

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

[LB73 LB73A LB367 LB368 LB463 LB551 LB623 LB701 LB701A LR76 LR77 LR78
LR79 LR80]

SENATOR LANGEMEIER PRESIDING

SENATOR LANGEMEIER: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for this, the sixty-fourth day of the One Hundredth Legislature, First Session. Our chaplain for the day is Senator Kruse. Please rise.

SENATOR KRUSE: (Prayer offered.)

SENATOR LANGEMEIER: Thank you, Senator Kruse. I call to order the sixty-fourth day of the One Hundredth Legislature, First Session. Senators, please record your presence. Senators, please check in. Record, Mr. Clerk.

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

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

CLERK: I have no corrections, Mr. President.

SENATOR LANGEMEIER: Thank you. Are there any messages, reports, or announcements?

CLERK: Mr. President, your Committee on Enrollment and Review reports LB701 and LB701A to Select File. Those are the only items I have. (Legislative Journal page 1181.) [LB701 LB701A]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. We will now proceed to the first item on the agenda, General File, senator priority bills. LB73. [LB73]

CLERK: LB73, Mr. President, introduced by Senator McGill. (Read title.) The bill was introduced on January 5 of this year; at that time it was referred to the Education Committee. The bill was advanced to General File, Mr. President. [LB73]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Senator McGill, you are recognized to open on LB73. [LB73]

SENATOR MCGILL: Thank you, Mr. President and members of the Legislature. One of our primary missions here in the Legislature is to make sure our children are receiving the best possible education. One way the Legislature has tackled this issue in the past

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

is to provide a reimbursement to schools for serving school breakfast. When children eat breakfast at school, studies show those students increase their math and reading scores, as well as improve their speed and memory and cognitive tests. Research also shows the students perform better on standardized tests when they are eating closer to the test time instead of eating at home. That's why in 2000 the Legislature decided to provide a 5-cent reimbursement for each school breakfast. That was in addition to federal breakfast funding. While the federal government divvies up or appropriates money depending on if the breakfast is free, a reduced price, or paid for by the student, the Legislature chose to give 5 cents per each breakfast. In 2003, funding for the school breakfast program was cut and language in our statutes was changed to allow whatever funding was appropriated to be divvied up on a pro rata basis. Today I bring you LB73. In the green copy, it would strike this pro rata language and restore the full 5-cent funding for each school breakfast served. You're going to be hearing from or seeing an amendment proposed to this bill that would indeed keep that language but look at an alternative route for a method of how we're going to fund the program. What is really significant here is the A bill and making sure that we're getting that funding for the students for the next couple of years and hopefully onward into the future, and set a standard of being a lot closer to fully funding the program than we have been for the last four years. Now I spoke a moment ago about some of the benefits of school breakfast. For those in families that are impoverished or where both parents work, this service provides a much-needed meal in the morning. For rural students who live far from school and would normally eat sometimes an hour or an hour and a half before class even starts, this is a chance to eat closer to their studies, which makes them more effective learners. And for all students it provides a nutritious and inexpensive option in the morning. But with all these benefits, Nebraska is currently ranked 46th in the nation when it comes to participation in school lunch and breakfast. Despite the cut in funding in 2003, school breakfast programs have grown across the state. Six hundred and twenty-four schools participated in the '04-05 school year. But this increase in school participation means some schools are now only getting about 1 cent per meal by the end of the school year. There is no incentive for more schools to start the program or to encourage greater participation in the current programs. The cost is too much. While speaking with nutritional staff in the Lincoln Public School district, my district, I found that one of the greatest barriers to creation and expansion of the breakfast program is not the cost of the food but of supervising the cafeteria while the children eat. And now the Department of Education has asked LPS to serve more food in their breakfast to help balance out their meals for the day, and LPS recently voted to increase the charge for those school breakfasts by 10 cents. LB73 guarantees schools adequate solid funding for the school breakfast program. Schools will be able to budget for a solid 5 cents while creating and continuing their current programs. Nutritional service staff can take this funding into account and make better decisions when considering food service and staffing costs. LB73 is the first step to encouraging greater school participation and student participation in the breakfast program. I ask you to join me in supporting LB73 and the A bill. Thank you, Mr. President. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR FRIEND PRESIDING [LB73]

SENATOR FRIEND: Thank you, Senator McGill. There are no committee amendments, but there are amendments. Mr. Clerk. [LB73]

CLERK: Mr. President, Senator Raikes would move to amend the bill with AM1001. (Legislative Journal page 1178.) [LB73]

SENATOR FRIEND: Senator Raikes, you are recognized to open on AM1001. [LB73]

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. LB73 was referenced to the Education Committee. The committee advanced it to General File, as the Clerk mentioned, without committee amendments, on a vote of 7-1. And so you know where we are, you know who the 1 was. This amendment, I believe, will make the procedure that's used in order to fund this program more doable, I'll use that phrase, and also in such...it does it in such a way that it respects the prerogative of the Legislature to fund programs. I'll give you just a little bit of background while I've got the opportunity. Senator McGill mentioned that before...the bill, as it is, puts the language back the way it was before 2003. The reason it was changed in 2003, and several of you were here at that time, we were in a financial pinch and we were scrambling to come up with money to fund the programs that we could fund. This particular program had no proration language so that there wasn't a way to allocate a lesser than full funding amount to individual schools. It was requested to the Education Committee by the Appropriations Committee that the proration language be put in, and the Education Committee agreed with that request, and in 2003 proration language was implemented. Senator McGill, I think, has made the case very well that breakfast programs are quite effective in making students more capable learners, or at least setting up a situation in which they can learn. So I don't think there's any argument about the merit of this kind of program. I will tell you, though, in a general setting to keep in mind that this is a program that goes above and beyond our funding of K-12 school districts. As you know, we provide state aid to schools, we provide special education funding for schools, and we also allow schools a property tax base in addition to some other funding sources. So we do provide schools, hopefully, with...well, intentionally, with the funding that they need. We don't, for example, ask schools to report to us how much they spent for pencils and then we appropriate, through the Appropriations Committee, some sort of a pencil allowance. We simply don't do it that way. We allow them enough General Fund operating money so that they can take care of those kinds of needs that they encounter. To some extent, the school breakfast program is in that category. It's a nonequalized program, meaning that breakfast funding goes to school districts regardless of whether they're a high wealth or a low wealth school district. It is a program that is based on the number of breakfasts actually served. And I think, again, Senator McGill pointed out that there is federal funding, as well, that supports breakfast programs in our schools. So

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

with all that as background, what I'm proposing in this amendment is to do a couple of things. One of them is to put the proration language in as it has been and, secondly, to fund the program a year in arrears so that the Appropriations Committee, in their recommendation to the full Legislature, would know more nearly, not completely actually with one year in arrears, they would know more nearly exactly how much money it is going to take in order to fully fund this program, and they could make their appropriation decision based upon that. If there is an error or if they miss the target, I guess I should say, or deliberately fund at less than the full amount of 5 cents per breakfast, there is a mechanism in place so that that money can be distributed proportionately to what was actually spent by schools. So this amendment really does two things. It reinstates, I guess you could say, the proration language, and it makes the funding decision one year in arrears. So with that, I ask your support for this amendment. I would be happy to try to address any questions. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Raikes. Members of the Legislature, you've heard the opening on AM1001. There are members wishing to speak: Senators Kopplin, Harms, McGill, and Stuthman. Senator Kopplin, you are first and you're recognized. [LB73]

SENATOR KOPPLIN: Thank you, Mr. President, members of the body. I wish to speak in support of both the amendment and the underlying bill. I understand why the Legislature had to do what they did a few years ago, and I think it probably makes sense to do the year in arrears so that there is some possible way of knowing where we are. I think some of the problem arose because not only did we have to...or the state have to reduce costs where they could a few years ago, the breakfast program was growing at the same time. But to think that we are where we should be with the growth in this program is wrong. We still are not close to fully utilizing the program or its needs. Breakfast programs are important, not just in poverty areas, but in other areas of the state too. We have many children arriving at school from more affluent areas that have not eaten, and you can make the case, well, that's their parents' fault. Well, maybe it is, but I only know that the kids arrive without having had breakfast or, worse than that, having a cup of whipped cream with a little bit of coffee in it, and that happens too often. So we need to be sure that we're doing what we can for all our children in Nebraska. The breakfast program is successful. It needs to be done. In years past, as a superintendent of schools, I didn't use the program, and we can all make excuses of why we didn't get involved--it's hard to administer; the buses arrive at different hours; people aren't going to use it. And we used all of those excuses, but the bottom line is we should have been; we should have taken a closer look at this. And I speak now to fully support both the amendment and the underlying bill. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Kopplin. (Visitors introduced.) On with discussion of AM1001. Senator Harms, you are next and you are recognized. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR HARMS: Mr. Chairman and colleagues, thank you very much. I rise to support LB73. You cannot teach children when their tummies are empty. You cannot teach children when there's a concern whether they're going to have breakfast, or lunch, or dinner. It's really clear that the state of Nebraska has an issue. When you look at Omaha being number one in the nation in Afro-American children living in poverty, tells me that there are a lot of those children who go to school with an empty tummy. I don't think it's anything that we can ignore. I think it's critical and it's important for us to address this issue. Missing out on breakfast puts children at risk. Research shows very clearly that children who eat breakfast show an improvement in cognitive functioning, attention, and memory. Research also shows that children who eat breakfast improve, get better, increase, whatever term you want to use, they perform better on standardized tests. I think it's important for us to fund this fully. I support Senator McGill and LB73. I would urge you, as senators, to support this. There is a need for this. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Harms. Senator McGill, you are next and you are recognized. [LB73]

SENATOR MCGILL: Thank you, Mr. President, members of the Legislature. I rise in support of the amendment. I want to talk a little bit about the past appropriations of the breakfast program, since it was started in 2000, and how breakfast is funded. When schools offer breakfast, their money comes solely from us, from the federal government, and from the paid lunches, so that money isn't coming from anywhere else. Therefore, the money they're getting from us is significant and they need to have a better idea of what they're actually getting so they can budget for their year. This program was started to be an incentive for them to expand their programs, and at this point the funding has become so diluted because it's so underfunded that they really can't do that. It is not an incentive anymore. When the program was first created, there was a small deficit. But the next two years before that change in the language, it was appropriated almost perfectly, but the program wasn't growing very much. It wasn't until the year...until the 2003-2004 year that the program really took off and expanded, but that was also the year that they started the cutbacks, which again were understandable considering the times. But they left that appropriation of \$271,000. That appropriation hasn't gone up at all since the '03-04 school year, and the program has taken off, meaning that hundreds of more schools are participating, meaning that their portion of that 5 cents has gotten a lot smaller over the last four years to the point where in '05-06 it was underfunded by over \$100,000. And if you look at the A bill, it's being underfunded for the next year by \$171,000. It means each school is getting a lot less than that 5 cents and, as I said, it dilutes the worth of what our statute says. Our statute says 5 cents a breakfast. That was a policy we decided upon so we should be aiming to fund it by that much. I think that this new...this language, while keeping in that pro rata language, will help us assess the needs a lot better, looking back at the year behind us, and will also help us have a better idea of where it's going in the future. Thank you, Mr. President. [LB73]

Floor Debate
April 16, 2007

SENATOR FRIEND: Thank you, Senator McGill. Senator Stuthman, you are next and you're recognized. [LB73]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I am truly in total support of this program. I'm in support of the bill and I think I'm in support of the amendment. But I would like to engage in a little conversation with Senator Raikes, if I may. [LB73]

SENATOR FRIEND: Senator Raikes, will you yield to a question or two from Senator Stuthman? [LB73]

SENATOR RAIKES: I will. [LB73]

SENATOR STUTHMAN: Senator Raikes, how many of the schools participate in this program, what percentage of the schools do? And then next, the second question would be how many students participate in these schools that do participate? [LB73]

SENATOR RAIKES: I don't know the answer to either one of those, Senator Stuthman, but they're good questions and I'll see if I can't come up with some information. I do know that the program has grown rapidly, about 8.5 percent per year, so...and that's just the...that's the funding amount increase. Part of that probably is a little bit more per breakfast, but most of it I think is more breakfasts being served in schools. But I don't...I don't have the information on either the number of school districts or the number of students, but I'll see if I can get that for you. [LB73]

SENATOR STUTHMAN: Thank you. And another question that I would have is are there two parts of that program? Are there the students that can get the free breakfast and then there's the students that pay for the whole breakfast, or is there another component of it then that get reduced fare or a reduced charge? [LB73]

SENATOR RAIKES: Actually, for the state program it's just 5 cents per breakfast. The federal program that funds breakfast is as you describe. There is an amount that's provided, I think they divide it upon...based upon whether it's a regular building or a severe need building, and then also according to whether there are free lunch students or reduced lunch students, and in fact there's even a reimbursement where there are paid...where the student pays for the breakfast. So that's all done at the federal level. At the state level we simply appropriate or allocate 5 cents per breakfast regardless of which student eats it. [LB73]

SENATOR STUTHMAN: So, Senator Raikes, the 5 cents is for the breakfast that is served, and that 5 cents helps the school district as far as the funding of the program, as far as the lunch program, or in this case the breakfast program? Do we do anything

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

as far as the lunch program is concerned, any subsidy for that, Senator Raikes? [LB73]

SENATOR RAIKES: I don't think so. Again, there are federal subsidies for the lunch program, but what I would suggest to you, that to the extent that those federal reimbursements or subsidies, as you describe them, for the lunch program come up short, we do provide school districts with general operating funds to operate their school districts, and that covers a number of things, including whatever shortfall they might incur in their lunch program. [LB73]

SENATOR STUTHMAN: Okay. Thank you, Senator Raikes. This is why that I think it's very important with this breakfast program, because I think, you know, that's the meal of the morning for the children to be able to study, concentrate better. I think that's very, very important. I do have some constituents that were really concerned about this program, and they said we should totally drop the breakfast program because that is the responsibility of the parents, and I will agree with that. [LB73]

SENATOR FRIEND: One minute. [LB73]

SENATOR STUTHMAN: But we have some situations where, you know, the parents are either both working, they're gone in the morning already, and they do not provide for their children. And...but I think, I think if we do this, and I'm truly in support of the amendment now that I have discussed it with Senator Raikes, and I truly support the bill. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Stuthman. Senator Wallman, you are next and you're recognized. [LB73]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I truly support this amendment and also the bill. My wife was a retired school teacher and it isn't just poverty people that need this breakfast. It's also middle income. What do kids eat on the weekend? Maybe pop and potato chips. They come to school on Monday morning, can't hardly wait to eat a breakfast, a healthy breakfast, and it's something to see. I've actually been, as a former school board member, I've been in there when the kids eat breakfast. It's a good program in most schools. And so I think this is a must thing for us and we have to feed our children, that's our number one priority, and keep them safe. Thank you, Mr. President. [LB73]

SENATOR FRIEND: Thank you, Senator Wallman. Senator McDonald, you're next and you are recognized. [LB73]

SENATOR McDONALD: Mr. President and members of the body, I'd like to ask Senator Raikes a couple of questions. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR FRIEND: Senator Raikes, will you yield to some questions from Senator McDonald? [LB73]

SENATOR RAIKES: I would. [LB73]

SENATOR McDONALD: Does your amendment change the amount of funding, or just the timing of the funding? [LB73]

SENATOR RAIKES: It would leave...well, let me try to answer it this way. It definitely changes the year in which you're aiming the funding, so to speak. It's a year in arrears rather than the current year. It may change the funding because the proration mechanism is put back in the language. Now you could look at that two ways. You could look at if there is no proration mechanism then the Legislature would have to fully fund the program, except the Legislature doesn't know at the time it makes the decision how much to appropriate, and so if they guess wrong there is no way to correct with a proration mechanism. The second way you can look at it is that if there is no proration mechanism, one argument is that nothing can be appropriated. For example, it's been the position of the Legislature that we specify in statute how much state aid is required to go to schools. If the Legislature appropriates less than that, for example, then the department has no mechanism for allocating that lesser amount to school districts, so they are not really able to do anything. So that's a very complicated answer to your question, but I would tell you that it just seems sensible to me, when you're, in effect, guessing into the future about the amount of money that would be required to fund 5 cents per breakfast, that you've got to have some way to allocate when you guess wrong. [LB73]

SENATOR McDONALD: And looking at the committee statement, I see that you are the only one that did not support this bill. Was there any thought of a compromise or a committee amendment at the time of...when the bill was talked about prior to coming to the floor? [LB73]

SENATOR RAIKES: Actually, there wasn't at the time, and really in a way that's what we're trying to do now. My opposition to the bill was not that I'm opposed to providing breakfast for school children, but rather, it seemed to me, we were going the wrong direction in terms of the mechanism proposed to do that funding. But to answer your question, no, the committee...the committee obviously thought that the bill, as it was, was appropriate to be advanced. [LB73]

SENATOR McDONALD: Thank you. Senator McGill, I have a question for you. [LB73]

SENATOR FRIEND: Senator McGill, would you yield? [LB73]

SENATOR MCGILL: Yes. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR McDONALD: After listening to your testimony, you did state that you did support the Raikes amendment. Is that wholeheartedly, reluctantly, or...tell me what your thoughts are. [LB73]

SENATOR MCGILL: Maybe with only a little bit of reluctance. This bill really is about the A bill, the actual appropriation. I can understand some of his arguments about the appropriations process and how we need to leave some sort of mechanism in case we're in really difficult times. I think I would have preferred we just go in and change the statute to say 4 cents or something different if we needed to lower that amount. But knowing that this bill really is about setting a new standard for fully funding the program with this A bill, I am accepting of this amendment. [LB73]

SENATOR FRIEND: One minute. [LB73]

SENATOR McDONALD: Thank you. I also support the school breakfasts for various reasons, and I think sometimes we look at low-income students as not getting a nutritious breakfast at home, but many of our middle-income people and also our professional people are busy getting ready for work themselves and, not that they can't afford to do breakfast for their children, they just don't have the time. So it doesn't seem to make any difference what type of a home life that you come from, breakfast is very important. And looking at many of our rural communities, I have a daughter that gets...or a granddaughter that gets on the school bus at 7:00 in the morning, and after a full weekend it's very difficult to get up at a little after 6:00 to make the bus at 7:00, and they're not interested in breakfast at that point in time. And even if they are, they are ready for breakfast when they get to school. So I think it's a broad-range program and it needs to be supported, and I truly support it. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator McDonald. (Doctor of the day and visitors introduced.) On with discussion...or, excuse me, Mr. Clerk, you have a motion on your desk. [LB73]

CLERK: Mr. President, Senator Heidemann would move to amend Senator Raikes' amendment. (FA72, Legislative Journal page 1182.) [LB73]

SENATOR FRIEND: Senator Heidemann, you are recognized to open on FA72 to AM1001. [LB73]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the Legislature. This is just a simple amendment. On page 1, line 7, it would delete "prior" and insert "second preceding." I've been involved over the last several days a little bit with Senator McGill's priority bill and I've had some concerns. Senator Raikes' amendment has taken out a lot of those concerns. All we're trying to do is just make it

Floor Debate
April 16, 2007

just...take a good amendment, make it just a little bit better. Even with Senator Raikes', when you look back at the prior year, being as the school year ends after we get done budgeting, even looking back one year would not be enough to help us out. We are going to have to come in with a deficit request. If...with this language and we look back two years instead of one year, that would be taken care of except for the second year in the biennium budgeting process we might have to come in and deal with a deficit request. But that's what the second year of the biennium budget is, is a deficit budget year. So if you adopt this amendment instead of pretty much, pure and simple, plain, instead of looking back one year, instead of going back one year, we will go back two years, and I believe that this will make the process a lot simpler for the Appropriations Committee, and that's all I'm trying to do. This is not a hostile amendment by any means. I...with this amendment and with the Raikes amendment I will support this. I believe, as we have heard on the floor, I believe this is a very important bill and I think it's something we need to move forward with, and just trying to improve and make it just a little bit better. With that, if there are any questions, I would try to answer them. [LB73]

SENATOR FRIEND: Thank you, Senator Heidemann. Members of the Legislature, you've heard the opening on FA72 to AM1001. Senator Howard, you are next and you are recognized. [LB73]

SENATOR HOWARD: Thank you, Mr. President and members of the body. I, too, have concerns regarding not only the amendment; I share the concerns that Senator McDonald has presented. My concern mainly rests with the mechanism for realizing or accounting for the funding. The requirement is already in statute that the schools will have to submit information regarding the number of breakfasts served in a manner prescribed by the department. That really is very clear and understandable. Where the difficulty comes in is that schools may not have the up-front money to load into this program. I'm very concerned that underfunding can seriously jeopardize the program itself. In addition to the needs of the breakfast, you also have to consider the needs of staff, of supervision, to be available to administer the breakfast program. Urban schools especially will have a cost involved because they may not have the dollars and they may well run into a deficit regarding this program. This the problem the bill is intended to fix. I wholeheartedly support this bill. I made the motion to advance it from committee because I feel this is an inexpensive way to fuel children so that they can better succeed in school. It's recognized and well known, breakfast is the most important meal of the day. It's a known fact that hungry children cannot learn. This doesn't require a breakfast community, a three-way division of any school district, or additional bureaucratic consideration. This doesn't require a study or a commission. It simply requires 5 cents per child per day to administer a breakfast program. In the Education Committee we have had discussions of resource centers, tutors, free transportation to assist children to achieve academically. I say to you that none of these things will be effective if a child's most basic need is not met. If a child is hungry, no amount of tutoring or transportation is going to help him learn. Thank you. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR FRIEND: Thank you, Senator Howard. Senators wishing to speak are Senator Gay, Fulton, Engel, Kopplin, Raikes, and Stuthman. Senator Gay, you're next and you're recognized. [LB73]

SENATOR GAY: Thank you, Mr. President. I do understand the importance of a breakfast as far as learning and awareness, attentiveness. I think that's a very noble cause. I have some question. I do support the amendments, but I had some questions that just came to my mind during the debate, and one was I think in 2000, if I understand this, this program was started to induce schools to get into the program; 2003, funding was cut back, tough times there. But I do think if we run into tough times again, the amount of...what we're going to do with this program again. Some of what I'm hearing, though, we have had growth in the program and that's very...that's a good thing to understand, but I did have some questions if Senator McGill would yield to a few questions. [LB73]

SENATOR FRIEND: Senator McGill, will you yield to a couple of questions from Senator Gay? [LB73]

SENATOR MCGILL: Yes. [LB73]

SENATOR GAY: Thank you. One of the questions would be, Senator Stuthman discussed it. How many schools currently are in the program? Do you have that? [LB73]

SENATOR MCGILL: I do have those answers. As of '04-05, that's the last number I have, it was 624 schools and that's about 50,000 students. Over half of them are receiving the free breakfast and about 16,000 are paying in full. [LB73]

SENATOR GAY: Okay. Then another question I had is if this was started to induce the schools, and we've had...heard some growth figures, are we at the point, though, the funding comes from what they're paying, the student is paying; the federal government; and then this 5 cents into the program, correct? Would this be...I guess the question is this. Are we getting into...would this be base funding now or...? [LB73]

SENATOR MCGILL: Well, as I stated before, that we are still ranked 46th in school participation in breakfast, so even though it's been growing, there is still obviously a lot of room for further growth. For some of the school districts that have been doing it for awhile, yeah, and that's why it's hard right now with the appropriation process to even budget for what they are expecting to get, since they're not getting close to that 5 cents regularly through the year. [LB73]

SENATOR GAY: Okay. So this would be...and I understand the...it's pretty much a set amount of funds, or would it go on? Would it continue to grow then, or is there a certain

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

cap? I didn't see anything where there's a cap at all in this. [LB73]

SENATOR MCGILL: Grow in terms of...? [LB73]

SENATOR GAY: I guess, and Senator Raikes mentioned it,... [LB73]

SENATOR MCGILL: ...for a certain district? [LB73]

SENATOR GAY: ...that the program...that the funding request had been at 8.5 percent, I think is what he mentioned. [LB73]

SENATOR MCGILL: Uh-huh. [LB73]

SENATOR GAY: If that's where we're going, in five years that would be about \$670,000 in the program. [LB73]

SENATOR MCGILL: Well, there is no cap right now written in the language. At some point, like lunches, it will level off because there are only so many schools that will choose to participate. Some schools don't even offer lunch, so they're not eligible to offer breakfast. This is just to encourage more school districts to use it. And even the districts that have it aren't always using it to its full potential because maybe they can't afford enough staff to cover a greater number of students, so they're only offering it to those who can get the free breakfast. So even within districts there is sometimes room for growth for participation. [LB73]

SENATOR GAY: Okay. And, like I say, I do think this is a need. You have to have, I think you should, I mean, I know not everyone does. We just read in the World-Herald about some of the terrible conditions going on. Another question I had, let's say you had a district, a very poverty...high in poverty, high...free and reduced lunch program going on. Could a school go and ask a business entity or, you know, a lot of times we have school partners, those kind of things, for cash from, let's say, somebody in their community doing business where they could help offset this? Is there anywhere in here? [LB73]

SENATOR FRIEND: One minute. [LB73]

SENATOR MCGILL: I have no idea if they're allowed to do that or not. I know that this program, the higher the poverty level in the school, the more money they get from the federal government. So really, I would argue this program helps those in the middle more than it does some of the ones that are really impoverished. [LB73]

SENATOR GAY: Okay. Well, I guess as I listen to the debate I think that would be, if we could...and maybe we don't need to do it immediately, but if there's an opportunity that

