

MARCH 24, 2006

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March 24, 2006 LB 746, 817, 817A, 994, 1061, 1126, 1131

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Good morning. Welcome to the George W. Norris Legislative Chamber. Our chaplain today is the Reverend Greg Volzke from the Christ Lutheran Church, Juniata, Nebraska, Senator Burling's district. Reverend, please.

PASTOR VOLZKE: (Prayer offered.)

SENATOR CUDABACK: Thank you, Reverend Volzke, for being with us. Reverend Volzke is from Juniata, Nebraska. I call the forty-eighth day of the Ninety-Ninth Legislature, Second Session, to order. Senators, please record your presence. Members, please record your presence. Please record, Mr. Clerk.

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

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

CLERK: I have no corrections, Mr. President.

SENATOR CUDABACK: Messages, reports, or announcements?

CLERK: Mr. President, your Committee on Enrollment and Review reports LB 746, LB 817, LB 817A, LB 1061, LB 1126, LB 1131, all reported correctly engrossed. Report from the Department of Education, and the lobby report for this week, Mr. President. That's all that I have. (Legislative Journal pages 1161-1162.)

SENATOR CUDABACK: Thank you, Mr. Clerk. We now go to Select File, 2006 committee first priority bills. Mr. Clerk, LB 994.

CLERK: Mr. President, LB 994 on Select File, discussed last evening. The first amendment I have this morning, Senator Flood, AM2697. Senator, I have a note you wish to withdraw.

SENATOR CUDABACK: Senator Flood?

SENATOR FLOOD: Yes, Mr. President.

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SENATOR CUDABACK: It is withdrawn.

CLERK: Mr. President, the next amendment I have, Senator Jensen, AM2685. Senator, I have a note you wish to withdraw that.

SENATOR JENSEN: Yes.

SENATOR CUDABACK: It is withdrawn.

CLERK: The next amendment, Mr. President, Senator Jensen, AM2732. Again, I have a note you want to withdraw, Senator.

SENATOR CUDABACK: It is withdrawn, also.

CLERK: Next amendment, Mr. President, Senator Preister, AM2657. (Legislative Journal page 1040.)

SENATOR CUDABACK: Senator Preister, you're recognized to open on AM2657.

SENATOR PREISTER: Thank you, Honorable President, friends all. Good morning, everyone. This amendment was LB 903, as amended by the Government, Military and Veterans Affairs Committee and then advanced. I do want to take a minute to thank all of the government committee members. They worked on this; it was not an easy bill to work on, but they advanced the bill after good deliberations, I do believe. The amendment itself would change...actually, it would name the new veterans' home what it's already being called, and that's the Eastern Nebraska Veterans' Home. We are building a new home in Bellevue, and it does need to have a name. Originally, the bill, as introduced, was naming it the Bellevue Veterans' Home. I do believe that Bellevue is an appropriate name. The city of Bellevue, the mayor, the city council were very good in working to help bring the home there, in donating the land. And I will mention that that land saved the state money that would have otherwise taken away from the amount of building and facility that we could provide to the veterans. We were on the verge of purchasing land for \$1.25 million prior to Bellevue's donating of this land, so the city of Bellevue certainly saved the state

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\$1.25 million, plus the other contributions of infrastructure and the location being near to Ehrling Bergquist Military Hospital, being near to veterans who will be volunteers at the base. Bellevue has a good reputation for its concern and compassion for veterans, and Bellevue certainly is the location of the new home, which has now got a good start on the construction and the scheduled completion is next summer. The amendment that we have before us, AM2657, would go into effect July 1, which is when we should be scheduling a dedication of that new facility. So the current veterans' home would retain its current name, as it is. There would be no change there. The new home would take the name, Eastern Nebraska Veterans' Home. That's simply what the amendment does. The way it's drafted looks more complicated than that, and I did send an e-mail to everyone, because as it was amended into the Health Committee amendment, LB 994, it struck some sections and then reinserted those sections. And I did check with Senator Jensen, the Chair of the Health Committee, and I want to thank Senator Jensen also for allowing me this opportunity to amend--attempt to amend--this amendment onto the Health Committee bill. I also want to thank Senator Jensen for his support, Senator Wehrbein, Senator Schimek, and those folks all served on the siting committee for this veterans' home, over the last five years. So I also served on that committee, and this is one of the final responsibilities of this process and project, and that's the naming of the home. So my thanks to those senators. The amendment is pretty simple; it is exactly as the Government Committee advanced it, although if you look at it and insert it into the bill, it looks different. That's the way the Bill Drafters determined they needed to insert it into the bill. The actual language that this bill addresses is reconfigured, as I say, but that language is on page 56 of the Select File bill, LB 994, as the E & R amendments. I do want to point out that I've given you some handouts. The first one on top is the minutes of the Nebraska Veterans Council meeting. The meeting was held July of 2005. You can see on the front the list of attendees. The Veterans Council is composed of the AMVETS, the American Legion, the VFW, or Veterans of Foreign Wars, the Disabled American Vets, the Military Order of the Purple Heart, the Paralyzed Veterans of America, the American Ex-Prisoners of War, and the Vietnam Veterans of America. At that meeting it

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was unanimously voted, which is highlighted on the back of that first page, their desire to name the new veterans' home the Bellevue Veterans' Home. They are certainly open to naming it the Eastern Nebraska Veterans' Home, but I wanted to let you see that this is something supported by all of the veterans' organizations in the state. There are individual veterans who may not agree with that. Some of those veterans' groups have also voted individually, to ensure that the name, Thomas Fitzgerald, remains somewhere, and I highlighted in the handout some information that was in a World-Herald article where that was stressed, that they would like to see the Thomas Fitzgerald name somewhere on the home, and I certainly concur with that. That is something that I will continue to work on and that certainly can be done, in the name of continuing to honor former State Senator Thomas Fitzgerald. And I would say that this in no way, neither me nor the veterans' groups who endorse this naming nor the Government Committee, has intentionally or even indirectly sought to dishonor, discredit, or in any way do anything negative to Thomas Fitzgerald, to his family, or to his service to the country and to our state. He was an honorable man, and you cannot dishonor an honorable man. So this has really very little to do with him. He was fortunate that for 25 years he was recognized while he was alive, while he was able to see and be a part of the home, and I'm happy for him. I mean only for good things to happen to him, as I do to everyone. I also want to thank his children, Linda, Tom, and Gayle. They have certainly been very loving and compassionate in wanting to honor him, in wanting to have his name on the new home. I respect that; I respect them. I appreciate their efforts in what they have done. Any father would be honored to have children so devoted, so loving, so concerned for his welfare and for his name. I appreciate them and I appreciate him. I recognize that they have come to the Legislature, as they certainly have a right to do, in championing the cause of having the new home named again in honor of their father. That is not the desire of all of the veteran service organizations, as you see from the memo, but I think in the spirit of compromise, we will be able to name a portion of the facility after him, so that his name will be there, and we also recognize what's in current practice, and that's calling it the Eastern Nebraska Veterans' Home, as it has been, as we've worked through this

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process. The process is just the culmination. It was during these...

SENATOR CUDABACK: One minute.

SENATOR PREISTER: ...past five years that we have worked on it that we have known that the naming time would come. We need to do it before the building is finalized. It's probably close to halfway done now, so this is the appropriate time. I will go along with the committee and their decision to call it the Eastern Nebraska Veterans' Home, and I would ask you to do likewise. I will certainly entertain any questions that anyone has. The amendment itself simply names the new veterans' home the Eastern Nebraska Veterans' Home. Thank you very much, Mr. President and members.

SENATOR CUDABACK: Thank you, Senator Preister. You've heard the opening on AM2657 to LB 994. (Visitors and doctor of the day introduced.) On with discussion of the Preister amendment. Senator Schimek.

SENATOR SCHIMEK: Yes, thank you, Mr. President and members. I stand in support of the Preister amendment, and I have to tell you a little bit about the committee process that took place. This bill was heard January 26, and it took the committee about a month and a half to two months, actually, to bring this bill to the floor--probably about a month and a half, I should say. We deliberated and we discussed and we agonized over this bill, but finally the committee did advance it on a 6-2 vote, and we felt that this was the best solution all around. We did write a letter to John Liebsack, the Nebraska Veterans Council Chair, immediately upon sending the bill to the floor, and we copied this also to the family. But what we said in that letter is, as you know from attending the hearing on LB 903, the family of Senator Tom Fitzgerald feels very strongly about continuing to honor their father and all the work he has done for veterans. The Government, Military and Veterans Affairs Committee is also concerned about this issue and would like to find a way to continue to honor Senator Fitzgerald at the new veterans' home, even if the home itself is not named in his honor. Various suggestions have been made as to how to recognize Senator

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Fitzgerald. One idea was to name the chapel or some other room at the home after him. Another idea is to hang his portrait, along with a plaque, in the front entrance of the new home. Again, these are only ideas and suggestions, but the committee is committed to ensuring some kind of recognition of Senator Fitzgerald at the new facility. We hope that you will be able to work with the Fitzgerald family to see that a good solution is found. So with that, Mr. President, I might note that all eight members of the committee signed the letter and sent it, even those who didn't vote to send the bill to the floor. So I would simply urge your support, and thank you very much.

SENATOR CUDABACK: Thank you, Senator Schimek. Further discussion? Senator Dwite Pedersen, followed by Senator Landis.

SENATOR Dw. PEDERSEN: Thank you, Mr. President, members of the Legislature. Living in the town of Elkhorn, the Thomas Fitzgerald Veterans' Home has been very close to us in that area, and I stand in opposition to the change of the name of this home. I am not against it, if we were building a complete new facility, adding onto another facility, but the way I see it, why don't we take anybody's name off from a street, a highway, a building or anything else, a town, after 25 years, if that's the reason for doing so? And I know that it is not the committee's intent to put any harm on that family, but the family itself and the home itself has been friends of Elkhorn, and I personally do not support the change of this home. And I would think any one of you who might be family members of somebody who had something named after them was going to change the name after 25 years or build a new facility and change it, would be offended, and for that reason I stand in opposition. Thank you.

SENATOR CUDABACK: Thank you, Senator Pedersen. Senator Landis, on the Preister amendment. Senator Landis, did you wish to be...

SENATOR LANDIS: Hi. Senator Cudaback, members of the Legislature, I think Senator Preister and Government Committee has done a graceful job in a difficult situation. They've extracted us from what I think was an anomaly. Now I remember

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because I was one of the four votes against the original naming, even though I served with Tom and enjoyed his service, knew this was a pleasant man. It was an act of sentiment by a Legislature that had an affection for Senator Fitzgerald, and in recognition of his long service. But I think the general principle is, we should name public assets for people who have passed on, not who are still alive. It's our normal rule, it's what we normally do, and Senator Preister returns us to the normal, standard practice for this...for public assets in this state, and I think he's done us a service in doing that, and he's done it gracefully at the same time. And at the same time, I want to wish good fortune and thanks to Tom Fitzgerald and to his family, but I also want to approve of this amendment, which I think is well done.

SENATOR CUDABACK: Thank you, Senator Landis. Senator Redfield, on the Preister amendment, followed by Senator Fischer.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. I'm a person who loves history, I love architecture, I love to see the cities in America, and as I was walking the streets of Boston one day I came across a lovely church, and it was the first church of...I don't remember the denomination. And down the street just a few blocks there was a plaque and it was the first second church...or no, it was the second first church, because the plaque explained the story of how the first church had been destroyed by fire and then had been replaced. And then I walked a few more blocks and there was another plaque talking about the new second first church, because the congregation had moved again. It's confusing when you take a facility and you move it and you get keep trying to call it by the same name, and so while I think it's very difficult for the family to give up the designation on the veterans' home, I think it makes sense for people to understand that this is a new facility, and it eliminates a lot of confusion. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Fischer, followed by Senator Schimek.

SENATOR FISCHER: Thank you, Mr. President and members. I was one of two members of the Government Committee who did not vote

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for this amendment and the name change. I thank Senator Dwite Pedersen for his comments, and I would echo those. Senator Landis and other members, I know, will be saying that this is the normal practice, that the Legislature does not name facilities after a living member. Well, the exception was made, and it was made by the members who stood in this Chamber years ago. That exception was made, and I believe we need to honor that. I am sorry for what the family has had to go through in the discussion, and I do extend my sympathy to them for what they've had to endure. I've also heard from a number of veterans' service organizations in my legislative district. The local American Legion post, the Veterans of Foreign Wars, they have all sent me resolutions. I have also received a number of letters from individual members of those organizations, and they do not want to see that name changed. Those veterans are fearful of what kind of message we would be sending, if we're willing to honor somebody at one point--if we're willing to honor a veteran--and then years later change that name. I plan to oppose this amendment. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Fischer. Further discussion? Seeing no lights on, Senator Preister, you're recognized to close. I'm sorry. Senator Chambers, your light must have went off. You're recognized.

SENATOR CHAMBERS: Thank you. Mr. President, I had not turned it on, in fact, because you'd mentioned that Senator Schimek was up, and I thought she would be recognized, so I'm sorry I delayed. But what I think should be kept in mind is that building does not belong to an individual, it does not belong to a family. There are many, many veterans. There are many who've passed on, many who still are alive. There will be an increasing influx of veterans as these shooting wars continue. So whatever may have happened in the past, times change, circumstances alter, and there must be an accommodation. So I'm in support of what has been done by the committee. As Senator Preister pointed out, this move does not disparage or denigrate anybody. What this whole situation does demonstrate is the wisdom of the general policy of not naming any public building or facility after a living person. Even if that principle is breached on occasion, that does not invalidate the validity or

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the wisdom of the principle itself. I think that the committee has handled this in a very respectful, tasteful, dignified, gracious manner. Whenever something is done that affects a state policy or a state action, there is never going to be unanimity. In fact, there has not even been unanimity among all the citizens of Nebraska that I ought to be kicked out of the Legislature. So if there cannot be unanimity on that issue, you know there will not be unanimity on others. The senators who spoke in opposition to what is being contemplated exercised their right, delivered on what they felt was their duty, as representatives of this deliberative body, to put into the record their view and why they hold that view. The Legislature is for the purpose of discussing, evaluating issues, then reaching a conclusion. I think the judgment made by the committee and the proposal they have presented to us this morning is the best thing that can be done under these circumstances, and I do intend to vote for Senator Preister's proposal. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. There are no lights on now. You are now recognized to close, Senator Preister.

SENATOR PREISTER: Thank you, Honorable President. I'd ask for a call of the house, please.

SENATOR CUDABACK: There's been a request for a call of the house. All in favor of the house going under call vote aye; those opposed vote nay. Record please, Mr. Clerk.

CLERK: 25 ayes, 0 nays, Mr. President, to place the house under call.

SENATOR CUDABACK: The motion was successful. The house is under call. All unauthorized personnel please leave the floor. Unexcused senators report to the Chamber. The house is under call. As you know, your time is running, Senator.

