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Floor Debate  
May 02, 2011

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SENATOR GLOOR PRESIDING

SENATOR GLOOR: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventy-second day of the One Hundred Second Legislature, First Session. Our chaplain for today is Senator Wallman. Please rise.

SENATOR WALLMAN: (Prayer offered.)

SENATOR GLOOR: Thank you, Senator Wallman. I call to order the seventy-second day of the One Hundred Second Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

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

CLERK: I have no corrections.

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

CLERK: Enrollment and Review reports LB463 and LB463A as correctly engrossed. (Legislative Journal pages 1367-1368.) [LB463 LB463A]

SENATOR GLOOR: (Gavel)

CLERK: That's all that I have, Mr. President.

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Flood, for a Speaker's announcement.

SPEAKER FLOOD: Thank you, Mr. President. Good morning, everybody. As we get started this week, I just want to let you know this is probably one of the most important weeks of our legislative session. We've got plenty of heavy lifting to do as we prepare for a Wednesday early afternoon adjournment. As you note from today's agenda, we'll take up the budget on General File today. I don't anticipate working much beyond 5 p.m. If the budget is unresolved in its entirety, we'll be back tomorrow to finish it up, and we'll stay as long as we need to tomorrow night to move through the budget. And that's

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consistent with what I said last week. As we look to Wednesday, I want to put everybody on notice, I intend to bring up and schedule LB397, which relates to the Commission on Industrial Relations. That will begin at 1:30. And, accordingly, if you have an amendment you would like considered by the Legislature during debate on LB397, I would ask that you file the same no later than adjournment tomorrow. So if you plan to work to amend LB397, I'm asking that you have your amendment filed by adjournment Tuesday so that it can be placed into the Journal. And on Wednesday I will consider the amendments that have been filed, and I will order them--similar to the strategy we used on LB84. I do intend to work into the evening on Wednesday, so please make that a definite on your schedule. As far as Tuesday night late night--remains to be seen. Let's see where we go with the budget. But Wednesday we are going to work into the evening, and it will be a late night. Thank you, Mr. President.

SENATOR GLOOR: Thank you, Senator Flood. (Visitors introduced.) We now proceed to the first item on the agenda. Mr. Clerk.

CLERK: Mr. President, LB384. Senator Larson, I have Enrollment and Review amendments. (ER86, Legislative Journal page 1137.) [LB384]

SENATOR GLOOR: Senator Larson. [LB384]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB384 be adopted. [LB384]

SENATOR GLOOR: The question is the adoption of the E&R amendments to LB384. All those in favor say aye. All those opposed say nay. The amendment is adopted. [LB384]

CLERK: Senator Louden would move to amend with AM1132. (Legislative Journal page 1140.) [LB384]

SENATOR GLOOR: Senator Louden, you're recognized to open on your amendment. [LB384]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. And good morning. I introduced AM1132 to the LB384 and AM944, which is the committee Christmas tree bill now. If you will notice, AM1132 strikes Section 20 and 21, which in the committee amendment pertains to membership on the TERC committee. In Section 20 of AM944, which is the bill, LB384, is drafted a proposal to have three commissioners instead of four that we have at the present time. The four commissioners were began in about 2002; and prior to that time the TERC board had three commissioners, and they were usually two years or more behind in the workload. When the fourth commissioner was installed, since then the time frame for a ruling has been shortened. The method to arrive at three commissioners is stated in--on page 22