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

we could have something like that, I think that would be commendable. But the other thing is I'm a little worried about where we could cap it or something, because if we don't have any cap, I like the pro rata and looking back a little bit for the Appropriations Committee, but at some point a cap or, hey, it's working well. And then I think we need to go out and seek private sources. I do think there's very generous people in the community who would step up and put money into these programs as well, and maybe down the road we could amend this. I don't want to today, but maybe down the road amend it so where we get some money like that. Because I know community foundations or... [LB73]

SENATOR FRIEND: Time. [LB73]

SENATOR GAY: Thank you, Mr. President. [LB73]

SENATOR FRIEND: Thank you, Senator Gay. Thank you, Senator McGill. Senator Fulton, you're next and you're recognized. [LB73]

SENATOR FULTON: Thank you, Mr. President, members of the Legislature. Good morning. Would Senator McGill yield to a question? [LB73]

SENATOR FRIEND: Senator McGill, will you yield to a question from Senator Fulton? [LB73]

SENATOR MCGILL: Certainly. [LB73]

SENATOR FULTON: The question I have has to do with, well, it's in the green copy of the bill, page 2, line 4, and if we adopt this amendment it won't read exactly like this, but basically, "shall reimburse each qualified public school in Nebraska a portion of the cost of such school's school breakfast program." My question has to do with public schools, whether or not this is intended for public schools only, or does public school, in statute, have a broader connotation to include private schools which also offer the breakfasts? [LB73]

SENATOR MCGILL: Actually, as far as I'm aware, our program mirrors that of the federal government's, which means that public schools are open to it as well as nonprofit private schools and residential childcare institutions. [LB73]

SENATOR FULTON: Okay. Does that...does that also apply to lunches? I guess I should have been clearer in my question. Breakfasts, yes; does this also apply to lunches? Do we have some mechanism in place at the state level which provides some reimbursement to schools for the lunch program? [LB73]

SENATOR MCGILL: We do not. [LB73]

Floor Debate
April 16, 2007

SENATOR FULTON: Okay, so this is for the breakfast... [LB73]

SENATOR MCGILL: Not that I'm aware of. [LB73]

SENATOR FULTON: ...only. [LB73]

SENATOR MCGILL: Yes. [LB73]

SENATOR FULTON: Okay. Okay, thank you very much. With the bill, as amended, if we're able to adopt both of these amendments, I think I will support the bill. The amendments address some of the concerns I had. Senator Gay touched on one. But I still...there's still something that I want to put out there, at least for consideration by the body. And again, I don't...this comes by way of principle and if it turns out that this principle isn't workable in reality then of course I'm going to support this bill, and as it sounds I probably will be supporting this bill. But I want to get back to something and touch on something that Senator McDonald talked about, and that is the responsibility. Whose responsibility is it to provide breakfasts to children? And I look at this. There are probably...there are two reasons why children would not receive a breakfast. Number one would be by choice: A parent who doesn't set this as a high priority or there are other things that are taking a parent's time or a family's time and they just choose not to make breakfast a priority. Number two would be ability: Not having adequate funds, not having enough money to feed one's children. Now the first choice, I don't know of any creative ways to get around that. If parents are just not making this a high priority, I guess the only thing I can say is, parents, feed your children, and children, obey your parents; eat your breakfast. I don't know of any creative ways to get around that. But the second, ability: If there are families who do not have the means to provide breakfast for their children there are ways that we can get to that. And I'm not familiar enough with our food stamp program or our aid packages. I don't have that familiarity. Senator Nantkes has been very educational for me. She has some experience in this regard. But I want to throw that out there anyway. In principle, if we as government are able to identify families who don't have the means to feed their children, we ought to provide the aids, in my opinion, to those families, in principle. I'm not saying that we shouldn't provide aid to encourage schools to provide these breakfasts. It may well be that this is the best way to get at the problem, at least that's how it sounds, that this probably is the best way to get to the problem, because of the... [LB73]

SENATOR FRIEND: One minute. [LB73]

SENATOR FULTON: ...because of the link between eating breakfast and learning. So that being the case, I think I probably will support the bill. But it's worth saying that families that don't have the means to feed their children, it would be better, in my opinion, if we could figure out the mechanism to identify those cases and to provide aid

Floor Debate
April 16, 2007

to those cases such that families can take the priority ownership of responsibility for feeding their children, rather than having our schools take on another responsibility in addition to the many responsibilities they already have. So with that, I'll listen to debate. I like the amendments and, like I said, I think that I will probably end up supporting LB73. Thanks, Mr. President. [LB73]

SENATOR FRIEND: Thank you, Senator Fulton. Senator Engel, you're next and you're recognized. [LB73]

SENATOR ENGEL: Mr. President, members of the body, as Senator Howard said, I think this is the most important meal of the day for children, and without that their whole day is really disrupted in the school environment. And the thing is, I do support the bill as amended, the amended amendment with the amendment. Then with those two I believe I will support the bill. The thing is, my problem is with the school lunch program, and that has nothing to do with the state of Nebraska. I understand it's strictly a federal program. But where I live, in the summertime they advertise free lunches for everybody regardless of their income, and I think that's totally wrong. I think this should be...when we provide free lunches I think it should be for those who really need free lunches, the ones that do not have the ability to pay. And when they start giving it to everybody, regardless of their income, I think there's something totally wrong and I think that's where we should be talking to our national delegates to tell them that we oppose that type of thing. And if they have that extra money, let's put it into something worthwhile, like the school breakfast program. With that, I return my time to the Chair. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Engel. Members, we're discussing FA72 to AM1001. Senator Kopplin, you're next and you're recognized. [LB73]

SENATOR KOPPLIN: Thank you, Mr. President, members of the body. I stand in opposition to FA72. What this does is say we'll look back two years and then we'll figure out how much money that was and send it to the schools. We have too many aid programs that are two years in a row and it puts...or in arrears, and it puts schools at a disadvantage. We can do better than that. We can operate on Senator Raikes' amendment of one year. It gives a little bit of stability. Two years is too much. The average...my data may be a little bit different than Senator McGill's. Hers is probably more accurate. She worked much harder on this bill than I ever did. But in 2004-05, the average daily student participation was 45,000 students; 32,000 of them were free and reduced price students; 13,000 were paid students. Now the percentage of free and reduced students that actually are taking part in the program is just 35 percent. That ranks us only 45th in the nation. We talk often about it. You know, I read the article in the World-Herald yesterday and it certainly made me think about some things, but that's not the only place where there's hungry children in Nebraska. The breakfast and the lunch programs can help to alleviate that. But schools need help to run these programs.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

We can do better than two years in arrears. As was mentioned there were 624 schools participating. That rate is about 61 percent. There is much room for much growth in this program. That's not bad that we should grow. To go back to two years in arrears, though, you're simply telling schools, here's another excuse for you not to do it. I'm opposed to FA72 and I will support Senator Raikes' amendment. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Kopplin. Senator Raikes, you're next and you're recognized. [LB73]

SENATOR RAIKES: Thank you, Mr. President, members. Senator Heidemann, with his amendment, I think as he has correctly explained, is something that I guess you could say cleans up or adds more precision to what was introduced in AM1001. As he correctly explains, this would provide the opportunity for the Appropriations Committee and the Legislature to know at the time they make the decision exactly how much was spent by the school districts and therefore eligible for reimbursement. To go only one year back still leaves you at least partially in the dark on that. It doesn't make it clear. It makes you a little closer, but not precise. So in that sense I think this is a good amendment. I do support it. On the other side, I would make a couple of points. The A bill that comes along with this will request funding such that the 100 percent of the 5 cents per breakfast will be funded by the Legislature. So this is not like we're abandoning the program. I don't think that's appropriate and that certainly isn't the intent here. But the intent is to clarify for the committee and the Legislature exactly how much is needed in order to reimburse the school districts, and this does that for us. A couple other comments were made about schools not having enough money available to sort of front the program for the extra year that would be required in order for this to happen, and certainly that's a concern. On the other hand, I would urge you to keep in mind some perspective here. Counting all the sources--state aid of about \$100 million or \$800 million a year; property tax funding together with other sources, a total funding amount for public schools of about \$2.3 billion per year--and this program is \$100,000, so that the amount that schools would be asked to front in order to support this program is really a very, very small percentage. And as I tried to indicate before, it's part of what we try to cover that are legitimate school needs, in terms of our needs calculation, for those school districts. So again, I do support this amendment because it adds precision, and I will also support the A bill, which will call for full funding of 5 cents per breakfast on that amount that...the full amount that's to be reimbursed. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Raikes. Senator Stuthman, you are next and you are recognized. [LB73]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I'm not sure whether I support Senator Heidemann's amendment, the floor amendment, and I'll give you the reasons why I do not support that. The statements made by Senator Raikes would give it more precision as to how many dollars were needed for the

Floor Debate
April 16, 2007

program, and then the Appropriations Committee could direct that amount of funds toward that. The thing that I fear, which has happened in the past, we have county jail reimbursement. When the Appropriations Committee doesn't have quite enough money, they cut it in half, maybe 75 percent of it. Then we have to come back with another bill and state, you know, that we need to get more county jail reimbursement. This is the part that I'm worried about here, that if they do not have enough funds for the 5 cents, they're going to say, well, you know, we need a little bit more money here, we need a little bit more money here, let's whack it down to 2 cents for these two years. And then they'll say, well, they got along with 2 cents, let's leave it at the 2 cents, but if we get in a problem, maybe we'll not even fund it at all, because they're short of money. That's a concern that I have, that we'll come back here in four years, three years, and say, you know, we got to put a bill in to direct the Appropriations Committee to pay that 5 cents to that breakfast program. Well, they would have, but they're a little bit short of money, and which can happen and it has happened before. So that is a concern that I have. You know, in principle it sounds all good. You know, we're going to wait two years to get a real definite figure, the dollar amount, but if we don't have that amount of money you may only get half; you may not get anything. I think that's a concern that I have. I really would hope that if we pass this bill and we have 5 cents on it, that we truly believe in that 5 cents and honor that. Honor the votes that she's going to get when this bill is passed, not when it comes down and say, well, we're short of money again; guess you won't get it, but that was the wishes of the legislative body, but we don't care, we're short of money. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Stuthman. Senator Pirsch, you're next and you're recognized. [LB73]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. I just want to thank Senator McGill; did an eloquent job in her opening of giving an overview of the bill. I was just wondering if she might yield for a few questions to kind of flesh out the details of some... [LB73]

SENATOR FRIEND: Senator McGill, will you yield to a few questions? [LB73]

SENATOR MCGILL: Yes. [LB73]

SENATOR PIRSCH: Okay. Senator McGill, now it had been indicated that 624 schools currently participate in the breakfast program, representing over 50,000 students. Just kind of as background, in these schools is it a correct understanding of the K through 12, that these are K through 12 schools... [LB73]

SENATOR MCGILL: Yes. [LB73]

SENATOR PIRSCH: ...and that some of the children who consume these breakfasts are

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

paying the full price of the breakfast? Is that correct? [LB73]

SENATOR MCGILL: Yes. For instance, in my district, it's 90 cents. It just went up to \$1. [LB73]

SENATOR PIRSCH: Okay. And some of these are on kind of a reduced sliding scale. Is that correct? [LB73]

SENATOR MCGILL: Yes. [LB73]

SENATOR PIRSCH: And some are free. [LB73]

SENATOR MCGILL: Yes, the majority of them are free. [LB73]

SENATOR PIRSCH: Okay. What is the percentage currently, if you know, generally, of these 600...? [LB73]

SENATOR MCGILL: I don't know the percentage, but of that 50,000 it was about 30 that were receiving the free. [LB73]

SENATOR PIRSCH: 30,000? [LB73]

SENATOR MCGILL: So over half were receiving the free. [LB73]

SENATOR PIRSCH: Okay. [LB73]

SENATOR MCGILL: Only about 5,000 were on the reduced, and then about 15,000 on the paid (inaudible) breakfast. [LB73]

SENATOR PIRSCH: I see. Okay, great. Thank you very much for that. Now do we know what the...what is the...? You said 624 schools currently participating. What is the total universe of schools out there, K through 12 schools? I mean I'd assume that it's a small fraction of schools that now currently participate? [LB73]

SENATOR MCGILL: Yeah. I don't know exactly the number. I wouldn't say a small fraction because in some cases it's the participation within the district that isn't always as high as it could be, or within the schools. [LB73]

SENATOR PIRSCH: Okay. I'm trying to get an idea. This 5 cents is expected to induce additional schools to join the breakfast program. Do we have kind of an understanding, if there's 624 now participating, is this 5 cents going to play a meaningful role in inducing some schools to enter into the program? [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR MCGILL: Well, I think if you see how much the program did kind of take off there in about 2003, that I think that the school breakfast program was a part of that. Unfortunately, just as it was taking off we started cutting back that funding... [LB73]

SENATOR PIRSCH: Uh-huh. [LB73]

SENATOR MCGILL: ...and so they were still getting 5 cents for a good portion of the school year, but then towards the end is where it trickles off for schools and it becomes 1 or 2 cents. So I think the program has had something to do with that, but now it's become so diluted that it's not fulfilling its promise to the schools. [LB73]

SENATOR PIRSCH: Okay. And the manner in which this 5 cents would be allocated, would that be on a...? You indicated some of the students who are receiving the breakfast programs, or the majority actually are, in the aggregate, are receiving...I'm sorry, are receiving the free lunch. Do we suspect that should these extra monies be allocated in this manner, is there any kind of clue or indication that these would be...the schools that would take advantage and join the program would tend to be...tend to have students...the more needy students as opposed to...I take it the 5 cents helps subsidize even those students who are able to pay full for their full breakfast. Is that correct? [LB73]

SENATOR FRIEND: One minute. [LB73]

SENATOR MCGILL: I think it helps everyone. The federal government gives more money to those districts with the higher poverty level and so they are, by nature, getting a little more money. OPS has offered school breakfast for a long time. I'm trying to reach out to some of the rural communities that maybe the percentage isn't as high but they're not offering it right now because of the cost or because...and, really, they're the ones who need it the most because their kids are getting on a bus for an hour and then having breakfast right at school or on the bus is a better benefit to them in the long run. Maybe not all of them are in a poverty situation, but this would still appeal to those districts. [LB73]

SENATOR PIRSCH: Well, thank you very much for answering those questions. I'd yield the balance of my time to...well, if Senator McGill would...has some use for it in explaining, I'd be happy to, the balance; otherwise, I'd yield it back to the Chair. [LB73]

SENATOR MCGILL: Well, I'll just add one stat real quick and that's in Thomas County 21 percent of students are in that child poverty level, but yet there are no school breakfasts served. [LB73]

SENATOR FRIEND: Time. Thank you, Senator McGill and Senator Pirsch. Senator Carlson, you're next and you're recognized. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR CARLSON: Mr. President, members of the Legislature, I am in support of Senator McGill's bill, LB73, and in support of the Raikes amendment. I'm deciding about FA72. In some of the testimony this morning, some things that Senator Wallman said, Senator McDonald, and Senator Fulton, all alluded to cases where parents have the ability to provide for these breakfasts and choose not to. And when...I'm going to speak more about this at a later time, but in our society when we have irresponsibility on the part of parents, it's a grave concern. I think it's an embarrassing situation and it's actually shameful. There are those that can't afford, and of course we must feed our children. I think that all programs should be funded, fully funded, but that doesn't mean they all have to be tax dollars. I think everyone should participate in the cost of a benefit, one way or another. Nothing is free, and we all need to understand and appreciate the cost of a program. I think if something is perceived as free, we tend to think it isn't worth very much. But I think another source of dollars, apart from government, should be responsibilities taken on by volunteer organizations and churches and willing to step up and help those in need. It should not all be government. Appreciate the discussion this morning and will listen to the rest of the debate. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Carlson. Senator Wightman, you're next and you're recognized. [LB73]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. One of the things I look at here, and this should have fallen to Senator Carlson because he likes to be the numbers man in this group and usually does well at it, but one of the things I'm looking at is that if we fund 5 cents for a breakfast, and that child has 180 breakfasts which I think is still the length of the school year, that only comes to \$9 per student. The cost of educating that child is about \$6,000 to \$7,000 per year, I think. If we take the total cost of education, I'm probably low. So I don't see this \$9 as being very much to invest, and only about 35 percent of the children I think are probably participating, from what Senator McGill said. I would, if Senator McGill would yield for a question or two, I would... [LB73]

SENATOR FRIEND: Senator McGill, will you yield to a question or two? [LB73]

SENATOR MCGILL: Yes. [LB73]

SENATOR WIGHTMAN: Thank you. Senator McGill, how much does the federal government participate in the breakfast program? [LB73]

SENATOR MCGILL: How much? I don't know what that dollar amount in Nebraska is. It's \$1.31 for free breakfasts, being the top of the tier, and I don't have that number for you, I'm sorry, what that total is. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR WIGHTMAN: So \$1.31 for free breakfasts? [LB73]

SENATOR MCGILL: For each free breakfast. It's \$1.01 for the reduced breakfasts, and 24 cents for each paid breakfast. [LB73]

SENATOR WIGHTMAN: So really, they're supporting the major part of this program. [LB73]

SENATOR MCGILL: They do carry most...a good deal of the weight. [LB73]

SENATOR WIGHTMAN: Could you tell me, typically does a child who participates in these breakfasts participate in one every day of the school year? [LB73]

SENATOR MCGILL: Yes, and it's only a fraction, really, of the students that participate in lunch. It's interesting to look at the number of kids who participate in a lunch program at one particular school in comparison to the breakfast program, because there's a huge drop-off when you look at how many of them participate in the breakfast. But they do tend to be the ones who use it every day. [LB73]

SENATOR WIGHTMAN: But I think you said about 50,000 students... [LB73]

SENATOR MCGILL: Uh-huh, yes. [LB73]

SENATOR WIGHTMAN: ...participate in the free breakfasts. [LB73]

SENATOR MCGILL: Thirty-five thousand participate in free breakfast. [LB73]

SENATOR WIGHTMAN: Excuse me. [LB73]

SENATOR MCGILL: It's 50,000, over all, that use the program. [LB73]

SENATOR WIGHTMAN: Either. Either free or reduced. [LB73]

SENATOR MCGILL: Uh-huh. [LB73]

SENATOR WIGHTMAN: Thank you. Again, I'm debating also on the Heidemann amendment on whether I would support that. It seems to me that...I guess if Senator McGill would maybe answer another question. [LB73]

SENATOR FRIEND: Senator McGill, will you yield to another question? [LB73]

SENATOR MCGILL: Sure. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR WIGHTMAN: Now is it your understanding under the appropriations bill that that much would be appropriated and would be paid out on an annual basis. It's only if we run to the end of that appropriated amount that there would be an allocation or they would have to come back in later and request that funding? [LB73]

SENATOR MCGILL: For future years? Yeah, they take what is appropriated and then they would have the right to go in and ask for that deficit funding right now. [LB73]

SENATOR WIGHTMAN: So...but there would be more paid out, more available to be paid out, and that full amount would be paid out this next year if this bill were to pass. [LB73]

SENATOR MCGILL: Yes, from what I understand. [LB73]

SENATOR WIGHTMAN: Thank you. With that, I'm certainly going to support the bill; will support Senator Raikes' amendment. I'm still thinking about whether I will support the Heidemann amendment, whether it wouldn't be about as easy to come in on a deficit basis at the end of the year and during the second year of the biennium. Thank you, Mr. President. [LB73]

SENATOR FRIEND: Thank you, Senator Wightman. Senator Aguilar, you're next and you're recognized. [LB73]

SENATOR AGUILAR: Thank you, Mr. President, members. I rise in support of LB73, as well as the Raikes amendment. I'm not sure about the following amendment by Senator Heidemann. I kind of agree with what Senator Stuthman brought forward. I thought that was important. But what I wanted to discuss a little bit was kind of an answer to what Senator Fulton was questioning about, some of the other programs that are out there, and there are some. But I would contend that this school breakfast program will be an opportunity for these kids to eat and we're going to know that they ate the breakfast. They're going to be supervised, and I think that's an important part of it. Some of the other programs out there, we have no idea if those kids are benefiting from it or not. This is something, like I said, it's importantly that the breakfast be supervised, we know they're getting the nourishment they need, and I think that's the most important everybody on this on floor supports, is that kids aren't going through the school day hungry. And we have an opportunity to do something about that and I think we should. And I'd give the rest of my time to Senator McGill if she so chooses. [LB73]

SENATOR FRIEND: Senator McGill, you have 3 minutes and 55 seconds. [LB73]

SENATOR MCGILL: I guess I'll go ahead and put in my two cents on the floor amendment. I'm not firm either way on this, as I told Senator Heidemann. I can see the

Floor Debate
April 16, 2007

benefits of being able to look back and see exactly what funding is owed to the schools, but currently the Department of Education pays out these funds on a monthly basis as the schools go along, so that will be a drastic change. Even going back and paying in arrear is a change for them because they won't be able to dish it out on that monthly basis. So there was a little bit of concern from them, just going to the one year back. When you go the two years back, then what Senator Stuthman said and some other concerns, that becomes a concern of mine as well. At least this way we're still, if it's just the one year, you're still being forced to make an appropriation, an approximate one, into the future that hopefully won't shortchange the schools as much as, you know, the opportunity that Senator Stuthman was talking about. With that, thank you, Mr. President. [LB73]

SENATOR FRIEND: Thank you, Senator McGill and Senator Aguilar. Senator Fischer, you're next and you're recognized. [LB73]

SENATOR FISCHER: Thank you, Mr. President and members. I rise in support of Senator Heidemann's FA72. I served on a school board for almost 20 years before I was elected to the Legislature, and as a school board member in a district that faces rural poverty, and as a state senator representing a district that faces rural poverty, I can say that, yes, breakfast in these schools are needed. If you look at a sheet that we were given, and I can't tell you by who but I put it in the file for this bill, and it says poverty exists throughout Nebraska. And most of the counties I represent are those counties that face the greatest percentages of children that are living in poverty: Rock, Keya Paha, Loup, McPherson, Blaine, Thomas, Boyd, Custer, Holt, Brown. Those counties all have a high percentage of children living in poverty. But also as a school board member I can tell you that the federal reimbursement for meals in your school cafeteria is how a school district makes money on their school lunch program, because the federal reimbursement, along with the state reimbursement, is higher. And when you have a high percentage of students that are receiving free or reduced lunch, then your lunch program has a chance of being in the black instead of being in the red. I support this amendment because I believe it does bring accountability. It brings accountability to the school districts because you will have the firm numbers on the children that are receiving those lunches. It also brings stability. It brings stability to this body because we are responsible for the budget and how that budget is formed. It is easier to do when you have the real numbers. Senator Kopplin spoke about so many things with school districts take place either one or two years in arrears. He was a superintendent and he knows the problems that a district can have in dealing with that. As a board member, I realize, yes, there are problems in dealing with that, but when everything is based on needs in this state--in TEEOSA you have your...the formula, it's based on needs and resources--I believe that it's important that this program continue to be based on needs and be accountable. I would urge you to support FA72. Thank you, Mr. President. [LB73]

Floor Debate
April 16, 2007

SENATOR FRIEND: Thank you, Senator Fischer. Senator Pahls, you're next and you're recognized. [LB73]

SENATOR PAHLS: Mr. President, members of the body, I was just going to add maybe a face to this issue. My son goes to Millard North. Since I do not qualify, fortunately, for free and reduced lunches, it costs him \$1.50, if he so chooses. (Inaudible) went to North Middle School, it would cost him \$1.25. That's how much it would cost him to have breakfast, if he chose to have breakfast. If it was free, of course, it would be free. If it was reduced, he'd pay 40 cents. Now if he were in grade school, he would pay \$1. If it was free, he would get it free. If not, if it was reduced, he would pay 30 cents. So I do think people, all areas, are paying part of the...for the breakfast. And I know Senator McGill said that it is even subsidized for people such as myself. But I do want to know that there are people out there who do need this, and we know that. In the Millard school system, there are around 24...because I just called, asked for this information today, there are around 2,400 children who qualify for free and reduced lunch. That's out of approximately 20,000. Now that is a suburban school district as compared to some of the significant issues that the urban school district has. But the thing about it, is what I like, is at least Millard has stepped up to the plate and said we are going to offer breakfast to any child who so chooses to eat breakfast. Now I heard this morning somebody said, well, parent responsibility, and of course I believe that. But also if that parent has given that child, and he or she can afford it, given them \$1 for that lunch, they're holding some of the responsibility. I do realize that. So when I hear that I...it sort of grates on me a little bit because it just seems like when somebody does do something everyone needs to take credit for it. Now one thing about it, I've had the opportunity to live in two worlds. One time I had a school building that no child qualified for free and reduced lunches, everyone, simply because how fortunate they were. But that child today can have breakfast in that school, although I'm not there. I also was involved in a school where 30-40 percent of the children were free and reduced lunch. There is a significant difference. They do have some issues that those children who do not have to worry about coming to school hungry, so we do need...that's why I support this concept. The amendments of Senator Raikes, I support that one also. Just letting you know that there are people as...and I'm not going to speak to the issue what research shows, but another thing I want to point out, many years ago when I was in a building and there were children--this is how teachers work this game--there were children who they knew did not have breakfast. We did not have a breakfast program. So what they would do is they, so that it would not embarrass that child or children, they would say, let's come in and we'll work on reading. In the meantime, they happened to have something there for them to drink and eat. So teachers, sometimes we do not give them the credit, what they're trying to do, because they did not want to embarrass any child. But they knew what children need to do that. So a lot of times behind the scenes we do have adults that are working with those young minds who see more than just the mind. They see that the body needs to be also nourished. So I do want to give credit, because it's surprising how many times teachers are doing these things, not asking for

Floor Debate
April 16, 2007

glory, not asking for their name to be placed in the paper. They just do it. And so this, by having these free lunches and reduced lunches and the lunch program in the school, this does eliminate some of those needs. There are many ways that people have tried to help children out in the past and, as I say, I'm giving teachers a lot of credit for that. This because we all know around noonhour, when we get a little hungry, we probably get a little agitated. So I think Senator Chambers has... [LB73]

SENATOR FRIEND: One minute. [LB73]

SENATOR PAHLS: ...has clued us in on that, so...but one thing I noticed, and I do need to give Senator Chambers, it goes to show you how some people approach this because I can remember several weeks ago earlier in the session he made a comment that he did, at times, he was hungry, but he used his brains and he fed himself by thinking about that. And I know there's several of us probably on this floor who do, in our childhood, did know the feeling of hunger. But that goes to show you the significance of the mind over matter, as Senator Chambers pointed that out to us. Again, we do need...we do need more schools involved in this. I was a little dismayed at the number of schools who are not, because it's an administrative issue. Get off that, superintendents, if you are choosing not to use this; get off that. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Pahls. Senator Fulton, you are recognized. [LB73]

SENATOR FULTON: Thank you, Mr. President, members of the Legislature. I wanted to clarify or confirm that both of these amendments I'll support. I think that the amendments are necessary in order to move LB73 forward, at least for me anyway. I can only speak for myself. It seems to make a little bit more sense. Because we're able to look back two years, we'll have a better idea of...to better be able to quantify the need and so we can appropriately fund the need. That's why FA72 is important. And then AM1001 just provides a mechanism, you know, by which we don't make this an open-ended entitlement program. This is something that can be controlled within the purview of the Appropriations Committee and the Legislature. And I think Senator McGill is okay with AM1001. My opinion, I think AM1001 needs to exist in order to make LB73 most effective. I wonder if...I'm going to come back to this public school of Nebraska. I asked that question earlier. I wonder if Senator McGill would yield to a question. [LB73]

SENATOR FRIEND: Senator McGill, will you yield to a question? [LB73]

SENATOR MCGILL: Yes. [LB73]

SENATOR FULTON: The...I've done a little bit of research. I just...I should have done my homework better on this, but it seems that, from what I have gleaned, this, as written, "shall reimburse each qualified public school in Nebraska a portion of the cost."