SENATOR PREISTER: Yes, thank you, Mr. President. I do appreciate the reminder. And as members are coming in, I will do my close. I don't know how many of you know, but we have

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16 of us here that serve in the Legislature who have also served in the military. Sixteen of us have served in one way or another outside of this public service capacity, but served our country through the military. Any 1 of those 16, I think, could qualify to have their name on the new veterans' home. Certainly Senator Wehrbein, who has served on the committee for the last five years, along with all of his years of service in the Legislature, would be honored to have his name on this new veterans' home, and I would certainly say he's worthy. Senator Jensen, as well, served in the military, and Senator Jensen also served on this committee for the last five years to establish this new veterans' home. Certainly it would be an honor to have it named after Senator Jensen. I think along with them we've also got Senator Engel who's served, Senator Mines who's served, Senator Janssen, Senator Stuthman, Senator Beutler; and Senator Beutler did something that I particularly feel good about. After Senator Beutler served in the army, Senator Beutler also served in the Peace Corps and has served here in the Legislature. Now to be a warrior is one thing, but to be a champion in the cause of peace I think is equally important, and I particularly respect that. And I think it certainly would be an honor to name the home after Senator Beutler. Senator Cudaback served, Senator Byars has served, Senator Johnson served, Senator Schrock, Senator Landis, Senator Chambers, and Senator Raikes, any one of whom could have this home named after them. Let's not leave out Lieutenant Garrison Avery from Lincoln, who was recently killed in Iraq. How about Corporal Shane Kielion? Shane Kielion grew up in my neighborhood. We recently named a street after him. Corporal Kielion was killed in Iraq. He gave the ultimate in giving his life in defense of his country and certainly would merit having the home named after him. What about our own former Governor and U.S. Senator Bob Kerrey, Congressional Medal of Honor winner? Certainly he could qualify to have the home named after him. Or Senator Chuck Hagel--certainly Senator Hagel would merit it with his service in the service, as well as out. Edward "Babe" Gomez, a Congressional Medal of Honor winner from south Omaha, was killed in the Korean War. Certainly it could be named after him. What about former Senator John Hilgert, who is now the director of the Department of Veterans Affairs, who has worked on this project from the start, as well? Former Senator John

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DeCamp...what about Governor Dave Heineman, who is also a retired military person, who even graduated from the military academy? Certainly he's deserving. But not only the veterans, what about the nonveterans? There are many deserving nonveterans who could equally deserve this recognition.

SENATOR CUDABACK: One minute.

SENATOR PREISTER: I submit to you that we shouldn't single out somebody, that we shouldn't recognize just one person at the expense of all of the other well-qualified people. We have a new home, a new beginning, and at this point it needs to get a name. It's not changing the name of that facility; that facility is currently called the Eastern Nebraska Veterans' Home. This would take effect the 1st of July, 2007. The amendment changes...adds the name, rather, Eastern Nebraska Veterans' Home to the new veterans' home that's being built in Bellevue. I thank you for your consideration.

SENATOR CUDABACK: Thank you, Senator Preister. You've heard the closing on AM2657. All members are present or accounted for. All those in favor of the Preister amendment vote aye; all those against vote nay. Voting on the Preister amendment, AM2657, to LB 994. Have you all voted who care to? Please record, Mr. Clerk.

CLERK: 30 ayes, 2 nays, Mr. President, on the adoption of Senator Preister's amendment.

SENATOR CUDABACK: The Preister amendment has been adopted, and I do raise the call.

CLERK: Mr. President, the next amendment I have, Senator Byars, AM2753, but I had a note from Senator Byars he wished to withdraw.

SENATOR CUDABACK: It is withdrawn.

CLERK: Mr. President, the next amendment, Senator Jensen, AM2750. Again, Senator, I have a note you want to withdraw that.

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SENATOR CUDABACK: That, too, is withdrawn.

CLERK: Mr. President, the next amendment I have, Senator Johnson, AM2832. I have a note you wish to withdraw that, Senator.

SENATOR CUDABACK: It is withdrawn.

CLERK: Mr. President, Senator Johnson would move to amend with AM2866. (Legislative Journal pages 1163.)

SENATOR CUDABACK: Senator Johnson, you're recognized to open, AM2866.

SENATOR JOHNSON: Mr. President and members of the body, this morning we will more or less finish up on LB 994. What we're talking about here this morning is an effort to prevent the introduction of counterfeit drugs into the pharmaceutical distribution. The reason that we have had the change in the amendments is that we have worked on this bill for nearly two years. All of the pharmaceutical distributors, the wholesale distributors, have been very cooperative in this. The problem has been that there are many ways to skin the cat, as we've found, and so what...the reason for the change is that we had so many amendments to the amendment that counsel Jeff Santema for Health and Human Services was kind enough to put these all under one amendment. All of the people that are affected by this wholesale distributor act all began with saying, we are in support of this measure that you're putting forth; we just have particular problems that affect us, and so could you make this slight adjustment? All of these people that did come forth in this matter, without exception, we felt had a legitimate reason for doing this. So let's just talk just a little bit about what has happened. First of all, all of you, I think, will remember that three years ago in Lexington, Nebraska, there was a repackaging of the drug Lipitor--18 million capsules of Lipitor. This case is still being litigated, but there is a good chance that there were substitutions for the real thing. Nebraska is one of the seven states that doesn't license wholesale distributors. Now what we have attempted to do by going so slow

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and deliberately here is to put together a comprehensive bill, at least 18 months in the making, working with the Board of Pharmacy for the state of Nebraska, but also inviting national representatives of the various wholesaling distributors. They came from as far away as California, but also were represented locally by oxygen distributors. One of the things that we found is that there were so many of these technical aspects. One of the things is that a distributor pointed out that we had not allowed for joint ownership or making of a pharmaceutical. So that was corrected. There were others that were made in different manners, so that we had to allow for this, as well. Getting back to the one about our oxygen distributors right here in the state, technically, oxygen is a drug, and so we had to recognize that, and so in this you will see several paragraphs dealing with this. Now, due to the fact that pharmaceutical manufacturers are regulated by the FDA, this also played a part, and it is the intent of this legislation to exempt these manufacturers and subsidiaries because they are covered under the FDA and their licensing requirements would then be duplicative. For example, some manufacturers ship directly to the provider. These facilities are regulated by the FDA and they would not have to go through the licensing process again. Again, we're trying to blend all of these different entities. Now here's what's in the bill: The Board of Pharmacy will set the rules and regulations. It will do criminal and business background checks. It will put the name of the person in charge. Now here's an interesting statistic: 90 percent of the pharmaceuticals are distributed by three wholesalers. There are 6,000 that do the other 10 percent, and 100 of these don't qualify for belonging to the National--what do they call it--Health Care Management Association. Now what the intent is to do here is to establish what we would call a pedigree, and a pedigree is an historical marker from the manufacturing site through each of the distributing people along the wholesale line. This would start out with a paper trail that we ordinarily would have, but the thing that is neat and kind of caught my eye is that, starting in the year 2008, this will be done electronically. When you go to the grocery store and bring an item to the counter, there is a bar code there that is scanned. What will be possible in the year 2008 is that each of these pharmaceutical products will have a bar code on the

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packaging less than the size of a grain of salt that will have all the information as to where it was manufactured and the places that it went along the distribution chain. To put it in our common terms, this pedigree here is very similar to having a pedigree on a prize dog. It's that simple, as far as tracing what you're trying to do and make sure that this is a "prize dog," or the pharmaceutical it is supposed to be. This will trace the ancestry of the pharmaceutical and each of the steps along the way. The penalties for these were listed as a Class III felony for knowingly and intentionally operating outside this normal distribution chain that would be set up in the rules and regulations. This was advanced with a 7 to 0 vote in the committee. We attached it to LB 994 for convenience and to try and do this expeditiously, since all of the parties now are in agreement with this.

SENATOR CUDABACK: One minute.

SENATOR JOHNSON: So with that, I would ask your support for this measure. Nebraska is behind. I think with this measure and the deliberativeness that has been put into it, we can become a model state, rather than just going on with the crowd. Thank you.

SENATOR CUDABACK: Thank you, Senator Johnson. You've heard the opening on AM2866. Open for discussion. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, after Senator Johnson's exciting, gripping presentation, I have to say what some people say about me--it's a hard act to follow. (Laughter) On occasion, I will stand to speak on a bill and digress. Because Senator Johnson's bill is straightforward, and he did take the time necessary to explain what it's about, I'm going to digress this morning, do something which I have not done, because there's a young man here of whom I'm very proud. And I'm proud of his mother, too. I reminded him and her this morning that often men get credit for things, but not one man would be here were it not for our mothers. There have been instances where a woman would have a child walking down the street, and the husband next to her, and they're going to cross the street, and she'd say, will you carry the baby? And he'd

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say, I can't do that in public. Why should I have to do it? She said, look, I carried this baby for nine months; you can carry it for 30 seconds across the street. Well, at any rate, under the balcony to my left are Geneva Kitching and her son, Brian Michsel Kitching. Ms. Kitching works with us in the Transcribers Office on the tenth floor. And I don't want to embarrass the young man, but there are a few things that I'm going to say this morning. He enlisted in the army in April of 2002. He completed his basic training at Fort Benning, Georgia, and his advanced individual training, known in military parlance as AIT, as a forward observer at Fort Sill, Oklahoma. He moved on to Fort Campbell, Kentucky, and after completing air assault school, he was deployed in March of 2002 with the 3rd Brigade of the 101st Airborne Division to Afghanistan, where he received--and this is what impresses me, among other things--the green and gold scholarship to complete his college education and become a commissioned officer. He returned from Afghanistan and earned his bachelor's degree--and this would make Senator Raikes proud, if he was here--in economics. So when he gets over his military responsibility and functions as competently as an economist as he has during his military career, we're going to see that deficit drop, we're going to see the economy mushroom, and he might--but I would advise him against it, because he'd take a salary cut--be considered to be President of the United States, which will be a much better place, thanks to him. Now he graduated--Senator...I don't even see Senator Brashear, but he likes us to pronounce these Latin terms correctly--he graduated magna cum laude and as a distinguished military graduate in May of 2005. He then went on to serve at Fort Lewis in Tacoma, Washington, where he was an evaluator of future army officers in the Leadership Development and Assessment course. With what he has done, you'd probably expect to look back there and see an old graybeard such as myself, but that is not the case, if you look back there. Upon completion of his training at Fort Lewis, Second Lieutenant Kitching attended the infantry officer basic course at Fort Benning, Georgia, after which he graduated from the U.S. Army Ranger school. He is preparing to move to Fort Bragg, North Carolina, where he will serve as a platoon leader in the 82nd Airborne Division.

SENATOR CUDABACK: One minute.

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SENATOR CHAMBERS: His awards include--and I'm going to say it so he'll know everything I'm saying will be recorded, transcribed, and I'm going to see that he gets a copy of it--awards include the Army Commendation Medal, three Army Achievement Medals, the Afghan service medal, the Global War on Terrorism Expeditionary Medal, the National Defense Service ribbon, overseas service medal, and the army service ribbon. Now, for the best part of this young man, once you get past his mother, he is married to the former Shanna Harrison of Laurelton, New York, and if they haven't stood already, I would ask that they stand up and face the music. They're under the balcony to my left.

SENATOR CUDABACK: Please rise and let us welcome you.
(Applause)

SENATOR CHAMBERS: Thank you, and I appreciate the reception that they have received. And this was not planned by me or them to occur on the morning that we dealt with the renaming of the veterans' home, but everything turned out by happy coincidence to work well for everybody, and it gave me the opportunity to show what a nice, gentle person I can be when I'm allowed to be. Thank you all very much.

SENATOR CUDABACK: Thank you, Senator Chambers, and welcome to the Nebraska State Legislature. We appreciate you being with us this morning. On with discussion. Senator Thompson.

SENATOR THOMPSON: Thank you, Mr. President, members of the body. I just wanted to take this opportunity to thank Senator Johnson for working with a group of constituents from my district. They're a part of the McKesson Group in Nebraska and appreciate his working with them to make the bill work, and thank you very much. And I support the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Thompson. Senator Jensen.

SENATOR JENSEN: Thank you, Mr. President and members of the Legislature. I just stand in support of this amendment. As we worked through this, every time we had a meeting I'd ask Senator

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Johnson, how are you doing? And says, well, we've had another entity show up that we need to address, and like so many times, and it seemed like, I don't know whether in any other committees, but in the Health Committee we have a number of those. But we kept working with this; he kept working with it very diligently, and I'm so happy that now this bill is in a form that I think that we can protect the citizens of Nebraska, that you can be assured that when you do get drugs that they are what they say they are, and it will also eliminate the clandestine operations that were available in this state before that. With that, thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Jensen. Senator Janssen. You may use that mike if you care to, Senator Janssen.

SENATOR JANSSEN: Thank you, Senator Cudaback, members of the Legislature. If Senator Johnson would yield to a few questions, please.

SENATOR CUDABACK: Senator Johnson, would you yield?

SENATOR JOHNSON: Yes, sir. Where are you? (Laugh)

SENATOR JANSSEN: Senator Johnson, would you explain again the paper trail you'll be able to use on the illicit drugs? What did you say, there were 200,000 different types of these pharmaceuticals? How will they be able to distinguish from the bad ones from the good ones?

SENATOR JOHNSON: Well, right now, Senator Janssen, it would be not dissimilar from the grocery business, where you are able to...

SENATOR JANSSEN: With a bar code?

SENATOR JOHNSON: Yes, trace it with...and this will be the next step. Right now, it is a paper trail, that we use invoices and this type of thing. But in the year 2008, and the language is put in here, thanks to Jeff Santema, that without doing anything further when the electronic technology becomes available, that this, then, will substitute for the paper trail and will

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actually make it much easier to keep track of this information.

SENATOR JANSSEN: Okay, thank you, Senator Johnson. I believe this is probably long overdue to have something similar to this. You hear so many things about the pharmaceuticals that are coming from who knows where, and we all trust our pharmacies and our pharmacists, but if some of these filter into the system without any distinction of where they came from, it could be very harmful to society. With that, thank you very much. I will support your amendment.

SENATOR CUDABACK: Thank you, Senator Janssen. No further lights on. Senator Johnson, you're recognized to close.

SENATOR JOHNSON: Thank you. Well, I do ask for your support. This has been a long time in the making, and I think that we have it right by going slow and doing this diligently. And I think where the thanks needs to really go is not to me but to our counsel, Jeff Santema. He has been just absolutely outstanding in his diligence in putting this together in a functional way, so thank you.

SENATOR CUDABACK: Thank you, Senator Johnson. You've heard the closing on AM2866. The question before the body is, shall that amendment be adopted? All in favor vote aye; opposed vote nay. The question before the body is the Johnson amendment, AM2866, to LB 994. Have you all voted on the amendment who care to? Record please, Mr. Clerk.

CLERK: 38 ayes, 0 nays, Mr. President, on the adoption of Senator Johnson's amendment.

SENATOR CUDABACK: AM2866 has been adopted.

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

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 994 to E & R for engrossing.

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SENATOR CUDABACK: There's been a motion to advance LB 994 to E & R for engrossing. All in favor say aye. Opposed, nay. It is advanced. We will be passing over LB 994A due to circumstances. We will now go to Select File, 2006 senator priority bills, the Price division. Mr. Clerk, LB 1069.

CLERK: LB 1069, Senator, I have E & R amendments. (AM7179, Legislative Journal page 1026.)

SENATOR CUDABACK: Mr. Flood, please.

SENATOR FLOOD: Mr. President, I move the adoption of E & R amendments to LB 1069.

SENATOR CUDABACK: You've heard the motion to adopt the E & R amendments to LB 1069. All in favor of that motion say aye. Opposed, nay. They are adopted.

CLERK: I have nothing further on that bill, Senator.

SENATOR CUDABACK: Senator Flood.

SENATOR FLOOD: Mr. President, I move the adoption of LB 1069 to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 1069 to E & R for engrossing. All in favor say aye. Opposed, nay. It is advanced. We now go to LB 1069A.

CLERK: LB 1069A, no E & R. Senator Byars would move to amend with AM2824. (Legislative Journal page 1123.)

SENATOR CUDABACK: Senator Baker, you're authorized to handle the amendment. You're recognized to do so.

