



**Hundredth Legislature - First Session - 2007**  
**Committee Statement**  
**LB 256**

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**Hearing Date:** February 15, 2007

**Committee On:** Government, Military and Veterans Affairs

**Introducer(s):** (Aguilar)

**Title:** Change administrative provisions relating to state government

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**Roll Call Vote – Final Committee Action:**

- Advanced to General File
  - X Advanced to General File with Amendments
  - Indefinitely Postponed
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**Vote Results:**

6	Yes	Senators Aguilar, Friend, Karpisek, Mines, Pahls, Rogert
0	No	
0	Present, not voting	
2	Absent	Senators Adams, Avery

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**Proponents:**

Senator Ray Aguilar  
 Laura Peterson

**Representing:**

Introducer  
 Department of Administrative Services

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

LB 256 makes several “clean-up” and technical changes to provisions relating to state government and the Department of Administrative Services (DAS).

The following is a section by section summary of the bill:

**Section 1:** This section makes three changes to the DAS construction contract statute. First, it increases the dollar threshold for bidding from \$40,000 to \$50,000 to match the statutory requirement for other types of service contracts. Second, it increases the dollar threshold for requiring a performance bond of the contract from the current \$40,000 to \$100,000 which should allow additional, primarily small local contractors, to bid on jobs under \$100,000. Third, it eliminates the requirement for the Attorney General’s Office to review all construction contracts.

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DAS has a standard construction contract form which is used for these contracts and which has been reviewed by the Attorney General's Office.

**Section 2:** This section changes “may” to “shall” for agencies to submit a request for a utility easement on state land to the Vacant Building and Excess Land Committee.

**Section 3:** This is a clean-up provision from LB 626, passed in 2003, which created a bidding process for service contracts. This section increases the sole source approval requirement to \$50,000 to match the competitive bidding requirement.

**Sections 4 & 5:** When statutory provisions for service contracts were passed in 2003, the goods statutes were amended to increase the dollar threshold at which the materiel division was required to be involved. Section 4 increases the dollar threshold for informal bidding from \$10,000 to \$25,000 and Section 5 increases the dollar threshold for agency direct market purchases from \$5,000 to \$10,000 to match other purchasing thresholds.

**Sections 6, 7, 8, 9, 10, 11 & 12:** Currently, there is a “Self-Insured Indemnification and Liability Fund.” The statutes have clear provisions for handling self-insured indemnification claims but are silent as to the handling of self-insured liability claims. These sections provide clean-up language related to the state's Self-Insured Indemnification and Liability Fund to reflect current practice of paying claims from that fund. These sections separate the single fund into two separate funds: the Self-Insured Indemnification Fund and the Self-Insured Liability Fund and establishes internal reporting and handling provisions for the liability fund.

**Section 6:** This section adds duties to the Risk Manager regarding the reporting of self-insured liability claims.

**Section 7:** This section requires agencies and/or the Attorney General's office to report liability claims to be paid to the Risk Manager. If the state agency has insufficient funds to pay, the agency will notify the Risk Manager who will submit the settlement or judgment to the Legislature in the same manner as the State Miscellaneous Claims Act.

**Section 8:** This section separates the State Self-Insured Indemnification Fund and the State Self-Insured Liability Fund into the two funds, one for indemnification and one for liability. It also requires reporting to the Legislature of claims paid from the Liability Fund. With this change, there will be identical reporting requirements for both of the funds.

**Section 9:** Under this section, the Risk Manager is not required to present a budget request for the Self-Insured Liability Fund because under the provisions of Section 7, the Legislature will appropriate funds at the time of a claim being submitted.

**Section 10:** This section allows for subrogation recovered in an indemnification or liability claim to go back to the appropriate fund which originally paid the claim.

**Section 11:** This section harmonizes provisions by deleting a reference to the Liability Fund in the indemnification claim statutes.

**Section 12:** This section harmonizes provisions relating to the creation of two funds. It also cleans up provisions relating to insurance limits so that they match what is required for private individuals rather than having a stated limit.

**Section 13:** This section amends the Department of Corrections construction statutes to make it consistent with the DAS construction statutes as amended in Section 1 of the bill.

**Section 14:** This section repeals the original statutes that are amended in the bill.

**Section 15:** This section repeals the Forms Management Program Act. This program was discontinued and de-funded some time ago. The section also repeals § 83-134 which deals with construction contracts for the Department of Health and Human Services (HHS). It is similar to the statutes for DAS and the Department of Corrections in Sections 1 and 7. Unlike the Department of Corrections, HHS is not exempt from the DAS provision of construction services and currently utilizes DAS to complete its construction contracts and supervision so this provision is not needed.

**Explanation of amendments, if any:**

The committee amendment clarifies that the Game and Parks Commission will continue to have the authority to grant utility easements without being required to submit the request to the Vacant Building and Excess Land Committee.

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**Senator Ray Aguilar, Chairperson**