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

[LB73]

SENATOR MCGILL: And that's what it is. I misspoke earlier when I was discussing the difference between the federal and the state government. I apologize for that. [LB73]

SENATOR FULTON: Okay. So at present the state's...this, if this were to move forward, it would not include private schools that offer school breakfast. [LB73]

SENATOR MCGILL: No. But the federal government does still reimburse for them. [LB73]

SENATOR FULTON: Okay. Was there any research into how much the nonpublic schools or the private schools would impact this bill if they were enacted, or is that something even considered? [LB73]

SENATOR MCGILL: No. [LB73]

SENATOR FULTON: Okay. Would...I mean, it doesn't have to occur here, it can occur later on, Select File maybe. Would that be something that I could speak with you about? We could at least get at the empirical...the data behind that? [LB73]

SENATOR MCGILL: We could take a look at the numbers. I can't say right now if I would really be in support... [LB73]

SENATOR FULTON: Okay. [LB73]

SENATOR MCGILL: ...of that or not. [LB73]

SENATOR FULTON: Okay. That's...thank you, Senator McGill. I'll do a little more research on that. It seems that if offering a school breakfast to children is helping them to learn, that it would be appropriate, by way of policy, to make this offering available to nonpublic schools also. I mean there could be arguments, in principle, against that, which I'd entertain. But at least it seems like something to consider. So I'd like to get that into the record. I'll do a little research and I'll work with Senator McGill a little bit on this. So thank you, Mr. President. [LB73]

SENATOR FRIEND: Thank you, Senator Fulton. (Visitors introduced.) On with discussion of FA72 to AM1001, Senator Nantkes, you are recognized. [LB73]

SENATOR NANTKES: Good morning, Mr. President, members. I rise today in support of the two proposed amendment and the underlying bill. I think an important thing to keep in mind during the context of debate on this important issue is process versus policy. I think the underlying bill, LB73, and the policy that Senator McGill is trying to

Floor Debate
April 16, 2007

advance to improve child nutrition, well-being, and educational success is something we can all get behind, and we've heard today from so many senators talking in support of those very concepts. However, in order to achieve those goals I think we have a tremendous opportunity before us with the introduction of both of these amendments to specifically tailor, narrow, and most appropriately deal with the process to carry out this policy. Many of you know from my previous work, before I became a member of the Legislature, I worked as a staff attorney for Nebraska Appleseed Center. In that context we spent a fair amount of time doing litigation and policy work on behalf of low-income working Nebraskans. Food and nutrition issues were critical to that work and our mission there, so I have some familiarity with these programs. Bringing that experience with me into the Legislature and now having served as a member of the Appropriations Committee, I can tell you that I really believe these amendments will help us to achieve those common-sense, common ground policies that help kids and help families succeed, but also legislatively give us a process by which to have a firm number in mind when we're dealing with these issues and trying to construct a budget. And I think that the work that Senator Heidemann, Senator Raikes have done on these amendments are definitely a step in the right direction in improving the process so that we can carry out these underlying policies. There's no question there's a great need in this regard. It might shock some of you to know, but my district, the "Fightin' 46" up in north Lincoln, when I was doing demographic research for my campaign plan I was startled to find out that we're the second poorest legislative district in the whole state, right behind Senator Chambers' district in north Omaha. And there's a great need when it comes to nutrition and healthcare and educational opportunities for struggling communities. And this is definitely one way to go about it. Studies also show us that in Nebraska there are about 76,000 children each and every day that are struggling, that are food insecure, and this is one piece of the puzzle to help us address those food insecurity issues and those nutrition issues. And so with that, I'd ask the full body to support both of the proposed amendments and the underlying bill. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Nantkes. Senator Wightman, you are next and you're recognized. [LB73]

SENATOR WIGHTMAN: Thank you, Mr. President and members of the Legislature. Since I had left it open as to whether I was going to support the Heidemann amendment, I did want to discuss that a little and try to at least inform the body to the extent there are any questions on just how little that would be. Right now we're talking about the A bill being around \$450,000 to \$470,000 per year. I visited a little with Senator Heidemann. He informs me that probably there's about a 10 percent growth of this program which probably kind of limits the amount of retrofunding we might have to do. I thought it might be about 90. He suspects it might only be about \$70,000 to \$75,000 for the two-year period. Now that might sound like a lot of money and it would be a tremendous amount to some small school districts in the state, but when that's divided up over the entire state, it's a relatively small amount of money. If you assume

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

that all of the metro schools in Omaha had about a fourth of that, they might have over a two-year period \$15,000 to \$18,000 to \$20,000, which in their budget I'm sure would not be noticed all that much. So I don't think...as I understand the A bill, we will expend all of that money, and it's only when we run out that we would be going back for a supplemental appropriation to cover the extra amount that the various school districts had spent. So I am going to be in support of both the FA72 as well as Senator Raikes' amendment, AM1001. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Wightman. Senator Heidemann, there are no other senators wishing to speak. You are recognized to close on FA72. [LB73]

SENATOR HEIDEMANN: Mr. President, fellow members, I ask that you support my FA72. There have been some questions, some of them about Senator Raikes' amendment brings stability and maybe mine goes a little bit too far. We in Appropriations like stability. There is no doubt about that. What we're trying to accomplish with my amendment is to know exactly what we have to fund, and that's all it does. Senator Raikes takes us part way there but you still would have to have a deficit request. In Appropriations we would rather know what we have to fund and then fund it. This would work just like TEEOSA or state aid to education, the way I understand it. They look back two years, find out what it costs to do something, and then they fund it, and that's what my amendment would accomplish. I believe it's important that we adopt my amendment. I believe it's very important that we adopt Senator Raikes' amendment, and then I believe that everybody can vote for LB73 and do the right things for the kids. With that I will close and I ask you for your support. [LB73]

SENATOR FRIEND: Thank you, Senator Heidemann. Members of the Legislature, you have heard the closing on FA72 to AM1001. The question is, shall FA72 be adopted? All those in favor, please vote aye; all those opposed vote nay. Have you all voted who wish to? Record please, Mr. Clerk. [LB73]

CLERK: (Record vote read, Legislative Journal page 1182.) 26 ayes, 15 nays, Mr. President, on the amendment. [LB73]

SENATOR FRIEND The amendment is adopted. (Visitors introduced.) On with discussion of AM1001. Senator Raikes, there are no senators wishing to speak. You are recognized to close on AM1001. [LB73]

SENATOR RAIKES: Thank you, Mr. President and members of the Legislature. I urge your adoption of this amendment as it is amended. This puts the funding two years in arrears and includes the proration mechanism. I think with this amendment Senator McGill accomplishes with this bill an important thing. I think to the extent that the Appropriations Committee and the Legislature know how much money is required to fully fund this program, they are most likely or certainly more likely to do it. If it requires

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

a guess, and particularly a guess where there is no proration mechanism, I think the chances of it being fully funded get diminished. So I think including the certainty that would be brought by this amendment is an important step forward, so I urge you to adopt this amendment. I will tell you that the appropriations bill then, I believe, will call for full funding of the breakfast program as required at 5 cents per breakfast, and I will support that. So I think there will have been an important thing accomplished with this bill and I urge your support of the amendment. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator Raikes. Members, you have heard the closing on AM1001 to LB73. The question is, shall AM1001 be adopted? All those in favor, please vote aye; all those opposed vote nay. Have you all voted who care to? Record please, Mr. Clerk. [LB73]

CLERK: 38 ayes, 5 nays, Mr. President, on the adoption of Senator Raikes' amendment. [LB73]

SENATOR FRIEND: The amendment is adopted. [LB73]

CLERK: I have nothing further on the bill, Mr. President. [LB73]

SENATOR FRIEND: Members, back to discussion of LB73, the advancement of LB73 to E&R Initial. Any senators wishing to speak? Senator McGill, I see no senators wishing to speak. You are recognized to close on LB73. [LB73]

SENATOR MCGILL: Thank you, Mr. President and members of the Legislature. I think everybody has had ample time to get up and discuss why the school breakfast program is so important to our children, and it's such a, really a small amount of money that goes so far in preparing our kids for the school day and makes sure that they're learning to the best potential. I'm going to go ahead and read off some of the benefits that we received in some of the letters from school districts, here real quick. This one from OPS talked about how it helped students score higher on tests and improves grades. It makes it easier for students to pay attention in class. And this third one hasn't come up at all but it's really important: It decreases disruptive behavior and visits to the nurse. When students have that full stomach the behavioral problems go down. It also decreases tardiness and absenteeism. Some principals in OPS will schedule a time for all children in specific grades to have breakfast just prior to the testing period. That goes to show how really significant it is for students to have a full breakfast, especially not only as they're going in to take an important test but every day of the learning process. I urge your vote for LB73. Thank you. [LB73]

SENATOR FRIEND: Thank you, Senator McGill. Members, you have heard the closing on the advancement of LB73 to E&R Initial. All those in favor of advancement, please vote aye; all those opposed vote nay. Record please, Mr. Clerk. [LB73]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

CLERK: 45 ayes, 0 nays, Mr. President, on the advancement of LB73. [LB73]

SENATOR FRIEND: LB73 does advance. Mr. Clerk, LB73A. [LB73 LB73A]

CLERK: LB73A by Senator McGill. (Read title.) [LB73A]

SENATOR FRIEND: Senator McGill, you are recognized to open on LB73A. [LB73A]

SENATOR MCGILL: Mr. President, members of the Legislature, this is, of course, the A bill to go along with the breakfast bill. Everything we just did in this sense is meaningless without this A bill to actually fully fund the 5 cents. The 5 cents will help the schools be able to budget adequately for their costs that will allow for them to look at what kinds of foods they can be serving; maybe get better foods in there. Right now, the federal government has certain restrictions on what kinds of food they can serve, the health benefits of them. And this will allow the schools to have that stability in funding so they can really pick out what is best for their schools, get the supervision they need to expand their programs. Again, without this bill everything we did really is meaningless. This is about funding the full 5 cents for the past two years. The numbers you will see in the fiscal note, will go down since we're looking at the deficit from the last couple of years to \$107,000 and \$139,000. With that, I thank you. [LB73A]

SENATOR FRIEND: Thank you, Senator McGill. Mr. Clerk, do you have a motion on your desk? [LB73A]

ASSISTANT CLERK: Mr. President, Senator McGill would move to amend. (FA73, Legislative Journal page 1182.) [LB73A]

SENATOR FRIEND: Senator McGill, you are recognized to open on FA73. [LB73A]

SENATOR MCGILL: This is the amendment I just spoke of that would lower the fiscal note to \$107,000 and \$139,000, that will fully fund the past couple of years of the school breakfast program as we amended LB73 to look back and fund the program a couple years in arrears. Thank you and I urge your vote to advance the A bill. [LB73A LB73]

SENATOR FRIEND: Thank you, Senator McGill. Members, you have heard the opening on FA73. Senator McGill, I see no one wishing to speak to it. You...Senator McGill waives closing on FA73. Members, the question is, shall FA73 be adopted? All those in favor, please vote aye; all those opposed vote nay. I'm sorry, Senator Chambers. I didn't see you in the queue and you are recognized to speak. [LB73A]

SENATOR CHAMBERS: That's okay. Thank you, Mr. President. And Senator Erdman tried to help out by saying I hadn't turned my light on in time, but he couldn't see far

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

enough up here, and friends do stick together so he tried...the private tried to bail out General Patton...(laughter)...but the "Rommel" was prepared, tactically and strategically. I support what Senator McGill is doing. I support the bill and I will vote for it. But I am opposed to parts of Senator Raikes' amendment. That will be a fight for Select File. When time came to vote for the bill itself, I voted yes, even though I voted no on those other issues. I will vote for this A bill. It was very tempting for me to join the discussion this morning, but this one dealt with an issue that is so clear, not intending any disrespect or disparagement, even Ray Charles and Stevie Wonder could see the merit that this bill has, but that does not mean every part of it is meritorious. I will not try to torpedo the bill. I will not try to unduly delay it. I always give myself a little wiggle room, Senator McGill, and you notice I said not "unduly" delay it. And the one who determines and gives meaning to the word "unduly," happens to be the one speaking at this moment. I will have a discussion with Senator Raikes between now and the time the bill comes up, and he may be able to persuade me that my concerns are unfounded. If that turns out to be the case, then I will not discuss the bill on Select File. And I believe if there are no other amendments offered, there probably won't be any discussion and the bill will move on a voice vote. But if Senator Raikes cannot allay my concerns, I will put an amendment on the bill to make sure it does not move on a voice vote prior to my being able to discuss the bill a bit further. Mr. President, I have to speak for a few more seconds until that number moves from 11:49 until 11:50, and the necessity for doing that is something which nobody needs to understand other than those who understand already. Thank you, Mr. President. [LB73A]

SENATOR FRIEND: You're welcome, Senator Chambers. Senator Chambers, your light was on and now it's off. Do you wish to speak or not? Not. Thank you. Senator McGill, there are no other senators wishing to speak. You are recognized to close. Senator McGill waives closing. Members of the Legislature, the question is, shall FA73 be adopted? All those in favor, please vote aye; all those opposed vote nay. Have you all voted who wish to? Record please, Mr. Clerk. [LB73A]

CLERK: 41 ayes, 0 nays, Mr. President, on adoption of the amendment. [LB73A]

SENATOR FRIEND: The amendment is adopted. [LB73A]

CLERK: I have nothing further, Mr. President. [LB73A]

SENATOR FRIEND: Senator McGill, there are no senators wishing to speak on the advancement of LB73A. You are recognized. Senator McGill waives closing. Members, the question is, shall LB73A advance to E&R Initial? All those in favor, please vote aye; all those opposed vote nay. Have you all voted who wish to? Record please, Mr. Clerk. [LB73A]

CLERK: 41 ayes, 0 nays, Mr. President, on the advancement of LB73A. [LB73A]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR FRIEND: LB73A does advance. Speaker Flood, you are recognized.
[LB73A]

SPEAKER FLOOD: Thank you, Mr. President and members. Just to clarify with regard to interim study resolutions, Rule 4, Section 3, subparagraph B indicates and says that we can introduce and should introduce interim study resolutions up to and including the eightieth legislative day. So if you are thinking about an interim study this summer, I know that it would be greatly appreciated if you could kind of trickle them in up to and including the eightieth day, as many, as soon as possible, if possible, so that we can make sure there is a steady flow and can organize them accordingly. Finally, we will be going a little longer on Thursday afternoon. I'll be more specific as we get into our debate Tuesday and Wednesday, but please see me if that's an immediate problem. We have been adjourning between noon and 1:00 p.m. I do anticipate going longer on Thursday. Thank you, Mr. President.

SENATOR FRIEND: Thank you, Mr. Speaker. Mr. Clerk, do you have items?

CLERK: I have one, Mr. President: an amendment to be printed to LB463 by Senator Johnson. (AM1007, Legislative Journal page 1183.) [LB463]

And I have a priority motion, Mr. President. Senator Flood would move to recess until 1:30 p.m.

SENATOR FRIEND: Members, you have heard the motion to recess until 1:30 p.m. All those in favor, please signify by saying aye. All those opposed say nay. We are adjourned.

RECESS

SENATOR LANGEMEIER PRESIDING

SENATOR LANGEMEIER: Good afternoon, ladies and gentlemen. Welcome to the George Norris Legislative Chamber for the afternoon session is about to reconvene. Senators, please record your presence. Senators, the afternoon session is about to begin. Please come to the Chamber and record your presence. Mr. Clerk, please record.

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

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Do you have any items for the record?

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

CLERK: I have no items at this time, Mr. President.

SENATOR LANGEMEIER: Thank you, Mr. Clerk. We will proceed to the first item on this afternoon's agenda, LB551. [LB551]

CLERK: Mr. President, LB551 was a bill originally introduced by Senator Flood. (Read title.) The bill was introduced on January 17 of this year, referred to the Revenue Committee. The bill was advanced to General File. There are Revenue Committee amendments pending, Mr. President. (AM662, Legislative Journal page 809.) [LB551]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Senator Flood, you are recognized to open on LB551. [LB551]

SPEAKER FLOOD: Thank you, Mr. President, members. Here we are this afternoon ready to embark on a new bill as we begin the afternoon session. It's one that I'm sure most of you are looking forward to. One of you I know is not looking forward to this afternoon. But as we make our way through this bill, I think we're going to make the case pretty soundly that the Qwest Center in Omaha has done great things for the state of Nebraska and has done good things certainly for the community of Omaha. And the benefits to the city of Omaha are great in this bill, but they are also good for the rest of the citizens of Nebraska and I'll explain why. But first let's go back to 1999. The bill was LB382 and I was in my second year of law school, not paying attention to the hard work being done by the Legislature at that time. But basically the bill itself in 1999 said that if a convention center is built and will bring new tax dollars into the state, then a portion of the new money would be turned back to the city, which would be used to pay off bonds for the construction of a convention center or arena. Not more than \$75 million could be turned back for any eligible project; 70 percent of the attributable revenue could be used to help repay the bonds, 30 percent would be sent to the Department of Economic Development so that communities other than Omaha across the state of Nebraska could use the money for community centers, libraries, town hall buildings, and such. What happened between 1999 and today? Well, first of all, I will tell you with regard to the discussion on LB382, promises were made probably in both ends. I don't exactly know the full extent of the debate. But certain things have occurred in between the passage of that bill and today. And they include the devastating terrorist attacks of September 11, 2001, which greatly and severely reduced the number of conventions held across the country. Number two, there were certain restrictive interpretations of the language of LB382 that limited the amount of revenue that was actually turned back, things that were quite impossible. You'd be asking convention planners to provide a very private list of attendees so that you could prove residency of those attending the conference. And finally, as a result of both of these, less than 35 percent of the anticipated income became available for both the Omaha and the outstate fund. Last year, LB1105 advanced all the way to Final Reading where it failed, and it tried to address the restrictive interpretations but would have kept a very complex formula. It

Floor Debate
April 16, 2007

would have extended the turnback to out-of-state revenues generated by the arena, and ultimately died on Select File. This year, this bill, the green copy greatly simplifies the calculation. There's no more investment multipliers to try and measure, quote unquote, the induced additional spending on goods and services. There's no more attributable revenue for the use, to use for the investment multipliers, and there's no more estimating participants and estimating their spending impact. The amount of financial assistance would be the portion, under this bill, of the sales tax collected at the facilities or by the Qwest Center's agents. And of course, the Qwest Center is owned by the city. The new calculation, I believe, is simpler. It's much easier to administer and audit. And I think it would actually turn back less money to the sponsoring community each year than LB1105 of last year. Now I have heard this said a few times: The city of Omaha made its deal in 1999; they should live with it. Well, that's true, but both sides were working on projections that didn't factor in the deadliest terrorist attacks in the nation's history that severely crippled the convention business for over three years. Conversely, who knew what a success the arena would be next to the convention center, in the same facility, that is drawing thousands of people to this convention center doing the good work that citizens had hoped it would do? Good things are happening at the Qwest Center. And as I see it, the commitment from the state was up to \$75 million. But even with this bill, LB551, 47 percent of the bond assistance would be granted by the state. That's below \$75 million. The original plan was to turn back between \$4.5 million and \$6.8 million per year. Under this bill, Omaha would receive about \$1.77 million under the plan. Right now, they're getting \$450,000 and it's not enough. The local fund for non-Omaha communities would receive about \$750,000, which would be used in towns like Grand Island, David City, Scribner, Ellsworth, North Platte, across the state. I like that part the best, as far as being a rural senator. This is the right direction to go. And I guess I should share with you, the outstate fund--and I'm kind of proud of this, I think the work that was done in 1999 got off to a very good start. You had the Heartland Event Center in Grand Island, \$500,000; Cambridge, the ballroom there, \$100,000; Kimball had an event center for \$97,500; Arnold Community Center, \$100,000; the White Horse Museum in Stuart, \$20,000; folks in David City were waiting for a grant, they had been approved but there was no money; Municipal Auditorium was to get \$47,000; the community hall in Maywood, \$40,465. This is a chance to do something good for Omaha that's also good for the rest of the state of Nebraska. I know there's going to be different criticisms as to the deal made in 1999. There's going to be certainly a lot of discussion about is this the right thing to do for the city of Omaha. What's good for Omaha can be good for the rest of us and the rest of the state. That's why I'm introducing this bill. I hope the community leaders in my legislative district are watching very carefully so that those folks in Madison that want to build a community center and a place for kids to go after they get out of school and shoot hoops because all of the other gyms in town are busy with basketball at all different levels, I hope they're listening so that maybe Madison, Nebraska, could walk away with a grant under this plan. Maybe Norfolk in its quest for a new water park would find a way to make this work, or Battle Creek, or Newman Grove. This is the right direction for the state. It's good for rural

Floor Debate
April 16, 2007

Nebraska, it's good for Omaha, and I think the folks in Lincoln are watching closely as they have their own plans on how to drive economic development in this capital city. So I would urge your support of LB551 and be happy to answer any questions, as I'm sure we will be discussing this for the balance of the day. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Flood. As the Clerk has stated, there are amendments offered by the Revenue Committee. Senator Janssen, as Chair of the Revenue Committee, you're recognized to open on the committee amendments. [LB551]

SENATOR JANSSEN: Thank you, Senator Langemeier. Yes, there are committee amendments. The committee amendments do two things: they clarify the bill and add the emergency clause. The amendment makes it clear that sales tax collected at the arena and convention center are sales tax collected by retailers and operators doing business in the facility, including box office sales, souvenir sales, and concessions. Under the bill, 70 percent of the state sales tax will be returned to the arena and convention center and help pay back the bonds that were issued. The other 30 percent, as Senator Flood had stated, would go to the local convention center fund to be distributed to other communities as grants for local convention and meeting centers. In addition, the emergency clause means that the distribution of the money for the Qwest project for the fiscal year ending June 30 of 2007 will be made on the new basis provided in LB551 rather than the old economic impact formula. And that is the extent of the committee amendments. Thank you. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Janssen. You have heard the opening on LB551 and the committee amendment, AM662, offered by the Revenue Committee. The floor is now open for discussion. Senator Ashford, you are recognized, followed by Flood. [LB551]

SENATOR ASHFORD: Thank you, Mr. President and members. And I appreciate Senator Flood's willingness to bring this bill to the Legislature and Senator Howard for prioritizing the bill. Just a little background--and if there is a culprit in this formula, it was probably me so I'm going to take the full blame, hopefully, from Senator Chambers for this crazy, peculiar formula that was put into statute. But let me give you a little background about how this evolved. Back in 1989, the Legislature passed what was called the Nebraskaplex initiative. And what that was, was a study that was, the Appropriations Committee commissioned to determine whether or not it was appropriate for the state of Nebraska to invest in arena/convention center-type facilities to attract business to the state. At that time, Omaha, the state of Nebraska really did not have any kind of a first-class or any kind of a convention center to speak of. And the convention center business across the country was growing. That study clearly stated that Omaha, because of its geographic location in the state, would be an excellent place to develop a convention center. As a result of that study, the Legislature did in fact appropriate