SENATOR BAKER: Thank you, Senator Cudaback, members. This is an easy one. Senator Byars did request that Senator Don Pederson put this money he's going to save the state in his account for future use. It's \$317,301 cost savings to Health and Human Services the first year. Don't know how much it's going to be after that. But this was an easy amendment because

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of the committee amendments on LB 1069 broadened the scope of those who can provide transportation to those eligible for it to not just nonlegal family members, to include anyone who passes all the background tests and has insurance and so on. It increased the cost savings \$317,301 the first year. I would like to ask for adoption of AM2824 to LB 1069A, please. Thank you.

SENATOR CUDABACK: Thank you, Senator. You've heard the opening. Open for discussion. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President. Yes, Senator Baker, the Appropriations Committee and the state appreciates the fact that they will be receiving money back from this. And let it be known that we are willingly accepting it. Thank you.

SENATOR CUDABACK: Further discussion? There are no lights. Senator Baker waives closing. Question for the body is adoption of AM2824. All in favor vote aye; opposed vote nay. Please record, Mr. Clerk.

CLERK: 29 ayes, 0 nays, Mr. President, on the adoption of Senator Byars' amendment as offered by Senator Baker.

SENATOR CUDABACK: The Byars amendment has been adopted.

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

SENATOR CUDABACK: Senator Flood, for a motion, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 1069A to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion, advance LB 1069A, E & R for engrossing. All in favor say aye. Opposed, nay. It is advanced. We now go to LB 962.

CLERK: LB 962, Senator, I have E & R amendments, first of all. (AM7180, Legislative Journal page 1030.)

SENATOR CUDABACK: Senator Flood, please.

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SENATOR FLOOD: Mr. President, I move the adoption of the E & R amendments to LB 962.

SENATOR CUDABACK: You've heard the motion to adopt the E & R amendments to LB 962. All in favor of that motion say aye. Opposed, nay. They are adopted.

CLERK: Senator Don Pederson would move to amend, AM2780. (Legislative Journal page 1084.)

SENATOR CUDABACK: Senator Pederson, to open on your amendment.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. Senator Price has graciously consented to my putting this amendment on after I gave her a blood oath that I wouldn't do anything to damage her bill and this won't damage her bill. This actually is LB 830 that was presented to the Education Committee and approved 8 to 0 by the Education Committee. And what it is, is a follow-up to LR 174, which we entered into in 2003. LR 174 set up a committee to look into higher education...higher public education, that is, in the state of Nebraska. There were three members from the Education Committee, three members from the Appropriations Committee, and three members from the Legislature at large. And we...and I served as Chairman of that task force, and we evaluated higher education's public system in Nebraska and found that there were many deficiencies, many things that needed to be corrected and looked into. And we turned the responsibility of reporting this matter over to the Coordinating Commission for Higher Education, and they have done a wonderful job of evaluating and reporting what's going on with higher education, where the deficiencies exist, and how we can monitor these things. There has been ultimate cooperation from all of the segments of public higher education and now we report to a common source. The national clearinghouse is now the place where we can gather all the information from all of these institutions. Before, we had fragmented reporting through different systems. It was like apples and bananas. Now, why am I introducing this amendment at this time? I presented this bill to the Education Committee and it was presented in a way that, look, there is no more LR 174

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task force. We need a perpetuation of the Legislature's being able to receive a report on what is going on and evaluating higher education in Nebraska. And the Coordinating Commission is very concerned. They prepare the reports. Who do they send it to? Who evaluates what they're doing? And without this method, we will not have anybody to report these things to. And, believe me, it has helped greatly with all of our public higher education to have this because now their foot is held closer to the fire because you don't just say generally, how are things going? They're going fine. You look at the reports and see if they're really going fine. And this gives us a measure to report. And it occurred to me that, you know, unless we do something now, there is no continuation of that kind of evaluation by the Legislature. I think it's very important for the Legislature to retain an interest and involvement in these reports. And, accordingly, I had initially proposed that there be a reinstatement of the makeup of LR 174 task force with the same nine-member makeup, not the same persons but that kind of a makeup, and the Education Committee, in their infinite wisdom, determined that that wasn't really necessary. We're not really going back and reinventing the wheel. This is a reporting mechanism. So, their report and their committee amendment is embodied in this amendment and what it says essentially is that the reports from the Coordinating Commission for Higher Education will be submitted to the Education Committee so now we will have a methodology of continuing the program that was started with LR 174, and it allows us to continue that program. I urge your adoption of this. I think it's important for this Legislature to retain an interest in the higher education public system in the state of Nebraska. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. You've heard the opening on AM2780. (Visitors introduced.) On with discussion. Senator Raikes.

SENATOR RAIKES: Thank you, Mr. President, members. Senator Pederson has explained very well what's the content of this amendment. I just offer that I do support it. The LR 174 task force was a, I thought, a very successful effort. And I think it's appropriate that we do what is being proposed here to keep that process in place. So, I urge your support of the

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amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Further discussion? Senator Erdman.

SENATOR ERDMAN: Thank you, Mr. President. I was wondering if Senator Don Pederson would yield to a couple of questions.

SENATOR CUDABACK: Senator Pederson, would you yield?

SENATOR D. PEDERSON: Yes, I would.

SENATOR ERDMAN: Senator Pederson, the amendment that is before us would continue the LR 174 task force. Is it your intent that the continuation of the program would actually answer the questions in LR 174 that weren't answered by the task force? Because it's my understanding that the task force took a narrow view of some of the basic principles and didn't actually tackle the bigger issues, as I understand our discussion at the symposium upon the completion of the task force.

SENATOR D. PEDERSON: This...initially, I suggested the continuation of the task force, but it's been converted by the Education Committee to simply serving as a reporting service so that the information from the Coordinating Commission will be reported back to the Education Committee. And, at that point, of course, if there are things that need to be looked into further, the Legislature will have an oversight of that and they can take appropriate response. Does that answer your question?

SENATOR ERDMAN: I think it's probably the best I'm going to get. Members of the Legislature, I, too, am interested in the results of LR 174, and I recognize that it was a monumental undertaking. And I actually have the six questions that were supposed to be answered by the task force. And I do think it's appropriate for us to examine higher education and to look at where we're spending competing dollars, and the sustainability of public higher education in the state is one of the provisions. How do the missions of the different institutions link and what can be done to find efficiencies is the second provision. How many campuses should be supported by the state

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and how do the demographics presently and in the future affect that was the third one. How should the public education institutions be coordinated and governed was the fourth provision. What proportion of tuition, private support, and tax dollars should be used was the fifth provision. What should be the focus of legislation in the next decade regarding public education was the sixth provision. And I think those are valuable, and for the sake of the record, I hope that as we go forward that those questions are actually answered. I think it's also important to recognize that an increasing number of students in...attaining higher education, both who are residents of the state and who are nonresidents who come to the state and stay here, is a benefit, obviously, as what came out of LR 174. But I do think that we have to answer those basic fundamental questions about structure, about coordination. I don't know that we have had that full discussion at this point. And I'm hopeful that under this amendment that we'll actually get the answers to those questions that were originally put forth in the interim study that I and many others signed on to. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. Seeing no further lights on, Senator Pederson, you're recognized to close.

SENATOR D. PEDERSON: As a closing, I would simply say that we determined in the LR 174 task force that the only way we could go forward with evaluation such as what Senator Erdman is suggesting is to have some basic facts in connection with this, and that's what we are producing now. I think that the Legislature will be able to evaluate from the facts that are elicited from these reports of the Coordinating Commission whether the goals that were set forth by Senator Erdman, which were the goals we were going to look at, I think that you will know better whether or not those goals are being achieved. But you're never going to get there unless you know the facts, and that's what we didn't have before, was a coordinated fact finding, and we have that now. And it's being reported, and we've determined to have a base year, and from that we can see whether there's an improvement in the various elements of public higher education. I think it's an absolute necessity to have that. And then, those of you who will remain here will have the

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opportunity to evaluate those reports and see if you think further changes need to be made in the existing system. With that, I would urge you to adopt this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Heard the closing on AM2780. Question before the body is, shall that amendment be adopted? All in favor of the motion vote aye; opposed vote nay. Voting on the amendment offered by Senator Don Pederson, AM2780, to LB 962. Have you all voted on the question who care to? Please record, Mr. Clerk.

CLERK: 34 ayes, 0 nays, Mr. President, on the adoption of Senator Pederson's amendment.

SENATOR CUDABACK: The Pederson amendment has been adopted. Mr. Clerk, item for the record, or messages?

CLERK: Thank you, Mr. President. Your Committee on Revenue, chaired by Senator Landis, reports LB 1087 to General File with amendments; LB 1159, General File with amendments. A series of study resolutions: LR 327, Senator Schimek; LR 328, Senator Combs; LR 329, Senator Stuthman; LR 330, Senator Stuthman; LR 331, Senator Stuthman; LR 332, Senator Combs; LR 333, Senator Landis; LR 334, Senator Mines. All will be referred to the Executive Board. I have an amendment to LB 990 to be printed. Mr. President, an announcement: Education Committee will have an Executive Session at 11:00 this morning in Room 2022; Education, 11:00. (Legislative Journal pages 1163-1168.)

SENATOR CUDABACK: Thank you, Mr. Clerk.

CLERK: Next amendment, Mr. President, Senator Raikes, AM2777. (Legislative Journal page 1156.)

SENATOR CUDABACK: Senator Raikes, to open on AM2777.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. This amendment includes two items, one...well, both substantive, but I think a kind of combination substantive and technical. I should recognize that Senator Price has graciously allowed me to offer this to you on LB 962. One of the issues

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deals with Peru State College, one of our three state colleges. The change would allow them, Peru State College, to offer a master of science degree in organizational management with a focus in entrepreneurial and economic development. The background information here is this is the sort of a program that can be offered in our other state colleges. The Coordinating Commission that has oversight on curriculum offerings in the state college has approved this subject to this change in statute. The Education Committee considered this, thought it was an appropriate change to make and so brings this to you as a recommended change in our statute. The other change deals with the Nebraska scholarship program. As a part of that, that's our need-based aid program, as you remember. There were some provisions in that program to provide for a transition from the previous programs to the new program. One of those provisions dealt with the amount of an award, the size of an award that could be given to an individual student. That is gradually taken down over time. This provision would allow a little bit more time for that transition; does not change the overall intent, direction, or anything else of the Nebraska scholarship program, but would ease that transition period by extending it a little bit for some of the institutions that are involved in that program. So those two changes; I would try to address questions and ask your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the opening on the Raikes amendment. (Visitors introduced.) On with the discussion of the Raikes amendment. Senator Brown.

SENATOR BROWN: Mr. President, members, I would like to ask Senator Raikes a couple of questions if he would yield.

SENATOR CUDABACK: Senator Raikes, would you yield?

SENATOR RAIKES: Yes.

SENATOR BROWN: Senator Raikes, when there was an effort a few years ago to do some reorganization and we were going to make a big capital investment at Peru, most of the argument that was used with me by individuals who were graduates of Peru or supporters of Peru was that the rationale for maintaining them

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in the same form that we had traditionally had them was because they provided teacher training. Now what you talked about doesn't have anything to do with teacher training, does it?

SENATOR RAIKES: You're right, it does not. It's entrepreneurial and economic development.

SENATOR BROWN: And it's a graduate program.

SENATOR RAIKES: That's right.

SENATOR BROWN: For a school that is primarily supposed to be not necessarily a graduate program.

SENATOR RAIKES: That's right, Senator. It does, however...this change would put Peru State on a par with other state colleges in terms of the graduate offerings. And certainly you're correct in the historical emphasis in training teachers, but I think you'll find at Peru, as well as on the other state college campuses, the curriculum offering even at the undergraduate level has expanded into other areas and business training programs are a significant part of that. I would tell you that my discussions with the Coordinating Commission were that this was a very narrowly construed expansion of their authority to offer programs, and they have not done it. They have gone through all the correct procedures in terms of waiting for authority before they do, in fact, offer this program.

SENATOR BROWN: On a maybe more broad, philosophical level, do you have any reservations about some of the things that are being done by Peru in terms of competing with other higher education institutions? I would say specifically Creighton University in Omaha, there are billboards around Creighton that talk about the cost of doing their on-line program. I really have reservations about maintaining programs based on their physical location and then having them being competitive with other entities' physical location, using state money to subsidize that kind of competition.

SENATOR RAIKES: Senator, I do share those concerns with you. I think that there can be (inaudible) if we're not very, very

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careful to make sure that, particularly with public institutions, the missions are carefully defined so that we don't have a lot of intercampus competition between institutions. So I do share those concerns. I do think that this change, this proposed change, is consistent with...consistent with a narrow view of...a narrowly defined view of what the mission of Peru State should be, both narrowly defined and consistent with what the other state colleges offer.

SENATOR BROWN: Okay, I'm not...I guess I'm not sure (laugh) whether I think that your statements are consistent. But I have my light on because I'd like to continue to pursue the discussion more generally about whether...

SENATOR CUDABACK: It's now your new time, Senator Brown.

SENATOR BROWN: ...we're doing a good enough job. Excuse me?

SENATOR CUDABACK: It's now your new time.

SENATOR BROWN: Thank you. Whether we're doing a good enough job in that kind of coordination. So I would ask you if you are entirely comfortable that the kind of clear mission that you spoke of, of the different institutions is being accomplished across the board right now.

SENATOR RAIKES: Senator, I probably couldn't tell you that I am entirely comfortable and particularly when you consider that as educational systems evolve, as there are new programs offered. For example, we get the Phoenix University type of a program, an Internet program, the offerings that are predominantly available change, sort of the boundaries or the vision may not stay the same. So, when all these changes occur, how do you adjust mission statements and that sort of thing between one campus and the other to make things fit together? I think that is a continuing challenge and certainly this sort of a change doesn't detract from that. It's still a challenge. This is a relatively minor change. It adds a little bit of scope in one area. It doesn't address the broader issue that you raise.

SENATOR BROWN: Thank you. So, in my peevishness about us not

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being able to deal with the broader issue, I will just vote red on this particular issue. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. Further discussion? Seeing no lights on, Senator Raikes, you're recognized to close on AM2777.

SENATOR RAIKES: Thank you, Mr. President and members. I appreciate the comments by Senator Brown. I think that the concerns are certainly valid. I do, however, think that those concerns are broader than what we're talking about here. I think this is an appropriate change at this time and something that we should do, and I would urge you to do so. So, thank you very much.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the closing on Raikes amendment. Question before the body is, shall that amendment be adopted? All in favor vote aye; opposed vote nay. Issue before the body is the Raikes amendment. Have you all voted on the amendment who care to? Record please, Mr. Clerk.

CLERK: 26 ayes, 2 nays, Mr. President, on the adoption of Senator Raikes' amendment.

SENATOR CUDABACK: The Raikes amendment has been adopted.

CLERK: Senator Jensen would move to amend AM2893. (Legislative Journal pages 1168-1169.)

SENATOR CUDABACK: Senator Jensen, to open on your amendment.

