

FORTY-FOURTH DAY - MARCH 22, 2002**LEGISLATIVE JOURNAL****NINETY-SEVENTH LEGISLATURE
SECOND SESSION****FORTY-FOURTH DAY**

Legislative Chamber, Lincoln, Nebraska
Friday, March 22, 2002

PRAYER

The prayer was offered by Pastor Amos Harris, Zion Evangelical Church, Scottsbluff, Nebraska.

ROLL CALL

Pursuant to adjournment, the Legislature met at 9:00 a.m., Senator Cudaback presiding.

The roll was called and all members were present except Senators Dierks, Landis, and Price who were excused until they arrive.

CORRECTIONS FOR THE JOURNAL

The Journal for the forty-third day was approved.

RESOLUTION

LEGISLATIVE RESOLUTION 319. Introduced by Erdman, 47.

WHEREAS, Kyle Bowers of Sidney, Nebraska, earned the Boys Scouts' highest honor and rank of Eagle Scout and was awarded the Eagle Award on Sunday, March 17, 2001; and

WHEREAS, Kyle Bowers was recognized by the Boy Scouts for his years of hard work, service to community, and commitment to his scouting duties; and

WHEREAS, fewer than four percent of all boys who join the Boy Scouts attain the rank of Eagle Scout; and

WHEREAS, Kyle Bowers has achieved great success as an exemplary member of the scouting program and has represented his troop and community with excellence.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-SEVENTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Legislature congratulates Kyle Bowers on his achievement of

the elite rank of Eagle Scout in the Boy Scouts and recognizes his outstanding community service efforts in Sidney.

2. That a copy of this resolution be sent to Kyle Bowers and his family.

Laid over.

REPORTS

The following report was received by the Legislature:

Revenue, Nebraska Department of

Re-certification of General Fund net receipts for fiscal year beginning July 1, 2001. Monthly receipt estimates derived from the annual net receipt estimate of the Nebraska Economic Forecasting Advisory Board produced February 22, 2002. (Prepared jointly by the Department of Revenue and Legislative Fiscal Analyst)

REPORT OF REGISTERED LOBBYISTS

Following is a list of all lobbyists who have registered as of March 22, 2002, in accordance with Section 49-1481, Revised Statutes of Nebraska. Additional lobbyists who have registered will be filed weekly.

(Signed) Patrick J. O'Donnell
Clerk of the Legislature

Abboud, Andrew F.
Venetian Resort Hotel, The

Kelley, Michael A.
Tobacco Council, Inc., Smokeless

Routh, Robert J.
Committee to Amend LB 1089, The

SPEAKER KRISTENSEN PRESIDING

ANNOUNCEMENT

The Chair announced that Tuesday, March 19, was Senator Bromm's birthday.

GENERAL FILE

LEGISLATIVE BILL 946. The Brashear pending motion, found on page 1038 and considered on page 1072, to bracket until April 19, 2002, was renewed.

Senator Hudkins asked unanimous consent to be excused until she returns. No objections. So ordered.

Senator Quandahl moved the previous question. The question is, "Shall the

debate now close?" The motion prevailed with 26 ayes, 4 nays, and 19 not voting.

Senator Brashear moved for a call of the house. The motion prevailed with 35 ayes, 0 nays, and 14 not voting.

Senator Brashear requested a roll call vote on his motion to bracket.

Senator Chambers requested the roll call vote be taken in reverse order.

Voting in the affirmative, 25:

Baker	Burling	Foley	Pederson, D.	Smith
Brashear	Byars	Jensen	Quandahl	Stuhr
Bromm	Cudaback	Kremer	Redfield	Suttle
Brown	Cunningham	Maxwell	Robak	Synowiecki
Bruning	Erdman	Pedersen, Dw.	Schrock	Tyson

Voting in the negative, 15:

Aguilar	Dierks	Kruse	Raikes	Vrtiska
Chambers	Hartnett	McDonald	Schimek	Wehrbein
Coordsen	Janssen	Price	Thompson	Wickersham

Present and not voting, 7:

Beutler	Connealy	Jones	Preister
Bourne	Engel	Kristensen	

Excused and not voting, 2:

Hudkins	Landis
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The Brashear motion to bracket prevailed with 25 ayes, 15 nays, 7 present and not voting, and 2 excused and not voting.

The Chair declared the call raised.

UNANIMOUS CONSENT - Member Excused

Senator Bruning asked unanimous consent to be excused until he returns. No objections. So ordered.

GENERAL FILE

LEGISLATIVE BILL 1085. Title read. Considered.

The Standing Committee amendment, AM3155, printed separately and referred to on page 1010, was considered.

Pending.

STANDING COMMITTEE REPORT
Transportation and Telecommunications

The Transportation and Telecommunications Committee desires to report favorably upon the appointment(s) listed below. The Committee suggests the appointment(s) be confirmed by the Legislature and suggests a record vote.

Motor Vehicle Industry Licensing Board
Jess Hull

VOTE: Aye: Senators Jones, Baker, Robak, Dw. Pedersen, Byars, Hudkins, Brown, and Bromm. Nay: None. Absent: None.

(Signed) Curt Bromm, Chairperson

GENERAL FILE

LEGISLATIVE BILL 1085. Senator Chambers moved to recommit to the Revenue Committee.

Senator Aguilar asked unanimous consent to be excused until he returns. No objections. So ordered.

Pending.

RESOLUTIONS

LEGISLATIVE RESOLUTION 320. Introduced by Bourne, 8.

PURPOSE: To examine methods of making state and local government more efficient and more cost effective. This study should include, but not be limited to, a comprehensive review of the number of local government subdivisions, efficiencies that may be gained by consolidation of counties or other government subdivisions, the number and size of each state agency, including a review of the number of people served by each agency, and the number of state-funded programs.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-SEVENTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Government, Military and Veterans Affairs Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Referred to the Executive Board.

LEGISLATIVE RESOLUTION 321. Introduced by Bourne, 8.

PURPOSE: To review the growth in Medicaid expenditures and to develop cost-containment solutions, including methods on how to maximize federal dollars to fund health care.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-SEVENTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Health and Human Services Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Referred to the Executive Board.

LEGISLATIVE RESOLUTION 322. Introduced by Bourne, 8.

PURPOSE: To review the expenditures of the Department of Correctional Services, including, but not limited to, an examination of how prisoner populations and rates of parole impact such expenditures.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-SEVENTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Judiciary Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Referred to the Executive Board.

LEGISLATIVE RESOLUTION 323. Introduced by Bourne, 8.