Floor Debate
April 16, 2007

around, I believe it was approximately \$15 million to renovate the Omaha Civic Auditorium, enabling the auditorium to house events which it had not been able to do before. After that appropriation, approximately ten years later, the legislation that Senator Flood is talking about was developed. And it was developed...Senator Dan Lynch actually was the sponsor of the legislation, and Dave Landis, working with myself and others, put together the idea of the turnback financing. The economic data showed--and I think it's relatively unrefutable that if you bring in a dollar from outstate or if you develop a dollar spent in a facility like an arena or facilities like that, that that dollar basically goes into the economy and economically is sort of supercharged as it's spent on different types of activities in and around a facility such as that: motels, hotels, retail stores, and so forth and so on. And I'm not going to go into long division on the economic impact, but it is fairly clear to me and I think without a whole lot of debate, it's irrefutable that the economic impact of a facility such as the Qwest Center on a city is, can be very large. Basically, as Senator Flood rightly stated, when the bill passed the promise that was made, if any, was somewhat of a dual promise. The city of Omaha committed itself to raising \$75 million in private money. The state of Nebraska committed itself to appropriate through this formula up to \$75 million to help pay back the bonds for the project. So the trigger was really the private investment by the Omaha business community of \$75 million into the project. That was somewhat unheard of across the country. I don't think there was another facility in the country that had that kind of private sector investment from individuals and companies. But much of the investment was from private individuals. The state's commitment was up to \$75 million. And I would agree with Senator Flood that there was no promise by the state to pay \$75 million to the city of Omaha. But certainly it was anticipated that the formula would generate income, revenue, back to the city to help pay the bonds... [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ASHFORD: ...of around, up to \$75 million. The \$1.7 million for 17 years doesn't come close to the \$75 million that was anticipated at the time. But it is a significant help in paying those bonds back. And I absolutely would disagree with anybody that says the city of Omaha broke its promise. I think it was a best guess based on the conditions at the time. I think September 11 clearly had an impact on the convention business and impacted it, though the convention center business is improving. I think it was an effort at trying to fulfill the promises in the Nebraskaplex initiative in 1989, both by the city of Omaha and the state of Nebraska. I think it was a good faith effort. And those who have been to the Qwest Center I believe will agree with me that it has made a significant impact on our community and hopefully on our state. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Ashford. Senator Rogert, you are recognized. [LB551]

Floor Debate
April 16, 2007

SENATOR ROBERT: Thank you, Mr. President, members of the body. I rise in support of both LB551 and the committee amendment, AM662. I'm speaking on behalf of a rural district and when I say that I think we benefit greatly from the addition of the Qwest Center to the state of Nebraska. I attend this facility on a regular basis and I know that there are a large percentage of people in my district that attend it for various events. We have many great conventions, agriculture related; we have some trade shows that are held in this facility; we have a lot of concerts that draw rural people to town. And it is a wonderful economy-boosting facility for the state. I have yet to be in a facility basically anywhere across the country that is designed the way it is and does such a good job of welcoming people in there to attend different events. And I think this bill and the amendment do a good by saying, look, we're going to give you guys the money that you generate. If you don't do the business and you don't book the events, you're not going to raise any sales tax so you're not going to get the money to keep it up. And that's right there, it holds them accountable, and it gives them a little more opportunity to pay back the bonds that they've generated. I remember when this facility was being built. I, too, along with Speaker Flood, was not paying very close attention to the things that were going on down in the Legislature. But this is one thing I took particular interest in and I lobbied hard across the city of Omaha for all of my friends and colleagues to vote for and to urge to call their senator and to ask to get it done. And I think it's been a great addition to the state. It brings people in. We, I believe the arena and the convention center is in its third or fourth year of being voted as the number one new facility in the United States in terms of attendance and quality of events that are put on there. Creighton University holds their basketball games there. And I believe they're 11th in the nation in terms of total average attendance per game, a little over 11,000 people. And that is, for a school that size in a city the size of Omaha, that is pretty amazing. And I think it's completely due to the fact that they're holding their games in a remarkable facility of the kind that it is. So I urge all you other rural folks to listen to what's going on here this afternoon and think hard about what the Qwest Center does for the state of Nebraska and the money it brings in, the people that come in to attend the events that are in the center. And I urge your support and I thank Senator Flood and Senator Howard for bringing this one up. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Rogert. Wishing to speak, we have Chambers, Howard, and Carlson. Senator Chambers, you are recognized. [LB551]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm looking at an article from the World-Herald dated April 29, 1999. Here's a comment of mine in that article. Chambers said that if the convention center had a chance of being profitable, it would be financed with revenue bonds which are paid off with the facility's profits instead of through general obligation bonds which are paid off with property taxes. Members of the Legislature, almost alone I pointed out that this was a boondoggle, a sham. And as we're going to be on this a long time and I'm going to try to have enough time to show you all some articles, to show the arguments that I made, and everything I

Floor Debate
April 16, 2007

said has come true with a vengeance. Senator Ashford, those businessmen in Omaha knew that that whole thing was smoke and mirrors. It was never going to turn a profit. They were going to have to come to the state again and again and again. And they were here last year and I helped defeat it and I'm going to fight it tooth and nail this time. What Senator Rogert is talking about has nothing to do with persuading the Legislature to give up part of its tax base. But I'd like to ask Senator Flood a question or two. And since we're going to be on this all day today, we're going to be on it at least eight hours. And he, if it's his bill, the Speaker is going to invoke cloture, the Speaker of the Legislature who has been deeply involved more than any other Speaker that I've seen in a number of issues on the floor. But that's his prerogative because he's also a senator. This one cuts close to my bone marrow. Senator Flood... [LB551]

SENATOR LANGEMEIER: Senator Flood, would you yield to a question? [LB551]

SPEAKER FLOOD: Yes. [LB551]

SENATOR CHAMBERS: ...who drafted this bill? [LB551]

SPEAKER FLOOD: Who drafted the bill? [LB551]

SENATOR CHAMBERS: Who wrote it out? [LB551]

SPEAKER FLOOD: Senator Ashford and I went over the bill and we worked with representatives from the city of Omaha. [LB551]

SENATOR CHAMBERS: Who drafted a version of this bill that became this green copy? Who did the writing? [LB551]

SPEAKER FLOOD: Bill Drafters. [LB551]

SENATOR CHAMBERS: I know the Bill Drafter, but who...and you know what I'm talking about, Senator Flood. [LB551]

SPEAKER FLOOD: Well, I'm not trying to be evasive. But I was involved in the process as to making it simpler to figure out how to extract the number that would go to the city of Omaha. And did I write every word or did I prepare this? [LB551]

SENATOR CHAMBERS: Somebody drafted a document and put it out there for you and Senator Ashford to work from. I'm saying that I don't believe either you or Senator Ashford made the first draft of what has become LB551. Now if you tell me that you two did it, I won't pursue it. Did you two do that? [LB551]

SPEAKER FLOOD: Let's see, I think Senator Ashford and I did go up to Bill Drafters at

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

one time trying to explain the direction that we were going. And then Senator Ashford had a little bit more to do with the drafting than I did because I was waiting for his office to contact me with a final draft of the green copy. So Senator Ashford would be more appropriate to talk to him on, as far as the creation of the green copy. [LB551]

SENATOR CHAMBERS: Okay, and he's not here right now. Who requested the bill? [LB551]

SPEAKER FLOOD: Senator Ashford and I both did. I told him as we were preparing it that I'd be happy to introduce it and we would work on it together. [LB551]

SENATOR CHAMBERS: Did he broach the idea that you should introduce the bill? [LB551]

SPEAKER FLOOD: No, actually it's something that I had an interest in doing last year. Felt very strongly about the bill, voted for it on every round last year, felt like it was the right direction to go. [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR CHAMBERS: Do these retailers who collect these taxes get a cut of the taxes that they collect for the state? [LB551]

SPEAKER FLOOD: No, I don't believe they do. [LB551]

SENATOR CHAMBERS: So they will collect these taxes and get nothing as the collectors is what you're telling me? [LB551]

SPEAKER FLOOD: You mean monetarily? [LB551]

SENATOR CHAMBERS: Yes. [LB551]

SPEAKER FLOOD: No. [LB551]

SENATOR CHAMBERS: They would get no percentage of what they collect? [LB551]

SPEAKER FLOOD: Right, no. [LB551]

SENATOR CHAMBERS: How much money will the state lose through this bill? [LB551]

SPEAKER FLOOD: Well, right now we're paying, the state is paying about, or turning back about \$450,000. According to the note that I have here, they'd get an additional \$1.77 million, Senator. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR CHAMBERS: Okay. So when the state relinquishes this sales tax money to Omaha, it's actually going to get more in sales tax money than if it didn't? [LB551]

SPEAKER FLOOD: No, the state would receive less in sales tax money than it is right now because they'd be turning back... [LB551]

SENATOR LANGEMEIER: Time. [LB551]

SPEAKER FLOOD: ...\$1.77 million. [LB551]

SENATOR CHAMBERS: And that was the way my question was asked, what the state would lose. But we'll pursue it later. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Chambers. Senator Howard, you're recognized. [LB551]

SENATOR HOWARD: Thank you, Mr. President and members of the body. I rise to express my support for LB551, which I have designated as my priority bill, as well as the Revenue Committee amendment. I support this legislation brought to us by Speaker Flood. As many of you know, I have had concerns in past years about bills like LB500 from last session that would have gotten the state involved in projects, such as building a new ball stadium in Omaha. I did not make the decision to support LB551 lightly. We all hear from our constituents how important property tax relief is to them. This is true in my Omaha district. People do not want to see their property taxes increase. They say that they cannot bear any more property tax. They want relief now. For that reason, I feel passage of LB551 is of such importance that I made it my priority bill. Currently revenues used to pay off the Qwest Center debt are coming in much lower than was expected. There are a number of explanations for this, including the 9-11 tragedy. But if this funding formula is not changed, the taxpayers of Omaha face a property tax increase in the near future to pay off this debt. LB551 would revise the formula so that it more accurately reflects the state taxes that are being generated by the Qwest Center. The bill would provide 70 percent of the sales taxes collected by retailers doing business at the convention center, arena, and hotel be used to retire the construction debt. I feel that it is only fair that these revenues that otherwise would not exist without the Qwest Center be used to help pay down the debt. I know many of you may feel that Omaha should live with the deal that was negotiated when the original law was passed. Clearly, individuals should have done a better job of looking at the future circumstances. But when negotiating the original bill, the future is always hard to predict and the circumstances have changed. The funding formula needs to be changed. If you believe that property taxes are already too high and that homeowners are in need of relief, then I ask you to support LB551 as a show of good faith to the taxpayers that we are really serious about relieving the high property tax burden of Nebraska. Thank you. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR LANGEMEIER: Thank you, Senator Howard. Senator Carlson, you're recognized. [LB551]

SENATOR CARLSON: Mr. President, members of the Legislature, I had some questions I would like to address to Senator Ashford and he's not on the floor. Maybe if he hears this he could come back. In the meantime, I would like to address a question to Senator Chambers. [LB551]

SENATOR LANGEMEIER: Senator Chambers, would you yield to a question? [LB551]

SENATOR CHAMBERS: Yes. [LB551]

SENATOR CARLSON: This is instructional, Senator Chambers, because you mentioned general revenue and general obligation bonds. Would you review for me again what those are and the differences? [LB551]

SENATOR CHAMBERS: Well, the general obligation bond is paid off through the general fund of the city. The city stands behind it and will pay off those bonds. A revenue bond is paid off with the revenue generated by the facility. So if revenue bonds were issued to fund that arena and the Qwest Center, the only money available for paying it off would be that generated by the income from that facility. The taxpayers would have no liability or be exposed whatsoever. But when you have general obligation bonds, if that thing went bust, then you use the general tax revenues to pay it off and the taxpayers are the ones who are left holding the bag. [LB551]

SENATOR CARLSON: Okay, thanks for that answer. Now in general, revenue bonds, if the only revenue is from the facility itself, then what happens when the facility is in real trouble? [LB551]

SENATOR CHAMBERS: Well, if they are revenue bonds, the people who take the bonds know what kind of risk they're taking. They know what source of payback is there. So if they invest in a pink elephant, then that's on them but not on the taxpayers. [LB551]

SENATOR CARLSON: Okay, thanks. And one other question. Again, this is instructional because I don't know how many of these kinds or similar projects that you would be supportive of. But what...you would recommend general revenue bonds on a facility and that alone? [LB551]

SENATOR CHAMBERS: No, I don't. No, I say they should use revenue bonds. Don't use general obligation bonds. They guaranteed us that this was going to make money. So I said, if you're telling the truth, then issue, limit the funding to revenue bonds.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

[LB551]

SENATOR CARLSON: Okay, thank you for your answers. [LB551]

SENATOR CHAMBERS: Okay. [LB551]

SENATOR CARLSON: Now I don't see Senator Ashford, (laugh) I don't see Senator Flood. I'll press my...oh, okay. I'd like to address a couple of questions to Senator Ashford. [LB551]

SENATOR LANGEMEIER: Senator Ashford, would you yield to a question? [LB551]

SENATOR ASHFORD: Yes. I'm sorry I wasn't here, Senator Carlson. [LB551]

SENATOR CARLSON: That's okay. And this isn't meant to... [LB551]

SENATOR ASHFORD: Running for cover, actually. [LB551]

SENATOR CARLSON: ...ask you something you can't answer so I'm just bold enough to ask some of these things. This is a very evident question, but why is it called the Qwest Center? [LB551]

SENATOR ASHFORD: Hmm, I believe Qwest put up, I think \$20 million, or maybe it was \$14 million, \$14 million for the right to put their name on the building. I think it was \$14 million. It was a goodly sum. (Laugh) [LB551]

SENATOR CARLSON: Okay, a goodly sum, a generous contribution. What was the overall cost? [LB551]

SENATOR ASHFORD: The cost of the bonds are \$195 million. I believe the overall cost was \$220 million, Senator Carlson, the overall cost of the project. [LB551]

SENATOR CARLSON: Okay. [LB551]

SENATOR ASHFORD: And that's with the infrastructure, the parking and all that sort...I hope I'm right, I think that's right. [LB551]

SENATOR CARLSON: What was the process that was used to determine that somebody could have their name on that building? [LB551]

SENATOR ASHFORD: There was a bidding process and I believe there were, Cox Cable was a bidder and Qwest was... [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ASHFORD: ...the other bidder. And Qwest outbid Cox Cable by some incremental amount. [LB551]

SENATOR CARLSON: Okay. And certainly the \$14 million, if that's what the figure was, was a generous contribution. [LB551]

SENATOR ASHFORD: Right. [LB551]

SENATOR CARLSON: Does Qwest have any additional responsibility in this quandary? [LB551]

SENATOR ASHFORD: No. [LB551]

SENATOR CARLSON: Okay. [LB551]

SENATOR ASHFORD: They do get substantial benefit, but no, they don't...I mean, they have all the advertising opportunities that they get from having the facility named after it. [LB551]

SENATOR CARLSON: And it's too bad it's worked out like this to this point because if it were the Ashford Center and... [LB551]

SENATOR ASHFORD: And well it should have been, Senator Carlson. (Laughter) [LB551]

SENATOR CARLSON: ...there were problems, it would be embarrassing. [LB551]

SENATOR ASHFORD: Yeah. [LB551]

SENATOR CARLSON: And it's not a fun thing to address. [LB551]

SENATOR ASHFORD: No, and I don't mean to snicker at it. I appreciate your point. [LB551]

SENATOR CARLSON: Okay, thank you. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Carlson. Wishing to speak, we have Engel, Raikes, Synowiecki, Chambers, Loudon, and others. Senator Engel, you are recognized. [LB551]

SENATOR ENGEL: Mr. President, members of the body, I too was here in 1999 when

Floor Debate
April 16, 2007

this came about and there was a lot of opposition to this particular bill, this idea, until a lot of compromises were made. And the compromises that were made as far as the makeup of what the city of Omaha would receive, they would have to have a bond issue. And there was a pledge then, I guess, to the people of Omaha that their taxes would not be raised and that 70 percent of the revenue that would come in from out of state, actually from entities that would normally not come to Nebraska because we did not have the facilities. It was not in competition with existing facilities and that it would take care of itself. Well, there was a little doubt there but that was a promise that was made. And as far as I'm concerned, to me, in certain cases, a promise made should be a promise kept. But in fact, I've got a little quote here from my good friend, Senator Ashford, and it's not derogatory at all, Senator. You were assistant to the mayor in Omaha at the time. And you said that if an Omaha convention center is built and if collections from the throwback financing falls short of projections, the city of Omaha would be responsible for finding the revenue to make up the shortfall, Ashford said. And in Omaha's case, Senator Dan Lynch was kind of primarily pushing the bill. And he said, I don't think there would be a shortfall. Well, that was kind of the theme of the whole argument or the debate throughout the passage of the bill. And I know they had consultants come in. They hired consultants from Peat Marwick, I don't know who they were now, it doesn't make any difference. And the information they gave everybody that this would fund itself through this process through this formula. Well, of course, it hasn't worked as we can see now. And I think we all enjoy the Qwest Center. There's no problem about that. It's really an asset to the city of Omaha. But another thing, you're not supposed to compete with existing facilities. Well, I don't know how much business you're getting from the Pershing Center here in Omaha or the convention center in Lincoln...I mean, in Omaha rather and the Pershing Center here in Lincoln. I don't know how much of that's coming over there. I think some event did go over there that usually happens here in Lincoln, some sports activity. And then there was a big article in the paper about that they would probably be able to get a national hockey league in here that we've never had in Nebraska before. I don't think that's transpired, I don't recall reading anything about that. So enticing these entities to come in to promote brand new business that we'd never had before other than concerts and so forth. And your concerts are well-filled. I went to one that night over there. I went to the Rolling Stones and I didn't know what I was going to. And it took me six weeks before I could hear again. (Laughter) But that's beside the point, it was packed. So you did have a lot of people in there that night, they paid a lot of big dollars and a lot of taxes were paid. But I don't know how much of that is from out of state. It was supposed to be in the formula that was derived, determined, how you could determine who came from out of state or new people came from. And evidently that formula hasn't come to pass. So if the formula needs revamping, that's one thing. But as far as taking all the revenue, all the revenue, and putting it back in there to help pay off these bonds, I just, I'm totally against that. And I think that the city of Omaha, and I don't operate, I'm not working against the city of Omaha. I think it's necessary that we have the city of Omaha. I think they're the driving force behind the state. However, I think they have the capacity, other

Floor Debate
April 16, 2007

capacity to take care of this in some other manner. Because we're going to lose about \$4 million in our revenue base, projected revenue that we're going to lose here, about \$4 million. And the way the budget is going and so forth, I think we desperately need that for other projects. So with that, I'll wait to hear more discussion and probably talk... [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ENGEL: ...a bit later. Thank you very much. I turn the rest of my time back to the Chair. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Engel. (Visitors introduced.) Returning to discussion on the committee amendments, we have wishing to speak, Raikes, Synowiecki, Chambers, Loudon, Gay, Flood, and others. Senator Raikes, you are recognized. [LB551]

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. I was here, in fact, some of the early years that I was here, this came up. If I remember correctly, the first push by the city of Omaha to fund this was through an increase in the local option sales tax. Maybe there was another idea or two that was thrown into the hopper either before or after that. But finally we came with the so-called throwback mechanism in 1999. A couple of points that I want to make about the conversation that took place back at that time. First off, if you look at an arena-convention center-hotel complex, the arena I think typically can be profitable, or at least that was the understanding back at that time. You can stage events there that people will willingly go to and pay for so that actually you can get some good revenues out of an arena. The same would be the case for hotels. At least, there are privately owned hotels so you would have to think people regard those as profitable enterprises. A convention center, by contrast, is hardly ever profitable. And in fact, I think the point was made during the discussion back at that time that not only can you not in receipts from a convention center get the money you need in order to pay off the construction costs, you can't even get enough money to cover the operating costs. So typically with a convention center, you have a construction loss plus you have an annual operating loss that you have to deal with. The reason for that is that cities all over have them. They use them as loss leaders. If you try to price a convention at cost, then some other city will come in, underbid you. And if you want to have a chance at getting the convention, then you are going to have to lower your bid to the point where you end up in the situation where they simply can't make any money. So I don't think it's any surprise that the convention center operation doesn't make any money. Now you might argue that it does make money in the broader context. If you look at the conventions that are brought in, that when you consider the activity as a whole, it is profitable. The problem with that is the people who benefit from the convention activity don't want to pay for the convention center. At least, they don't want to be the sole supporters, thus the effort to come to the state with monies to help build a

Floor Debate
April 16, 2007

convention center. The idea that we ended up on in 1999, the throwback mechanism is basically a partition of the sales tax and an earmarking of the sales tax, an idea which I think is extremely bad state policy. We don't do that in other areas and I don't think it's wise in this context. Consequently, I did not support that mechanism then. I still think it's a bad idea. If you will look at the committee statement, you'll notice that I did vote for this bill coming out of committee. And I can explain that in the following way. If there is a bill on General File, a mainline bill which I don't support but which passes the Legislature, when the A bill comes along, I will often vote for the A bill simply because I think it's the responsible thing to do. [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR RAIKES: I think that's where we are on this one. Hopefully we've learned the lesson not to do this again. I think this is a bad idea. Senator Flood mentioned the 30 percent that goes to other places. Quite often, the advantage of a logrolling deal like that is that you get the benefit of two bad ideas. And I think in this particular case we had the sales tax partition for Omaha and then we have a pot of money that's to be used for convention center-type facilities other places which, as far as we know, may never have a chance of being financially sensible from any investment standpoint. So with that, thank you. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Raikes. Senator Synowiecki, you are recognized. [LB551]

SENATOR SYNOWIECKI: Thank you, Senator Langemeier, members of the Legislature. I stand to support LB551 and the committee amendment. I think that some of the issues discussed are very pertinent. I think my general feeling is that the arena side of the venue, of the Qwest Center has been quite successful. I understand and can appreciate that on the convention side of things, things have not gone as well as expected for some of the reasons that have already been mentioned. But having the Qwest Center here in the city of Omaha has collateral benefits throughout the state. I'll give you an example. I recently went to a concert held at the Qwest Center and, while in the Old Market area, came into contact with numerous people from outside the state, including the state of Colorado that drove in for the concert, drive through the state of Nebraska. Some folks there from the state of Kansas that I conversed with during the day of the concert. So it is an anchor, it is a business activity anchor that is geographically in the city of Omaha but has spin-off benefits, direct spin-off benefits throughout our state as individuals travel through the state to arrive at events that are held at the Qwest Center. I support LB551, appreciate Senator Flood bringing this legislation. I appreciate Senator Ashford's work on this, as well, and I would like to give the balance of my time to Senator Ashford. [LB551]

SENATOR LANGEMEIER: Senator Ashford, 3 minutes. [LB551]

Floor Debate
April 16, 2007

SENATOR ASHFORD: Thank you, Mr. President, and thanks, Senator Synowiecki. Let me just respond to Senator Raikes because I think he's raised a fundamental point. I would agree with Senator Raikes, if we're looking at this measure and this initiative at a point in time and say this is where it came from, there was a miscalculation, as Senator Engel said. And I'll take responsibility for that miscalculation, Senator Engel, because I did come up with the formula, though I did have help from my good friend Senator Landis and his white board who drew it all over the...and I got a little confused as those lines kept getting drawn and intersecting and his pipe kept getting smoked and I wasn't sure where he was. But let me...this is the fundamental point. This proposal, this idea did not just come up out of nowhere. The state of Nebraska almost 20 years ago made the decision that it would get into this business of trying to increase tourism. I mean, if you look back over the last 20 years, at least since I was in the Legislature, the tourism budget has been significantly below other states. And Senator Raikes makes a good point, this may not be good tax policy if you look at it in the abstract. But if you look at it in the context of the tourism budget, the ability of our state, the entire state of Nebraska to attract people to it, this measure, this idea is not so crazy. We could appropriate more money to the tourism budget, and maybe, Senator Raikes, that would be the better way to handle that. But of all the times I tried to do that when I was on the Appropriations Committee, that just wasn't done, it did not happen. My idea in bringing this whole thing in 1989 was because of a frustration that I had because Omaha had the opportunity to bring people into the state that weren't coming then, and that the idea of distributing the money throughout the state with this 30 percent fund was an idea to help communities. And I went around the state. I went down and visited Senator Coordsen at the Prospector Bar down in Gideon (sic) and I went throughout the state and we looked at facilities in Hastings, in Grand Island, facilities that could be renovated with this 30 percent fund. So this just didn't pop up as a way to get something passed in the Legislature. This was an effort to try to cure... [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ASHFORD: ...a problem, which is an underfunded tourism budget in this state which we all, no matter where we live in the state, feel the repercussions of. The Qwest Center has worked. I'd like to see, quite frankly, it's not before us, but I'd like to see this program expanded even greatly, more greater. I'd like to see more than 30 percent, the 30 percent dollars that are in there now. I'd like to see that expanded because the facilities across the state do need to be...and Senator Raikes is right, we did try to increase the sales tax to get this done. In the years I've been here and many years before that, that was a very hard thing to do, to increase the sales tax to do any of this kind of stuff. So this was the idea, this was the plan. It germinated in 1989. It had many, many years of discussion. The formula that did not work, it did not work, does not work, did not work, is a formula that we devised together, Senator Landis and myself. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR LANGEMEIER: Time. [LB551]

