or 70% of that \$100,000, because that's all they can sell them for. So, widening the scope of who can buy these, and making a secondary market in them makes the tax credits more valuable so the developer can sell them for more money, and he can put more money into the actual project. And accomplishing the, the, the need of, of child care or housing or whatever-- it, it improves the effectiveness of the program where government is trying to incentivize certain behavior to improve child care, or-- and to improve housing. I hope that made sense. Thank you.

ARCH: Seeing no one left in the queue, Senator Bostar, you're recognized to close.

BOSTAR: Thank you, Mr. President, and genuinely thank you, colleagues for the conversation on this. It can be a complicated subject, but this legislation will drive further investment into child care and affordable housing in our state, and it will do so at no budgetary impact to us. So, I would encourage your support, and I thank you all for your time.

ARCH: Colleagues, the question before the body is the advancement of LB182 to E&R Initial. All those in favor, vote aye; all those opposed, vote nay. Mr. Clerk, please record.

ASSISTANT CLERK: 37 ayes, 0 nays on the advancement of LB182 to E&R Initial, Mr. President.

ARCH: LB182 is advanced. Mr. Clerk, for items.

ASSISTANT CLERK: Thank you, Mr. President. I have notices of committee hearings from the Judiciary Committee and the Revenue Committee. Name adds: Senator Holdcroft to LB1-- 8-- LB81; Senator Ballard to LB108; Senator Quick to LB138; Senator Conrad to LB144; and Senator Andersen to LR21. An announcement that the Revenue Committee will conduct its hearing on February 7, 2025, in Room 1510; the Judiciary Committee will conduct its public hearing in Room 1507; the Government, Military and Veterans Affairs Committee will conduct its public hearing in Room 1525; and the Health and Human Services Committee will conduct its hearing in Room 1023, all at 1:30 p.m. And finally, Mr. President, Senator Clouse would move to adjourn the body until Friday, January 31 at 10 a.m.

ARCH: Colleagues, you heard the motion to adjourn. All those in favor say aye. Opposed, nay. We are adjourned.