PURPOSE: To review state funds allocated as aid to local governments, including, but not limited to, the examination of programs adopted for the purpose of property tax relief to the constituency of such political subdivisions.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-SEVENTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Revenue Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Referred to the Executive Board.

LEGISLATIVE RESOLUTION 324. Introduced by Bourne, 8.

PURPOSE: To examine state aid to schools under the Tax Equity and Educational Opportunities Support Act as it relates to increased state spending versus local property tax relief. This study should include, but not be limited to, a review of the efficiencies that might be gained by consolidation, a review of the state aid formula, and a review of the number of administrators per school district versus the number of teachers in each district.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-SEVENTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Education Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Referred to the Executive Board.

LEGISLATIVE RESOLUTION 325. Introduced by Bourne, 8.

PURPOSE: To examine the concept of zero-based budgeting for Nebraska state agency appropriations and to determine how this method could lead to a decrease in state-funded programs and a decrease in total state expenditures by ten percent or more.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NINETY-SEVENTH LEGISLATURE OF NEBRASKA, SECOND SESSION:

1. That the Appropriations Committee of the Legislature shall be designated to conduct an interim study to carry out the purposes of this resolution.

2. That the committee shall upon the conclusion of its study make a report of its findings, together with its recommendations, to the Legislative Council or Legislature.

Referred to the Executive Board.

GENERAL FILE**LEGISLATIVE BILL 1236.** Title read. Considered.

The Standing Committee amendment, AM2946, printed separately and referred to on page 785, was considered.

Senator D. Pederson moved to bracket LB 1236 until April 19, 2002.

SENATOR JANSSEN PRESIDING

Senator Kristensen asked unanimous consent to be excused until he returns. No objections. So ordered.

Senator Stuhr moved the previous question. The question is, "Shall the debate now close?"

Senator Stuhr moved for a call of the house. The motion prevailed with 28 ayes, 0 nays, and 21 not voting.

The motion to cease debate prevailed with 26 ayes, 5 nays, and 18 not voting.

The D. Pederson motion to bracket failed with 10 ayes, 25 nays, 12 present and not voting, and 2 excused and not voting.

The Chair declared the call raised.

SENATOR COORDSEN PRESIDING

Senator Jones moved the previous question. The question is, "Shall the debate now close?" The motion prevailed with 25 ayes, 0 nays, and 24 not voting.

The Standing Committee amendment was adopted with 31 ayes, 2 nays, 15 present and not voting, and 1 excused and not voting.

Senator D. Pederson withdrew his pending amendment, AM2939, printed separately and referred to on page 779.

Advanced to E & R for review with 32 ayes, 0 nays, 16 present and not voting, and 1 excused and not voting.

AMENDMENTS - Print in Journal

Senator Jensen filed the following amendment to LB 1085:
AM3259

(Amendments to Standing Committee amendments, AM3155)

- 1 1. Strike section 1 and all amendments thereto and
- 2 insert the following new sections:
- 3 "Section 1. Section 71-5714, Revised Statutes
- 4 Supplement, 2000, is amended to read:
- 5 71-5714. (1) The Tobacco Prevention and Control Cash
- 6 Fund is created. The fund shall be ~~appropriated by the Legislature~~
- 7 used for a comprehensive statewide tobacco-related public health
- 8 program, including, but not limited to: (a) ~~(1)~~ Community programs
- 9 to reduce tobacco use, (b) ~~(2)~~ chronic disease programs, (c) ~~(3)~~
- 10 school programs, (d) ~~(4)~~ statewide programs, (e) ~~(5)~~ enforcement,
- 11 (f) ~~(6)~~ counter marketing, (g) ~~(7)~~ cessation programs, (h) ~~(8)~~
- 12 surveillance and evaluation, (i) ~~(9)~~ administration, and (j) ~~(10)~~

13 the Teen Tobacco Education and Prevention Project.
 14 (2) The fund shall include any appropriations by the
 15 Legislature and money transferred to the fund pursuant to section
 16 77-2602. The Legislature is not required to appropriate all
 17 available revenue from the fund for such purpose in any given year.
 18 The Health and Human Services Committee of the Legislature shall
 19 make annual recommendations for appropriations from the fund.
 20 (3) Any money in the fund available for investment shall
 21 be invested by the state investment officer pursuant to the
 22 Nebraska Capital Expansion Act and the Nebraska State Funds
 23 Investment Act.

1 Sec. 2. Section 71-7610, Revised Statutes Supplement,
 2 2000, is amended to read:
 3 71-7610. The Children's Health Insurance Cash Fund is
 4 created. The fund shall include any appropriations by the
 5 Legislature and money transferred to the fund pursuant to section
 6 77-2602. The fund shall be used for the state's matching share for
 7 the children's health insurance program under Title XXI of the
 8 federal Social Security Act and for expenses incurred in the
 9 administration of such program. If the state's matching share for
 10 program and administrative expenses are fully funded in any given
 11 fiscal year, any additional money in the fund may be used for the
 12 state's matching share for the medical assistance program under
 13 sections 68-1018 to 68-1025 and for expenses incurred in the
 14 administration of the program. Any money in the fund available for
 15 investment shall be invested by the state investment officer
 16 pursuant to the Nebraska Capital Expansion Act and the Nebraska
 17 State Funds Investment Act.

18 Sec. 3. Section 77-2602, Revised Statutes Supplement,
 19 2001, is amended to read:
 20 77-2602. (1) Every person engaged in distributing or
 21 selling cigarettes at wholesale in this state shall pay to the Tax
 22 Commissioner of this state a special privilege tax. This shall be
 23 in addition to all other taxes. It shall be paid prior to or at
 24 the time of the sale, gift, or delivery to the retail dealer in the
 25 several amounts as follows: On each package of cigarettes
 26 containing not more than twenty cigarettes, ~~thirty-four~~ eighty-four
 27 cents per package; and on packages containing more than twenty
 1 cigarettes, the same tax as provided on packages containing not
 2 more than twenty cigarettes for the first twenty cigarettes in each
 3 package and a tax of one-twentieth of the tax on the first twenty
 4 cigarettes on each cigarette in excess of twenty cigarettes in each
 5 package. Commencing July 1, 1994, and continuing until July 1,
 6 ~~2009~~ 2002, the State Treasurer shall place the equivalent of
 7 twenty-one cents of such tax less three million dollars each fiscal
 8 year of proceeds of such tax in the General Fund. Commencing on
 9 July 1, 2002, and continuing until July 1, 2003, the State
 10 Treasurer shall place the equivalent of sixty-nine cents of such
 11 tax less three million dollars each fiscal year of proceeds of such