SENATOR ASHFORD: So Senator Engel, I do take responsibility for that. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Ashford and Senator Synowiecki. Senator Chambers, you are recognized. [LB551]

SENATOR CHAMBERS: Mr. President, members of the Legislature, one of the most ill-conceived uses of September 11, 2001, was done on this floor. Omaha is in this mess because of what happened on 9-11. Now if you want to talk about something tawdry, that's the tawdriest use of that I've heard. Next thing, you know what they'll tell us? Well, if you don't vote for this, the terrorists will have won because they wanted Omaha to fail. I'd like to ask Senator Ashford a couple of questions. [LB551]

SENATOR LANGEMEIER: Senator Ashford, would you yield to a question? [LB551]

SENATOR ASHFORD: Yes. [LB551]

SENATOR CHAMBERS: Senator Ashford, you were on what was called MECA board, weren't you? [LB551]

SENATOR ASHFORD: Yes. [LB551]

SENATOR CHAMBERS: How was this project doing prior to September 11? Were they making money hand over... [LB551]

SENATOR ASHFORD: Well, it hadn't been built. [LB551]

SENATOR CHAMBERS: It hadn't been built. So when was it built, when was the... [LB551]

SENATOR ASHFORD: It opened in April of '04. [LB551]

SENATOR CHAMBERS: Okay. And you're saying that because of what happened in '01, they didn't do very well? [LB551]

SENATOR ASHFORD: No. In fact, I really didn't emphasize that very much, Senator Chambers. [LB551]

SENATOR CHAMBERS: Do you think that was a valid argument for what we're doing here, that the reason it's not doing well is... [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR ASHFORD: No, the reason it's not doing well is because the formula was ill-conceived, Senator. [LB551]

SENATOR CHAMBERS: So would you agree that was a tawdry argument? [LB551]

SENATOR ASHFORD: No, I think it has something to do with the convention business. But I think that the formula was not properly constructed. That's what I think. [LB551]

SENATOR CHAMBERS: Okay. Now if this crackbrained notion doesn't work and produce enough money to pay off those bonds, Omaha is going to be coming down to the Legislature again, aren't they? [LB551]

SENATOR ASHFORD: I don't know. [LB551]

SENATOR CHAMBERS: Well, you told us before... [LB551]

SENATOR ASHFORD: I mean, I can't predict the future. (Laugh) [LB551]

SENATOR CHAMBERS: Wait a minute, I'm not...when I was arguing at the very beginning, you all were saying that I was wrong, that Omaha, this money was going to come, that there would be the profit. You all said that then. [LB551]

SENATOR ASHFORD: Right. [LB551]

SENATOR CHAMBERS: Well, now I'm asking the question at this point for my new colleagues. If this fails, as I'm sure it will, you'll come back again because this really is a stopgap, isn't it? [LB551]

SENATOR ASHFORD: No. [LB551]

SENATOR CHAMBERS: Then you, Omaha leaders have pledged not to come to the state for any more money if this is given? [LB551]

SENATOR ASHFORD: No, I'm not going to say that... [LB551]

SENATOR CHAMBERS: Okay, you answered the question. When you first started out, hotels and stadiums were not a part of this, were they? [LB551]

SENATOR ASHFORD: Correct. [LB551]

SENATOR CHAMBERS: And now you're throwing that into the mix. [LB551]

SENATOR ASHFORD: Absolutely right. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR CHAMBERS: Okay. I'd like to ask Senator Howard a question before my time runs out, then I'll come back to Senator Ashford later. Is she here? Then let me ask Senator Ashford a question because she's on his side. Senator Ashford, how much will property taxes in Omaha be reduced if this bill is passed? Because she said it would reduce property taxes. [LB551]

SENATOR ASHFORD: No, it won't reduce property tax. [LB551]

SENATOR CHAMBERS: So you and she didn't talk about this before she stood up and joined this alliance? [LB551]

SENATOR ASHFORD: Now this is nothing to do with property tax. [LB551]

SENATOR CHAMBERS: Is this a triple entente? [LB551]

SENATOR ASHFORD: What? [LB551]

SENATOR CHAMBERS: The triple entente, e-n-t-e-n-t-e. [LB551]

SENATOR ASHFORD: Yeah, the triple entente. [LB551]

SENATOR CHAMBERS: Yeah, entente. Is that what this is: you, Flood, and Howard? [LB551]

SENATOR ASHFORD: And Howard, we're all together on this. [LB551]

SENATOR CHAMBERS: Okay. But you're not all on the same... [LB551]

SENATOR ASHFORD: We're just not all together on the rationale... [LB551]

SENATOR CHAMBERS: Okay. Now are you aware that Omaha is spending money to sell Omaha to Omahans? Are you aware that they did that? [LB551]

SENATOR ASHFORD: Yes. [LB551]

SENATOR CHAMBERS: Well, now if Omaha...thank you. If Omaha has to spend money, budget money to sell the city to the people who live in Omaha, they're going to get people to come from someplace else when the people who live there don't trust what they're doing, don't trust the city? As I say, we're going to be on this a long time. Senator Ashford, is Terry Moore on that MECA board? [LB551]

SENATOR ASHFORD: Yes. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR CHAMBERS: Is David Sokol? [LB551]

SENATOR ASHFORD: I'm not on it anymore so I don't... [LB551]

SENATOR CHAMBERS: Is David Sokol? [LB551]

SENATOR ASHFORD: Yes. [LB551]

SENATOR CHAMBERS: Who else is on it? [LB551]

SENATOR ASHFORD: You know, there's some...Hal Daub. [LB551]

SENATOR CHAMBERS: Okay. [LB551]

SENATOR ASHFORD: (Laugh) [LB551]

SENATOR CHAMBERS: Do you know anybody else? [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ASHFORD: Gail Werner-Robertson, of whom I don't know, is on there. [LB551]

SENATOR CHAMBERS: But Sokol and...did you say time? [LB551]

SENATOR LANGEMEIER: One minute, I said. [LB551]

SENATOR CHAMBERS: Okay. Sokol and Terry Moore are on it and they were the ones who joined in excoriating and insulting the Legislature when we passed LB1024. You remember that meeting, don't you, where Warren Buffett... [LB551]

SENATOR ASHFORD: Well, I wasn't invited, Senator Chambers. [LB551]

SENATOR CHAMBERS: But you remember that meeting taking place. [LB551]

SENATOR ASHFORD: I remember that photograph. [LB551]

SENATOR CHAMBERS: And I'm going to read from these things as we go along to show you the name-calling they did toward the Legislature. And they're the same ones who tried to put a provision on the constitution to stop the Legislature because we were wastrels, we were spendthrifts, we were totally irresponsible. Now these same ones are coming back. And when they were assessed a \$25,000 fine for late filing, they didn't pay

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

it. These are the guys that we're dealing with. But I'm going to read all that into the record. And I have a transcript about three or four inches thick so I have plenty to deal with and it will bring you up to date on some history. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Chambers. Senator Louden, you are recognized. [LB551]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. As yet, I haven't decided to support this bill or the amendment. But I do have some questions to ask about it and perhaps Senator Ashford could answer the questions for me, if he would yield for questions, please. [LB551]

SENATOR LANGEMEIER: Senator Ashford, would you yield to a question? [LB551]

SENATOR ASHFORD: Sure. [LB551]

SENATOR LOUDEN: Yeah. Well, at the present time, the Qwest facility, where do they receive income to pay for their bonding? Is that through some sales tax that's done there or just a portion of the sales tax that... [LB551]

SENATOR ASHFORD: It doesn't come from the sales tax necessarily. It's a payment from the state of Nebraska to the city based on the formula which is in the original bill that talks about the people, new people coming into the city. So that, it doesn't come out of sales tax necessarily. That was an original proposal that did not pass. [LB551]

SENATOR LOUDEN: Okay. And that's what you're trying to do now, is set it up so that the sales tax in that area. Now as I read through this bill... [LB551]

SENATOR ASHFORD: That's correct. [LB551]

SENATOR LOUDEN: ...could other areas, we hear rumors from time to time they want to demolish Pershing Auditorium and put in a sports center, something like that. Would that be eligible for this same type of benefit here that they could... [LB551]

SENATOR ASHFORD: Not in the bill as written, Senator Louden. But any major project, \$100 million, \$50 million, \$100 million project, I think under the philosophy of this bill could qualify. But it's not written that way. [LB551]

SENATOR LOUDEN: Well, if you tore down Pershing and built a sports center there, you'd be under the big bucks, wouldn't you? [LB551]

SENATOR ASHFORD: Sure. It's a big investment by the state, Senator Louden. There's no question about it. [LB551]

Floor Debate
April 16, 2007

SENATOR LOUDEN: And then if that's the case, then you have in there any hotel within 200 yards of it, then they would be eligible for these same type of benefits, and the sales tax from those facilities would go to pay for that sports center or whatever it is. [LB551]

SENATOR ASHFORD: There's no question, Senator Louden, that this is a substantial investment by the state. [LB551]

SENATOR LOUDEN: Okay. And now, as I read some of your other stuff where they were, the Qwest Center, they were needing \$3 million or something like that and they only got \$450,000, I think, on one of these pieces, an Omaha World-Herald clip-out that was circulated on the floor. How much money do they get from sales or for tourism tax, the Douglas County? How much tourism tax do they get now? [LB551]

SENATOR ASHFORD: I think the budget for Douglas County--Omaha, Douglas County tourism, it's now part of the city--is somewhere in the \$1.5 million range, is their operating budget. It comes from a variety of sources. The MECA board, I think, put \$350,000 into it this year. It could be slightly larger than that. But it's about a third of what cities the size of Omaha have for tourism. So it's not significantly large. [LB551]

SENATOR LOUDEN: Okay, then it should be about 4 percent of that comes, 2 percent from lodging and 2 percent from sales tax or... [LB551]

SENATOR ASHFORD: Correct, it does come from lodging, that's correct. [LB551]

SENATOR LOUDEN: Yes, the 4 percent. Well, then if they have a million and half or so of that, has Omaha ever or Douglas County ever considered using that money to help finance their Qwest Center? [LB551]

SENATOR ASHFORD: The lodging tax, the money that comes...you know, the lodging tax goes back to the tourism office and it's used to bring conventions and arena events to Omaha. It did not go to paying the bonds. The county is not technically a party to the bonds. It's a city transaction. [LB551]

SENATOR LOUDEN: Well, part of that lodging tax is used to improve tourist facilities. And so... [LB551]

SENATOR ASHFORD: Correct. [LB551]

SENATOR LOUDEN: ...the 2 percent of it, so 2 percent of it at least could be used to help with their facility on their Qwest Center. Would that be out of reach? [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR ASHFORD: I think it would, Senator. I don't think that the Omaha budget for tourism is anywhere near what it needs to be for a city its size. And I think it would be... [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ASHFORD: ...counterproductive to utilize any of the lodging tax for any other purpose other than what it's being used for. But, I understand your point, but I think it's...also the other point here is that the sales tax generated by restaurants, rental car companies, all that sales tax that occurs when these events occur does go to the state. So there is a substantial number of individuals and transactions that occur outside of the Qwest Center and the hotel that are taxed that would not have been taxed before because those people weren't here before. [LB551]

SENATOR LOUDEN: What would be the difference then if you're going to use money like that? What would be the difference just to appropriate so much from the General Fund every year because we're taking state sales tax and put in there, would there be that much difference? Because it's... [LB551]

SENATOR ASHFORD: No. [LB551]

SENATOR LOUDEN: Okay. Thank you. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Louden. Wishing to speak, we have Gay, Flood, Ashford, Harms, White, and others. Senator Gay, you are recognized. [LB551]

SENATOR GAY: Thank you, Mr. President. Like many of you, I was not in the Legislature at the time this initial bill was passed. And Senator Chambers probably was correct, maybe there should have been revenue bonds issued on this instead of general obligation bonds. But I would argue, that's in the past. The past is done. The convention center is there. We need to move on and say what's the benefit for the future of Nebraska. So if we're looking at this, I have been on no boards, been on whatever it is, MECA board or whatever it is, I have no intention of that. But I have been down to the Qwest Center. I've seen the growth in that area, other ancillary things that come about. You know, you're seeing condos, you're seeing business booming, you're seeing a lot of positive things. And I think the convention center has a lot to do with that. I would argue the convention center is drawing from across the state, whether it would be, you know, Senator Flood mentioned Norfolk is bringing buses down, whatever. But we have NCAA, the volleyball, we've got wrestling tournaments, we've got I think part of the Final Four or whatever they call it, a regional is coming there. Many great events that many people, many of your constituents are sharing. But when we look at this funding mechanism, it is probably, I don't think--I shouldn't say this--but it seems like a very

Floor Debate
April 16, 2007

complex political type of arrangement that was put together to get something passed. That's what happens sometimes. But the fact is, we have a convention center. The assets needed to help fund this thing and help rural communities in Nebraska is not happening. If this is passed and we get some of those funds and help some of the smaller communities with their convention centers or their ideas they have going, I think that's a beneficial thing instead of just saying, well, I'm against it, a deal is a deal. Last week we discussed water policy that's going to be 15, 20 years into the future. Many of us won't be in this body to deal with it. Does that mean we'd never come back and look at it again and fix, if we created a problem inadvertently and we were wrong, that we wouldn't come back and fix it or a Legislature wouldn't come back and fix it? I think that's what we're doing here. We're taking a look at where we stand now. Can it be fixed, should it be fixed? That's the argument we have to make. Again, I think the past is the past. How it was funded was how it was funded. Those community leaders and those state senators at the time thought that was the best way to do it. This is what we have. But as I look at this and we have grants and other opportunities throughout the state that aren't being funded that, I think, would be funded under this amendment, I think that's a beneficial thing. We've had some of the grants, and many more communities are waiting to receive these grants but there's no funding whatsoever for them. So I think there's an opportunity here as we listen to this debate, and I'm interested in hearing more, but as we listen, where are we going to go out in the future I think is what we need to look at. And I don't think we need to...we can and we probably will go back and say, well, it should have been done this way, should have been done that way. It wasn't. This is what we have. This is the current funding mechanism, it's broke. This is a better one that we'll see if we decide to pass this bill. But I guess the point would be this. If we're going and we're creating some funding mechanism, we need to say what's going to work into the future. And if this will work and the arguments compel you to vote for this, which I think hopefully they will, you know, that's where we need to go. So as we look at this and we hear some more discussion, I think we need to decide. Is this a beneficial thing for all Nebraska? I think it is. I think it helps with some of the tourism. It will help other communities with their tourism to draw in and maybe help their convention centers. As I look through the Department of Economic Development as they decide in these grants how they're going to be funded, there's different funding mechanisms for every community, different sizes. Sarpy County is currently building a convention center and I believe that will work. It will be a smaller convention center but there's opportunities, I think... [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR GAY: ...for everybody to help promote their individual communities. And as we discuss that, I'd like to hear more about how these funds are going to be implemented throughout the state. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Gay. Senator Flood, you are

Floor Debate
April 16, 2007

recognized. [LB551]

SPEAKER FLOOD: Thank you, Mr. President, members. I think this is a good discussion and I recognize that there are some senators that, viscerally at their core, are not for using any portion of state sales tax turnback to finance projects like this. I think that we have to be creative in Nebraska and that's why I've always supported projects that I felt moved communities forward, so that we can not only enhance the quality of life, which is something sometimes we don't pay enough attention to in Nebraska. When I talk about quality of life, it's talking about the recreation or the things that provide opportunities for people to see something different, enjoy different cultural opportunities, listen to a concert, you know, visit a car show. All that has happened with the Qwest Center, and it's hard not to look at what's happened in Omaha and be extremely proud of what I think has been a great community success. And I think it's important to underscore the fact that Omaha didn't come to the table expecting just a state handout. They came to the table with \$75 million of private investment. That's a serious commitment from our state's largest community. And as far as the funds that go into this rural opportunity fund, I think that's great for the state as well. The fact that Ainsworth, you know, built a new library--now they didn't use any funds from this--that enhances the quality of life at Ainsworth. The fact that Grand Island got \$500,000 for the Heartland Event Center, that enhances the quality of life in Grand Island. I think this is the type of bold move that we need more of in Nebraska, finding different ways to finance bond projects that enhance the quality of life in our state. And as you drive down to the Qwest Center in Omaha and look at all the development and what that's done in terms of creating more opportunities and jobs and excitement, that's the kind of energy that we want to spread across the state. And I think with \$750,000 in a fund to provide additional opportunities statewide, there's a better chance of that happening. I just see all the positives here and I recognize that, to some, this challenges their best thought of tax policy Nebraska. But at the end of the day in a state our size, you have to be creative and you have to do things that are outside the box to make things happen. And I think we can all look at our state's largest community and say they're doing that and it's working for them. And they're using private dollars and public dollars to make it happen. The state was willing to do it in 1999 up to \$75 million. That number hasn't happened. And here we sit today with a wildly successful facility, challenges before the city of Omaha as to how to repay those bonds, and a rural fund that has no money in it. Put all that together, I think it's worth going to bat for and that's why I make no reservations and have no reservations about introducing this bill to do exactly what it does. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Flood. Senator Ashford, you're recognized. [LB551]

SENATOR ASHFORD: Thank you, Mr. President. I won't take all my time. But Senator Wightman had some good questions and this has not been made clear yet. And rather

Floor Debate
April 16, 2007

than wait for your time, Senator Wightman, I might just answer them, and if you have any other questions, you can ask me. But the bonds are general obligation bonds of the city of Omaha. There are 17 years left on the bonds. The payments now are \$10 million a year, interest only. In 2012, the principal and interest payments begin and they will be \$19 million a year until fully paid in year 17 from now. They're 20-year bonds. They were refinanced, I believe, last year. The payment, the anticipated state contribution is about \$1.7 million, and about \$750,000 of those dollars...\$750,000 on top of the \$1.7 million goes to the 30 percent fund that's made available to other communities in the state. It's my understanding that the money that would be raised from this source from this bill would go to help pay the general obligation bonds. But I might give you the rest of my time, Senator Wightman, if you had some other questions, if I'm not answering all that completely. [LB551]

SENATOR LANGEMEIER: Senator Wightman, 3 minutes. [LB551]

SENATOR WIGHTMAN: Well, I was out during part of this so I may still have a few more questions and I would use that time to do that. As I understand it, \$10 million is the annual payment on all of the bonds, which I understand that some of them are general obligation and some are revenue bonds. [LB551]

SENATOR ASHFORD: I believe, Senator Wightman, and I'll double-check this for when your light comes on again until we get this right, the \$10 million is for the general obligation portion of the bonds. The revenue bonds were used to finance the hotel but that's a separate transaction and is not part of this \$10 million amount. [LB551]

SENATOR WIGHTMAN: Am I correct then that the revenue bonds are paid strictly out of revenues from the hotel? [LB551]

SENATOR ASHFORD: Correct. [LB551]

SENATOR WIGHTMAN: And then... [LB551]

SENATOR ASHFORD: And the city would be, and to answer Senator Chambers' point earlier is, the city is not getting off the hook here. I mean obviously there's the property tax, general fund would be responsible for \$8.3 million, theoretically, if this bill were to pass. And also any shortfall on the revenue bonds which could occur or potentially could occur in the future. So I don't think...I think we're just trying to get closer to the \$75 million in the original bill, Senator Wightman. That's where we're trying to go here, is that it's not to relieve the city of an obligation, because obviously the city has a substantial obligation out of its property tax general fund to pay a substantial portion of the bonds. And just for the record, it seems to me that what we're trying to do here, and again, is to get back to the original idea of the \$75 million in state participation in this project. We're never going to get to \$75 million. We'll probably be in the \$35 million to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

\$45 million range, which is well below the \$75 million that was anticipated. I'm not up here saying that that was a promise of the state; the state did not promise to put in \$75 million. But I believe that that bill does properly reflect the intent of the Legislature at that time, which was to...though the formula has changed and the mode of payment has changed, and I've already stood up here and said that that formula, whether it was because of September 11 or whatever it is, did not... [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ASHFORD: ...come close to meeting the expectations that were anticipated at the time. Part of the issue--and if I might very quickly, Mr. President--is not so much in the number of people that were coming, there was also a piece in this that was the economic inflator factor. And that was capped in this bill. Economists did come in and testify that an inflator for a dollar, as a dollar circulates through the system, was somewhere around four times. Well, there's a cap of two times in this bill, in the original bill. So there were many compromises made which have curtailed the payments. And that was then and this is now. I'd like...what I'm trying to suggest is this, the \$1.7 million is getting us closer to where I think we were going to be in 1999, 2001, prior to 2001, when this bill passed. And I grant you, the formula was not, did not correctly reflect where the business was going to come into that building at the time. [LB551]

SENATOR LANGEMEIER: Time. [LB551]

SENATOR WIGHTMAN: Thank you. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Ashford. Senator Harms, followed by Senator Wightman. Senator Harms, you're recognized. [LB551]

SENATOR HARMS: Thank you, Mr. Chairman and colleagues. Senator Ashford? [LB551]

SENATOR LANGEMEIER: Senator Ashford, would you yield to a question? [LB551]

SENATOR HARMS: Before you run off, I need to ask you a couple of questions if I might. [LB551]

SENATOR ASHFORD: Yes. [LB551]

SENATOR HARMS: Earlier you talked about 70 percent of the revenue going back to the Qwest Center and 30 percent then going back to local communities for cultural activities. Would you accept a friendly amendment to raise that 30 percent? [LB551]

SENATOR ASHFORD: To what? [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR HARMS: Well, that's what I want to ask you. You... [LB551]

SENATOR ASHFORD: Thirty-one percent, I think, would be fine. (Laughter) [LB551]

SENATOR HARMS: Are you...you mentioned on this floor that you would be very willing to see that go up. And I'm interested in raising that up for a rural community, so... [LB551]

SENATOR ASHFORD: And I think that's worthy of discussion, Senator Harms. I think what we're...and what I would like to do is see the fund increase. And if Lincoln wants someday to build an arena, I think this is a good source of funds that would in fact increase that 30 percent fund substantially to other communities that can't afford that kind of facility. And I would have to go...yeah, I don't, you know, I think that's a...I don't have a problem talking about that, Senator Harms. [LB551]

SENATOR HARMS: Well, I'm going to probably soon introduce a friendly amendment for you and we'll see just how that shakes out. [LB551]

SENATOR ASHFORD: Does that mean, if it's friendly, that when you do introduce it and I don't like it, then you can "disintroduce" it or... [LB551]

SENATOR HARMS: It means it's friendly because I like it, see? It's friendly. (Laughter) The other question I wanted to ask you, have you seen the report that they submitted on December 1, 2006, from the Department of Economic Development that identifies where these funds are being spent, the 30 percent, and who received those? [LB551]

SENATOR ASHFORD: Yes. [LB551]

SENATOR HARMS: I just wanted to share with the body that this really did surprise me, that it does work, and that in the \$500,000...this started in 2004, Heartland Event Center of Grand Island got \$500,000. The event center in Kimball, Nebraska, which surprised me, got \$97,500. The Museum of Natural and Cultural History in Hastings got \$120,000. Community center in Arnold got \$100,000. Community hall in Miller got \$25,400. The White Horse Museum in Stuart got \$20,000. The municipal auditorium in David City got \$47,000. And the final one, a community hall in Maywood got \$40,765. And what I'm here to say to you, that in all these little communities, this would not have been possible. And most likely we would not have these facilities being built and giving people in rural America the opportunity to have a smaller project that's worthy of their community. There is no way to finance this and I wanted you to understand that and know that because, at least for the 30 percent, it has been favorable. And I will, my friend, introduce just a friendly amendment for you. Thank you, Mr. President. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR LANGEMEIER: Thank you, Senator Harms. Senator Wightman, you are recognized. [LB551]

SENATOR WIGHTMAN: Thank you, Mr. President. I don't have a lot of time that I'll take up, but I do have questions of Senator "Bradford"...or Brad Ashford (laugh) if he would stick around. [LB551]

SENATOR LANGEMEIER: Senator Ashford, would you yield to a question? [LB551]

SENATOR ASHFORD: Yes, sir. [LB551]

SENATOR WIGHTMAN: I had a few more questions that I didn't have answered. Now you said, I think, that the general obligation portion of these bonds is about \$10 million annually. [LB551]

SENATOR ASHFORD: That's correct. [LB551]

SENATOR WIGHTMAN: And this would allow \$1.7 million of that to be paid if the formula stayed at 70-30, is that correct? [LB551]

SENATOR ASHFORD: That's correct. [LB551]

SENATOR WIGHTMAN: Has that formula changed? And say it approached 40 percent, obviously you're going to think about a sixth that much reduction... [LB551]

SENATOR ASHFORD: We'd be talking about \$1.5 million, probably, or \$1.4 million. [LB551]

SENATOR WIGHTMAN: \$1.4 million perhaps. Now these bonds have how long to run at the present time? [LB551]

SENATOR ASHFORD: Well, they'd be 2024, I believe. [LB551]

SENATOR WIGHTMAN: And you said 17 years, so that would be that, I think. Now right now you're not paying any principal on the bond, is that... [LB551]

SENATOR ASHFORD: Correct. Well, the bonds were refinanced last year, and the terms of the deal...and it was part of the...there was some discussion earlier on. I think Senator Flood mentioned that the, or someone mentioned that the city was...well, maybe it wasn't mentioned on the floor, it's a good question. Originally, the city was contributing to MECA, which is the organization Senator Chambers was referring to, was making what was called a subvention payment. I never could understand what those words meant. But basically it was a payment to MECA of \$1 million a year to help