SENATOR JENSEN: Thank you, Mr. President, members of the Legislature. This amendment is LB 962 and I want to thank Senator Price for her willingness to consider the introduction of this amendment. The amendment adds provisions of LB 953, which was heard by the Health and Human Services Committee and advanced by the committee with no dissenting votes. The bill was brought to me by the Rural Health Advisory Commission. The commission was concerned that the rural health student loan repayment program, although effective, could even be more

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effective if the maximums were increased. And it's been a very effective tool to recruit and retain rural healthcare providers in Nebraska. LB 953 increases the amount that may be paid annually for student loan repayments under the act. The bill increases from \$10,000 to \$20,000 the maximum annual loan repayment for physicians, dentists, and psychologists; and increases from \$5,000 to \$10,000 the maximum annual amount for physician assistants, advance practice nurses, pharmacists, physical therapists, occupational therapists, and mental health practitioners. I was contacted recently by Dr. Don Frye, Chairman of the Rural Health Advisory Commission, and the commission had requested that the provisions of LB 953 be enacted into law without any additional appropriations for the program. When it came through our committee there was additional appropriations and we really felt that that could not...that certainly my seatmate behind me would not go for that, and so we had not advanced the bill. But now, moving it forward without increasing the appropriations I think is a very good way to go. The commission believes that the enhanced payback authority, even if fewer applicants are served under the program, will still make the program much more effective and a very effective tool in the long run. I would just ask for the adoption of the amendment, and I would stress that I'm not asking for any additional appropriations to accompany this change. I thank Senator Price. And with that, I would thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Jensen. You've heard the opening on AM2893. Open for discussion. Senator Jensen, there are no lights on. Senator Jensen waives closing. Question before the body is, shall AM2893 be adopted to LB 962? All in favor vote aye; opposed, nay. Voting on adoption of the Jensen amendment, AM2893. Have you all voted on the issue who care to? Please record, Mr. Clerk.

CLERK: 29 ayes, 0 nays, Mr. President, on the adoption of Senator Jensen's amendment.

SENATOR CUDABACK: The Jensen amendment has been adopted.

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

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SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Flood, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 962 to E & R for engrossing.

SENATOR CUDABACK: You've heard the motion to advance LB 962 to E & R for engrossing. All in favor say aye. Opposed, nay. LB 962 is advanced. We now go to LB 962A.

CLERK: Senator Flood, I have no amendments to LB 962A.

SENATOR CUDABACK: Senator Flood, please.

SENATOR FLOOD: Mr. President, I move the advancement of LB 962A to E & R for engrossing.

SENATOR CUDABACK: Heard the motion by Senator Flood to advance LB 962A. All in favor say aye. Opposed, nay. LB 962A is advanced. That completes that portion of the agenda. We now go to General File, 2006 senator priority bills, the Connealy division. Mr. Clerk, LB 965.

CLERK: LB 965, Mr. President, introduced by Senator Jensen. (Read title.) The bill was introduced on January 9, referred to the Revenue Committee. The bill was advanced to General File. I do have committee amendments, Mr. President. (AM2587, Legislative Journal page 881.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Jensen, to open.

SENATOR JENSEN: Thank you, Mr. President. LB 965 adopts the Long-Term Care Savings Plan Act. The act encourages Nebraska residents to plan for their own long-term care by means of allowing persons to make state income tax deductions for contributions to long-term care savings accounts. Nebraska has one of the most successful student loan acts in the nation. And matter of fact, we have people from outside the state that even will participate in it. And this act is similar to that, only for long-term care; in other words, allowing you to put money

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into a savings account to provide for your own long-term care. Qualified participants may then make withdrawals from the funds deposited to pay for their long-term care expense. By providing such financial incentives, our citizens will be able to plan for their future, their long-term needs, and will alleviate the demand on Medicaid to pay for those costs associated and with their stays in nursing homes, assisted-living facilities. Indeed, the healthcare costs associated with these facilities represent the largest single category of Medicaid expenditures. As such, I believe LB 965 represents a critical component of the Medicaid reform. Under this act, the Department of Revenue selects a plan administrator who enters into participation agreements with all persons designed to set up a long-term care savings account. All money paid by a participant or another person on behalf of the participant is deposited as received into a participant's separate account. And a participant retains ownership of all deposits made under the agreement until the date of utilization. Each participant participation agreement must provide that the agreement may be cancelled or transferred to a spouse upon the terms set by the plan administrator. The act allows Nebraska taxpayers to contribute a lifetime limit of \$165,000 into these accounts, an amount which represents slightly more than the average total cost of care in a long-term facility for a single individual. The lifetime limit is automatically adjusted for inflation as provided in the Internal Revenue Code. A participant's federal adjusted gross income may be reduced by contributions to the plan up to \$2,000 per married filing jointly return and \$1,000 for another return, as well as any investment earnings made to the extent not deducted for federal tax purposes. These deductions only reflect the amount of state income tax a participant will pay. Once a participant sets aside money into an account, any qualified individual may make withdrawals for long-term care expenses. A qualified individual is defined as a person who turns 65 years or older during the taxable year, or any disabled person who had a medical necessity for long-term care, or a person who turns 62 years age or older during the taxable year who made payments for long-term care insurance during the taxable year. The definition of a qualified individual was defined in large party (sic) by the committee amendments to LB 965, which Senator Landis will describe in

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further detail. In addition to allowing persons to use their accounts to pay for long-term care expenses, the committee amendment also allows certain participants to pay for their long-term care insurance premiums. A participant who is not a qualified individual may still make withdrawals from his or her account, but subject withdrawals will be subject to a 10 percent penalty collected by the Department of Revenue and will increase a participant's federal adjusted gross income to the extent previously deducted. Likewise, withdrawals by any person for purposes other than the long-term care expense or long-term care insurance premiums are subject to the same penalty. However, no penalty will accrue on accounts of the death of the owner of the account, and the accounts are also freely transferable between spouses. By providing these financial incentives and encouraging more Nebraska residents to set aside money for their own long-term care needs, we will see to it that fewer residents will require Medicaid to provide for their future care. This will help curtail a growth of Medicaid and, in the process, make Medicaid a more affordable and tenable system. It is in fact incumbent upon us to understand that providing incentives for purchase of long-term care must be considered part of the overall Medicaid reform proposal. Currently, the rate of growth for the state aid to schools and Medicaid exceeds the growth rate of General Fund revenues. Something must be done to curb this growth and if we are able to make Medicaid a fiscally sustainable program. And addressing long-term care is a logical place to start. In the last, I believe, six years, I've introduced bills to incentivize individuals to buy long-term care insurance at least four times in those six years. This is a savings program that individuals can participate in. One thing, if you don't know, and in my own instance, my wife has had skin cancer at one point and that prohibits us from buying long-term care insurance for her. With this, you can put dollars away and to provide for that long-term care. Also, if long-term care insurance is very expensive when you get 65 and older to buy, where you could set up a savings account any time to help alleviate that cost. We're all growing older, we all someday will die, and why not plan for that? So I think this makes perfectly good sense. I would just ask for your adoption. There is an amendment to this. And I appreciate the Revenue Committee and, on their indulgence, they advanced this out 8 to

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O. And several persons testified in favor, none were opposed, and no one offered any neutral testimony. It represents a win-win proposal for our state. Nebraskans with enough money set aside for their own long-term care needs will now not have to spend down or otherwise transfer assets to qualify for Medicaid coverage. The state will not need to provide for them. Every individual that can set up a long-term care savings program can save this state \$150,000. I hope you'll vote for the advancement of this bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Jensen. You've heard the...there are committee amendments, as stated. Revenue Committee Chairman Landis, you're recognized to open.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. We've heard two different bills and we decided to put some of the idea of one bill into this one and send it out. LB 965 is the Long-Term Care Savings Plan Act and, of course, you can put money in there and then you can use that for long-term care purchases. But we were interested in the idea of using that money for the purchasing of long-term care insurance, which was a separate bill, and that bill cost \$7 million to \$8 million. What we did was to limit the insurance premiums that could be paid for out of this mechanism but, at the same, use this tax system incentive to reward having long-term care insurance, which is one of the objectives that Senator Jensen has wanted to achieve for years. Under the green copy of the bill, withdrawals from these care savings plans would have to be made by a qualified person, meaning one that's 65 years of age or older, or disabled. The committee accepted the idea of the accounts but thought that withdrawals should also include premiums for long-term care policies when the person reaches an age where the premiums begin to get significantly expensive. The committee amendments define qualified individuals in three ways. First, a qualified individual would be a person that turns 65 years of age during the tax year that has need for long-term care which, by the way, is consistent with the green copy of the bill. Secondly, it is a disabled person of any age with need of long-term care. Both of these were within the original single definition under the original bill. The third definition, however, was added by the committee and that would

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be a person that turns 62 years of age or older within the tax year that is paying long-term care insurance premiums. Long-term care insurance premiums would be defined with reference to the Long-Term Care Insurance Act which is already on our books and is a policy that covers the individual or his or her spouse. Tax-free withdrawals from the account would be for either long-term care costs, which was in LB 965, or insurance premiums, which was in a second bill but it's the idea that we're putting into LB 965, so long as the person is a qualified individual, meaning handicapped, over 65, or over 62 for the purposes of paying for insurance premiums. All other withdrawals would be taxable income and subject to a 10 percent penalty and was provided under the original version of the act. So you get to use this mechanism for other than the paying of direct services. You can use it to pay long-term insurance premiums under two limitations. One, you've got to be 62 years and older. And secondly, the maximum amount of premiums that you can receive this tax benefit for would be \$2,000. That won't be the price of long-term healthcare insurance. I'm 57, my long-term healthcare insurance...long-term insurance, rather, is \$3,300 a year. So if you move somebody who would be 65 years of age, the price of that insurance will be higher than that. I think we'd be looking at half or somewhat less than half of the premium amount would have this benefit. We do not know how much this amendment costs. The underlying bill costs between \$700,000 and \$800,000. If I had to give a rough justice guess based on what we learned in the A bill that accompanied the other...or the fiscal note that accompanied the other bill, I'm guessing that with this amendment we're adding about again as much as is in the bill now. We're probably looking at a bill that moves from \$800,000 a year to \$1.6 or perhaps \$2 million a year at the outside, I would guess. It would be a significant public policy gain if we can create an effective incentive mechanism for people to buy long-term care insurance. Those who serve on the Appropriations Committee, Senator Heidemann and others, will tell you, Medicaid is eating the state budget from the inside out. It's like one of those aliens that comes out of the stomach. And that's what Medicaid is. We've swallowed it into our state budget and it's eating its way out. One of the few ways of controlling that is to move this expensive kind of procedure into a privately funded procedure in which we are not

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paying for those as often as we are now. The best way to do that is long-term care insurance. Oddly enough, Nebraska, that does not have an incentive for this, has one of the highest long-term care insurance rates in the country. In other words, many Nebraskans are doing the right thing even without the tax code encouraging them to do the right thing. There are about 18 or 19 states that have some kind of incentive mechanism for this behavior that we're hoping to have. And those states do not perform as well as this state does. I must say, however, every amount of long-term care insurance that we can sell in the marketplace that will move people away from Medicaid and to private pay will help the state budget in a variety of respects. So this is an investment in hopefully moving people to use the insurance mechanism as opposed to relying on a burgeoning state program that's very cataclysmic to our state budget. I would ask for the adoption of the Revenue Committee amendment.

SENATOR CUDABACK: Thank you, Senator. You've heard the opening on the Revenue Committee amendments. There are no amendments to the Revenue Committee amendments. On with discussion. Senator Cunningham, followed by Senator Redfield.

SENATOR CUNNINGHAM: Well, thank you, Senator Cudaback and members. I rise up in strong support of this, this bill. Senator Landis and Senator Jensen explained to you and all of you in this body know what the cost of Medicaid is for our state. And it's the fastest growing or one of the fastest growing segments of our budget. And quite frankly, I believe it is totally unsustainable. Right now in our state, I think it's very commonplace, the normal person plans to get rid of their assets and the state will take care of them in the nursing home. When you talk about Medicaid and nursing homes, the reality is the biggest share of Medicaid goes to senior citizens living in nursing homes and assisted-livings. And I think we as a society need to do more to plan for our own retirement or our own time when we end up having to live in one of those facilities. I personally have another bill that I consider a companion to this bill and it's an asset protection bill. If you purchase long-term care insurance, you can protect some of your assets when you get older and in that position. Senator Landis talked about...I believe he said his insurance, long-term care

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insurance, was 30-some hundred dollars a year at the age of 57. I'm 51 and I purchased long-term care insurance over ten years ago. And I'm sure my premium is somewhere under \$1,000 a year. So we need to do all we can to incentivize people to buy long-term care insurance, plan for their own future because Medicaid simply is not sustainable at the rate we're going. Thank you.

SENATOR CUDABACK: Thank you, Senator Cunningham; Senator Redfield; followed by Senator Engel and others.

SENATOR CUDABACK: Thank you, Mr. President, members of the body. I think that this is a real problem. The demographics of this state are more intense than it is in other states. Clearly, this will go a long way to helping our citizens set aside and prepare for their own retirement years and those years when they may not be healthy to remain on their own. I ask you to support the bill. I ask you to support the amendment because it would allow those who have purchased long-term care insurance to use these savings for their premiums in their later years when they're on fixed income and might allow it to lapse due to lack of funds. That's clearly an improvement and a good thing for the state. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Engel.

SENATOR ENGEL: Mr. President, members of the body, I, too, serve on the Appropriations Committee and I can attest, this is

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eating up our budget and our income in the state of Nebraska. We have to do something and they are working on that. They've got a fraud task force working to try to eliminate the fraud. There's a lot of fraud in Medicaid because people are trying to get rid of...getting rid of their assets so that the taxpayers can support them. And the situation is, I'm glad this is part of the bill. I do support the bill, of course, and this amendment. I have...used to sell insurance and you don't sell something you don't believe in. I bought long-term care long time ago and hope I never have to use it. I hope I bought insurance to stay healthy. But the situation is, people don't realize how much it takes to live in a nursing home. You...\$165,000 is a good start, I think, because \$165,000 will not last very long if you're in a nursing home for a period of time. I know most people are in there for just a short period of time, about three years. The insurance I purchased will not take care of all of a nursing home situation because I believe that it will take care of most of it and I think people should use their assets for the balance if they have assets. I don't believe that we should turn that over to the taxpayers. And as far as I'm concerned, any assets people have, it should be used for them first and what's left, gladly leave it to your heirs; you know, not have the taxpayers setting up accounts for the heirs. The only thing is, with this particular amendment, I think it probably should start earlier because the younger you are, the cheaper health insurance, I mean, the Medicare supplement is. And more and more people can qualify for it because normally they're healthier. As you get a little older, because of the medical situation in our country now, we are living longer and longer and longer. And of course, with living longer and longer and longer, there's more things wear out and more things occur to you where you're not eligible to actually buy the insurance. So I believe 62 is probably a good start, but I think if you lower the age to...I could care less what age it is, it could be 25, and as long as they're buying it and keeping it where they could deduct it, you know. So I think it's high time that we are doing this. And I do believe, no matter what it's costing, maybe a little over \$1 million or so as far as in our receivables, the savings in the long run is going to be...just outdo that multiple times. So I think it's a very, very good bill, very good amendment. The only thing is, I

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would like to ask Senator Landis, if you got a moment, if you'd respond.

SENATOR CUDABACK: Senator Landis, would you respond?

SENATOR ENGEL: Thank you, Senator Landis. How did you pick the age 62? Or why was 62 the age where you could start buying insurance and deducting it?

SENATOR LANDIS: Sort of the early retirement age where people are...so that they don't have an income. It was about the earliest that we could think of in which somebody's income might be frozen because they were retired.

SENATOR ENGEL: Well, and the thing is, though, I guess what I'm saying is that it gets more expensive as you get older.

SENATOR LANDIS: Um-hum.

SENATOR ENGEL: And I think if the age was younger, the people out there selling insurance every day, and I sold a lot of insurance, it would incentivize these agents to get out and sell it. And I think that if you were to get someone out there selling this insurance, people, if they've got more of an incentive than just that I might be in a nursing home, I can deduct that, I think it would incentivize more sales, more people buying it. And I'm not selling insurance now. I'm just telling you how we can get...

SENATOR CUDABACK: One minute.

SENATOR ENGEL: ...more people into the program.