12 tax in the General Fund. Commencing on July 1, 2003, and
13 continuing until July 1, 2009, the State Treasurer shall place the
14 equivalent of sixty-nine cents of such tax less fifteen million
15 dollars each fiscal year of proceeds of such tax in the General
16 Fund. Commencing July 1, 2009, and continuing until July 1, 2016,
17 the State Treasurer shall place the equivalent of sixty-nine cents
18 of such tax less twelve million dollars each fiscal year of
19 proceeds of such tax in the General Fund. Commencing July 1, 2009
20 2016, the State Treasurer shall place the equivalent of ~~twenty-one~~
21 ~~seventy-one~~ cents of such tax ~~less twelve million dollars each~~
22 ~~fiscal year of proceeds of such tax~~ in the General Fund. For
23 purposes of this section, the equivalent of a specified number of
24 cents of the tax shall mean that portion of the proceeds of the tax
25 equal to the specified number divided by ~~thirty-four~~ eighty-four.
26 The State Treasurer shall distribute the remaining proceeds of such
27 tax in the following order:

1 (a) First, beginning July 1, 1980, the State Treasurer
2 shall place the equivalent of one cent of such tax in the Nebraska
3 Outdoor Recreation Development Cash Fund. For fiscal year
4 distributions occurring after FY1998-99, the distribution under
5 this subdivision shall not be less than the amount distributed
6 under this subdivision for FY1997-98. Any money needed to increase
7 the amount distributed under this subdivision to the FY1997-98
8 amount shall reduce the ~~twenty-one-cent~~ distribution to the General
9 Fund;

10 (b) Second, beginning July 1, 1993, the State Treasurer
11 shall place the equivalent of three cents of such tax in the
12 Department of Health and Human Services Finance and Support Cash
13 Fund to carry out sections 81-637 to 81-640. For fiscal year
14 distributions occurring after FY1998-99, the distribution under
15 this subdivision shall not be less than the amount distributed
16 under this subdivision for FY1997-98. Any money needed to increase
17 the amount distributed under this subdivision to the FY1997-98
18 amount shall reduce the ~~twenty-one-cent~~ distribution to the General
19 Fund;

20 (c) Third, beginning July 1, 2001, and continuing until
21 July 1, 2002, the State Treasurer shall place the equivalent of
22 five cents of such tax in the Building Renewal Allocation Fund.
23 Beginning on July 1, 2002, and continuing until July 1, 2016, the
24 State Treasurer shall place the equivalent of seven cents of such
25 tax in the Building Renewal Allocation Fund. Beginning on July 1,
26 2016, and continuing until all the purposes of the Deferred
27 Building Renewal Act have been fulfilled, the State Treasurer shall
1 place the equivalent of five cents of such tax in the Building
2 Renewal Allocation Fund. The Legislature shall appropriate each
3 fiscal year all sums inuring to the fund, plus interest earnings
4 for the Task Force for Building Renewal to be used to carry out its
5 duties and to fulfill the purposes of the Deferred Building Renewal
6 Act. Unexpended balances existing at the end of each fiscal year

7 shall be, and are hereby, reappropriated. For fiscal year
 8 distributions occurring after FY1998-99, the distribution under
 9 this subdivision shall not be less than five-sevenths of the amount
 10 distributed under this subdivision for FY1997-98. Any money needed
 11 to increase the amount distributed under this subdivision to
 12 five-sevenths of the FY1997-98 amount shall reduce the
 13 ~~twenty one cent~~ distribution to the General Fund;

14 (d) Fourth, the State Treasurer shall place the
 15 difference between the equivalent of thirteen cents of such tax and
 16 the sum of the amounts distributed pursuant to subdivisions (a)
 17 through (c) and (f) through (h) of this subsection in a special
 18 fund to be known as the Nebraska Capital Construction Fund;

19 (e) Fifth, beginning July 1, 1994, and continuing until
 20 July 1, 2009, the State Treasurer shall place in the Municipal
 21 Infrastructure Redevelopment Fund the sum of three million dollars
 22 each fiscal year to carry out the Municipal Infrastructure
 23 Redevelopment Fund Act. The Legislature shall appropriate the sum
 24 of three million dollars each year for fiscal year 1994-95 through
 25 fiscal year 2008-09;

26 (f) Sixth, beginning July 1, 2001, the State Treasurer
 27 shall place the equivalent of two cents of such tax in the
 1 Information Technology Infrastructure Fund;

2 (g) Seventh, beginning July 1, 2001, and continuing until
 3 June 30, 2016, the State Treasurer shall place one million dollars
 4 each fiscal year in the City of the Primary Class Development Fund.
 5 If necessary, the State Treasurer shall reduce the distribution of
 6 tax proceeds to the General Fund pursuant to this subsection by
 7 such amount required to fulfill the one million dollars to be
 8 distributed pursuant to this subdivision; ~~and~~

9 (h) Eighth, beginning July 1, 2001, and continuing until
 10 June 30, 2016, the State Treasurer shall place one million five
 11 hundred thousand dollars each fiscal year in the City of the
 12 Metropolitan Class Development Fund. If necessary, the State
 13 Treasurer shall reduce the distribution of tax proceeds to the
 14 General Fund pursuant to this subsection by such amount required to
 15 fulfill the one million five hundred thousand dollars to be
 16 distributed pursuant to this subdivision;

17 (i) Ninth, beginning July 1, 2003, the State Treasurer
 18 shall place the equivalent seven million dollars each fiscal year
 19 in the Tobacco Prevention and Control Cash Fund. If necessary, the
 20 State Treasurer shall reduce the distribution of tax proceeds to
 21 the General Fund pursuant to this subsection by such amount
 22 required to fulfill the seven million dollars to be distributed
 23 pursuant to this subdivision; and

24 (j) Tenth, beginning July 1, 2003, the State Treasurer
 25 shall place the equivalent five million dollars each fiscal year in
 26 the Children's Health Insurance Cash Fund. If necessary, the State
 27 Treasurer shall reduce the distribution of tax proceeds to the
 1 General Fund pursuant to this subsection by such amount required to