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

with the operating expenses. Well, as Senator Rogert suggests, the Qwest Center has been so much, has done so much better, especially on the arena side, that that subvention goes away in 2009. At that point, I believe that's what triggered the refinancing. I'll have to check that. But the bonds were refinanced. There was also an interest rate change. But that was...and it back-ended the payments. It back-ended the payments to 2012. The reason that there was some discussion in the World-Herald about property tax increases was, I think essentially they were talking about the 2012 back, you know, sort of back-loading of the bonds. And without this additional help from the state, that that could involve a property tax increase. [LB551]

SENATOR WIGHTMAN: Just as an aside, Senator Ashford, I want to know, but MECA is in Omaha and not in the Middle East somewhere, is that correct? [LB551]

SENATOR ASHFORD: (Laugh) Yes, this our "Mecca," Senator. [LB551]

SENATOR WIGHTMAN: (Laugh) Okay, that's reassuring. [LB551]

SENATOR ASHFORD: Yeah, and we don't get...well, I don't want to go there. But thanks. [LB551]

SENATOR WIGHTMAN: I guess I still have a couple more questions if you will yield again. [LB551]

SENATOR ASHFORD: I just, I was trying to find the exact bond amount, but I think it's \$195 million because you asked... [LB551]

SENATOR WIGHTMAN: I guess one of the things that concerns me is that we've been paying \$10 million and that's only interest. Does the payment go up then or how do we ever get where we're paying principal? [LB551]

SENATOR ASHFORD: Yeah, the payment goes to \$19 million a year in 2012. [LB551]

SENATOR WIGHTMAN: So it's \$10 million now, it will go to \$19 million, and how do you think you will fund that? [LB551]

SENATOR ASHFORD: Well, hopefully we'll fund it out of growth in the city, you know, through the activities of the city and revenues that come in. Clearly this is not going to pay those bonds. And it was, again, at least not my intent, my involvement in this, going back 20 years, is not to have the state be responsible for this building but to contribute to it in an amount hopefully equal to what the private investment was. That was the idea. Now it's not going to reach that \$75 million. But yeah, you're right. I mean, there's a substantial obligation over and above the \$1.7 million. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ASHFORD: Now it could go up. I mean the \$1.7 million arguably could go up with the growth of the revenues from the building, but... [LB551]

SENATOR WIGHTMAN: That's a concern to me from the standpoint that if we're putting \$1.7 million a year and we're going to raise those bond payments by \$9 million in three more years,... [LB551]

SENATOR ASHFORD: Correct. [LB551]

SENATOR WIGHTMAN: ...then are we putting our money into a dead hole? I'm generally supportive of the idea. I think I would favor what Senator Harms is talking about, maybe some increase to the portion that is going to the places other than Omaha, but generally support it. But I would like to know that we're not just getting ourselves into a bigger problem. [LB551]

SENATOR ASHFORD: And I think that's a legitimate question, Senator Wightman. But again, I think this goes back to the original intent of the bill, which was that the state was not going to be the principal, certainly not going to be on the bonds. This is not a state obligation clearly and it can't be. But it was to pay a portion of the obligation, and albeit about, you know, maybe 10 to 15 percent... [LB551]

SENATOR LANGEMEIER: Time. [LB551]

SENATOR ASHFORD: ...of the obligation. [LB551]

SENATOR WIGHTMAN: Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Wightman. Senator Kruse, you are recognized. Not seeing Senator Kruse, we're going to move on. Senator Rogert, you are recognized. [LB551]

SENATOR ROGERT: Thank you, Mr. President, members of the body. I again rise in full support and I'm going to talk just for a second here about some of the things that have come to the state of Nebraska that most likely would not have come had we not had the Qwest Center. The Qwest Center seats anywhere from 15,000 to 17,000 people in the arena, depending on the arrangement that they do, versus the Civic Auditorium which is around 7,000 or 8,000, or Pershing which is even less than that. So if...the question was brought up about whether we're stealing business from other facilities in the state. And I'm just going to list a few things here, some of which you may or may not have heard of, depending on, you know, what your interests are, but: U2; the Rolling Stones; Billy Joel; Blue Man Group; Toby Keith; The Who; NCAA regional

Floor Debate
April 16, 2007

volleyball in 2005 where we set the record for the most people ever to watch a volleyball event in the United States; the NCAA volleyball tournament, the championship games of '06 which we again set the record for the most people ever to watch a championship volleyball event; Creighton versus UNL, we set the record for the most ever attended to watch a regular season volleyball game in the state and in the country; Britney Spears; World Wrestling Federation; Nickelback; Christina Aguilera; Metallica; Bob Seger; Eric Clapton; Justin Timberlake; Kenny Chesney, who sold out two concerts last year, came back this year and kicked his tour off for 2007 in Omaha; Tim McGraw and Faith Hill, two shows, sold out; the American Volleyball Coaches Association showcase this fall, which will be UNL, UCLA, Tennessee, and Utah, all of which are championship teams coming to Omaha. In 2008, we have the NCAA regional men's basketball tournament starting off here in Omaha, Nebraska. We also have the U.S. Olympic swimming tryouts coming up. Convention center, the arena, for the convention center portion we have: the National Association of Sports Commissions; we have the Grain Elevator and Processing Society of America; we have the Strategic Space and Defense; we have the International Cake Exploration Societe; we have the Intercessors of the Lamb prayer conference; we have the Mary Kay convention; we have the American Volleyball Coaches Association; the American Orff Schulwerk Associates; the National Science Teacher Association; the International Reading Association; and the Berkshire Hathaway annual meeting, which fills up. Senator Chambers also was sponsoring a bill that will regulate mixed martial arts, which is also known as the Ultimate Fighting Championships. With the passage of that bill, we'll create another event that will come to this state on a regular basis and fill up the Qwest Center. These things would not be here if we didn't have the Qwest Center, and we bring hundreds of thousands of dollars a year and tens of thousands of people to the state of Nebraska every year because we have that facility in the city of Omaha. It is the leading facility and the leading economic developing engine that we can bring into our state when it comes to the social aspects of Nebraska. I once again encourage you all to think about what we did when we built that and what that means to the future of our state and the future of our largest city, which directs, usually, the direction the state goes into. And a lot of people don't go to these things maybe in this room and a lot of people do. So I'm going to urge your support again, and thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Rogert. Senator Chambers, you are recognized. [LB551]

SENATOR CHAMBERS: Mr. President, I want to divide the question. And I will tell you the divisions. This amendment changes language in two parts of the bill, so, in effect, that can be one division. The other division would be the addition of the emergency clause. So I would divide it by having the emergency clause taken, and then the rest of the amendment as the second division. [LB551]

SENATOR LANGEMEIER: Senator Janssen, as Chair of the Revenue Committee, do

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

you have a comment to the division possibilities to the committee amendment? [LB551]

SENATOR JANSSEN: Yes. If I could ask Senator Chambers a couple of questions... [LB551]

SENATOR CHAMBERS: Sure. [LB551]

SENATOR JANSSEN: Senator Chambers, you are on the amendment. You want to divide line 2 and 3, which is the emergency clause... [LB551]

SENATOR CHAMBERS: Yes. [LB551]

SENATOR JANSSEN: ...into one section and then... [LB551]

SENATOR CHAMBERS: Yes. [LB551]

SENATOR JANSSEN: ...the rest of it on page 3, lines 7 and 8, and on page 8, lines 6, 7, and 19. Is that correct? [LB551]

SENATOR CHAMBERS: Yes. The rest of what's in the amendment would be one division. [LB551]

SENATOR JANSSEN: Yes. That's fine. [LB551]

SENATOR LANGEMEIER: I would deem that it is divisible. As the Chairman, Senator Janssen, in which particular order would you like to take those when we get to that? [LB551]

SENATOR JANSSEN: Well, I'm sure the emergency clause is not that big as the rest of them. So if we could use...now the second division contains the new language, is that right, Senator Chambers? [LB551]

SENATOR CHAMBERS: Yes. [LB551]

SENATOR JANSSEN: All right, let's take the second one first then. [LB551]

SENATOR LANGEMEIER: Okay, one moment. We have ruled that it is divisible. Senator Janssen, you'd be recognized. We're calling the first component of the committee amendments numbers two and three, which is the new language, and you'd be recognized to address the first portion of the component. It will be a minute and we'll have it on your laptops for your viewing. (AM1022, Legislative Journal page 1184.) [LB551]

Floor Debate
April 16, 2007

SENATOR JANSSEN: Okay. This is the portion that makes it clear that the sales tax collected at the arena, convention center, are sales tax and collected by retailers and operators doing business at that particular facility, including a box office sales and souvenir sales and concession. The rest of it would be the sales tax that will be returned to the 70 percent of that sales tax gets returned to the arena and convention center, which is supposed to help pay back the bonds that were issued. And the other 30 percent would go to outlying areas and local convention center fund to be distributed to communities as grants for local conventions and meeting centers. And then that is the first division. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Janssen. And for the members' benefit, until that shows up on your machine, this is the first component in AM662, the Revenue Committee amendments, is line 4 through 15. The floor is now open for discussion. We had a number of lights on. We'll proceed through those as they were previously lit. We have, wishing to speak we have Senators Gay, Ashford, Pirsch, Carlson, and Chambers. Senator Gay, you are recognized to address the first component of the divided committee amendments. [LB551]

SENATOR GAY: Oh, I'm sorry. I waive. [LB551]

SENATOR LANGEMEIER: Senator Gay waives his time. Senator Ashford, you are recognized. [LB551]

SENATOR ASHFORD: I just want a very...then I believe this...was this on a...this is on Senator Chambers' division, is that correct? [LB551]

SENATOR LANGEMEIER: The first component of the division of the Revenue Committee amendment. [LB551]

SENATOR ASHFORD: Okay. Does that...I can't recall the rule. Does that allow me to speak more than...again, or is it the same three times on the amendment? [LB551]

SENATOR LANGEMEIER: You would have three times on this first component. [LB551]

SENATOR ASHFORD: Okay. Thank you, and I'll be very brief. But I just wanted to respond to Senator Wightman's comments to me off the record, but I think he may have alluded to them on the record, and that is the question of when the payments that the city...and I know we're getting down into the financing, and it's much more fun to talk about how wonderful this place is. And I know that...but I think we need to understand all this. Senator Wightman asked a good question, and that is, when the bond payments go to \$19 million, where are we going to be? I mean, that's a \$9-million-a-year increase over the \$10 million interest-only payments through 2012, so that's five years from now the payments will go up. And the answer is that there is no guarantee that those

Floor Debate
April 16, 2007

dollars...I mean, those dollars are going to come out of the General Fund. It's a general obligation bond. And it would be...but again, I just want to go back over the numbers. I think I may have misspoke slightly. The overall cost of the project was \$291 million. And I think, Senator Carlson, I think you asked me this, or whatever, and I gave you \$220 million. It's \$291 million, is the cost of the...what I did not factor in was the \$75 million, the private part of it. So there...then there's the Qwest portion, the Qwest contribution that we alluded to, the \$14 million. And then the bonds themselves, I believe, are about \$199 million. So that may not absolutely add up, but it's \$199 million for the bonds, the Qwest contribution, and then the private dollars. The bonds were 20-year bonds, and were refinanced last year. And that's...and they were back-loaded. So that's the situation as it sits now. The...but again, there is no...and I don't think this is a debate about property tax relief. That's a claim I'm not going to make. This is...this, again, is a discussion about whether the state feels, and this Legislature feels, that there's a sufficient enough benefit to the state to invest \$1.7 million in the Qwest Center, about, you know, 12 percent of the overall financing cost, or...and 30 percent into the local fund, and to see that grow over the next 17 years, pay the bonds off, whether that is an investment the state ought to make. And I'm suggesting that it is an investment that was contemplated many years ago, and though it's gone through maturations in how it's to be done, we aren't breaking faith, I don't believe, with the public, because we did...the \$75 million was the target number, albeit not the obligation of the state. So...and to that point, I mean, the bonds were issued on the full faith and credit of the city, not on the...had nothing...you know, there was some component of the turnback. But I might also add, just very briefly, the formula that was devised for this initial financing from the state was similar, almost identical, to the Arkansas model, which was utilized for their convention center. And about five years ago they did exactly what we're doing now. They essentially went to a... [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR ASHFORD: ...a straight appropriation, it was a little different, but just appropriated a certain amount of money every year. Again, the idea was, what does the state feel is an appropriate contribution or investment in the continuation of the success of the convention center, and also the expansion of the rural fund. So, thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Ashford. Senator Carlson, you're recognized. [LB551]

SENATOR CARLSON: Mr. President and members of the Legislature, I'm sitting and listening to this and trying to get a handle on it. And I'm going to bring up something, and it isn't to create a chasm here amongst the members of the Legislature, but I'm trying to look at this in a little bit of a parallel situation to the Republican River and the water challenge. We have asked for, in LB701, taxing and bonding authority, so it

Floor Debate
April 16, 2007

appears on an ongoing basis for 15 years; 2 percent of the taxpayers in Nebraska that are located in the Republican Basin would pay 72 percent of the cost to bring us into compliance with Kansas over a 15-year period. We're asking for the NRDs to be able to tax and perhaps bring in \$12 million or more a year; \$12 million a year for 15 years is \$180 million, from 2 percent of the taxpayers. The city of Omaha has about 24 percent of the population of Nebraska. I don't know what the percentage of taxpayers are. But if that's anywhere close to about 24 percent of the taxpayers, if you put it on the same schedule that the Republican Basin has asked to be able to do, on a similar scale, where 2 percent are raising \$12 million, 24 percent would be 12 times that. That would be \$144 million a year if it were put on the same scale. Now, I want to be a legislator that's helpful. I want to be open to economic development, I want to be open to helping areas of the state that are in need. But I'm trying to put this into perspective. And so I'm looking for help to do that, and I just would encourage, as we go from this to the other, that we kind of keep in mind the number of taxpayers we're talking about, and that we do come up with the best solution we can find. Thank you. [LB551 LB701]

SENATOR LANGEMEIER: Thank you, Senator Carlson. Senator Chambers, you're recognized. [LB551]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I had a brief conversation with Senator Gay about what I intend to talk about. I said his comments were like those of a rookie. He said, what's past is past; forget that. Well, what happened in the past brought us to where we are today, and we cannot just forget it and let it go. His attitude is that which says the world came into existence when he woke up, so we forget everything that happened and start today. Omaha blundered. We were given false statements, misinformation. And the impression was given to my colleagues, because I was here and I was experiencing it: A black man is not an economist; he doesn't know anything about this big business we're talking about; listen to the big-shot white businessmen in Omaha who put together this crackbrained thing and brought it down here. And I told them it wouldn't work, and I'm going to keep saying that, because it was true. And we're being asked to send good money after bad. I'd like to ask Senator Ashford a question or two. [LB551]

SENATOR LANGEMEIER: Senator Ashford, would you yield to a question? [LB551]

SENATOR CHAMBERS: And Senator Ashford, I'm not in a bad mood. I'm just enjoying this. Senator Ashford, how much are the yearly interest payments right now on those bonds? [LB551]

SENATOR ASHFORD: \$10 million. [LB551]

SENATOR CHAMBERS: How much money will this raise? [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR ASHFORD: \$1.7 million. [LB551]

SENATOR CHAMBERS: So that's going to leave \$8.3 million. Where is that coming from? [LB551]

SENATOR ASHFORD: Property tax. [LB551]

SENATOR CHAMBERS: So this is not going to make that much difference in the overall financial appearance of Omaha? [LB551]

SENATOR ASHFORD: No. [LB551]

SENATOR CHAMBERS: But it's going to set a precedent by taking away some of the state's sales tax source, isn't that true, for we don't know how long? Isn't that what this bill will do? [LB551]

SENATOR ASHFORD: What's true is, it's coming...I look at it differently, but it is taking money from the sales tax source. [LB551]

SENATOR CHAMBERS: Okay. Now, you agreed that Omaha has budgeted money to sell Omaha to Omahans. What are they going to tell...what are they doing that for? To persuade Omahans that Omaha is a good place to be? Is that what their aim is? [LB551]

SENATOR ASHFORD: Well, I don't think they're doing that anymore, Senator Chambers, but they did do it a couple years ago, or last year. But you're right. [LB551]

SENATOR CHAMBERS: That's...they're talking about it now. [LB551]

SENATOR ASHFORD: Are they doing it now? (Laugh) [LB551]

SENATOR CHAMBERS: Yeah. So... [LB551]

SENATOR ASHFORD: We're here; we have to...you know, we have to live with what we got. [LB551]

SENATOR CHAMBERS: What are they trying to persuade Omahans, as to what aspects...? [LB551]

SENATOR ASHFORD: To spend their money in Omaha, I suppose. [LB551]

SENATOR CHAMBERS: Now, Omaha will come back, like Schwarzenegger: I'll be back. Isn't that what he said? Well, Omaha will be back, because this is not going to pay

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

off those bonds or any substantial percentage of the interest payments. Isn't that correct? [LB551]

SENATOR ASHFORD: That's correct. [LB551]

SENATOR CHAMBERS: And in addition to... [LB551]

SENATOR ASHFORD: Well, it's correct that it's not substantive. I'm not saying they won't or will come back. [LB551]

SENATOR CHAMBERS: Okay. Well, let's say \$1.7 million is substantive when the total bill is \$10 million. You're adding, now, sports arenas and hotels and stadiums, right? [LB551]

SENATOR ASHFORD: Yeah, convention center, arenas, and hotels that are attached to each other. [LB551]

SENATOR CHAMBERS: And stadiums. [LB551]

SENATOR ASHFORD: I guess... [LB551]

SENATOR CHAMBERS: I read your bill. Stadiums is in there. Senator Flood told us you drafted it. What did you put stadiums in there for, Senator Ashford? And I'm pointing at you. As Nathan said unto David, thou art the man. [LB551]

SENATOR ASHFORD: Well, you're right, Senator Chambers. [LB551]

SENATOR CHAMBERS: I know, because I read it. So why did you put stadiums...? [LB551]

SENATOR ASHFORD: And I drafted it. [LB551]

SENATOR CHAMBERS: Why did you put stadiums in this bill? [LB551]

SENATOR ASHFORD: Well, I suppose, if there's a stadium that were to be attached to it, I suppose that sales tax... [LB551]

SENATOR CHAMBERS: It doesn't say it has to be attached. [LB551]

SENATOR ASHFORD: Well, I don't know, Senator Chambers, where that...you want to strike that? That's fine with me. [LB551]

SENATOR CHAMBERS: I've got an amendment to do that very thing. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR ASHFORD: All right. [LB551]

SENATOR CHAMBERS: Thank you. Members of the Legislature, I paid more attention to their bill than they did. This is a boondoggle. But you all have supported them before. But as long as you all think that what happened in the past is unimportant, then you see why some people said, you get a bunch of rookies down here and there is no institutional memory. They don't even see it as being important. [LB551]

SENATOR LANGEMEIER: One minute. [LB551]

SENATOR CHAMBERS: I could be called a historian. I don't call myself that, but I majored in history, and I know that you need to look at the past. Even Abraham Lincoln said, before you can know where you're going, you got to know where you've been, you got to know what brought you to where you are; then you can tell to where you are tending. But we get the rookies here, and they say, what's past is past, and forget it. Omaha blundered, they used misrepresentations, created this issue, and now they want the state to bail them out. When this gimmick does not provide the relief they want, they're going to come back again, and we'll have somebody saying, well, yeah, they came then and they didn't tell us the truth, but this is now and that was then; forget then. You do not send good money after bad. This is not theoretical kickback, or whatever they called it; this is actual sales tax cash. Thank you, Mr. President. [LB551]

SENATOR LANGEMEIER: Thank you, Senator Chambers. Senator Stuthman, you're recognized. [LB551]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I've been listening very close to this discussion and debate, and I was really impressed with Senator Rogert's statements as far as, it's...they're sold out, they're just not big enough, and things like that, and what they're attracting to the community. Now, if this is really true, that they are sold out and don't have enough room, what is the next step? They're going to have to expand. Well, we can't even pay for what we got. They're asking the state to bail them out. I think we've only seen the beginning of this. And I also would like to echo the same comments that Senator Carlson had about LB701. That was the state signing the compact. This other one that we're debating right now was Omaha, just Omaha. And with LB701, we're asking the people in the area, agriculture, which is very, very important to the state of Nebraska, probably a lot more important than tourism is, because agriculture is our number one industry in the state of Nebraska, we're asking them to pay the majority of it. And it will probably go in that direction. Here, what in my opinion is an Omaha problem...and I'll totally agree with Senator Chambers that this is something that we have to be very cautious with as far as taking sales tax dollars that are due to the state, just as the issue we had, was it one year ago, two years ago, on the Cabela's bill, dollars that are taken away, that are owed to the state to help fund one

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

establishment. Those are the things that I have a real concern with. I think if this one does pass...and I don't think that it will because Senator Chambers has vowed we're going to be on this for a long time, and I think we ought to be. I just think that if we would happen to do something like this, we have just opened the door. It's only the beginning. One-point-some million dollars that would be generated, as Senator Ashford said, on a \$10 million interest bill? That's only a small portion. What will happen in two years from now when a number of the senators are gone? Will they just ask for \$10 million to the Appropriations Committee, and we'll say, yes, it's probably a good idea, because look at all the tourism that we can invite to the state of Nebraska? Thank you. [LB551 LB701]

SENATOR ERDMAN PRESIDING [LB551]

SENATOR ERDMAN: Thank you, Senator Stuthman. Senator Ashford, you're recognized to speak. [LB551]

SENATOR ASHFORD: Senator Stuthman, how do you really feel about this bill? (Laughter) [LB551]

SENATOR STUTHMAN: How do I really feel about this bill? [LB551]

SENATOR ASHFORD: (Laugh) Don't let it...don't hold anything back. No, I'm just kidding. [LB551]

SENATOR STUTHMAN: I'll tell you, I feel... [LB551]

SENATOR ASHFORD: No, I'm just kidding you, Senator Stuthman. I really am. [LB551]

SENATOR STUTHMAN: Okay. [LB551]

SENATOR ASHFORD: And it's all good-natured, too. [LB551]

SENATOR STUTHMAN: I will comment on that later, off to the side. [LB551]

SENATOR ASHFORD: (Laugh) Trust me. Just very briefly, for the record, and then I'll get off this. I was...in looking in subsection (9), Senator Chambers, the purpose of the word "stadium" is the fact that the convention center--and I recall now, and I apologize I didn't have the answer readily available to me--but the stadium idea was that there would be...that the convention center could also serve as a stadium, and in fact will do so during the swimming trials. So I think that's what they were getting at. But I'm sorry I didn't have that answer for you right away. I guess I'll say it one last time, and then I won't get up and say it again. The...I would agree with Senator Stuthman, I would agree with Senator Loudon, I would agree with their points that this is an Omaha problem and

Floor Debate
April 16, 2007

this is something that only Omaha should concern itself with, if the state had not looked at this issue for a significant period of time, had not studied it for a significant period of time, had made the assessment. And Senator Chambers, you're right. You're right that the formula, the idea behind the formula, did not generate the funds that it was anticipated. I mean, you can't change that fact. But what you...neither can you change the fact that after looking at this issue...and you were there with me, and we looked at this, the state looked at it, the Appropriations Committee looked at it, and it was determined that it was a reasonably good investment for the state to be involved in expanding...I know you didn't, Senator Chambers, and I don't mean that. But this was not something that was just dreamt up. This was thought about during pretty much the whole time I was in the Legislature, and it was something that I did care about. And yes, it was for my city, just like many of the bills we all introduce are for our areas. There's no question about that. But I also am proud of the fact that the city has grown, that the city...and there's a lot of things, Senator Chambers, the city needs to do a lot better, and there's no question about that. And the article in Sunday's paper, we're going to talk a lot about that in the rest of the session. The city has a tremendous obligation to do some things that it has not been doing. But this is something I felt the city could do, act as...in fact, the way the Nebraskaplex study talked about it, it was, Nebraska was a portal to...that Omaha was a portal to the state, that it could attract people, could attract businesses, could attract individuals to come here, spend money, which the state would recoup through sales tax and rental car tax and hotel/motel tax, and whatever it is. And I think it's done that. You know, we haven't talked about the multiplier, and I'm not going to get into that debate, because I'm not an economist like Senator Carlson is, and Senator Fulton, I just...is an engineer. And I don't want to get into those debates, because I'm not good at it. I'm not good at it. But common sense will tell us that there has been a significant multiplier effect from the Qwest Center. There is no building like it in the state. The other point, again, is that we kind of gloss over the \$75 million of private investment. Sure, these guys have the money to spend or they wouldn't have spent it. Sure, they get a tax break, all that stuff. But in reality, these individuals and entities that made this Qwest Center possible did so with a belief that the facility would benefit the city and the state. And the state did, us, the Legislature, did acknowledge that by putting the \$75 million figure in the bill. [LB551]

SENATOR ERDMAN: One minute. [LB551]

SENATOR ASHFORD: So with that, again, we can't go back and change the past, Senator Chambers. The past is part of our present. But all in all, I think the investment, albeit small, that's been made so far has been a good investment for the state, and I urge the body to look upon this as part of an overall plan, not just some giveaway to the city of Omaha, which I don't believe it is. Thank you, Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Ashford. Members, for your information, the committee amendment has been divided and is on your laptops for your review. We are