SENATOR LANDIS: We took a bill that cost \$800,000 and we doubled the cost of it. We thought that was good enough. We wanted to stick our toe in the water and this was as far as we could go. We used a benchmark of where we thought it was likely that there was a significant number of workers who would not have an increasing ability to have income and that they would be frozen in their resources and they could make use of this. The fact that people want more, we knew that was (inaudible). The

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original...the other bill cost \$8 million bucks, which was open-ended; didn't want to do it. This was...we felt we'd try a flier for maybe a million bucks.

SENATOR ENGEL: I appreciate what you did and perhaps, as we see how this gels out, perhaps we can amend it in the future. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Engel. (Visitors introduced.) On with discussion. Senator Howard.

SENATOR HOWARD: Thank you, Mr. Chairman and members of the body. I stand in support of Senator Jensen, my Chairman of Health and Human Services Committee, for two reasons. First off, his bill gives people more control over their own lives, and here in Nebraska we treasure that option. One of the things people fear most about growing older is not being able to remain in their own homes; having something happen to them that puts them in a situation where they're no longer making their own decisions. And having money, honestly, is a big part of what you're able to do in your life. I'm glad Senator Jensen has brought this in. I think this is a significant bill. I know, from having talked with Senator Jensen many times, he is very concerned about the Medicaid rise in costs. He has worked diligently to address this problem, and this certainly is an important factor in that. And I thank him for bringing this bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Howard. Further discussion on the Revenue Committee amendments? Senator Combs.

SENATOR COMBS: Thank you, Mr. President and members of the body. I rise in support of the Revenue Committee amendment and also the underlying bill. Having been a director of nursing in long-term care for 9 years, I've worked in long-term care for 14 altogether, I sat down with many families, as they were admitted to the nursing home, and went over their financial status and we worked out how long their assets would last, along with the social work coordinators. And it was very discouraging to see what Medicare does not pay for. Medicare does not pay for what we call custodial care, which could be around-the-clock personal

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care needed for activities of daily living that people are not able to provide for themselves that are essential for that person, that they cannot be alone and they are totally dependent for care. Medicare does not pay for custodial care, much to the chagrin of many people who have been led to believe over the years that, you know, Medicare is a safety net that's going to help me when I get in the nursing home. You know, it is not. Part A, as long as you have a skilled rehabilitative status, will cover you. But as long as you have no rehab potential, the A benefits are gone when you can no longer be predicted to make measurable progress in your condition. And that's when you become custodial. That said, I would encourage people to provide for themselves for long-term care. We don't know what the economy is going to do. We don't know what federal government regs are going to do to the Medicare program. I used to kid around and say, hey, you know, when I get on Medicare, the feds are probably only going to pay for the shot to put me to sleep. And the way they work it, it could be going that way. Who knows? But that said, I do support the bill. I support the amendment. And I do want to encourage all of us, if we have not, to look into getting long-term care insurance and being able to provide for the future. We should be self-sufficient, self-reliant. It is a personal responsibility to provide for ourselves. And as you know, I'm one that doesn't believe in a lot of government interference in your personal life and I believe in personal freedom, and this is one way to express it, is to make sure that you properly care for yourself. Thank you.

SENATOR CUDABACK: Thank you, Senator Combs. Senator Burling.

SENATOR BURLING: Hello. Thank you, Mr. President and members of the body. I, too, stand in support of this proposal. I know, like others have said, it's something that's been worked on for several years. It's something we should do. It's something we need to do. I, too, have been paying long-term care premiums for longer years than I can remember. And this encourages people to set aside money for those years. So I thank Senator Jensen for pursuing and being persistent in this endeavor and bringing it to us. I'd like to ask Senator Jensen a question, if he would respond.

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SENATOR CUDABACK: Senator Jensen, would you respond?

SENATOR JENSEN: Yes.

SENATOR BURLING: Senator Jensen, a qualified individual is one that's in medical need, has a medical need for long-term care. Does that then require an affidavit from a medical doctor or how does that work? I mean, who decides?

SENATOR JENSEN: I don't think we address that in the bill that I can remember.

SENATOR BURLING: Okay. Well, I'm sure it's okay. I was just curious of, you know, if you go to your tax preparer or your financial advisor, who decides if that person really is qualified?

SENATOR JENSEN: You would be talking about the disabled or the medically needy?

SENATOR BURLING: Yeah, any age, any age medically disabled that needs this type of care, does that require a physician's affidavit or anything?

SENATOR JENSEN: Well, certainly a physician's certificate or signature or a letter would be suffice, I'm sure.

SENATOR BURLING: I'm sure it would, too. And I was just curious...

SENATOR JENSEN: Yeah.

SENATOR BURLING: ...if you had addressed that or not. That's okay.

SENATOR JENSEN: Okay.

SENATOR BURLING: Thank you, Senator Jensen. Thank you.

SENATOR CUDABACK: Thank you, Senator Burling. Senator Landis, do you wish to close or speak?

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SENATOR LANDIS: I think closing, since we don't have any known opposition and we probably ought to act on the bill in which...

SENATOR CUDABACK: You're recognized to...

SENATOR LANDIS: ...we're all saying, gosh, what a great bill; well, good, let's pass it.

SENATOR CUDABACK: You're recognized to close.

SENATOR LANDIS: There is a piece of information, however, that you probably ought to have. I gave you an estimate a moment ago and, in fact, it was accurate in that, in the intervening time, in those ten minutes, there was a fiscal note provided for this bill. And I had estimated that I thought that we doubled the amount of the bill or up to \$2 million and, in fact, the note came back that the bill, with this amendment, is \$1.9 million. The estimates for the next three years are \$1.9 million, \$1.98 million, and \$2.1 million from 2006, 2007, and 2008. Of that, \$13,000 is for a revenue operations analyst II and that the implementation costs are only \$20,000. So that's the best guess that we can make as to the cost of the amended version. I'd ask for the adoption of AM2587.

SENATOR CUDABACK: You've heard the closing on AM2587. The question before the body is, should the committee amendments be adopted? All in favor vote aye; opposed, nay. Voting on adoption of the committee amendments presented by Chairman Landis. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 26 ayes, 0 nays on adoption of committee amendments.

SENATOR CUDABACK: The committee amendments are adopted.

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

SENATOR CUDABACK: Thank you, Mr. Clerk. Back to discussion of the bill itself. There are no lights on. Senator Jensen, you're recognized to close.

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SENATOR JENSEN: Thank you, Mr. President. I really thank the body for listening and also I would ask for your support. The offset in revenue is...and the savings on Medicaid I think you're going to find is going to be substantial. We have had a culture in this nation the last several years that I don't need to plan for anything, the government will take care of me. We're now finding that the federal government is shoving more and more down onto the states, and that's going to continue. I think it's going to increase as we move along. So I think this is a great way that the state of Nebraska and its citizens can plan for their long-term care costs as we continue to live longer and longer. So I think it's a win-win situation and, again, I would just ask for your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Jensen. You've heard the closing. The question before the body is, shall LB 965 advance to E & R Initial? All in favor vote aye; opposed, nay. The question before the body is advancement of LB 965 presented by Senator Jensen. Have you all voted who care to? Record please, Mr. Clerk.

CLERK: 25 ayes, 0 nays, Mr. President, on the advancement of the bill.

SENATOR CUDABACK: LB 965 does advance. We now go to LB 1010, Mr. Clerk.

CLERK: LB 1010 by Senator Connealy. (Read title.) The bill was introduced on January 10, referred to the Revenue Committee, advanced to General File. I do have committee amendments, Mr. President. (AM2567, Legislative Journal page 882.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Connealy, to open on LB 1010.

SENATOR CONNEALY: Thank you, Mr. President and members. As the Clerk said, LB 1010 provides an income tax adjustment for charitable contributions. It really is a redo of LB 28 that we passed last year. It would be for gifts, planned gifts, to Nebraska-based endowments. LB 1010 would allow taxpayers to

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take the federal tax credit along...the federal tax deduction, along with a Nebraska tax credit. This bill does not allow taxpayers to take both the state credit and the charitable contribution credit. The fiscal note that came back with the bill, even though this is a redo of LB 28 last year, was quite a bit a larger than we expected so, with that, we should move to the Revenue Committee amendment that would decrease the scope of this bill.

SENATOR CUDABACK: Thank you, Senator Connealy. There are Revenue Committee amendments, as stated. Chairman Landis, you are recognized to open.

SENATOR LANDIS: Thank you. LB 28 was enacted last year and proposed to grant tax credits for individuals who made planned gifts, also for corporations that made direct contributions, and estates and trusts that make either to a Nebraska-based charitable endowment; in other words, charitable giving not just to the Red Cross or to the United Way but to their foundations so that it would be in a permanent holding of resources that then the interest would be paid out of and used for charitable purposes. The credit amount was 30 percent of the present value of the planned gift, or 20 percent of any direct gift by a corporation. Taxpayers could not claim both this credit and a charitable deduction under LB 28, as it was enacted last year. Many individuals and corporations, if not most, found that the federal deduction represented a larger tax benefit than LB 28, so nobody made use of LB 28, because they generally, although certainly were motivated by altruistic reasons, could give to the same organization for their yearly operations and get a better tax benefit than if they gave to that organization's endowment creating permanent wealth inside that third sector or nonprofit sector of the country. LB 1010 initially proposed adding back the amount of charitable deductions attributable to the value of the credit before calculating the Nebraska tax liability and applying the LB 28 credit against that tax liability. It was a complicated calculation. We simply struck the green copy of the bill and replaced it with a simpler and easier-to-administer system. The committee amendments rewrite the bill; approached the problem from a different perspective. Under the committee amendment, the bill would amend four

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sections of the bill that was passed last year. The changes proposed by the amendments would, number one, allow the taxpayer to receive the federal charitable deduction which was, as we realized, greater than the state deduction that we were creating last year, and a state charitable deduction, that being the LB 28 credit. Secondly, it cuts the percentage in half, from 30 percent for individual contributions to 15 percent, and from corporations to (sic) 20 to 10 percent. And to reduce the maximum credit that can be received in any year for individuals, corporations, or estates from \$10,000 to \$5,000. The net effect of that would be to cut down the size of the A bill considerably, but at the same time create a tax incentive that would be greater to give to a foundation than to simply give it to a charitable organization on an operations use basis. In other words, the endowment giving gets better treatment than straight charitable giving. There's a cap to it, however. There's a maximum, so it can't displace these things. However, the more our charitable giving gets into the hands of endowments that are permanent and are building value, the more you can move their operations from yearly giving to the long-term endowment-based giving, so hopefully it will have that effect. These changes would be operative for the 2006 tax year, the same as for LB 28, which was last year, which projected itself a year ahead so that we're not moving up or back, the ultimate application of this system, and that is that we're going to be doing it for the 2006 tax year. Those are the committee amendments. I would ask for their adoption.

SENATOR CUDABACK: Thank you, Chairman Landis. You've heard the opening on the committee amendments. Open for discussion. Senator Connealy.

SENATOR CONNEALY: Thank you, Mr. President, and members. I want to thank the Revenue Committee for cutting this down. Even though it's not going to be as aggressive a help to endowments, and I don't know whether it will be used as much as we had hoped in the future, I believe that this is a sustainable amount. We don't know the fiscal note until we adopt the committee (sic) and move it on, so on Select File we should have a better handle on what the exact cost. But it will be dramatically less than the fiscal note now. I urge the body to accept the Revenue

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Committee amendment.

SENATOR CUDABACK: Thank you, Senator Connealy. There are no further lights on. Senator Landis, you're recognized to close on the committee amendments.

SENATOR LANDIS: Three pieces: Allow the taxpayer to receive both the federal and state charitable deductions, cut the percentages in half from what we did last year, and drop the maximum allowable credit from \$10,000 to \$5,000. I ask for the adoption of those amendments in the form of AM2567.

SENATOR CUDABACK: Thank you, Senator Landis. You've heard the closing. The question before the body is, shall the committee amendments be adopted to LB 1010? All in favor vote aye; opposed, nay. The question before the body is committee amendments to LB 1010, number AM2567. Have you all voted on the question who wish to? Please record, Mr. Clerk.

CLERK: 29 ayes, 0 nays on the adoption of committee amendments.

SENATOR CUDABACK: Committee amendments have been adopted.

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

SENATOR CUDABACK: Back to discussion of the bill itself. There are no lights on. Senator Connealy, you're recognized to close.

SENATOR CONNEALY: Thank you, Mr. President and members. This is a fix for LB 28. It's going to be diminished from where we were last year, but I urge your support of the advancement of LB 1010.

SENATOR CUDABACK: Thank you, Senator Connealy. The question is, shall LB 1010 advance to E & R Initial? All in favor of the question vote aye; opposed, nay. The question before the body is the advancement of LB 1010. Have you all voted on the advancement who care to? Have you all voted? As you know, it requires 25 votes. Members, have you all voted? Record please, Mr. Clerk.

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CLERK: 26 ayes, 0 nays, Mr. President, on the advancement of LB 1010.

SENATOR CUDABACK: That completes that portion of the agenda, the Connealy division. We now go to 2006 Speaker priority bills. Mr. Clerk, LB 1189.

CLERK: LB 1189 by Senator Synowiecki. (Read title.) The bill was introduced on January 18, referred to the Revenue Committee, advanced to General File.

SENATOR CUDABACK: Senator Synowiecki, to open.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback, members of the Legislature. First of all, I want to publicly thank the Speaker for the designation. Members, you know me, I don't typically bring parole business, tax bills before the Legislature, but this is uniquely different and it's...truly, what this bill is doing, I believe strongly, is simply clarifying what we actually did last year in our incentive act. And I very much appreciate the work of the committee and very much look forward to getting this clarifying language taken care of for our steel industry in the state of Nebraska. The bill, LB 1189, was heard before the Revenue Committee on February 10. It advanced to General File with seven members voting affirmatively. There were five individuals that testified as proponents at the hearing. There were no opponent testimony and no neutral testimony. As far as history, members, in the late 1990s the Legislature adopted a sales tax exemption for certain molds and dies, specifically for plastic injection molds. The Department of Revenue adopted a regulation, effective November 11, 1998, defining the type of mold and die that was exempt from taxation. That regulation, 1-095, specifically allows that molds and dies are exempt from taxation when the mold or die is used to produce a product which is either injection molded from plastic or stamped from metal. Last session, the Legislature passed LB 312, the Nebraska Advantage Act. A part of the Nebraska Advantage Act was to eliminate the sales tax on manufacturing equipment. Manufacturing machinery and equipment is defined as any machinery or equipment purchased, leased, or rented by a person engaged in the business of manufacturing for use in

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manufacturing, including, but not limited to; and subsection (c) within LB 312 included molds and dies for use in manufacturing that determine the physical characteristics of the finished product or its packaging material. Members, there is no language in LB 312 that limits the sales tax exemption to certain types of molds and dies, and there was no debate relative to this issue on the floor of the Legislature. When LB 312 passed, the Department of Revenue did not revise its original 1999...excuse me, 1998 regulation regarding molds and dies. In Nebraska, we have four companies that utilize a temporary mold and die process using sand molds. These molds are used for steel and iron manufacturing. The sand is mixed with chemicals, used as a mold, and then reused. When the sand is no longer usable or viable, it is transported to landfills and utilized as fill material. Quite simply, members, LB 1189 simply clarifies that LB 312 was intended to cover all molds and dies including temporary molds and dies made of sand. I'll be available to answer any questions. I appreciate, again, the work of the Revenue Committee in recognizing what we're doing here and this is simply clarifying the action that we took last year relative to manufacturing equipment. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. You've heard the opening on LB 1189. There are no committee amendments. Mr. Clerk, first amendment.

CLERK: Mr. President, the first motion I have is Senator Landis, but I have a note you wanted to withdraw the indefinite postpone motion.