2 fulfill the five million dollars to be distributed pursuant to this
 3 subdivision.
 4 (2) The Legislature hereby finds and determines that the
 5 projects funded from the Municipal Infrastructure Redevelopment
 6 Fund and the Building Renewal Allocation Fund are of critical
 7 importance to the State of Nebraska. It is the intent of the
 8 Legislature that the allocations and appropriations made by the
 9 Legislature to such funds or, in the case of allocations for the
 10 Municipal Infrastructure Redevelopment Fund, to the particular
 11 municipality's account not be reduced until all contracts and
 12 securities relating to the construction and financing of the
 13 projects or portions of the projects funded from such funds or
 14 accounts of such funds are completed or paid or, in the case of the
 15 Municipal Infrastructure Redevelopment Fund, the earlier of such
 16 date or July 1, 2009, and that until such time any reductions in
 17 the cigarette tax rate made by the Legislature shall be
 18 simultaneously accompanied by equivalent reductions in the amount
 19 dedicated to the General Fund from cigarette tax revenue. Any
 20 provision made by the Legislature for distribution of the proceeds
 21 of the cigarette tax for projects or programs other than those to
 22 (a) the General Fund, (b) the Nebraska Outdoor Recreation
 23 Development Cash Fund, (c) the Department of Health and Human
 24 Services Finance and Support Cash Fund, (d) the Municipal
 25 Infrastructure Redevelopment Fund, (e) the Building Renewal
 26 Allocation Fund, (f) the Information Technology Infrastructure
 27 Fund, (g) the City of the Primary Class Development Fund, ~~and~~ (h)
 1 the City of the Metropolitan Class Development Fund, (i) the
 2 Tobacco Prevention and Control Cash Fund, and (j) the Children's
 3 Health Insurance Cash Fund shall not be made a higher priority than
 4 or an equal priority to any of the programs or projects specified
 5 in subdivisions (a) through ~~(h)~~ (j) of this subsection."
 6 2. Renumber the remaining sections accordingly and
 7 correct the operative date section and the repealer so that the
 8 sections added by this amendment become operative on July 1, 2002.

Senator Jensen filed the following amendment to LB 1085:
 AM3211

(Amendments to Standing Committee amendments, AM3155)

1 1. Insert the following new sections:
 2 "Section 1. (1) The Substance Abuse Treatment Fund is
 3 created. The fund shall consist of money allocated to the fund
 4 pursuant to sections 53-160 and 53-162, any money appropriated by
 5 the Legislature, and any gifts, bequests, or other contributions
 6 provided to the fund from any public or private entities.
 7 (2) The interest from the money allocated pursuant to
 8 sections 53-160 and 53-162, any money provided by the Legislature,
 9 and any other gifts, bequests, or other contributions provided to
 10 the fund shall be divided equally and distributed to the following
 11 substance abuse treatment programs: (a) The Nebraska Correctional

12 Treatment Center Program and (b) substance abuse treatment programs
13 funded by the Division of Mental Health, Substance Abuse, and
14 Addiction Services of the Department of Health and Human Services.

15 (3) Any money in the Substance Abuse Treatment Fund
16 available for investment shall be invested by the state investment
17 officer pursuant to the Nebraska Capital Expansion Act and the
18 Nebraska State Funds Investment Act.

19 Sec. 2. Section 53-160, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 53-160. (1) For the purpose of raising revenue, a tax is
22 imposed upon the privilege of engaging in business as a
23 manufacturer or a wholesaler at a rate of ~~twenty-three~~ thirty-seven
1 cents per gallon on all beer; ~~seventy-five~~ one dollar and
2 twenty-five cents per gallon for wine containing not more than
3 fourteen percent but not less than five-tenths of one percent of
4 alcohol by volume and ~~one dollar and thirty-five~~ two dollars and
5 twenty-five cents per gallon for wines and other dilute alcoholic
6 beverages containing more than fourteen percent of alcohol by
7 volume, except for wines produced in farm wineries; ~~five ten~~ cents
8 per gallon for wine produced in farm wineries; and ~~three dollars~~
9 four dollars and fifty-five cents per gallon on alcohol and spirits
10 manufactured and sold by such manufacturer or shipped for sale in
11 this state by such wholesaler in the course of such business. The
12 gallonage tax imposed by this subsection shall be imposed only on
13 alcoholic liquor upon which a federal excise tax is imposed.

14 (2) Manufacturers or wholesalers of alcoholic liquor
15 shall be exempt from the payment of the gallonage tax on such
16 alcoholic liquor upon satisfactory proof, including bills of lading
17 furnished to the commission by affidavit or otherwise as the
18 commission may require, that such alcoholic liquor was manufactured
19 in this state but shipped out of the state for sale and consumption
20 outside this state.

21 (3) Dry wines or fortified wines manufactured or shipped
22 into this state solely and exclusively for sacramental purposes and
23 uses shall not be subject to the gallonage tax.

24 (4) The gallonage tax shall not be imposed upon any
25 alcoholic liquor, whether manufactured in or shipped into this
26 state, when sold to a licensed nonbeverage user for use in the
27 manufacture of any of the following when such products are unfit
1 for beverage purposes: Patent and proprietary medicines and
2 medicinal, antiseptic, and toilet preparations; flavoring extracts,
3 syrups, food products, and confections or candy; scientific,
4 industrial, and chemical products, except denatured alcohol; or
5 products for scientific, chemical, experimental, or mechanical
6 purposes.

7 (5) The gallonage tax shall not be imposed upon the
8 privilege of engaging in any business in interstate commerce or
9 otherwise, which business may not, under the Constitution and
10 statutes of the United States, be made the subject of taxation by

11 this state.

12 (6) The gallonage tax shall be in addition to all other
13 occupation or privilege taxes imposed by this state or by any
14 municipal corporation or political subdivision thereof.

15 (7) The commission shall collect the gallonage tax and
16 shall account for and remit to the State Treasurer at least once
17 each week all money collected pursuant to this section. If any
18 alcoholic liquor manufactured in or shipped into this state is sold
19 to a licensed manufacturer or wholesaler of this state to be used
20 solely as an ingredient in the manufacture of any beverage for
21 human consumption, the tax imposed upon such manufacturer or
22 wholesaler shall be reduced by the amount of the taxes which have
23 been paid as to such alcoholic liquor so used under the Nebraska
24 Liquor Control Act.

25 (8) The State Treasurer shall credit the net proceeds of
26 all revenue arising under this section ~~shall be credited~~ to the
27 General Fund and the Substance Abuse Treatment Fund as follows:

1 (a) Beer -- twenty-three cents per gallon to the General
2 Fund and fourteen cents per gallon to the Substance Abuse Treatment
3 Fund;

4 (b) Wine produced at farm wineries -- five cents per
5 gallon to the General Fund and five cents per gallon to the
6 Substance Abuse Treatment Fund;

7 (c) Other wine containing not more than fourteen percent
8 but not less than five-tenths of one percent of alcohol by volume
9 -- seventy-five cents per gallon to the General Fund and fifty
10 cents per gallon to the Substance Abuse Treatment Fund;

11 (d) Other wine and dilute alcoholic beverages containing
12 more than fourteen percent of alcohol by volume -- one dollar and
13 thirty-five cents per gallon to the General Fund and ninety cents
14 per gallon to the Substance Abuse Treatment Fund; and

15 (e) Alcohol and spirits manufactured and sold by such
16 manufacturer or shipped for sale in this state by a wholesaler --
17 three dollars per gallon to the General Fund and one dollar and
18 fifty-five cents per gallon to the Substance Abuse Treatment Fund.