Floor Debate
April 16, 2007

debating AM1022, which is the first division of the Revenue Committee amendments. Those wishing to speak: Senator Flood, followed by Senator Chambers and Senator Nelson. Senator Flood, you're recognized to speak. [LB551]

SPEAKER FLOOD: Thank you, Mr. President, members. I'm looking at FA74, which is Senator Chambers' amendment that we haven't gotten to yet. But he changes it. Instead of 70-30, 60-40: 60 to the Qwest Center, 40 to rural Nebraska. And if that amendment was put in there and we could agree to move the bill and we had general consensus, I'd say, let's deal, let's talk about it. But that's not the case. He doesn't want to have that discussion, because he doesn't want the bill to pass. And so my plan is to stay with the 70-30 until we figure out which direction we can find some compromise on. But unfortunately, on this bill, I don't see a lot of compromise from certain members, which is what it is, we'll get through it. But I guess when you look at this bill and you wonder why would a rural senator would vote for it, those are real dollars that came out to rural Nebraska. Folks in Grand Island got \$500,000. Elsewhere across the state, amounts a little bit less than that were parceled out to a number of communities in Nebraska. Cambridge, \$100,000 for a ballroom; a community center in Arnold for \$100,000; White Horse Museum in Stuart for \$20,000. I guess this is one of the few ways we actually can find some of that money to deliver to rural communities so that they can get the things done to improve the quality of life. I think that's what it comes back to. There's a lot of great opportunities waiting for funding in rural Nebraska, and this is one of the few vehicles that would deliver up to \$750,000 to every community in this...up to \$750,000 to communities in Nebraska, with the exception of Omaha. But as far as some of the amendments that are coming, you know, if the amendments are done in a way that there's a deal back and forth, I'd say, let's deal, let's figure out what can be done, let's push on. And if that 60-40 option meant that it came with the vote of support to push this thing forward, I'd be right there. I think that's a reasonable way to do it. But it's not the case. It's not going to be the case. So I'd say, let's stay the course. And Mr. President, that's all I have. Thank you. [LB551]

SENATOR ERDMAN: Thank you, Senator Flood. Senator Chambers, you're recognized to speak on the first division of the committee amendment. [LB551]

SENATOR CHAMBERS: Mr. President, is this the one that deals with that new language, or the emergency clause? [LB551]

SENATOR ERDMAN: This is the new language, Senator. [LB551]

SENATOR CHAMBERS: Thank you. Members of the Legislature, we haven't even touched the language, which proves my point. You all don't care what goes into this bill. I'd like to ask Senator Flood a question. But before I do, he's the one who, on my death penalty bill, said, adopt this amendment, but I'm not going to support the bill. So for him to stand up there and act like people don't offer amendments to bills they're not going to

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

support is purely poppycock. Senator Flood,... [LB551]

SENATOR ERDMAN: Senator Flood, would you yield to a question? [LB551]

SPEAKER FLOOD: Yes. [LB551]

SENATOR CHAMBERS: ...in this new language, what are primary and secondary box office sales? Because that's what we're talking about here. [LB551]

SPEAKER FLOOD: My understanding is, primary box sales for tickets would be sold at the venue itself; secondary box sales would be Ticketmaster outlets in the Omaha metro area. [LB551]

SENATOR CHAMBERS: So sales tax is going to be derived from facilities that are in no way connected to, adjacent to, or near the main facility. Isn't that true? [LB551]

SPEAKER FLOOD: That's true. [LB551]

SENATOR CHAMBERS: Suppose these secondary box office sales occur in Lincoln. If in Lincoln these sales are made, then the sales tax derived from sales in Lincoln, because this is a state law, that would go to that facility in Omaha, according to the 70-30 split, or whatever it turns out to be. Isn't that true? [LB551]

SPEAKER FLOOD: Yes. [LB551]

SENATOR CHAMBERS: And if any were sold...well, anywhere in the state. So this is like the long arm of the law, which reaches throughout the state to suck up sales tax revenue. That's all I will ask you at this point. Members of the Legislature, that attributable income or sales tax, which was the first formula, was smoke and mirrors. That was not real money. This is real tax money, taxes actually in hand that are not coming to the state. This is not a new position for me to try to protect the state's taxing base and its money. How about that bill where they want to take money out of the General Fund and put it into the Roads Department? Didn't I fight against that? I've been one of those who was concerned about how much state money was going to go into the Republican River issue. This is not a new position for me. Somebody needs to adopt it. In the past, we had others who would defend the state, and that needs to be done. And for Senator Ashford to say that a swimming venue is a stadium indicates that he doesn't know about swimming and he doesn't know what a stadium is. If they had a swimming meet in the sports arena, that is still an arena. The fact that they're swimming doesn't convert it to a stadium. A stadium is a structure of a certain type, and it doesn't depend on the activities that are going on there. To say that this sports arena could become a stadium is crazy, because if that's true, you don't have to put "stadium" in the bill, because "arena" is already there. It's something different from an arena. So Senator

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

Ashford has people just saying stuff off the top of their head, they give it to him, then he gives it to us, and the only one who will take issue with it is me. But I'm going to keep doing it, and that's why I say we're going to be on this bill a long time, because you're not paying attention, and it does relate directly to the state. Nebraska is a state. Omaha is a city. Nothing that the state did, created a compact of which Omaha is a part. [LB551]

SENATOR ERDMAN: One minute. [LB551]

SENATOR CHAMBERS: Omaha did this. Omaha came down here, and they gave that crackbrained formula to give the impression that the state is not going to be into this for much money, because if the formula doesn't work, it's on Omaha. And they knew it wasn't going to work in Omaha, because they said they were going to issue general obligation bonds. And trying to protect the citizens of Omaha, who were not being protected by the senators down here, as they are not now, I got a provision to require a supermajority before general obligation bonds could be voted on successfully by the public. The public doesn't know. They trust us, and we're not worthy of trust, collectively. But I'm going to separate myself from the pack that doesn't care about the people, but more for these rich men, in the same way they cared more for the political subdivisions than they did the welfare of children who might be hurt. So you all are going to have me to deal with for a long time. But you ought to look at this language that's being adopted in the committee amendment. [LB551]

SENATOR ERDMAN: Time. [LB551]

SENATOR CHAMBERS: Thank you, Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Chambers. Senator Nelson, you're recognized to speak on the first division of the committee amendment. [LB551]

SENATOR NELSON: Thank you, Mr. President, members of the body. I was interested in some comments by Senator Stuthman, and I wonder if Senator Stuthman would entertain a question or two. [LB551]

SENATOR ERDMAN: Senator Stuthman, would you yield to a question from Senator Nelson? [LB551]

SENATOR STUTHMAN: Yes. [LB551]

SENATOR NELSON: Good afternoon, Senator. Have you attended functions at the Qwest Center in Omaha? [LB551]

SENATOR STUTHMAN: Only one. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR NELSON: What one, if I may ask? Was that at the sports arena or at the convention center itself? [LB551]

SENATOR STUTHMAN: I think it was the one when the President of the United States was there. [LB551]

SENATOR NELSON: And that would have been in the arena, probably? [LB551]

SENATOR STUTHMAN: I'm not sure. [LB551]

SENATOR NELSON: Well, the point is, if I understood you correctly, you said that we were going to have to fear expansion of the sports arena. And I have some firsthand knowledge of this. It was built with about 17.5 thousand seats, and with the possibility of expansion to 21. It wasn't long before it proved that it was too small as it was, and so it's been expanded now to 21.5. And you know what? It's still too small. And people there in Omaha said, why in the world didn't we build a 25,000-seat arena like they have out in Denver or other places? Well, I think the reason was that we had to be cautious. There were a lot of unknowns back then when they were planning the arena center, the sports and the convention center, and we had to go on the conservative side. And now we were mistaken in that initial planning. It's been wildly successful. Senator Rogert has spoken to all the things, the full houses they have there at the sports center, and it's a real moneymaker, and it's an attraction. But as far as expansion, we can't do it. There's no place to go. We're stuck with that side. So I think we don't have to worry about having to spend any more money, or Omaha coming and saying, we've got to expand the sports arena. The convention center, as someone said, was kind of a loss leader, and we probably knew going in that it was not going to make money. And hopefully, as the attractions of the arena bring forth more attention from across the country, we're going to get more people and more conventions at the convention center. And I think this just speaks to...perhaps there were some mistakes made several years ago. Perhaps the funding formula was wrong. But I have to agree with Senator Gay that that's past. We have to look at where things are now. We have to look at the benefit that the whole state is receiving from both the sports arena and the convention center, and the fact that it's there and they are getting benefit and they're going to get some funds from this. And I stand in support of this bill and the amendments because I don't think the state paying \$1.7 million for the next several years is too much to ask for the benefits that the entire state is receiving. Thank you, Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Nelson. Members, we're on the first division of the Revenue Committee amendments. There are no lights on. Senator Janssen, you're recognized to close. [LB551]

SENATOR JANSSEN: This is on the committee amendments, Mr. Chairman? [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR ERDMAN: The first division of the Revenue Committee amendment. [LB551]

SENATOR JANSSEN: All right. That takes the...I think you all understand what it was. It was 70 percent of the sales tax rates return that are coming in to the center and help pay back bonds they've already issued, and that 30 percent will go to the local convention center funding, distributed thereto. Is that correct? That the division we're on? [LB551]

SENATOR ERDMAN: Senator, the division that we have are numbers 2 and 3 from the Revenue Committee amendment, AM662, and it clarifies the language therein. [LB551]

SENATOR JANSSEN: Yes. All right. With that, I'd ask your support. Thank you. [LB551]

SENATOR ERDMAN: Members, you've heard the closing on the first division of the Revenue Committee amendments. All those in favor vote aye; all those opposed vote nay. Have all members voted who care to? Record please, Mr. Clerk. [LB551]

CLERK: 29 ayes, 2 nays, Mr. President, on adoption of the first component of the committee amendments. [LB551]

SENATOR ERDMAN: The amendment is adopted. Mr. Clerk, next motion. [LB551]

CLERK: Mr. President, the second component of the committee amendments involves addition of the emergency clause, AM1023. (Legislative Journal page 1184.) [LB551]

SENATOR ERDMAN: Senator Janssen, as Chairman of the Revenue Committee, you're recognized to open on the second division of the committee amendments. [LB551]

SENATOR JANSSEN: The second division is the emergency clause. That would put that...the Qwest project for fiscal year ending in July...or, June 30, 2007. With that, that is the extent of the emergency clause. [LB551]

SENATOR ERDMAN: Thank you, Senator Janssen. Members, you've heard the opening on the second division of the Revenue Committee amendment. The senator wishing to speak at this point is Senator Chambers. [LB551]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I'd like to ask Senator Flood a question. [LB551]

SENATOR ERDMAN: Senator Flood, would you yield to a question from Senator Chambers? [LB551]

Floor Debate
April 16, 2007

SPEAKER FLOOD: Yes. [LB551]

SENATOR CHAMBERS: Senator Flood, do you maintain that these people who are going to be collecting these sales taxes do not retain any percentage of what they collect? [LB551]

SPEAKER FLOOD: Senator Chambers, it's my understanding that my earlier information may have been incorrect, and that they retain up to .5 percent of a cap of \$3,000, each period, which would cap out at around \$75, as I understand it. [LB551]

SENATOR CHAMBERS: Okay. So there is going to be a cut into that. I want to ask you why the necessity of the emergency clause. [LB551]

SPEAKER FLOOD: Well, Senator Ashford felt that the sooner we could implement this, the quicker the money could start coming in, so that the bonds could start...Omaha, the city of, could start getting as much money as possible. I thought that would be the sooner that rural communities could start getting some money into the other funds. So the sooner the better. [LB551]

SENATOR CHAMBERS: So when this bill takes effect, if it passes, which I hope it doesn't, this money that is collected as taxes is going to go where? Where will these collectors of the taxes send that tax money, or deposit it? [LB551]

SPEAKER FLOOD: They send it to the Nebraska Department of Revenue, and then the Nebraska Department of Revenue, in essence, writes the check to the city of Omaha, Senator. [LB551]

SENATOR CHAMBERS: And into what fund does the Revenue Department deposit these monies? [LB551]

SPEAKER FLOOD: The State Treasurer has the responsibility, under line 18 of page 8, Senator. [LB551]

SENATOR CHAMBERS: So this money will go into the Treasurer's Office, rather than the Revenue Department's hands? [LB551]

SPEAKER FLOOD: Right, subject to an audit from the Revenue Department, but to the State Treasury. [LB551]

SENATOR CHAMBERS: So the money goes to the State Treasurer. And where does the State Treasurer deposit this money? [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SPEAKER FLOOD: The State Treasurer deposits this in... [LB551]

SENATOR CHAMBERS: Banks? [LB551]

SPEAKER FLOOD: ...the Convention Center Support Fund, in line 25, page 8. [LB551]

SENATOR CHAMBERS: And where is that fund located? In which office? Which department? Is that fund located in the Department of Revenue? [LB551]

SPEAKER FLOOD: It is subject to the authority of the State Investment Officer, pursuant to the Nebraska Capital Expansion Act, the Nebraska State Funds Investment Act. [LB551]

SENATOR CHAMBERS: So then this money is going to go into the hands of the Investment Officer for investment. Then how is it going to get to these rural people immediately? [LB551]

SPEAKER FLOOD: Well, in Section 2, on page 9, beginning in line 5, if a political subdivision for which an application for assistance is received by the state, and it's awarded... [LB551]

SENATOR CHAMBERS: Well, that's not going to be done when this bill passes. What is there that necessitates the emergency clause? [LB551]

SPEAKER FLOOD: To get... [LB551]

SENATOR CHAMBERS: Is the machinery set up, in other words, to deal with this new program, in effect, which is being created by LB551? [LB551]

SPEAKER FLOOD: It puts everything in place upon the Governor's signature, which is faster than waiting until September. [LB551]

SENATOR CHAMBERS: But we don't know where the money is going to be, really. If it goes into the hands of the Investment Officer, is the Investment Officer to hold it, or to start investing it? Or is that an incorrect statement? [LB551]

SPEAKER FLOOD: Well, the Convention Center Support Fund is created to hold the funds, invest those funds, until at which point the city of Omaha receives a check from that fund to pay for its share of the revenue generated under this act. And then... [LB551]

SENATOR CHAMBERS: Is Omaha going to have to... [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR ERDMAN: One minute. [LB551]

SENATOR CHAMBERS: ...submit a new application, since this is a new source of revenue? [LB551]

SPEAKER FLOOD: Would you repeat your question? [LB551]

SENATOR CHAMBERS: Is Omaha going to have to submit a new application for an eligible facility, which means the Qwest Center? Because the bill only deals with the Qwest Center right now. Are you aware of that? [LB551]

SPEAKER FLOOD: Right now, yes. [LB551]

SENATOR CHAMBERS: Okay. So they're not going to have to submit any kind of new paperwork to tap into this new money? Is that what you're telling me? [LB551]

SPEAKER FLOOD: Well, an audit or review would reveal how much the city of Omaha is entitled to. And if I may, Senator, the rural money would be directed through, on page 9, line 25, the Local Civic, Cultural, and Convention Center Financing Fund. [LB551]

SENATOR CHAMBERS: So you're telling me that if this bill takes effect immediately upon the Governor's signature, that money is going to go to these different repositories and start to be distributed immediately? [LB551]

SPEAKER FLOOD: Well,... [LB551]

SENATOR CHAMBERS: Is that what you're telling me? [LB551]

SPEAKER FLOOD: ..."immediately," in the terms that you're using, it would be incorrect. It would only be distributed... [LB551]

SENATOR ERDMAN: Time. Senator Chambers, your light is next. You may continue, followed by Senator Flood. [LB551]

SENATOR CHAMBERS: Thank you. Senator Flood, since your light is on, I will let you continue with that discussion, because my time will run out, although, if each one of these parts is adopted, then the committee amendment will have been reconfigured and a vote will be taken on adding different things to the bill. And all that we're doing now is still amenable to being amended. And I do have something that I want to offer an amendment to. But I think you ought to consider carefully making haste in this manner. I'd like to ask Senator Raikes a question. [LB551]

SENATOR ERDMAN: Senator Raikes, would you yield to a question from Senator

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

Chambers? [LB551]

SENATOR RAIKES: Yes. [LB551]

SENATOR CHAMBERS: Senator Raikes, in practical terms, if the emergency clause is put on this bill, what is the benefit to be derived, and what are the possible downsides, if any exist, in your opinion? [LB551]

SENATOR RAIKES: Senator, I probably have not analyzed that as thoroughly as I should, by any means. But it would mean that if the bill were passed by the Legislature and signed by the Governor, of course, it would go into effect immediately. So I would assume, in this context, then any revenues received within this district would immediately then become available to fund the Qwest...well, what is it, the Convention Center Fund, or whatever it's called, the combination of the Qwest Center and the 30 percent money. [LB551]

SENATOR CHAMBERS: Are there forms that these people who collect sales tax fill out when they turn these funds over to the state? [LB551]

SENATOR RAIKES: Yes. It's Form 10, I think, and you...the sales tax money collected is due to the state the 25th of the month following the month during which it was collected. [LB551]

SENATOR CHAMBERS: And that same form would be used for this program? Is that your understanding? [LB551]

SENATOR RAIKES: That would be my understanding, Senator. [LB551]

SENATOR CHAMBERS: So the money would go where it currently goes. I mean, it would go to the state, as it does now, but then it would be diverted to these other funds. [LB551]

SENATOR RAIKES: Right, effective the date of the signing of the bill. [LB551]

SENATOR CHAMBERS: And since the Qwest Center is getting money, they would automatically, by operation of this law, immediately start deriving more money? [LB551]

SENATOR RAIKES: That's my understanding, Senator. [LB551]

SENATOR CHAMBERS: Is that what the bill says? If you haven't analyzed it, it's an unfair question. [LB551]

SENATOR RAIKES: Well, it's probably a fair question, but I have not analyzed it.

Floor Debate
April 16, 2007

[LB551]

SENATOR CHAMBERS: Okay, then I'll let you pass on that one, and that's all I'll ask you right now. Members of the Legislature, this is very bad policy. Senator Nelson is from Omaha. He says "we" when talking about how this bill came into being. He was not here. He didn't hear the false promises. He probably wouldn't have swallowed them hook, line, and sinker, even though he's swallowing everything they're telling him now, so maybe he would have. Senator Gay has acknowledged that he would rather have seen revenue bonds utilized. But you know how they would have whipsawed him? They'd take him aside and whisper and say, Senator Gay, look, these big shots want this bill. Who's going to buy these bonds if the only way they're going to be paid off is revenue from a failing entity? It can't make money. No matter how you cut it, it cannot make money. Revenue bonds won't work. So Senator Gay would say, oh, okay, then general obligation bonds. I've watched you all. I've listened to you. I'm watching you fold and cave right now, without even... [LB551]

SENATOR ERDMAN: One minute. [LB551]

SENATOR CHAMBERS: ...knowing the history of this project, and more than that, you're saying it's not even necessary to know. You don't know who's been administering those buildings, you don't know how they've spent money, and now Senator Gay wants to draw in a bad hotel deal that was made and have it become a part of this goulash. And then stadiums, plural, as a part of it. And if people are going to say, well, stadiums are not going to be built, then take it out of the bill. There are people who have been trying to get the state to put some money into a new stadium somewhere near Creighton University. I don't believe that Senator Flood is aware of everything in this bill. I know Senator Ashford isn't. He just demonstrated that in our little exchange. My time is probably up. Thank you, Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Chambers. Senator Flood, you're recognized to speak, followed by Senator Chambers and Senator Gay. Senator Flood. [LB551]

SPEAKER FLOOD: Thank you, Mr. President. I'm just simply responding to one of Senator Chambers' questions about where the rural component of this fits in. And it's on page 9, beginning in line 22. It talks about the Local Civic, Cultural, Convention Center Financing Act. And the idea is that the money that comes in...the 30 percent that comes in from the sales tax turnback from the Qwest Center and its agents' collections would then be apportioned, 70 percent in the Convention Center Support Fund, and 30 percent in the Local Civic, Cultural, and Convention Center Financing Fund. And the idea was that rural communities would build off the success of our state's largest community in developing these opportunities, and done by size, in fact, population. And that's basically what's happening, to benefit local projects. And that's a big reason why I'm supportive of this bill. I also think it's good that we help our largest city in the state by

Floor Debate
April 16, 2007

recognizing the opportunities the Qwest Center affords our citizens, which, quite frankly, is quite a venue for cultural activity, concerts, conventions. I can't tell you how many times people from my legislative district find their way on the road to Omaha instead of Sioux City or Sioux Falls, Minneapolis, Des Moines, Ames, Kansas City. And I think that's good that we keep those dollars in Nebraska. So I was simply responding to Senator Chambers' question, and I have nothing more. Thank you, Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Flood. Senator Gay, you're recognized to speak, followed by Senator Chambers. [LB551]

SENATOR GAY: Thank you, Mr. President. Senator Chambers had mentioned...I'd reclarify, then, what I meant, and I think I need to. Not that we aren't interested. Nobody here was in there, in this body, to vote on a particular bill, nobody in this body was in Omaha and the Omaha City Council, as far as I know, that put this together. The fact remains, though, we have a Qwest Center that's doing a tremendous amount...tremendously better than it has been. Due to those circumstances, whatever they were, but obviously we've mentioned a few, it wasn't...it didn't start off the best. The point would be, the local match...we talked about when the funds...when the bonds are coming due. There will be a local match. I assume people will be in this body in 2012 when those come due. Will they come back? Maybe they will. Then we will have a history of what to work on. I agreed with Senator Chambers in a side discussion, revenue bonds may have been. But to say that, well, they would have went right along with it, I don't know. You know, I don't think that's an accurate indication of the point I'm making. The point is, I don't think anybody is so brilliant that they can predict 15-20 years into the future without ever taking a look back and saying, is that still a legitimate expense? Is that still a legitimate program that we have going? We're looking back eight years here under this proposal, and is all we're saying here is, will this benefit the current, existing structure we have, and will this benefit rural Nebraska? I think there will be amendments coming that will help clarify and promote a little more of these funds to be turned back into the economic development grants to help promote rural Nebraska. So as we look at this, the idea that total disregard for the past is absolutely not what I was getting at. The idea would be that things change, and however this discussion goes, which way it goes, I don't think it's a fair portrayal to say, well, they would have went right along with it. Well, that's fine, if that's what you believe, and that's what Senator Chambers believes. But the fact is, as we discuss this and look at this thing or any other issue that may come, let's decide it from the merits where we're at today. I think that's very important. Where are we at today, and where are we going, instead of rehashing some history. Very much benefits to be looked at--history, I agree with that. But the idea that I'm getting to you...or, I want to get to you, is, where are we at today, how can we better fix this problem, and how are we going to fix it? So I just wanted to clarify my statements a little bit, for whatever that's worth, and get that on the record. Thank you, Mr. President. [LB551]

Floor Debate
April 16, 2007

SENATOR ERDMAN: Thank you, Senator Gay. Senator Chambers, you're recognized to speak, and this will be your third time. [LB551]

SENATOR CHAMBERS: Thank you, Mr. President. On this issue, my third time. But I'll have a chance to discuss everything that we're discussing now, again and again and again. Mr. President, Senator Gay is not going to be able to get out from under this. What happened in the past is important. I don't know what business he's in, but it has something to do with finances. I'm sure if he's trying to get clients, he will tell them, I've been in business so long and so long, and here's my track record. Everybody says how long they've been doing something and how well they've done at it, everybody. I see that all the time. I talk about my record down here, and invite people to look at it, and you cannot show where I've misled or lied to anybody. And when I'm going to do what I call punishing the Legislature, that's not even done secretly. I tell you. If I'm against a bill, I tell you I'm against it. If I tell you I'm going to try to kill it, I tell you that's what I'm going to do. And I don't have to do that. I don't have to tell you all anything that's on my mind. You can find out when I do it. But I put things right out on the table. Others don't do that. Senator Gay's head would still be spinning now from what they did in '99. This little stuff has got him so turned around he doesn't know whether he's coming or going. I looked over there and I thought he was an earthworm, because both ends of an earthworm, to me, look the same. But I think earthworms might be able to tell the difference. But never having conversed with one, I'm not sure. And if they don't know the difference, an earthworm might dig a hole and meet itself...you know, makes a loop in the ground, meets itself coming, and thinks it's a new earthworm, be talking to himself or herself, although some earthworms reproduce without the assistance of a partner. Those are the kind of things we get off into with these matters. But they're by way of analogy when I say them. I'd like to ask if the Chairman of the Appropriations Committee is available, Senator Heidemann. I'd like to ask Senator Heidemann a question or two. [LB551]

SENATOR ERDMAN: Senator Heidemann, are you available for a question from Senator Chambers? [LB551]

SENATOR HEIDEMANN: Yes. [LB551]

SENATOR CHAMBERS: Senator Heidemann, if this bill passes, what will it do as far as the General Fund is concerned? [LB551]

SENATOR HEIDEMANN: There will be a General Fund loss of \$2 million. [LB551]

SENATOR CHAMBERS: For how long? [LB551]

SENATOR HEIDEMANN: For as long as that money...I would have to look, but it goes

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

on for years. I'm not for sure how many years it goes on, but it goes on for years.
[LB551]

SENATOR CHAMBERS: Okay. Are you aware of any of these...mention has been made of rural projects that have been funded. Now, some may not have done so well. Are you aware of any projects which were funded through this money which didn't turn out to benefit the community as people might have thought they should have, or it should have, if you know of any? [LB551]