SENATOR CUDABACK: It is withdrawn.

CLERK: Mr. President, Senator Synowiecki would move to amend, AM2426.

SENATOR CUDABACK: Senator Synowiecki.

SENATOR SYNOWIECKI: Mr. Clerk, I'd like to move that to Select File, if I could.

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SENATOR CUDABACK: So ordered.

CLERK: Senator, AM2856, your second amendment. (Legislative Journal page 1145.)

SENATOR SYNOWIECKI: Thank you, Senator Cudaback, members. This is Senator Byars' amendment that he ran on the Revenue Committee package. He asked that I introduce it, and please bear with me. I really don't know all the intricacies of it. I will defer to Senator Landis, but simply, Senator Byars requested that I introduce this amendment and, Senator Cudaback, if I may, I'll just defer to Senator Landis for the opening.

SENATOR CUDABACK: Senator Landis, you're recognized to open.

SENATOR LANDIS: Thank you, Senator Cudaback and Senator Synowiecki. In fact, I had asked for this amendment to be, not this one, but this same idea to be drafted as amendment yesterday when I learned that Senator Byars would be gone today and this bill would be up and would be subject to amendment, and it's the right location if we're going to do this piece of work. What this amendment is, is the same one that he ran on LB 986, which I resisted on two grounds, and you might recall those. Number one, the bill that he had, had never gotten out of the Revenue Committee and was in committee and had failed to advance 2-1 and 4, something like that. And the second was that we were concerned about whether or not there was a sliding slope and how far that advanced. And, in fact, that the topic had grown during the course of the green copy of the bill because we got amendments. Yesterday afternoon, upon reflection and taking a look at the sentiment of the body, the Revenue Committee met, raised the question, went back through it, looked at the language, recognized that it was limited to nonprofits in these programs, recognized that there was very little to distinguish a program done in one site and a program being done on a community basis, and concluded that the bill made some sense, advanced the bill, I think, unanimously with maybe a...with perhaps one or two abstentions, as I recall. That being the case, I asked for the amendment to be drawn, but found out that, in fact, it had been already introduced. This is an idea that the Revenue Committee has reported out. It is limited to nonprofits. It is

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limited to the community-based programs for which essentially there is an equivalent that is residential in nature so that we don't have an arbitrary distinction between residential and community based. And I would ask for the adoption of AM2856.

SENATOR JANSSEN PRESIDING

SENATOR JANSSEN: Thank you, Senator Landis. Those wishing to speak, Senator Combs.

SENATOR COMBS: Thank you, Mr. President and members of the body. I rise in support of the Synowiecki amendment for Senator Byars' addition of the language. When the bill was first up, I, too, with the Revenue Committee had made the commitment not to change the revenue bill. I do agree with it and I told Senator Byars that I would be fully in support of this; could it be put onto another bill, because I had made the commitment not to alter the revenue bill. This is revenue neutral. It does define better what is already being done in the definition of mentally retarded facilities that had been crafted two years ago that was intended to receive this benefit. But this just better defines the intent of the Legislature and I would ask the body to pass it. Thank you.

SENATOR JANSSEN: Thank you, Senator Combs. Senator Landis, your light is still on. Did you...Senator Landis waives. No further lights. Senator Synowiecki waives closing. No other lights. The question is...Senator Synowiecki, did you waive closing? He waives closing. All right, the question before you is the adoption of the Synowiecki amendment. All those in favor please vote aye; those opposed, nay.

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Have you all voted on the question who care to? Please record, Mr. Clerk.

CLERK: 25 ayes, 0 nays, Mr. President, on the adoption of Senator Synowiecki's amendment.

SENATOR CUDABACK: AM2856 has been adopted.

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CLERK: Senators Landis and Synowiecki would move to amend with AM2894. (Legislative Journal pages 1170-1171.)

SENATOR CUDABACK: Senator Landis, to open on AM2894.

SENATOR LANDIS: This is an amendment drawn from another Senator Synowiecki bill that was before the Revenue Committee, and he just must have had a lucky day in the Revenue Committee. The original bill had to do with a tax exemption for memberships and tickets and purchases by all kinds of museums and galleries and the like. It had a relatively high amount and, in fact, was foregoing the chance of getting sales tax receipts from people who were coming from out of state and going to locations in the state. So, it was not a very attractive bill to the committee and didn't get out. But upon reflection, there was a nub of the bill for which there was some sentiment and, basically, it arises out of Joslyn Art Gallery. Joslyn will tell you that their ability to access large donor contributions to turn around and buy artwork is limited by the fact that Nebraska has a rare and exceptional coverage of fine art purchases by nonprofit museums as being a taxable event. At probably someplace between \$20,000 to \$40,000, this amendment exempts the purchase of fine art by a museum from the sales tax. And for \$20,000 to \$40,000 bucks, it's adding to the Joslyn program and the availability of fine art struck us as a liveable outcome. And so we reported out that bill, having amended it into this form, and then offered that bill which was reported out as an amendment to LB 1189.

SENATOR CUDABACK: Thank you, Senator Landis. Open for discussion. Senator Synowiecki.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback. Just as Senator Landis indicated, the committee significantly narrowed the scope of the underlying bill, and as he indicated, allows for the exemption for nonprofits for artwork purchases only. And the midwestern states, for example, that allow this, so Joslyn can be a little bit more competitive, include Colorado, Iowa, Kansas, Minnesota, Missouri, and Oklahoma, all exempt artwork purchases. And this will be a significant assistance to

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Joslyn with their collection of art, and I appreciate your support. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. Further discussion? There are no lights on. Senator Landis, you're recognized to close.

SENATOR LANDIS: I would ask for the adoption of AM2894, which contains the Synowiecki measure as amended and reported out by the Revenue Committee. Thank you.

SENATOR CUDABACK: Thank you. You've heard the closing on AM2894. The question before the body is, shall that amendment be adopted? All in favor vote aye; opposed, nay. The issue before the body is the Landis amendment, AM2894. Have you all voted on the issue who care to? Members, have you all voted? Members, have you all voted on the issue who care to? Record please, Mr. Clerk.

CLERK: 25 ayes, 0 nays on adoption of the amendment.

SENATOR CUDABACK: The Landis amendment has been adopted.

CLERK: Mr. President, Senator Brown would move to amend, AM2895. (Legislative Journal pages 1171-1172.)

SENATOR CUDABACK: Senator Brown, to open on your amendment to LB 1189.

SENATOR BROWN: Thank you, Mr. President and members. We had quite a bit of discussion on the tax bill the other day about the exemption of housing authorities. What we ended up doing on the tax bill was...on the sales tax portion was to exempt the labor and materials for construction purposes for housing authorities. Then, this is a follow-up amendment that adds housing authorities to Section 77-2704.15, the governmental and quasi-governmental agencies that are exempt from sales and use tax. There is provided in this amendment an exception for housing authorities to address the concerns that Senator Smith raised about activities that are conducted by housing authorities which are competitive activities. And so there is

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an exception for purchases for any commercial operation that does not exclusively benefit the residents of an affordable housing project. And so, if this amendment is adopted and if the bill passes and is enacted, there is a repeal in the tax bill of the piece that we put into that bill. And I would just urge the adoption of this amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. You heard the opening on the Brown amendment, AM2895. Open for discussion. There are no lights on. Senator Brown, you're recognized to close. Senator Brown waives closing. Question before the body is, shall AM2895 be adopted? All in favor vote aye; opposed, nay. Voting on the adoption of the Brown amendment to LB 1189. Voting on the Brown amendment, AM2895. Members, have you all voted? Record please, Mr. Clerk.

CLERK: 25 ayes, 0 nays, Mr. President, on the adoption of Senator Brown's amendment.

SENATOR CUDABACK: The Brown amendment has been adopted.

CLERK: I have nothing further on the bill.

SENATOR CUDABACK: Back to discussion of the bill itself. Senator Burling.

SENATOR BURLING: Thank you, Mr. President, members of the body. The mold and die issue has been a confusing issue since I came to the Legislature and have been working on it with the Tax Commissioner and other businesses continually since then. And I want to thank Senator Synowiecki for bringing this to us this year, because it is kind of a problem all of its own because there are so many different kinds of molds and dies. And the Tax Commissioners had a problem with identifying and defining which ones are tax exempt and which ones are not. I thought we had it right as Senator Synowiecki has said, but apparently it hasn't been, and so hopefully this will clarify it enough that the Tax Commissioner can carry out the intent of the Legislature. So, I just stand in support of this bill and thank Senator Synowiecki for bringing it. Thank you.

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SENATOR CUDABACK: Thank you, Senator Burling. There are no further lights on. Senator Synowiecki, you're recognized to close, LB 1189.

SENATOR SYNOWIECKI: I think Senator Burling did a fantastic job of nailing what the issues are here. We have some controversies relative to what we did last year. This simply clarifies the action taken by this Legislature when LB 312 was passed last year. Thank you. I'd encourage your advancement of LB 1189. Thank you, Senator Cudaback.

SENATOR CUDABACK: Thank you, Senator Synowiecki. The question before the body is, shall LB 1189 advance to E & R Initial? All in favor of the motion vote aye; those opposed, nay. Question before the body is advancement of LB 1189 presented by Senator Synowiecki. Have you all voted? Please record, Mr. Clerk.

ASSISTANT CLERK: 27 ayes, 0 nays on the motion to advance the bill, Mr. President.

SENATOR CUDABACK: LB 1189 does advance. We now go to LB 1189A, Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB 1189A, introduced by Senator Synowiecki. (Read title.)

SENATOR CUDABACK: Senator Synowiecki, to open on LB 1189A.

SENATOR SYNOWIECKI: Thank you, Senator Cudaback. The fiscal note does indicate that this bill will have some personnel issues with the Department of Labor (sic). I believe they are, for '06-07, \$26,237 personnel appropriation; and for '07-08, \$26,857 appropriation for, again, personnel with the Department of Revenue. Encourage your advancement. Thank you.

SENATOR CUDABACK: Thank you, Senator Synowiecki. You've heard the opening on LB 1189A. Open for discussion. Senator Chambers, followed by Senator Landis.

SENATOR CHAMBERS: Mr. President and members of the Legislature, I believe a person who has a name is entitled to have that name

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pronounced the way he or she chooses. People often call Louis Armstrong Louie Armstrong. He always referred to himself as Louis. In the last few minutes, I've heard the gentleman whose bill this is and for fear that I may not pronounce his name the way he wants to pronounce it, I'd like to ask him a question.

SENATOR CUDABACK: Senator...I'm afraid to say it. (Laughter)

SENATOR CHAMBERS: Senator, in the last few minutes, I've heard you referred to variously as Senator "Snooky", Senator "Wicky", and Senator Synowiecki. Which do you prefer? And that's the one that I will use, unless I have a lapse of memory.

SENATOR SYNOWIECKI: There's a number of versions of my name in the Legislature, including Senator Bourne's, which is "Synowisky" but...

SENATOR CHAMBERS: Yeah, so which do you prefer?

SENATOR SYNOWIECKI: The Polish version would be "Synovietaki" (phonetic), but I'll let you...for the record, it should be pronounced Synowiecki.

SENATOR CHAMBERS: Thank you, Senator "Snooky." (Laughter)

SENATOR CUDABACK: Thank you, Senator Chambers. I better say it right. Further discussion? Senator Landis.

SENATOR LANDIS: Thank you, Senator Cudaback, members of the Legislature. I just want to go back to the underlying bill and I want to underscore that. Clarification is probably the right word to apply to this. What the companies who want to have this exemption are buying are not molds. What they're buying is sand. That's it, sand. Eventually, that sand becomes a mold or is used in a mold form and then, in fact, it's a temporary mold that's created out of sand. When we passed LB 312, we passed one that created a tax exemption for molds and dies. It didn't say a box of sand. I want to be sensitive about this because there's some implication in the argumentation about this that we are correcting an error. We were not in error. I don't believe that the Revenue Department was in error when it said a box of

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sand is not a mold and a die in that form. We are extending the rationale of the mold and die to sand, in this situation. So some attempt or desire to have this be seen as an error or a mistake or an oversight, I think, is undue. What I think it is, is saying, look, scratching our head, upon reflection, a box of sand which eventually becomes a mold we will treat more by the mold rule than by the sand rule in this circumstance. I think it is a furtherance or a more subtle distinction than where we are up until now. I think it's appropriate. I endorse it. But I do want to resist the idea that somehow what we're doing is undoing a mistake in Revenue Department application. I don't think it is because what we're doing here by this is giving a tax exemption for the purchase of sand only, not a mold. And that's important to me. I'll tell you and it's important to me as to its timing because, among other things, at least the lobbying interests would like to go back to January 1 as if we had made a mistake. Uh-uh. I think LB 1189, in its current form, as amended with every piece of legislation that the Revenue Committee has reported out, in the form that it is now is appropriate. I've endorsed it; I'll vote for it; I'll vote for LB 1189A. But as far as I'm concerned, I'm done on this. We've done our business and it's in exactly the right form it should be for passage. Thank you.

SENATOR CUDABACK: Thank you, Senator Landia. No further lights. Senator Synowiecki, you're recognized to close. He waives closing. Question for the body is, shall LB 1189A advance to E & R Initial? All in favor vote aye; opposed, nay. Have you all voted on the issue who...? Record please, Mr. Clerk.

CLERK: 26 ayes, 0 nays, Mr. President, on the advancement of LB 1189A.

SENATOR CUDABACK: LB 1189A does advance. Mr. Clerk, items for the record, or messages?

CLERK: Thank you, Mr. President. Enrollment and Review reports LB 605 as correctly engrossed, LB 605A, LB 1060, all reported correctly engrossed. Series of study resolutions: LR 335 actually is a resolution by Senator Langemeier that will be laid

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over; study resolutions LR 336 by Senator Bourne; LR 337 by Senator Bourne; Senator Stuhr and the Retirement Committee, LR 338, LR 339, LR 340, LR 341, LR 342, LR 343; Senator Janssen, LR 344. Amendments to be printed: Senator Thompson to LB 1088A; Senator Jensen, LB 994A; Senator Stuthman, LB 454. That's all that I have, Mr. President. (Legislative Journal pages 1172-1179.)

SENATOR CUDABACK: Thank you, Mr. Clerk. We now go to General File, 2006 committee first priority bills. Mr. Clerk, LB 956.

CLERK: LB 956, introduced by the Performance Audit Committee introduced on January 6. (Read title.) The bill was introduced on January 6, referred to the Executive Board for public hearing, advanced to General File. I do have committee amendments, Mr. President. (AM2479, Legislative Journal page 818.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Beutler, you're recognized to handle this.