19 Sec. 3. Section 53-162, Revised Statutes Supplement,
20 2001, is amended to read:

21 53-162. For the purpose of raising revenue, a tax is
22 imposed upon persons holding a shipping license issued pursuant to
23 subsection (4) of section 53-123.15 who ship alcoholic liquor to
24 individuals pursuant to section 53-192 and for which the required
25 taxes in the state of purchase or this state have not been paid.
26 The tax, if due, shall be paid by the holder of the shipping
27 license issued pursuant to subsection (4) of section 53-123.15.

1 The amount of the tax shall be imposed as provided in section
2 53-160. The tax shall be collected by the commission, except that
3 the tax shall not be due until December 31 of the year in which the
4 purchase was made. The tax shall be delinquent if unpaid within
5 twenty-five days after December 31. The revenue from the tax shall

6 be credited to the General Fund and the Substance Abuse Treatment
 7 Fund pursuant to subsection (8) of section 53-160. The commission
 8 shall adopt and promulgate rules and regulations to carry out this
 9 section."

10 2. Renumber the remaining sections accordingly and
 11 correct the operative date section and the repealer so that the
 12 sections added by this amendment become operative on July 1, 2002.

Senator Kruse filed the following amendment to LB 1085:
 AM3254

(Amendments to Standing Committee amendments, AM3155)

1 1. Insert the following new sections:
 2 "Section 1. (1) The Substance Abuse Treatment Fund is
 3 created. The fund shall consist of money allocated to the fund
 4 pursuant to sections 53-160 and 53-162, any money appropriated by
 5 the Legislature, and any gifts, bequests, or other contributions
 6 provided to the fund from any public or private entities.
 7 (2) The interest from the money allocated pursuant to
 8 sections 53-160 and 53-162, any money provided by the Legislature,
 9 and any other gifts, bequests, or other contributions provided to
 10 the fund shall be divided equally and distributed to the following
 11 substance abuse treatment programs: (a) The Nebraska Correctional
 12 Treatment Center Program and (b) substance abuse treatment programs
 13 funded by the Division of Mental Health, Substance Abuse, and
 14 Addiction Services of the Department of Health and Human Services.
 15 (3) Any money in the Substance Abuse Treatment Fund
 16 available for investment shall be invested by the state investment
 17 officer pursuant to the Nebraska Capital Expansion Act and the
 18 Nebraska State Funds Investment Act.
 19 Sec. 2. Section 53-160, Reissue Revised Statutes of
 20 Nebraska, is amended to read:
 21 53-160. (1) For the purpose of raising revenue, a tax is
 22 imposed upon the privilege of engaging in business as a
 23 manufacturer or a wholesaler at a rate of ~~twenty-three~~ fifty cents
 1 per gallon on all beer; ~~seventy-five~~ one dollar and fifty cents per
 2 gallon for wine containing not more than fourteen percent but not
 3 less than five-tenths of one percent of alcohol by volume and ~~one~~
 4 ~~dollar and thirty-five~~ two dollars and seventy cents per gallon for
 5 wines and other dilute alcoholic beverages containing more than
 6 fourteen percent of alcohol by volume, except for wines produced in
 7 farm wineries; ~~five ten~~ cents per gallon for wine produced in farm
 8 wineries; and ~~three dollars~~ six dollars per gallon on alcohol and
 9 spirits manufactured and sold by such manufacturer or shipped for
 10 sale in this state by such wholesaler in the course of such
 11 business. The gallonage tax imposed by this subsection shall be
 12 imposed only on alcoholic liquor upon which a federal excise tax is
 13 imposed.
 14 (2) Manufacturers or wholesalers of alcoholic liquor
 15 shall be exempt from the payment of the gallonage tax on such

16 alcoholic liquor upon satisfactory proof, including bills of lading
 17 furnished to the commission by affidavit or otherwise as the
 18 commission may require, that such alcoholic liquor was manufactured
 19 in this state but shipped out of the state for sale and consumption
 20 outside this state.

21 (3) Dry wines or fortified wines manufactured or shipped
 22 into this state solely and exclusively for sacramental purposes and
 23 uses shall not be subject to the gallonage tax.

24 (4) The gallonage tax shall not be imposed upon any
 25 alcoholic liquor, whether manufactured in or shipped into this
 26 state, when sold to a licensed nonbeverage user for use in the
 27 manufacture of any of the following when such products are unfit
 1 for beverage purposes: Patent and proprietary medicines and
 2 medicinal, antiseptic, and toilet preparations; flavoring extracts,
 3 syrups, food products, and confections or candy; scientific,
 4 industrial, and chemical products, except denatured alcohol; or
 5 products for scientific, chemical, experimental, or mechanical
 6 purposes.

7 (5) The gallonage tax shall not be imposed upon the
 8 privilege of engaging in any business in interstate commerce or
 9 otherwise, which business may not, under the Constitution and
 10 statutes of the United States, be made the subject of taxation by
 11 this state.

12 (6) The gallonage tax shall be in addition to all other
 13 occupation or privilege taxes imposed by this state or by any
 14 municipal corporation or political subdivision thereof.

15 (7) The commission shall collect the gallonage tax and
 16 shall account for and remit to the State Treasurer at least once
 17 each week all money collected pursuant to this section. If any
 18 alcoholic liquor manufactured in or shipped into this state is sold
 19 to a licensed manufacturer or wholesaler of this state to be used
 20 solely as an ingredient in the manufacture of any beverage for
 21 human consumption, the tax imposed upon such manufacturer or
 22 wholesaler shall be reduced by the amount of the taxes which have
 23 been paid as to such alcoholic liquor so used under the Nebraska
 24 Liquor Control Act.