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in AM944, Section 20, and lines 8 to 12: it's to terminate all commissioners and then appoint three new members. And to me, that's kind of an odd way of doing business. My amendment, AM1132, strikes some of the new language in Section 20 and Section 21, in lines 8-12; and that's mostly what it does is just strike that new language. It leaves the new language that the Governor fixes the salaries of the commissioners; that stays the same as in the AM944. The TERC committee replaces some of the proceedings that ended up in district court for appraisal methods or valuation purposes. Whenever someone had a problem with their revaluation, usually you went before the county board. And then the county board with their findings--then they would perhaps go to--if they found not in your favor, then you could go to the TERC committee and have a hearing before the TERC committee. If you weren't satisfied with that, then you actually could go into court, but usually most of the proceedings ended with the TERC committee, and very few times they went beyond the TERC committee. I think getting rid of one commissioner doesn't solve any problems; I think it just adds to them, in that the work force then is actually reduced by one-fourth. Now, the other part of the AM944, the LB384--which was some of the Christmas tree bills that put in face-to-face commissioner meetings in Douglas County--isn't affected by my amendment. That amendment stays in there. And I think there will be something else comes on on that just to delete that for another year or two, because that hasn't worked out quite well either. But I would ask that you look at this AM1132. I think this is something that reflects on the Legislature the way that's done in there. And I don't think that this is the correct way of, if we wanted to get rid of a commissioner, to go about it like that. I imagine some of you have read some of the articles in some of the newspapers around, and so you therefore have some idea about the process that's went in there. There's probably, perhaps, some personality problems or something. But this isn't any way to do it. What I want to point out is, is we need to have four TERC commissioners, and I think that's where we need to stay with that. We've had it; it's worked out quite well as far as the TERC committee is concerned. And if--I think we can refine that with some of the face-to-face meetings that some of the other counties have, and I think we need to proceed on. And I would ask that you would vote for AM1132. Thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Loudon. We now move to discussion. Senator Cornett, you are recognized. [LB384]

SENATOR CORNETT: Thank you, Mr. President and members of the body. I rise in opposition to AM1132. The underlying bill that reduces the commission by one is part of the LR542 process. We on the Revenue Committee took the Legislature out of the selection of which TERC commissioner would be removed by having the commission dissolved and the three of four TERC commissioners reappointed by the Governor, who is the person under current law, who selects the commission. As a part of reducing the commission, we established the single-commissioner hearings to reduce the number of cases that--or reduce the time frame on the cases. TERC had, actually, brought that

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portion of it to us, because they felt that that would streamline their process and cut down on the back-load. As for the comments from Senator Louden that the backlog has decreased, if you look at the number of cases that are still backlogged with four commissioners, it is--approximately is the same as it was when there were three commissioners. And the length of time is about the same also. I think that you will find a savings in both time and money by reducing the commission by one and establishing the single-commissioner hearings. With that, I urge the body to vote against AM1132 and vote for the underlying bill, LB384. Thank you. [LB384]

SENATOR GLOOR: Thank you, Senator Cornett. Senator Wallman, you are recognized. [LB384]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I, too, support Senator Louden's amendment. I've been in the TERC commission, sitting in there in hearings. And I thought they was run very professional. And maybe if things are working good...we put a lot of pressure on county assessors, county board people for monies now. They're going to have property tax issues; they're going to challenge the local counties and assessors. We went through a lot of stuff in Gage County on this issue. And so it was pretty important that we had our cases heard there in the state office building. And I thought they did a good job. So maybe when they do a good job, we should keep what we have. Thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Wallman. Senator Louden, you are recognized. [LB384]

SENATOR LOUDEN: Thank you, Senator Wallman. As Senator Cornett pointed out, the back-load is about like it has been; but I think you might point out there's a lot more TERC committee filings with them than what there were, probably, oh, nearly ten years ago. So I think they're working with it quite well. Because usually at the present time you have a filing and a protest, then by the following year you will have a hearing before the TERC committee. And that's usually about the fastest time frame it can be, because when the county board gets done with their findings, then it has to go back to the person, then that person has so many days to file with the TERC committee. And that usually gets you up into about September or October. And by then the next July you can usually probably have a hearing. One of the other things she pointed out doesn't have anything to do with my amendment, I think, was some of the one-on-one with meeting with the county boards. Most county boards have a face-to-face meeting; some counties don't. And that was in that bill. And also some of the other stuff: for a one-commissioner meeting, that's also in that Christmas tree bill, and my amendment doesn't have anything to do with that either. All my amendment does is set it up so that there will be four commissioners instead of three. And the way we're going about getting rid of four isn't, to me, doesn't pass the smell test. But I think it's a poor type of legislation, and I think we need to go ahead and keep our four commissioners. We've had them for years