SENATOR BEUTLER: Mr. Speaker, Senator Cudaback, the bill creates the position of Legislative Auditor, and let me say right off that it creates that position without a fiscal note. This bill does not have a fiscal note. This is a series of internal changes that in fact and in profile elevates the function of performance auditing as it is done currently in the legislative division of the Legislature. The genesis of the bill is really twofold. First of all, we've had an ongoing process for several years now, increasing the ability and the professionalism of the performance audit function of the Legislature. I'll remind you that performance audits in this state are done in the Legislature, in the Legislative Research Division. Fiscal audits are done over at the Auditor of Public Accounts. And we have been progressing quite rapidly in an historical sense. In the last year or so, for example, the performance audit section, through your judgment, has gained access to all confidential records, all records of all types that it needs to look at. So, it has broadened its authority, it's broadening its professionalism. It's in the process now of being accredited so that there can be no questions about the

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professionalism as viewed from peer groups and peer associations and national associations. We've increased the size of the performance audit group from four to six. They are...two more are currently being trained. Six is still a very, very small performance audit function for a state. It would...it compares, for example, and here I'm not comparing to other states, but over in the Auditor's Office, where you do financial audits, there are 28 people functioning over there. Here, in the legislative side, doing performance audits, we still have just six people. Performance audits are every bit as important as financial audits, as you all know, because money in large sums can be wasted, and the wasting of money is actually a greater concern than financial malfeasance in terms of handling money. So we're doing all these things to enhance and make stronger the performance audit function. I hope, when I'm gone and others take over, those of you who stay will continue to do that. I think we should add a CPA and an IT person fairly soon. I think those would be good additions and I'm sure those who will lead this area in the future will see other things that can be done to make us a truly...truly have a performance audit function which is sized for our state and can intelligently and accurately look into each and everything that we do in this state. Having said that, the other part of the genesis of the bill was really the conversation that went on earlier this year among the Republican candidates for Governor with regard to performance audit. And one was going to do it one way and one was going to do it the other way, and there is this whole conversation. And it seemed like nobody realized or nobody talked about or nobody said anything about the fact that performance audit is done in the legislative branch and not in the executive branch. If you do performance audits in the executive branch here you're essentially...it's essentially the fox guarding the henhouse sort of situation. Nor do we want the Auditor of Public Accounts doing performance audits. You all have made a judgment about that a long time ago. So, it seemed to me that the profile of legislative auditing is not high in this state yet, and that there are some things that we can do that would enhance that profile, one, and two, be a meaningful elevation of the office itself, and, hence, this bill. And I have passed out to you a sheet that describes the five or six things that are done in the bill. Let me just mention two or

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three of the most important things so you can get a sense of what's happening here. Right now within the Research Division, there is a legislative performance audit section, that's what we call it, and it's administered by a person that we call the section director. Well, that doesn't tell you very much about what that person does. That person is, in fact, our legislative auditor, the person in charge of performance audits. And so now we're going to say in the bill that, yes, in fact, we're going to call this person the Legislative Auditor. That person we're going to set forth shall ensure that performance audit work conducted by the section conforms with performance audit standards contained in the Government Auditing Standards, 2003 Revision. And the section shall be composed of the auditor and other employees employed to conduct performance audits. And we're making it clear that that performance auditor is responsible for hiring those people, for managing those people, and in every way being responsible for the performance audit function. And in line with that, we are changing the name of the Legislative Research Division to the Office of Legislative Audit and Research, again, elevating the profile of the function that's being performed. There are other sections to the bill that had to do with the management of the office as it will exist then, and it's with the new profile for the Legislative Auditor. Under the bill, the auditor position would be filled by the Executive Board based on a recommendation by the Legislative Performance Audit Committee. So those are...that's the basic idea of what's going on in the bill. If you are interested in more detail, I'd be very glad to give you further explanation. Thank you.

SENATOR CUDABACK: Senator Engel.

SENATOR ENGEL: Mr. President, members of the body, I want to explain the amendment. As originally drafted, LB 956 had a delayed effective date of January 1 of 2007. The committee amendments simply strikes that section so that the bill would become law three calendar months after adjournment of the session. This early effective date will then allow the current Legislative Performance Audit Committee to be involved with the implementation of the...(laugh) I never could say that word, implementing of the changes called for in LB 956. With all that

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goes on at the beginning of a new legislative session, especially next session, with our first year of implementing term limits, it just makes sense to have the current Performance Audit Committee oversee these changes rather than a new committee. I think it is important that we adopt this amendment and I'd certainly ask for your support. Thank you.

SENATOR CUDABACK: One minute. Senator Beutler, did you wish to use the rest of your time?

SENATOR BEUTLER: Pardon me?

SENATOR CUDABACK: Did you wish to use the rest of your time?

SENATOR BEUTLER: No, I'm sorry, I thought we were on the committee amendments. Are we not?

SENATOR ENGEL: That's what we're on. I was called upon and I thought that's what we're on. I didn't have my light on.

SENATOR CUDABACK: Who's on first? (Laughter)

SENATOR ENGEL: I think I'm on third right now, but... (Laugh)

SENATOR CUDABACK: You were opening on the committee amendments, right?

SENATOR ENGEL: That's what I just did. Would you like me to do it again?

SENATOR CUDABACK: I think we had enough.

SENATOR ENGEL: Thank you.

SENATOR CUDABACK: Senator Mines, you're recognized to speak.

SENATOR MINES: Question. (Laugh) I'm teasing. Very briefly, I stand in support of LB 956. In my opinion, we as a body have diminished the role of the Performance Auditor and actually haven't elevated it to the level at which it should stand. We have an obligation to the citizens of Nebraska to ensure that

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the statutes that are passed, the intention is upheld and that we, in fact, are upholding the standards that we set here in the body. I do have to commend Senator Beutler. I think, but for him, the Performance Audit Committee would not be at the level that it is today, and I want to thank him for that. And, Mr. President, again, I urge the body to adopt LB 956. Thanks.

SENATOR CUDABACK: Thank you, Senator Mines. Senator Redfield.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. Certainly, I would have to commend the committee and their interest in obtaining more training for the people that are there and meeting the credentialing process that exists for auditors across the country. The only concern I would express is my frustration in seeing different parts of government work together because, if you recall when we actually put together the performance audit bill, we talked about working together with the current Auditor's Office and using the resources there so that, in fact, people who do have a lot of training and a lot of credentials might be utilized and bring their expertise, working together to come up with these audits for our benefit. We spend a lot of time in the Legislature encouraging local governments to work together and do projects, share funding, share resources, and I think that's a benefit for government. Certainly, we can gain from the expertise of other people. We can see from their insight and while I respect the separation of powers, I see no harm in working together. And if Senator Beutler would like to respond to that, I would certainly be willing to give him the rest of my time. Thank you.

SENATOR CUDABACK: Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, Senator Redfield, I agree with you entirely. I'm sorry if you think we haven't cooperated as much as we should have in the past, or maybe you're addressing my remarks with regard to, well, I'm not quite sure what you mean actually. And perhaps I'd return my time to you to explain a little further what you mean.

SENATOR REDFIELD: Well, Senator Beutler, your comments on talking about this is the legislators' auditor, and I recognize

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the fact the state has an Auditor. I'd like to see us all work together and share expertise.

SENATOR BEUTLER: Senator, I agree with you completely, and I hope the body will recall that we also put in place some cooperative provisions. We have provisions that indicate that if the Auditor of Public Accounts, for example, wants to do a performance audit, they can simply send us a letter and we can say, okay, do it, and the Auditor can be doing some audits also. Also, there's a cooperative provision for doing audits together. We hope to learn from the Auditor of Public Accounts and I hope and I'm confident in the future that the golden age of cooperation is going to soon be here because we will have one of our own in the Auditor's Office. And knowing Senator Foley from the past, I absolutely believe that he will be a great Auditor and that the cooperation with the legislative branch will be as never before.

SENATOR CUDABACK: Thank you, Senators Beutler and Senator Redfield. For the record, we are on the Exec Board Committee amendments to LB 956, presented by Senator Engel. Further discussion? Senator Wehrbein.

SENATOR WEHRBEIN: Mr. President and members of the Legislature, I support this. I'd like to ask Senator Beutler another question, though, if I may, please.

SENATOR CUDABACK: Senator Beutler, would you respond?

SENATOR BEUTLER: Senator Wehrbein.

SENATOR WEHRBEIN: Yes, I'd just like the practical effects of this. I'd give a little more detail of what the practical effects will be. Will it be a broader ability to do performance auditing, I suppose, depending on the budget, things like that? If you want to make a few more comments, you can have the rest of my time.

SENATOR CUDABACK: Senator Beutler.

SENATOR BEUTLER: Yeah, thank you, Senator. I think the

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practical effect would be that it will help us with our certification processes because it will be clear that our auditor, the person who's in charge of our division, is in charge of the responsibility for auditing so it doesn't become mixed up with our research function in terms of people looking down at...with respect to certification, people looking at how it all functions together. With the two people that were added just this last year, next year and then the year after, they'll, of course, come more and more on-line so we'll be able to do a lot more work than we did before. But as I indicated before, if you really want to get in on a regular basis into a lot of what goes on in government, you really need to have a pretty good sized staff. I mean, even going from four to six, six is still small even for a small state. So it's a work in progress and we're trying to take it a step at a time. If we add too many staff, it's not going to work. You know, they need to be trained. They need to know how we function here in Nebraska, and so it's a slow process, too, at least I think it should be a slow process.

SENATOR WEHRBEIN: I would take some of my time back if I...that reminds me, considering some of the criticism we're taking in the public arena right now, at least the fact that there's waste, fraud, and abuse everywhere, so forth, and so on. I think we need to raise it to a higher plane in terms of its visibility because I think we've done a pretty decent job of finding things and we've had intense performance audits and we're gradually getting broader and bigger pieces. I mean, some of the bigger agencies are going to take enormous amount of work, so if that helps that, I'm certainly in favor of it. But I think some of the things we're doing have gone unanswered because there's no format for us to do it. But I think we are taking pretty good care of our internal obligations and responsibilities. It is not widely known or it wouldn't be...risen to the public criticism that's been implied at least. Thank you.

SENATOR CUDABACK: Thank you, Senator Wehrbein. Further discussion? Committee amendments are by the Exec Board. Senator Engel, there are no further lights on. You're recognized to close, as Chairman of the Exec Board, on AM2479.

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Senator Engel waives closing. The question before the body is, shall AM2479 by the Exec Board be adopted to LB 956? All in favor vote aye; opposed, nay. Voting on the committee amendments offered by the Executive Board. Have you all voted who care to? Record please, Mr. Clerk.

ASSISTANT CLERK: 27 ayes, 0 nays on the adoption of committee amendments.

SENATOR CUDABACK: The committee amendments are adopted.

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

SENATOR CUDABACK: Back to discussion of the bill itself, LB 956. Senator Beutler, there are no lights on. You're recognized to close.

SENATOR BEUTLER: Members of the Legislature, thank you for your attention. And let me just say one last thing. Twenty of us won't be here next year. Those of you who remain will be here two years and then almost none of us will be here. Term limits, this is an area where you can do something that will be helpful in the new era of term limits. Staff is going to become more and more important to people, keeping good staff around and bridging the gap between senators is going to become more and more important. If you can develop a really good performance audit section...I mean, not that we don't have it already. They do great work, but they're small. If you can continue to build up that function then you can start to rely upon that a little more and there will be a knowledge base there about how institutions have functioned and what kinds of continuing problems persist from year to year. And I think it will be even more helpful to you. Senators are going to have even less time to become experienced and become knowledgeable in areas. And a group of people like this is going to be extremely valuable to you, I think. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. You've heard the closing on LB 956 by the Chairman of the Performance Audit Committee, Senator Beutler. Question before the body is, shall

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that bill advance? All in favor vote aye; opposed, nay. Voting on the advancement of LB 956. Please record, Mr. Clerk.

ASSISTANT CLERK: 33 ayes, 0 nays on the advancement of the bill.

SENATOR CUDABACK: LB 956 does advance. Speaker Brashear, you're recognized.

SPEAKER BRASHEAR: Thank you, Mr. President. Members of the body, I wanted to take just a moment. You have had, in my judgment, an outstanding week. You have worked very hard; your work has been excellent. And I simply want to commend that work and thank you for it and I think it just ought not go unnoticed that we have accomplished what we have this week. And we have more to do, so we'll go put out the agenda. Thank you. Travel safely, have a good weekend.

SENATOR CUDABACK: Thank you very much, Speaker Brashear. On with the agenda item, Mr. Clerk, LB 1222.

ASSISTANT CLERK: Mr. President, LB 1222 was introduced by the Transportation Committee. (Read title.) The bill was read for the first time on January 18 of this year, referred to the Transportation and Telecommunications Committee. That committee reports the bill to General File with committee amendments attached. (AM2238, Legislative Journal page 687.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Baker, as Chairman of that committee, you're recognized to open on LB 1222.

SENATOR BAKER: Thank you, Senator Cudaback and members. I'd like to begin with some background information, for those senators who have not been here more than a year or two, how it is or where we are, what we've done to get where we are, and I'm going to start with the process we went through several years ago to implement up to a \$1 per landline surcharge on each phone line within the state of Nebraska, per month, which was set by county commissioners or the board of supervisors in each county. It was a \$1 maximum, with the exception of Douglas County,

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metropolitan Omaha, which was capped at 50 cents, and they are at 50 cents. Some of the counties now are at less than \$1; most of them are at \$1. This money is collected by the telecom, the telephone company. The rate is set, as I said, by the county commissioners. It's collected by the phone companies and submitted to the county treasurers in each county. That money can be used for telecommunications within that particular county, and it has been, although there are some counties that haven't pursued this as aggressively as others. That's the landline portion. A few years ago, Senator Engel had a bill, LB 985, which addressed the emerging technology of wireless--the cell phones. After some discussion, the bill was adopted. That provided for up to...or 50 cents, that was a universal 50 cents collected on cell phones, submitted by the wireless companies to the Public Service Commission, and then that money was used to disburse...or for reimbursed costs on public safety access points. We're going to be talking about PSAPs a lot. That's public safety access points, and that's the point where the 911 calls go into a central hub or the phone is answered and then, of course, the various agencies are dispatched to respond to the 911 issue. Technology is moving forward. This bill is dealing with wireless issues, for the most part. It's trying to catch up some of the counties. There are seven counties that were not up to what we considered a minimum threshold, meaning enhanced 911. We have handed out a map. Those colors...those counties in blue are basic 911, which means that they have a 911 calling system but they do not have the counties mapped or signed, and that is what we're directing part of this bill towards as far as the wire line, the landline part of this, is to get those seven counties. And I believe that nearly all of them are rapidly now pursuing this, knowing full well that they need to get up to a minimum standard. That is addressed in the bill. Is this the last you're going to hear of this? I'd suggest to the body that's going to be back next year, you'll probably come...be hearing again from Public Service Commission and wireless carriers. We have the issues of voice over Internet. We have an issue in the bill dealing with prepaid cell phones. There are companies selling prepaid cell phones. They're becoming ever more popular in the state. Parents are buying them for their children. And we have a provision in the bill that we really haven't solved. We've extended a deadline to try and get

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the prepaid phone cards, cell phones into the mix here, but that...we will discuss that in an amendment. So you're not...this isn't going to be the cure-all or the end of the issue. Those of you coming back after this session will no doubt be dealing with prepaid phone...cell phones, also with voice over Internet and issues like that. I will go into the...actually, the bill...the committee amendment is now the bill. I'm going to run this together and begin talking about the committee amendment, which is AM2238. Perhaps I should go ahead and stop here, I guess, Senator Cudaback, and then the committee bill...or committee amendment does become the bill. Thank you, Senator.

SENATOR CUDABACK: Thank you. There are committee amendments, as stated. As Chairman of committee, Senator Baker, you're recognized to open on AM2238.