25 (8) The State Treasurer shall credit the net proceeds of
 26 all revenue arising under this section shall be credited to the
 27 General Fund and the Substance Abuse Treatment Fund as follows:

1 (a) Beer -- thirty-six cents per gallon to the General
 2 Fund and fourteen cents per gallon to the Substance Abuse Treatment
 3 Fund;

4 (b) Wine produced at farm wineries -- five cents per
 5 gallon to the General Fund and five cents per gallon to the
 6 Substance Abuse Treatment Fund;

7 (c) Other wine containing not more than fourteen percent
 8 but not less than five-tenths of one percent of alcohol by volume
 9 -- one dollar per gallon to the General Fund and fifty cents per
 10 gallon to the Substance Abuse Treatment Fund;

11 (d) Other wine and dilute alcoholic beverages containing
 12 more than fourteen percent of alcohol by volume -- one dollar and
 13 eighty cents per gallon to the General Fund and ninety cents per
 14 gallon to the Substance Abuse Treatment Fund; and

15 (e) Alcohol and spirits manufactured and sold by such
 16 manufacturer or shipped for sale in this state by a wholesaler --
 17 four dollars and forty-five cents per gallon to the General Fund
 18 and one dollar and fifty-five cents per gallon to the Substance
 19 Abuse Treatment Fund.

20 Sec. 3. Section 53-162, Revised Statutes Supplement,
 21 2001, is amended to read:

22 53-162. For the purpose of raising revenue, a tax is
 23 imposed upon persons holding a shipping license issued pursuant to
 24 subsection (4) of section 53-123.15 who ship alcoholic liquor to
 25 individuals pursuant to section 53-192 and for which the required
 26 taxes in the state of purchase or this state have not been paid.

27 The tax, if due, shall be paid by the holder of the shipping
 1 license issued pursuant to subsection (4) of section 53-123.15.
 2 The amount of the tax shall be imposed as provided in section
 3 53-160. The tax shall be collected by the commission, except that
 4 the tax shall not be due until December 31 of the year in which the
 5 purchase was made. The tax shall be delinquent if unpaid within
 6 twenty-five days after December 31. The revenue from the tax shall
 7 be credited to the General Fund and the Substance Abuse Treatment
 8 Fund pursuant to subsection (8) of section 53-160. The commission
 9 shall adopt and promulgate rules and regulations to carry out this
 10 section."

11 2. Renumber the remaining sections accordingly and
 12 correct the operative date section and the repealer so that the
 13 sections added by this amendment become operative on July 1, 2002.

Senator Kruse filed the following amendment to LB 1085:
 AM3252

(Amendments to Standing Committee amendments, AM3155)

1 1. Insert the following new section:
 2 "Section 1. Section 53-160, Reissue Revised Statutes of
 3 Nebraska, is amended to read:
 4 53-160. (1) For the purpose of raising revenue, a tax is
 5 imposed upon the privilege of engaging in business as a
 6 manufacturer or a wholesaler at a rate of ~~twenty-three~~ fifty cents
 7 per gallon on all beer; ~~seventy five~~ one dollar and fifty cents per
 8 gallon for wine containing not more than fourteen percent but not
 9 less than five-tenths of one percent of alcohol by volume and ~~one~~
 10 ~~dollar and thirty-five~~ two dollars and seventy cents per gallon for
 11 wines and other dilute alcoholic beverages containing more than
 12 fourteen percent of alcohol by volume, except for wines produced in
 13 farm wineries; ~~five ten~~ cents per gallon for wine produced in farm
 14 wineries; and ~~three dollars~~ six dollars per gallon on alcohol and
 15 spirits manufactured and sold by such manufacturer or shipped for

16 sale in this state by such wholesaler in the course of such
 17 business. The gallonage tax imposed by this subsection shall be
 18 imposed only on alcoholic liquor upon which a federal excise tax is
 19 imposed.

20 (2) Manufacturers or wholesalers of alcoholic liquor
 21 shall be exempt from the payment of the gallonage tax on such
 22 alcoholic liquor upon satisfactory proof, including bills of lading
 23 furnished to the commission by affidavit or otherwise as the
 1 commission may require, that such alcoholic liquor was manufactured
 2 in this state but shipped out of the state for sale and consumption
 3 outside this state.

4 (3) Dry wines or fortified wines manufactured or shipped
 5 into this state solely and exclusively for sacramental purposes and
 6 uses shall not be subject to the gallonage tax.

7 (4) The gallonage tax shall not be imposed upon any
 8 alcoholic liquor, whether manufactured in or shipped into this
 9 state, when sold to a licensed nonbeverage user for use in the
 10 manufacture of any of the following when such products are unfit
 11 for beverage purposes: Patent and proprietary medicines and
 12 medicinal, antiseptic, and toilet preparations; flavoring extracts,
 13 syrups, food products, and confections or candy; scientific,
 14 industrial, and chemical products, except denatured alcohol; or
 15 products for scientific, chemical, experimental, or mechanical
 16 purposes.

17 (5) The gallonage tax shall not be imposed upon the
 18 privilege of engaging in any business in interstate commerce or
 19 otherwise, which business may not, under the Constitution and
 20 statutes of the United States, be made the subject of taxation by
 21 this state.

22 (6) The gallonage tax shall be in addition to all other
 23 occupation or privilege taxes imposed by this state or by any
 24 municipal corporation or political subdivision thereof.

25 (7) The commission shall collect the gallonage tax and
 26 shall account for and remit to the State Treasurer at least once
 27 each week all money collected pursuant to this section. If any
 1 alcoholic liquor manufactured in or shipped into this state is sold
 2 to a licensed manufacturer or wholesaler of this state to be used
 3 solely as an ingredient in the manufacture of any beverage for
 4 human consumption, the tax imposed upon such manufacturer or
 5 wholesaler shall be reduced by the amount of the taxes which have
 6 been paid as to such alcoholic liquor so used under the Nebraska
 7 Liquor Control Act.

8 (8) The State Treasurer shall credit the net proceeds of
 9 all revenue arising under this section shall be credited to the
 10 General Fund."

11 2. Renumber the remaining sections accordingly and
 12 correct the operative date section and the repealer so that the
 13 section added by this amendment becomes operative on July 1, 2002.