SENATOR HEIDEMANN: I can't say of any that have been funded through this project, or how...this funding source. I will say that I've become aware of one that was built in a community that was actually built by a wealthy individual, and just turned over and given to them. And actually, that didn't turn out as good as what you would have thought, because they didn't even have enough money to operate at that time, and it became somewhat of a liability. [LB551]

SENATOR CHAMBERS: Thank you, Senator Heidemann. Members of the Legislature, we need to look at the consequences and get to the brass tacks and not skim over the surface, as those who want us to do with this bill. Look at what actually is being done. Those facilities have not been well-managed in Omaha. At least, those are some of the allegations that are made by people. But as we go on, I'm going to tell you more about this David Sokol, and some of these big shots in Omaha, and how they're people without honor, but they're lionized and given credit for being so great, so outstanding and honest, because people in this...I started to say this Legislature, but I should say this country, are dazzled by wealth. You know what... [LB551]

SENATOR ERDMAN: One minute. [LB551]

SENATOR CHAMBERS: ...the sun of this universe is? Money. It is the center of the universe in big-time athletics, entertainment, religion, everywhere. Whenever there's something on a big scale, money is what drives it. They are even cutting out of this bill the requirement that when an applicant comes, there should be a consideration of whether or not they can come up with the local match. They're cutting that out of the bill. That should not even be considered by the board. And we're going to get to that, because I'm offering amendments, whether Senator Flood likes them or not. And I'm telling you all, I want to kill the bill, and by offering them, I will show you things that are wrong with the bill. And I hope you vote down every amendment that I offer, because you will know what a bad piece of legislation you're putting in place. And those who brought it cannot even explain all of it, because it was... [LB551]

SENATOR ERDMAN: Time. [LB551]

SENATOR CHAMBERS: ...given to them, and it's being shunted off onto us. Thank you,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Chambers, and that was your third time. Senator Janssen, you're recognized to close on the second division of the committee amendments. [LB551]

SENATOR JANSSEN: Thank you, Mr. President and members. This portion is the emergency clause, meaning the distribution of the money and the Qwest project officially ending June 30, 2007, will be made on the new basis provided under the bill, rather than the old economic impact formula. Thank you. [LB551]

SENATOR ERDMAN: Members, you've heard the closing on the second division of the Revenue Committee amendments. All those in favor vote aye; all those opposed vote nay. Have all members voted who choose to? Record please, Mr. Clerk. [LB551]

CLERK: 30 ayes, 6 nays, Mr. President, on the adoption of the second component of the committee amendments. [LB551]

SENATOR ERDMAN: The amendment is adopted. Before we proceed to the next motion, Mr. Clerk, items for the record? [LB551]

CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB368 to Select File with E&R amendments attached. Senator Preister offers LR76, LR77, LR78, LR79, and LR80, all are study resolutions. And I have amendments to be printed by Senator Janssen to LB367; Senator Langemeier to LB367. That's all that I had, Mr. President. (Legislative Journal pages 1184-1187.) [LB368 LR76 LR77 LR78 LR79 LR80 LB367]

SENATOR ERDMAN: Thank you, Mr. Clerk. Mr. Clerk, next motion on the desk. [LB551]

CLERK: Mr. President, Senator Chambers would move to amend LB551. Senator Chambers, I have FA74 in front of me. (Legislative Journal page 1187.) [LB551]

SENATOR CHAMBERS: Thank you,... [LB551]

SENATOR ERDMAN: Senator Chambers, you're recognized to open on FA74. [LB551]

CLERK: It's page 9, line 9, strike and show as stricken "seventy." [LB551]

SENATOR CHAMBERS: Yes. Thank you, Mr. Clerk. Members of the Legislature, this is an amendment which Senator Flood said he would be happy to accept and run with, if it would get me off the bill. Well, it won't. But I'm just offering these amendments to show

Floor Debate
April 16, 2007

defects in the bill. If you turn to page 9 of the green copy of the bill--that's what we're working right now--and go to line 9, I would strike the word "seventy" and insert "sixty." Then in line 24, I would strike...in line 23, I would strike and show as stricken the word "thirty," and insert "forty." It would change this split from 70-30 to 60-40. The 70 (sic--60) percent would go to the Omaha boondoggle; 40 percent would be what it takes to buy out the ruralies. You heard Senator Flood laying out the amounts...piddling amounts that these little communities would get. And I think Senator Harms said there was no other way they could get them. How much is your virtue worth? If this bill is enacted, my good friend Senator McGill, and we run short on money, this obligation that's on the state will continue to be there. What did that wily old fox, Senator Raikes, put into your breakfast program? The prorating language, so that when a cut has to be made because we're on hard times, Omaha's boondoggle is not touched. But your program to provide breakfasts for hungry children can be cut, and they wanted that language in the bill, because unlike Senator Gay, they remember things that have happened in the past, and they know that whereas history may not repeat itself in the sense of an exact replication like an echo, similar circumstances can come into play, the state can fall upon hard times. What are they telling us about the road building program? That because people are not using as much gasoline because it's so high, they've got to find a way to supplement the road building program. Instead of saying they'll cut back on building roads that go nowhere, they want to keep that going for the general contractors and others who make money from that boondoggle. So they are going to suck that money every year out of the General Fund, or away from the General Fund. This boondoggle is going to suck its money away from the General Fund. And you can draw a picture, Senator McGill, of these little children with the large sorrowful eyes, tears coming down their cheeks, distended bellies, and they're hungry because they don't have food at home, so they can't eat breakfast. Oh, but we'll take care of Omaha. I had said I was tempted to talk on your bill this morning, but I didn't. And I want to get some assurances from Senator Raikes, but I might fight on Select File some of those issue, that proration language. I had to get that out of an ADC bill many, many years ago, because they were always cutting the poor families, the women and the children. And I fought it and fought it and fought it, and finally got something done about it. They put that language back, intentionally, deliberately, so that when the state falls on hard times, the sacred cows will be left untouched--the Road Department, the Omaha boondoggle. There are a lot of people in Omaha. Many will be pleased if you vote for this bill. Everything Omaha has done, Senator Nelson doesn't want to talk about it, Senator Harms doesn't know about it, Senator Gay doesn't care about it. They built a hotel that was supposed to be great, and apparently that's not working the way they wanted it to. So now, what money would be available from that structure in the form of sales tax is going to be taken off the table, and another bad financial decision made by the leaders and the smart people in Omaha is going to be underwritten by the state, at a net loss to the General Fund. You all are state senators, so if I don't look after the money, who is? And then when you come up here for your programs,...I don't know if I'm going to feel the same way about UNL. If this bill passes, I might try to deduct \$2 million from UNL's

Floor Debate
April 16, 2007

appropriation, and that won't hurt them very much. But we've got to find a way to make this thing revenue-neutral. You want to give it to the hotel? You want to give it to stadiums? Give it to them then, and underwrite bad political and financial decisions by people in Omaha who do know better, but they don't have to care because they can always come down here and get a chuckleheaded Legislature to go along with it and get a new young senator to introduce the bill for them. Then they can wash their hands and say, we didn't do it; a guy from out there in North Platte, or...it was one of those cities that starts, the first three letters are N-o-r. So it might be North Platte,...no, maybe it's Plattsmouth. Yeah, that young senator from Plattsmouth, right outside Omaha, they got this young senator from Plattsmouth to bring it. And then somebody will say, Senator Flood is not from Plattsmouth. They'll say, well, he's from someplace that sounds like that. North Platte, okay. Senator Flood from North Platte brought...no, he's not from North Platte. So then they'll start racking their brain, what city has N-o-r in it? Norfolk. Well, yeah, that's by process of elimination. They wouldn't know Senator Flood from Adam's house cat if they saw him. but people will know his name, because he carried water for Omaha at a net loss to the fund that we are supposed to be concerned about. So I'm going to keep being very blunt, very direct, because we all have names, and our names identify us so people will know who it is who did such and such. When we put our fingerprints out there and they run those fingerprints through the crime bureau, or whatever they use, then if those fingerprints match and a picture comes up, and a name, bingo, that's you. Well, when we see all these fingerprints and smudges all over LB551, that young senator from either Plattsmouth, North Platte, or Norfolk, or wherever he came from, from out there, is the one who did it. And senators are popping up on this floor talking about how great this is for rural Nebraska. If you had any gumption about yourself, you'd offer a bill to help the rural areas. That's what you ought to do. But you need an excuse, you need an alibi, to go along and hitch your wagon to Omaha. That's what you need. But you don't have what it takes to offer a straight-up bill to help the rural economy. I come closer to doing that than the rural senators do. So they sit back quiet and scared and shaking like leaves on a tree. Then here comes big Omaha, who scares them, and they say, well, look, here's how you can do it; this is going to save rural Nebraska. Omaha gets \$1,700,000. Well, you get the rest, you get the crumbs, and those crumbs, less than \$1 million, will save rural Nebraska. And they jump and say, hallelujah, I've been saved. And then they follow along, and then stand on this floor, and with the fervor of a Billy Sunday, who was one of those fire and brimstone evangelists, support a boondoggle for Omaha that's going to hurt the General Fund. Then when that budget bill comes out here, or some of your... [LB551]

SENATOR ERDMAN: One minute. [LB551]

SENATOR CHAMBERS: ...pet programs come, and there's not money, you're going to whine and cry and say, but this is a worthwhile program. Well, the money is not there. That's what you're going to be told. Then what will you say? I'm trying to save you from yourself, and I'm going to do it whether you like it or not. But if I don't get that done, I'm

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

going to extract eight hours of time from this session, not only on this bill, but others. And I'm going to watch you all get together and defeat me. I'm going to watch you all legislate by cloture, and then see how responsible people think you are, because they're going to look at the issues that you clotured on. And the reason you clotured was because you had a bad bill, but you had strong lobbyists behind the bill, so you sucked up to them and did what they told you to do. Then you gave all these cockamamie arguments: The past is past. I even heard somebody almost as old as I am say, we got to forget the past. [LB551]

SENATOR ERDMAN: Time. Members, you've heard the opening on FA74. Senator Engel, you're recognized to speak, followed by Senator Chambers. [LB551]

SENATOR ENGEL: Mr. President, members of the body, I mentioned this morning that I thought Omaha had the capacity to handle this. And I have some figures here. As far as the corresponding, I guess there's no limit on what they can do there. But as far as their property tax levy, they have a 45-cent plus 5, and I believe, if this is correct, they have about a 24.9-cent levy. And at 1 cent, just in the city of Omaha, would bring in about \$2.2 million a year. The county, Douglas County, they have 50-cent levy limit, and currently they're 26.144, their levy limit, and 1 cent would bring in about \$3 million. So what I'm referring to this morning, I think they have the capacity to do it without raising their taxes very much. So with that, I think that's where the money should come from, from the city of Omaha or the county of Douglas County, for this difference. So with that, I turn the rest of my time back to the Chair. [LB551]

SENATOR ERDMAN: Thank you, Senator Engel. Senator Chambers, you're recognized to speak. [LB551]

SENATOR CHAMBERS: Mr. President, members of the Legislature, the Omaha officialdom--and I put an emphasis on "dumb," and I'd spell it o-f-f-i-c-i-a-l-d-u-m-b, Omaha "officialdumb"--will make dumb decisions and get this Legislature to bail them out, but they won't make difficult political decisions. Let them make the political decisions that they were hired for. But why should they? All rivers, electricity, and cowardly people, follow the path of least resistance. You are facilitating irresponsibility on the part of Omaha officials. Why should they worry about anything, when they can come down here and make you all do it? They started out with this formula. And since it gives my young friend, Senator Gay, heartburn, and I don't want to kill him off, because he has potential, I don't want to kill him off, so I'm going to forget that part of the past, and let's deal with the present. They want to load a hotel that was a bad decision onto this bill. They want to load stadiums on this bill. You all don't know, because you haven't read the bill and you don't care. You're going to swallow whatever they give you. That's the present, Senator Gay. That's not the past. If the problem is with the Qwest Center not having what it needs, why are they loading these other facilities onto it? It doesn't just say existing facilities. They can construct, reconstruct, they can acquire. All that's in

Floor Debate
April 16, 2007

the present law, and it will tie automatically into what you're doing here. So next year, what will they do after they get the suckers to go along with that? Yeah, that's what the people are who vote for this bill: suckers. I ought to rename that bridge over the Missouri River and sell it to you all and tell you it's the Brooklyn Bridge; that I cut a deal with Donald Trump, and he had it transported down here to Nebraska, and that's the Brooklyn Bridge, and I'll sell it to you for \$100,000. And you all would be breaking down my door to buy the Brooklyn Bridge spanning the Missouri River. That's how dumb people see you as being, or at least how dumb I see some people here as being. Challenge...tell me how dumb I am, and then we'll compare records and see whose conduct manifests being dumb. I know the importance of the past, and I know the importance of looking at the record of politicians. When you all run, there are people who are going to talk about your record, and I bet you won't stand up to them and say...to the public, well, that's past; I don't want to talk about that. You'll be trying to scrape up everything you did that can be, through any interpretation, made to appear to have been a positive thing. You will talk about the past, and others will. But when the past is something you don't want to look at, you say, forget it. Slavery is one of those examples. That's why it's not talked about, because it's so unpleasant. And this bill came out of a tortured, dishonest past. How can something clean come out of an unclean thing? If you foul the source of the water, is that water which passes through it going to not be befouled also? Well, you can understand that with water, but you can't understand it with this. This may be a little too abstract. You were lied to. You were tricked. You were duped. You were suckered. You were bamboozled. But all that is in the past, don't talk about that; talk about this. Well, none of you have talked about the hotels that are being added. None of you have talked about the stadiums. [LB551]

SENATOR ERDMAN: One minute. [LB551]

SENATOR CHAMBERS: You haven't showed the connection between any of those things and this bill, except they're too smart for you, they want to draw in as many tax-producing or generating activities and facilities as possible to take that money from those entities, and not let it go to the state, but go to pay off the results of the bad political decisions made by the "officialdumb," with the emphasis on the "d-u-m" at the end, of Omaha. I ought to run for the city council when I get out of here. (Laugh) I'd have you all...Omaha would be like the...I better not tell my plans (laughter), because I'd...if the sleeves of my coat knew my plans, as I say, I should have to burn my coat. But think about that. Who was that who said, if you find one, bump his head, and there's one born every minute? Thank you, Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Chambers. Senator Stuthman, you're recognized to speak on FA74. [LB551]

SENATOR STUTHMAN: Thank you, Mr. President, members of the body. I would like to engage in a little conversation with Senator Flood, if he'd respond. [LB551]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

SENATOR ERDMAN: Senator Flood, would you engage in conversation with Senator Stuthman? [LB551]

SPEAKER FLOOD: Yes. [LB551]

SENATOR STUTHMAN: Senator Flood, would this...this amendment that we have would change it from 70 to 30. This 30 percent that is going to the local civic and cultural and things like this for rural communities--like you stated, David City got so many thousand dollars, and other communities got X amount of dollars--will this...if we don't pass this bill, will this fund quit? Will these communities still be able to get this type of money through a grant program? [LB551]

SPEAKER FLOOD: Well, the fund will remain intact in statute. However, the amount of money going to the fund will be significantly less. I believe approximately \$150,000 goes there annually now; under this bill, an additional \$750,000 would be contributed to the Local Civic, Cultural, and Convention Center Financing Fund. [LB551]

SENATOR STUTHMAN: But this...with the passing of this bill, your plan is that these rural communities are going to get more money, but it's not going to take the money that they are ready...that they already can access through the grant program for these community projects. That's still going to stay in place as it has been in the past, isn't it? [LB551]

SPEAKER FLOOD: I don't believe any new projects have been awarded grants since the end of 2003, which I need to verify. But I believe the end of 2003 was the last time grants were made available. There's just not enough money coming into the fund to even appropriately award, you know, a \$500,000 grant to a city with over--I'm trying to think--90,000 people, or something like that, you know, can't even receive anything under this. So I don't think...to my knowledge, no grants have been made by the Nebraska Department of Economic Development since late 2003. [LB551]

SENATOR STUTHMAN: And there's none of these small communities...these projects that you talked about were all prior to that 2003? And you've got that list, and I don't have that list with me right now, and could you go over that list, just a couple of the communities in our local area, what money they're receiving, and at what time, what year did they receive that? Was that all prior to 2003? [LB551]

SPEAKER FLOOD: Let's see here. The first round...the cycle began September 2003; 23 communities submitted grant applications. Limitations on grant amounts were determined by the size of the communities. Grants were then made following an appropriation from the Legislature. In 2003, the Legislature appropriated \$1,099,000, but the Department of Revenue, according to my records, said that only \$965,000 would

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

be raised through the underlying act. And so I need to correct my prior statement; \$963,900 was distributed in 2003, 2004, and 2005. But there are a couple of grants that were awarded but not funded, and they haven't been given to the cities. David City is waiting for \$47,000 for a municipal auditorium. Maywood is waiting for a little over \$40,000 for its community hall. These were approved for grants, but were not awarded due to lack of funds. [LB551]

SENATOR STUTHMAN: And the reason for the lack of funds is because of what? [LB551]

SPEAKER FLOOD: Because the money that's generated through the turnback that's currently in the statute hasn't been sufficient enough to make the awards possible. They've received about \$150,000 a year, roughly,... [LB551]

SENATOR ERDMAN: One minute. [LB551]

SPEAKER FLOOD: ...under the current interpretation from the Department of Revenue as to what is eligible for turnback. [LB551]

SENATOR STUTHMAN: Okay. Thank you, Senator Flood. I would like to engage in a little conversation with Senator Ashford. [LB551]

SENATOR ERDMAN: Senator Ashford, will you yield to a question from Senator Chambers...Stuthman, excuse me. [LB551]

SENATOR ASHFORD: Yes. [LB551]

SENATOR STUTHMAN: Senator Ashford, have you got any figures as far as what I was asking Senator Flood? [LB551]

SENATOR ASHFORD: I just...the answer, I think, to your question...I don't have specific figures, but I believe the reason that, for example, the Fonner Park project was funded at the beginning was because of the construction money, a proportion of that money was turned back to the local communities, and that enabled the...at least the Fonner Park project, which was a larger project, to go forward. So there was more revenue in the first year, mainly because of the construction costs of the building, and that entered into the formula. So that's the reason for that. [LB551]

SENATOR STUTHMAN: Okay, thank you. [LB551]

SENATOR ERDMAN: Time. Thank you, Senator Stuthman. Senator Chambers, you're recognized to speak on FA74, followed by Senator Avery and Senator Stuthman. [LB551]

Floor Debate
April 16, 2007

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I don't care whether you adopt this amendment or not. If you adopt it, I'm still against the bill. I'm like Senator Flood was when we adopted his amendment to my anti-death penalty bill. I want to call attention to various things. And I have other amendments, too, to put in better form some of the language that is already in this bill. There's one part where they talk about hotels, and then they define a hotel, but there are other facilities that they mention, and they say something about the hotel after they discuss those other two items, something about where the public, for consideration, can have sleeping accommodations. Well, it could seem like the sleeping accommodations are found in those other facilities besides the hotel, because the hotel is mentioned on line 1, then these others intervene, then you put the sleeping accommodations on the last line. So I'm going to do some rewriting, and you can reject that, too, but it will give me time to talk. I like this amendment. There's a symmetry about it. You know why I say there's a symmetry? If you add 60 plus 40, it comes out 100. What could be more symmetrical than that? If you add what is in the present law, 70 plus 30, that also comes out 100. But however you cut anything in this bill, it amounts to a net loss to the General Fund of at least \$2 million, and it could be more, depending on how much sales tax is generated by these facilities. It's interesting that Senator Rogert would tell us how much money is being brought in to these facilities, but they've got to get the state to bail them out. I'd venture to say that neither Senator Carlson, Senator Christensen, who is not here, either one of them, or Senator Heidemann, and others interested in the Republican River Basin, all that general area, I'm sure they would not be asking us to enact that bill that is before us if torrents of water just suddenly began to flow through Nebraska, every river had water spilling over the banks, every stream had water spilling over the banks. Well, now that there's plenty of water, and Kansas, instead of saying, give us more, are saying, can't you hold some of this back, we wouldn't need to worry about rationing water, anything about restricting the drilling of wells, no worry about paying Kansas money because the amount of water they're entitled to is not coming their way. Plenty of water, that solves the problem. Senator Rogert told us about all the money that's coming in, all these wonderful acts, some that I'd never heard of before, and I...if he just read them off, I wouldn't even know what he's talking about, as he said. So why then are they asking the Legislature to bail them out? Something is not connecting in all that we're being told. But Senator Rogert is new also. He's a team player. He wants to be with the Omaha Royals. Who are the Omaha Royals? I'd like to ask Senator Aguilar a question. [LB551]

SENATOR ERDMAN: Senator Aguilar, would you yield to a question from Senator Chambers? [LB551]

SENATOR AGUILAR: Certainly will. [LB551]

SENATOR CHAMBERS: Senator Aguilar, do you know who the Omaha Royals are?

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

[LB551]

SENATOR AGUILAR: Yeah, I think I do. [LB551]

SENATOR CHAMBERS: Who are they? [LB551]

SENATOR AGUILAR: I believe that's, like, a farm team for the Kansas City Royals. [LB551]

SENATOR CHAMBERS: (Buzzer noise) Wrong. Sit down. Senator Flood,...I mean, I'd like to ask Senator Friend a question. [LB551]

SENATOR ERDMAN: Senator Friend, would you yield to a question from Senator Chambers? And Senator, you have one minute. [LB551]

SENATOR CHAMBERS: Senator Friend,... [LB551]

SENATOR FRIEND: Yes, I will. [LB551]

SENATOR CHAMBERS: ...who are the Omaha Royals? [LB551]

SENATOR FRIEND: The Omaha Royals are a baseball team. [LB551]

SENATOR CHAMBERS: (Buzzer noise) Wrong. Sit down. I'll tell you who they are: Michael Yanney, David Sokol, Warren Buffett, and there's another, Walter Scott. Those are the Omaha Royals. Walter Scott, some call him Sir Walter Scott, and Warren Buffett owned about 50 percent of the Omaha Royals team, and they were trying to get the Legislature to give some money to build a stadium for them. And this Warren Buffett is the one who criticized people in California for not paying enough in property taxes. Those are the Royals, the royalty. Thank you, Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Chambers. Senator Avery, you're recognized to speak on FA74, followed by Senator Stuthman. [LB551]

SENATOR AVERY: Thank you, Mr. President. I have to admit that I'm not really crazy about this bill. But I also have to admit that I'm inclined to support it as an important tool for economic development, because economic development affects all of us, or we all benefit from it. I appreciate many of the points that have been made, questions that have been raised. It is my belief, however, that this is an issue that involves more than what's happening in Omaha. As I have said before, when it comes to economic development, we're in this together, all of us. In fact, what is good for Omaha is also good for Lincoln, it's also good for Hastings, and Scottsbluff, and places in between. What is good for agriculture is good for us in the urban areas. When jobs are created in

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Floor Debate
April 16, 2007

Omaha, it benefits us all. So I hope that we can look at this bill in the larger context, rather than just what it does for the Qwest Center in Omaha. And the larger context is really the entire state. We're in it together. I believe the bill can be improved to make it clearer how it can benefit other parts of the state. And I hope and expect that we can talk about that between now and Select File. Maybe I'll have some ideas to offer at that time. Thank you. [LB551]

SENATOR ERDMAN: Thank you, Senator Avery. Senator Stuthman, you're recognized to speak on FA74. [LB551]

SENATOR STUTHMAN: Thank you, Mr. President, members of the body. As Senator Avery stated, he's very concerned about economic development, and I am, too. I will totally agree with him there. The thing that concerns me, though, is we have a present situation where we are getting some money for...to put in the Local Civic, Cultural, and Convention Center Financing Fund, and communities can apply for grants and get this money. Yes, this will put a little bit more into there. But I think that the main thing that concerns me is, it's going to be a raid on the General Fund, like Senator Heidemann said, of \$2 million. Maybe \$2 million doesn't sound like a lot, but a bunch of \$2 millions add up to be quite a bit, and that's a concern that I have. So you know, these communities are still going to be getting...or, be avail...they will have the opportunity to get some of this grant money, so that program is not going to stop, the way I understand it. Yes, this will add a little bit additional to that, but at the expense of the raid to the General Fund. That is my main issue, the fact that the General Fund, we continually go to that, to raid that fund. It's just like that's the big pot of gold where we can get money from. Take a couple million out of it here, \$10 million out of it for something else, transfer \$10 million into another fund. But we got to replace that with something, so that is my main concern. Thank you, Mr. President. [LB551]

SENATOR ERDMAN: Thank you, Senator Stuthman. Mr. Clerk, motion on the desk. [LB551]

CLERK: Mr. President, if I may, some items before that. Mr. President, your Committee on Judiciary reports LB623 to General File, that signed by Senator Ashford as Chair. A series of amendments to be printed to LB551 by Senator Chambers. An announcement, Mr. President. The Business and Labor Committee will hold an Executive Session tomorrow morning at 11:00. (Legislative Journal pages 1187-1188.) [LB623 LB551]

And I do have a priority motion, Mr. President. Senator Flood would move to adjourn until Tuesday morning, April 17, at 9:00 a.m.

SENATOR ERDMAN: Thank you, Mr. Clerk. Members, the motion before us is to adjourn. All those in favor say aye. All those opposed say nay. The ayes have it. We are adjourned.