SENATOR BAKER: Thank you, Senator Cudaback. I'll continue on. We had hearings across the state last year dealing with this issue. We had a hearing in Scottsbluff-Gering last fall, very good hearing, well attended, got a perspective of what they're doing out there. And I will certainly commend the Scottsbluff-Gering area. They have a model 911 service center PSAP out there that serves not only Scottsbluff-Gering and the surrounding towns, but the county, and then they also have served Banner County and a big chunk of Daves County to the north. I understand they're working with Morrill County to maybe expand their service area. But we had hearings out at Scottsbluff and we had a hearing here in Lincoln dealing with this; had a lot of good input, ideas and so on. Hence, the bill was drafted. As I said, the committee amendment is now the bill. I'm going to briefly go over this. I know we're under time constraints here. We're not probably going to get through the whole bill, but I'll begin with going through, hit the high spots of the committee amendment which, as I said, is the committee bill. Section 3, here we're dealing with the PSAPs and, granted, there may be some controversy on this. We'll discuss this as we go, but no county shall have more than one primary PSAP within its boundaries. PSAPs failing to meet this requirement by July 1, 2007, we've extended this two years. There was some concern about counties not being able to make it

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July 1, 2007. That will be addressed and extended two years by AM2745 later. But if they don't meet these requirements, as amended in AM2745, they shall not be eligible for cost reimbursement from the state. We want to get a minimum level of PSAPs out there. That's what that section does. Section 5 says that each county shall implement enhanced-911 service by July 1, 2008. Now this, this is addressing those seven counties that do not currently have enhanced. They have basic 911, but they aren't mapped and they aren't signed, or a combination of those. And when I say they're not signed and mapped, that means when the call comes into the PSAP it should flash up there an address on there, and it should have the new address based upon longitude and latitude, Road 719, and so on, et cetera. So, those seven counties that are not up to that have until July 1, 2008. And those, you can refer to this map, if you would like, that we handed out just now. The color code is explained there on the bottom left part of the map. You can see those seven counties that are not up. They just have basic 911, not enhanced, are, for the most part, I have two of them in my district. The rest of them are in basically Sandhills region counties. Section 5 addresses that; says we expect you to get up to a minimum standard basic enhanced 911 by July 1, 2008. Dropping down to Section 8, it provides for the 911 surcharge fund shall be subject to audit. In doing our research and having our hearings, we found that counties were collecting this fund, and we didn't...they didn't have a separate account. I don't know what some of the counties were using them for. We had some very candid comments from county treasurers saying, well, it went here, or we weren't collecting it, or it was going to another county because phone company service areas were overlapping counties. We provide some accountability in Section 8. They shall be subject to audit. Section 9 establishes the names, addresses, telephone numbers provided to a 911 service. They are personal information and they may be used only for legitimate public purposes. Any person knowingly who permits disclosure of such information shall be guilty of a Class I misdemeanor. Privacy is going to be more and more of an issue as we go on with this because there isn't going to be a lot of information available to 911 call centers. Section 10 requires each governing body to include the surcharge receipts collected and disbursed for the current fiscal year in its

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annual budget report. These counties have not been doing...some of them have not been doing this, I should say. They must be accounted for. And, as I said, the telecommunications company collects these fees. They're set by the county, but collected by the telecom and submitted to the counties, I believe it's once every 90 days, quarterly. Section 11 establishes the landline surcharge shall be assessed at up to \$1. There are some counties that aren't assessing...or simply don't have the surcharge in place. It gets them up to speed. Section 12 provides that a service supplier must report the number of customers and the amount of service charges collected. That way we have a check there also on the telecoms. Dropping down to Section 18, I briefly mentioned this when we were trying to frame the issue. It defines a prepaid customer, and this is going to be more and more of an issue with an amendment that will follow. We have extended a deadline in order to get the prepaid customers submitting the surcharge, but we define a prepaid customer and eventually are going to have to address these prepaid wireless customers so that we have them also contributing to the fund. Section 20 of the amendment provides that the reseller must collect the surcharge and remit it. As I said, there's an amendment following that does a couple of things with this surcharge on the cell phones. The committee amendment says it shall be \$1...or 70 cents, I'm sorry, 70 cents across the state. It gets, AM2745, which will follow, reduces to 50 cents in the metropolitan city, or county, meaning Douglas County, which is the way it is with the landlines now; that they currently are capped at 50 cents. That amendment will be to the committee amendments and follows on your gadget there. Dropping down to Section 24, I know I'm skipping some sections, but in the interest of time we're going to have to for now. Section 24 states that a wireless carrier for eligible cost compensation may be limited based upon the mechanism established by the commission. Quite frankly, I forgot to mention in my opening that this bill was actually...a similar bill was introduced last year. The commission came to the Telecommunications Committee wanting a dollar and a half cent (sic) surcharge, and we simply balked at that; ssid we didn't have the information we needed to justify a dollar and a half cent...or \$1.50 surcharge per cell phone per month. Had the interim hearings and we arrived, with a lot of committee discussion, I should say, at 70 cents. It's

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not going to cover all the costs. Seventy cents on the... surcharge on the wireless, the cell phones, plus lowering it to fifty cents in metropolitan cities, being in Omaha, is not going to cover all the costs, so we have to provide for some flexibility to the Public Service Commission to sort of pick and choose. Section 25 provides immunity to the PSC. This also... there's included in AM2745, Section 25, I believe it is, is stricken, so that we have the same immunity statutes as we do currently under landline communications. With that, Senator, Mr. President, I believe there is going to be discussion here. I do have some other comments, I guess. I know that it's been difficult for some of the counties to get moving on this. I said we have seven counties that are not up to enhanced 911 after all these years. We have some issues with accountability, where the funding is actually... where the funds that are collected are actually going. The committee amendment does have the consolidation language. It's not forced consolidation. I might point out to those senators not familiar with the bill and those in the rural areas, you don't have to consolidate. It says, two contiguous counties or 5,000 people within the PSAP area; it doesn't say you have to consolidate these counties, but if you don't, you're not going to be eligible for cost reimbursement. I feel that's very important because we have, I believe, 82 PSAPs now across the state. Quite frankly, we can't afford to fund 82 PSAPs; there's no way. And there are many, many counties already merged, combined out there. There's, in fact, I wouldn't say a majority, but there's a lot of counties. As I mentioned, Scottsbluff-Gering PSAP is through Scotts Bluff County, Banner County, and a big part of Dawes County. Region 26 serves, I think, eight counties. The southern part of the Sandhills is all one PSAP. It goes on and on. There are other examples of interlocal agreements. So, to allay those fears you have about forced consolidation, you don't have to consolidate, but you're not going to be eligible for cost reimbursement from the Public Service Commission through this surcharge fund. It does increase the surcharge from 70 cents... Senator Engel has been through these issues. Senator Bromm, I believe, is the one that at that time was chairing the committee. We have to raise them 70 cents... to 70 cents, it seems like is the minimum, with the exception of metropolitan Omaha.

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SENATOR CUDABACK: One minute.

SENATOR BAKER: The bill also, of course, says that we remove that language that says, they shall reimburse costs, and gives the Public Service Commission discretion, and submits...or changes the word "shall" to "may." Those are very important parts of the bill. With that, Senator Cudaback, thank you. I'd be glad to answer any questions. Thank you.

SENATOR CUDABACK: Thank you, Senator Baker. You've heard the opening on the committee amendments. There are amendments to the committee amendments. Mr. Clerk, please.

ASSISTANT CLERK: Mr. President, the first amendment to the committee amendments is AM2734 from Senator Baker. Senator, I understand you wish to withdraw this?

SENATOR CUDABACK: It is withdrawn.

ASSISTANT CLERK: Senator Baker would offer AM2745. (Legislative Journal page 1067.)

SENATOR CUDABACK: Senator Baker, to open.

SENATOR BAKER: Thank you, Mr. President, members. As I said, AM2745, strike Section 25 which changed some liability issues dealing with wireless. It simply strikes the section so we're using existing statutes dealing with immunity, same as what we have in wire line. The rest of the amendment is clarification, for the most part. I shouldn't say that. The lines 3 through 6 clarifications, when we have a cell phone user out there, and it simply says that there must be a positive balance greater than or equal to the surcharge. We don't want a 70-cent surcharge put on a prepaid cell phone when it has a balance of 25 cents out there. So that clarifies that. And then sections...or lines 7 through 12 are directed toward the uniformity of 50 cents for a customer in a county containing a city of the metropolitan class. This provides continuity with what we're doing with landlines. As I said, metropolitan class city, which, of course, is Omaha, is at 50 cents surcharge maximum on

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landlines. The amendment says that wireless cell phones, in this case, will also be at a maximum of 50 cents. Be glad to answer any questions about AM2745.

SENATOR CUDABACK: You've heard the opening on AM2745. There are a number of lights on. Senator Smith, you're first, followed by Senator Erdman and six others.

SENATOR SMITH: Thank you, Mr. President and members. I rise in opposition to LB 1222. You might want to take a look at the committee statement. It is somewhat telling, but I have a concern on how we are continuing to ratchet up the fees on cell phones when the fees are already quite high, actually, Alltel Communications. And in light of the issues here in the Legislature with a, quote, unquote, surplus of revenue in the General Fund and there's tax relief and there's other spending issues that have come up, I find it particularly unnecessary to raise fees on a service that is already highly taxed, emphasis highly taxed. And when we look at the evolution of telecommunications over the last hundred years, actually, it becomes even more interesting, because what started out as a luxury tax on telecommunications over a hundred years ago, it's still with us even though a telephone line is no longer considered a luxury. What originally started out with a perception, I guess, of cell phones being a luxury, it's quite different now that cell phones are oftentimes the sole means of communication for an individual. They've gotten rid of their landline perhaps. And I know that there are demands for public safety and other things relating to telecommunications, and I want to be sensitive to that, but I have concerns about raising the fee amidst other budgetary issues that we are facing here in the Legislature or enjoying, if you will, given the surplus. So, again, I rise in opposition to this. I think that if we expect to force consolidation at the local level, we should at least provide a transition period that doesn't seem to exist in there right now. And I also must point out that a lot of these consolidations have started already or are underway, are currently underway. And we aren't quite ready for this bill. Would Senator Baker yield to a question?

SENATOR CUDABACK: Senator Baker, would you yield?

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SENATOR BAKER: Yes, I would.

SENATOR SMITH: Senator Baker, I do want to thank you for your work on this bill. I know that your objectives are pure; just that we might disagree on a few items. Now, is it conceivable that a county that falls under the 5,000 category would be mandated to collect the tax but would not be getting anything back unless they would consolidate?

SENATOR BAKER: That's the way it would work.

SENATOR SMITH: And also, the fact that some PSAPs that are already a conglomerate, if you will, they would basically be levying the tax, the fee, and they wouldn't qualify for some of the funds because they've already accomplished what we're setting out to do?

SENATOR BAKER: That's correct. Let me add a bit there, that they have been accessing the dollar per landline surcharge, which is what they, in most cases, I think, use to get their current PSAP up and going.

SENATOR SMITH: Okay. Thank you, Senator Baker.

SENATOR CUDABACK: Thank you, Senator. Are you through, Senator?

SENATOR SMITH: No. No, Mr. President.

SENATOR CUDABACK: You may continue.

SENATOR SMITH: Thank you. (Laugh) Senator Baker would like me to be through, but I'm not. (Laugh) Again, I would encourage the body to take a look at the map and it should come as no surprise that there are already consolidations...

SENATOR CUDABACK: One minute, Senator.

SENATOR SMITH: Thank you. There are already consolidations taking place. And I speak as a resident of a consolidated PSAP

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that I think works well, and so a lot of the concern was brought to me by folks at home who are on the front lines of this, and they just say that it's not necessary, the timing is wrong, and so I tried to speculate, if you will, on why they would have that position, and I truly believe it's an authentic one that comes from the experts in the field. And certainly when you look at all the issues, and especially raising the fee on an already overly taxed service, I just don't see where that is wise, fair, or the right thing to do at this point. Thank you, Mr. President.

SENATOR CUDABACK: Time, Senator. Thank you, Senator Smith, on the discussion. Senator Erdman. Senator Erdman, sorry, you dropped your light. Senator Brown.

SENATOR BROWN: Mr. President, members, there are pieces of this that are absolutely critical to do and if Senator Smith is unwilling to raise the fee...and I understand. When Senator Baker said that the Public Service Commission came in last year and asked for \$1.50 and (laugh) the reason that they probably changed it is because we asked far too many questions. One of the questions was why was it going to cost more money to do this in Nebraska than it cost to do it in Texas, at least for most of the state of Texas where you're talking about a lot more people and a lot more land mass? And there wasn't a good answer so now it's down to 70 cents. But if we're not willing to do any adjustment to that amount, then we better make sure that we get the terminology out of the existing language which says, the state shall pay for enhanced 911 after the counties that have gotten to the level of the phase two level of 911. And the other thing that you have to realize is that the E-911...I mean, and Senator Baker said this, but I'm going to reiterate it. The 911 money stayed with the counties so they have a vested interest in the little fiefdom that has been created for that 911 landline money. This E-911 money is going to go from everybody to the state, and then the state is going to determine, if the language gets changed from "shall" to "may," who gets it, when they get it, whether there's justification for them getting it. As to the piece about the PSAPs and the consolidation of PSAPs, it is not just that we're arbitrarily saying, as almost every county official, a PSAP official, that

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testified, we're doing a really good job in our county. Well, that's fine. You're doing a really good job in your county with the money, the 911 money that you get for...that stays in the county for landlines that are located in the county. This is supposed to be about a system, a statewide system, that not everybody has been willing to stand up to what they need to provide to participate in this system. And it is about the kind of technology that is mobile, that it isn't located necessarily in that county. And what I worry most about, it's not just about efficiency and whether we can afford to keep these. What I worry most about is this ownership piece that the PSAPs have of their county. What is going to happen in those nonconsolidated areas if there's a multicounty emergency? Who is going to be in control? Who is going to negotiate the traffic of communication that is going to go on?

SENATOR CUDABACK: One minute.

SENATOR BROWN: We expect the PSAPs to be the ones that manage an emergency situation. Well, we can't guarantee that that emergency situation is going to be in Platte County and stay just in Platte County and not go over into the surrounding counties. And if there is no coordination, and if there's such territoriality about them only providing services for their county, this is about a technology that is not about a county; it is about moving from one place to the next and being able to communicate and being able to track where those people are. It's all kinds of issues, and I think that we are jeopardizing people's safety by not requiring protocols and forcing people to...

SENATOR CUDABACK: Time, Senator Brown.

SENATOR BROWN: ...to divest themselves of their territoriality. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. Senator Preister, you're recognized for a point of personal privilege.

SENATOR PREISTER: Thank you, Honorable President, friends all. And I say that with meaning and with deep respect because I do

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consider all of you friends, and when I say it, know that there is meaning and feeling behind it. And last night and this morning, in particular, I've just really felt honored to be a state senator and to serve with all of you, some of whom will be leaving after just the rest of this year. But know that I feel a deep sense of honor. I appreciate the contributions that all of you make and I missed all but, I think, one of your birthdays so I'll say, happy birthday to all of you. And I also want to say to the staff that we have very good staff, both our own personal staff as well as all of the staff who serve us through the Clerk's Office and through all of the various departments. And I want to say a hearty thank you to all of them and my deep appreciation to them. Also, happy birthday to all of them which I missed because I don't know when it is. This Sunday we have another birthday that's coming up that I do know about. This Sunday Sally Gordon will be 97 years young, and Sally has been a redcoat serving us and helping to keep us in line. I think she does it with style and grace, and I think 97 years on this earth and almost that many years putting up with the Legislature, she certainly deserves a little bit of a happy birthday, Sally Gordon. Thank you. (Applause)

SENATOR CUDABACK: Happy birthday, Sally. Mr. Clerk, item for the record.

CLERK: An amendment by Senator Mines to be printed to LB 856A. Senator Synowiecki offers LR 345, calling for an interim study; will be referred to the Executive Board. Senator Mines would like to add his name to LB 746; Senator Erdman to LB 965. (Legislative Journal pages 1179-1180.)

Priority motion, Mr. President: Senator Thompson would move to adjourn until Monday, March 27, at 10:00 a.m.

SENATOR CUDABACK: You've heard the motion to adjourn till March 27, 10:00 a.m. All in favor of the motion say aye. Opposed, nay. We are adjourned. Members, have a nice weekend.

Proofed by: JAH

MARCH 27, 2006