Senator Hartnett filed the following amendment to LB 1085:
AM3276

(Amendments to Standing Committee amendments, AM3155)

- 1 1. Strike the original sections and all amendments
- 2 thereto and insert the following new sections:
- 3 "Section 1. Section 77-2701.02, Revised Statutes
- 4 Supplement, 2000, is amended to read:
- 5 77-2701.02. Pursuant to section 77-2715.01:
- 6 (1) ~~Until July 1, 1998, or April 15, 1998, whichever is~~
- 7 ~~later,~~ the rate of the sales tax levied pursuant to section 77-2703
- 8 shall be five percent;
- 9 (2) ~~Commencing July 1, 1998, or April 15, 1998, whichever~~
- 10 ~~is later,~~ and until July 1, 1999, the rate of the sales tax levied
- 11 pursuant to section 77-2703 shall be four and one-half percent; ~~and~~
- 12 (3) Commencing July 1, 1999, and until the operative date
- 13 of this section, the rate of the sales tax levied pursuant to
- 14 section 77-2703 shall be five percent;
- 15 (4) Commencing on the operative date of this section, and
- 16 until July 1, 2004, the rate of the sales tax levied pursuant to
- 17 section 77-2703 shall be five and one-half percent; and
- 18 (5) Commencing July 1, 2004, the rate of the sales tax
- 19 levied pursuant to section 77-2703 shall be five percent.
- 20 Sec. 2. Section 77-2715.02, Revised Statutes Supplement,
- 21 2000, is amended to read:
- 22 77-2715.02. (1) Whenever the primary rate is changed by
- 23 the Legislature under section 77-2715.01, the Tax Commissioner
- 1 shall update the rate schedules required in subsection (2) of this
- 2 section to reflect the new primary rate and shall publish such
- 3 updated schedules.
- 4 (2) The following rate schedules are hereby established
- 5 for the Nebraska individual income tax and shall be in the
- 6 following form:
- 7 (a) The income amounts for columns A and E shall be:
- 8 (i) \$0, \$2,400, \$17,000, and \$26,500, for single returns;
- 9 (ii) \$0, \$4,000, \$30,000, and \$46,750, for married filing
- 10 joint returns;
- 11 (iii) \$0, \$3,800, \$24,000, and \$35,000, for
- 12 head-of-household returns;
- 13 (iv) \$0, \$2,000, \$15,000, and \$23,375, for married filing
- 14 separate returns; and
- 15 (v) \$0, \$500, \$4,700, and \$15,150, for estates and
- 16 trusts;
- 17 (b) The amount in column C shall be the total amount of
- 18 the tax imposed on income less than the amount in column A;
- 19 (c) The amount in column D shall be the rate on the
- 20 income in excess of the amount in column E;
- 21 (d) The For taxable years beginning or deemed to begin
- 22 before January 1, 2002, and on or after January 1, 2004, under the
- 23 Internal Revenue Code of 1986, as amended, the primary rate set by

24 the Legislature shall be multiplied by the following factors to
 25 compute the tax rates for column D. The factors for the brackets,
 26 from lowest to highest bracket, shall be .6784, .9432, 1.3541, and
 27 1.8054;

1 (e) For taxable years beginning or deemed to begin on or
 2 after January 1, 2002, and before January 1, 2004, under the
 3 Internal Revenue Code of 1986, as amended, the primary rate set by
 4 the Legislature shall be multiplied by the following factors to
 5 compute the tax rates for column D. The factors for the brackets,
 6 from lowest to highest bracket, shall be .708, .986, 1.415, and
 7 1.89;

8 (f) The amounts for column C shall be rounded to the
 9 nearest dollar, and the amounts in column D shall be rounded to
 10 hundredths of one percent; and

11 ~~(g)~~ (g) One rate schedule shall be established for each
 12 federal filing status.

13 (3) The tax rate schedules shall use the format set forth
 14 in this subsection.

15	A	B	C	D	E
16	Taxable income	but not	pay	plus	of the
17	over	over			amount over

18 (4) The tax rate applied to other federal taxes included
 19 in the computation of the Nebraska individual income tax shall be
 20 eight times the primary rate.

21 (5) The Tax Commissioner shall prepare, from the rate
 22 schedules, tax tables which can be used by a majority of the
 23 taxpayers to determine their Nebraska tax liability. The design of
 24 the tax tables shall be determined by the Tax Commissioner. The
 25 size of the tax table brackets may change as the level of income
 26 changes. The difference in tax between two tax table brackets
 27 shall not exceed fifteen dollars. The Tax Commissioner may build
 1 the personal exemption credit and standard deduction amounts into
 2 the tax tables.

3 (6) The Tax Commissioner may require by rule and
 4 regulation that all taxpayers shall use the tax tables if their
 5 income is less than the maximum income included in the tax tables.

6 Sec. 3. Economic incentive benefits provided under the
 7 Employment and Investment Growth Act, the Invest Nebraska Act, and
 8 the Quality Jobs Act may not be used against the sales and use tax
 9 or income tax to the extent the tax rates were increased by this
 10 legislative bill.

11 Sec. 4. Sections 1 and 5 of this act become operative on
 12 July 1, 2002. The other sections of this act become operative on
 13 their effective date.

14 Sec. 5. Original section 77-2701.02, Revised Statutes
 15 Supplement, 2000, is repealed.

16 Sec. 6. Original section 77-2715.02, Revised Statutes
 17 Supplement, 2000, is repealed.

18 Sec. 7. Since an emergency exists, this act takes effect

19 when passed and approved according to law."

STANDING COMMITTEE REPORT
Education

LEGISLATIVE BILL 1206. Placed on General File as amended.
(Standing Committee amendment, AM3173, may be found in the Bill Books. The amendment has been printed separately and is on file in the Bill Room - Room 1102.)

(Signed) Ron Raikes, Chairperson

UNANIMOUS CONSENT - Member Excused

Senator Robak asked unanimous consent to be excused until she returns. No objections. So ordered.

GENERAL FILE

LEGISLATIVE BILL 1303. Title read. Considered.

The Standing Committee amendment, AM3134, found on page 994, was considered.

Senator Beutler offered the following amendment to the Standing Committee amendment:

FA944

Amend AM3134

Substitute a period for the comma on line 14, page 4 and strike all language after the comma

Strike lines 15 and 16 on page 4

Senator Beutler withdrew his amendment.

The Standing Committee amendment was adopted with 31 ayes, 0 nays, 16 present and not voting, and 2 excused and not voting.

Advanced to E & R for review with 33 ayes, 0 nays, 14 present and not voting, and 2 excused and not voting.

LEGISLATIVE BILL 729. Title read. Considered.

The Standing Committee amendment, AM2565, found on page 546, was considered.

Senator Hartnett renewed his pending amendment, AM2968, found on page 997, to the Standing Committee amendment.

The Hartnett amendment was adopted with 26 ayes, 0 nays, 21 present and

not voting, and 2 excused and not voting.

Senator Erdman offered the following amendment to the Standing Committee amendment:

AM3273

(Amendments to Standing Committee amendments, AM2565)

- 1 1. Insert the following new sections:
- 2 "Sec. 4. Section 17-301, Reissue Revised Statutes of
- 3 Nebraska, is amended to read:
- 4 17-301. (1) Whenever any city of the first class
- 5 decreases in population until it has a population of less than five
- 6 thousand inhabitants ~~and more than eight~~ but not less than four
- 7 thousand five hundred inhabitants, as ascertained and officially
- 8 promulgated by the federal decennial census, enumeration, and
- 9 return taken by the United States, by the State of Nebraska, or by
- 10 the authority of the mayor and city council of any such city, the
- 11 mayor of any such city shall certify such fact to the Secretary of
- 12 State.
- 13 (2) Whenever any city of the first class decreases in
- 14 population until it has a population of less than four thousand
- 15 five hundred inhabitants but more than eight hundred inhabitants as
- 16 ascertained and officially promulgated by the federal decennial
- 17 census, the mayor of any such city shall certify such fact to the
- 18 Secretary of State.
- 19 (3) Whenever the Secretary of State receives a
- 20 certification pursuant to subsection (1) of this section from the
- 21 same city after two consecutive federal decennial censuses, he or
- 22 she of the State of Nebraska who, upon the filing of such a
- 23 certificate, shall by proclamation so declare and shall declare
- 1 such city to have become a city of the second class; ~~except as~~
- 2 provided in section 17-305. ~~Thereafter~~
- 3 (4) Whenever the Secretary of State receives a
- 4 certification pursuant to subsection (2) of this section, he or she
- 5 shall declare such city to have become a city of the second class
- 6 as provided in section 17-305.
- 7 (5) Beginning on the date upon which a city becomes a
- 8 city of the second class pursuant to section 17-305, such city
- 9 shall be governed by the provisions of the statutes of the State of
- 10 Nebraska applicable to cities of the second class. Upon such
- 11 proclamation being made by the Secretary of State, every officer of
- 12 such city shall, within thirty days thereafter, qualify and give
- 13 bond as provided by the statutes of the State of Nebraska in cases
- 14 of cities of the second class. In any city which may hereafter
- 15 become a city of the second class, having been a city of the first
- 16 class, any council member whose term extends by reason of his or
- 17 her prior election under the provisions governing cities of the
- 18 first class through another year or years shall continue to hold
- 19 his or her office as council member from the ward in which he or
- 20 she is a resident as if elected for the same term under the

21 ~~statutes of the State of Nebraska governing cities of the second~~
22 ~~class.~~

23 Sec. 5. Section 17-302, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 17-302. The government of ~~such a~~ city shall continue, as
26 organized at the date of ~~such proclamation~~ the declaration of the
27 Secretary of State under section 17-301, until the reorganization
1 of the same under section ~~17-301~~ 17-305.

2 Sec. 6. Section 17-303, Reissue Revised Statutes of
3 Nebraska, is amended to read:

4 17-303. The mayor and council shall, within ~~thirty~~
5 ninety days after ~~such proclamation~~ the declaration of the
6 Secretary of State under section 17-301, divide the city into not
7 less than two nor more than six wards; as may be provided by
8 ordinance of the mayor and city council thereof. Such wards shall
9 contain, as nearly as practicable, an equal area and an equal
10 number of legal voters. Such division and boundaries of ~~said~~ such
11 wards, so to be defined by ordinance, shall take effect on the
12 first day of the first succeeding municipal year following the next
13 general city election after such reorganization. Any council
14 member whose term continues, by reason of his or her prior election
15 under the statutes governing cities of the first class, through
16 another year or years beyond the date of the reorganization as a
17 city of the second class shall continue to hold his or her office
18 as council member from the ward in which he or she is a resident as
19 if elected for the same term under the statutes governing cities of
20 the second class.

21 Sec. 7. Section 17-305, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 17-305. (1) Upon the expiration of one year after the
24 date of the declaration of the Secretary of State under section
25 17-301, the city shall be, as of that date, incorporated as a city
26 of the second class. All ordinances, bylaws, acts, regulations,
27 obligations, rules, and proclamations existing and in force in or
1 with respect to any such city at the time of ~~its incorporation as a~~
2 ~~city of the second class~~ the declaration of the Secretary of State
3 under section 17-301 shall be and remain in full force and effect
4 ~~after such incorporation as a city of the second class until~~
5 ~~repealed or modified by such city within one year from the date of~~
6 ~~the proclamation by the Secretary of State that such city is for a~~
7 ~~period of one year and may be enacted, altered, or amended during~~
8 ~~such period in a manner consistent with the statutes governing~~
9 ~~cities of the first class, except that any such acts, alterations,~~
10 ~~or amendments shall not be effective beyond the date upon which the~~
11 ~~city is incorporated as a city of the second class, a city of the~~
12 ~~second class.~~

13 (2) Notwithstanding the provisions of subsection (1) of
14 this section, a city shall amend, repeal, or modify all ordinances,
15 bylaws, acts, regulations, obligations, rules, and proclamations

16 which are existing and in force in or with respect to such city at
17 the time of the declaration of the Secretary of State under section
18 17-301 and which are inconsistent with the statutes governing
19 cities of the second class in a manner which is in conformance and
20 consistent with the statutes governing cities of the second class
21 to take effect upon the effective date of the city's incorporation
22 as a city of the second class.

23 Sec. 8. Sections 17-301 to 17-305 apply to cities of the
24 first class whose population has decreased to less than five
25 thousand inhabitants but more than eight hundred inhabitants
26 according to the federal decennial census in the year 2000 and in
27 each subsequent federal decennial census."

- 1 2. Renumber the remaining sections and correct the
- 2 repealer and internal references accordingly.

The Erdman amendment was adopted with 32 ayes, 0 nays, 15 present and not voting, and 2 excused and not voting.

The Standing Committee amendment, as amended, was adopted with 33 ayes, 0 nays, 14 present and not voting, and 2 excused and not voting.

Advanced to E & R for review with 36 ayes, 0 nays, 11 present and not voting, and 2 excused and not voting.

AMENDMENT - Print in Journal

Senator Kristensen filed the following amendment to LB 876:
(Amendment, AM3183, may be found in the Bill Books. The amendment has been printed separately and is on file in the Bill Room - Room 1102.)

VISITORS

Visitors to the Chamber were 21 third- and fourth-grade students and teachers from Saunders County District 11, Fremont; 40 fifth-grade students and teachers from Northside Elementary School, Fremont; 20 fourth-grade students and teacher from St. John Lutheran School, Seward; 50 fourth-grade students and teacher from North Park Elementary School, Columbus; and residents from the Christian Heritage Children's Home, Lincoln.

ADJOURNMENT

At 2:18 p.m., on a motion by Speaker Kristensen, the Legislature adjourned until 9:00 a.m., Monday, March 25, 2002.

Patrick J. O'Donnell
Clerk of the Legislature