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now, and it's been working out that way. If there is a problem, then fine-tune it with these one-commissioner hearings on some of the residential properties under a certain valuation. And I think that's fine; I don't have no problem with that. That doesn't have anything to do with this amendment that I have before you now. My amendment is strictly deciding whether you want three or four commissioners and how you want to get rid of them. Thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Louden. Chair recognizes Senator Cornett. [LB384]

SENATOR CORNETT: Thank you very much. Again, I just want to reemphasize to the body that the underlying bill as amended puts in place, one, single-commissioner hearings, which will significantly streamline TERC, but then also puts in face-to-face meetings with Douglas County and Sarpy County. When Lincoln put that into place, they reduced their number of cases going to TERC by more than 50 percent. We are looking at downsizing government in this bill. It is part of the LR542 process, as I stated earlier. And we are working on streamlining the system and making it more taxpayer friendly with what we have established. A lot of the recommendations in LB384 came from TERC itself. With that, again I urge the body to defeat AM1132 and support the underlying bill. Thank you. [LB384]

SENATOR GLOOR: Thank you, Senator Cornett. Senator Wallman, you are recognized. [LB384]

SENATOR WALLMAN: Thank you, Mr. President. As you can see, this is a pretty important amendment. If you've ever been in front of the TERC board--I have a couple times, and I thought they was run very well. And why did we have it in the first place? Because of varying counties and school districts, because of variation in property taxes from one school district to the other. School boards were complaining, rightly so, maybe--farmers were complaining: Hey, I've got to pay so much on this county; right across the line I've got to pay so much--or even in the same county, school districts. So you're dealing with valuations--emotional issue with farmers especially, and homeowners. It's property tax, folks. This is a safety valve they set up years ago because of local counties and politics involved in property tax valuations. There's tremendous pressure on assessors to evaluate your property higher, higher, higher. I've got folders pretty thick of existing property tax valuations in my area, the people that protested it and rightly so, I felt. Whole townships protested their valuations. So that was in...done here at the statehouse. And if you've never been to a TERC board hearing, I encourage you to do so, because these are things...real estate agents, real estate brokers, and farmers and homeowners--they have a concern about their property tax. And we've been shifting taxes out of here to local property tax owners, folks. Make no bones about it; that's what we do. So I like Senator Louden's amendment, and I encourage you to vote for it. Thank you. [LB384]

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SENATOR GLOOR: Thank you, Senator Wallman. Senator Louden, you are recognized. Senator, this is your third time to speak prior to closing. [LB384]

SENATOR LOUDEN: Thank you, Mr. President. Well, I'll just reiterate again that I have no problem with the rest of the bill. There is a problem with the Douglas County people having a problem with the bill, and I presume that's what some of the amendments is. The other part is, the underlying bill I haven't any problem with. I just do have a problem with the way that we're going about getting rid of the commissioners. When you fire all four of them and then appoint three of them back, it seems like an odd way of doing business. So that's the part that I think is wrong--that and the fact that I think we need four commissioners. And with that--is where I stand on this. And with that, thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Louden. Senator Council, you are recognized. [LB384]

SENATOR COUNCIL: Yes, thank you, Mr. President. Would Senator Cornett yield to a question? [LB384]

SENATOR GLOOR: Senator Cornett, would you yield? [LB384]

SENATOR CORNETT: Yes. [LB384]

SENATOR COUNCIL: Yes, thank you, Senator Cornett. I have been listening to the debate, and I did read Senator Louden's amendment as well as the original bill. And during your time on the mike, you expressed that the bill is the result of the LR542 process. [LB384]

SENATOR CORNETT: A portion of the bill is. The rest of the bill is changes that were suggested to us by TERC itself, changes that we were working on in conjunction with Lancaster County, because they, by doing some of the things that are in the bill, were able to reduce their appeals to TERC by more than 50 percent. The bill contains a lot of different factors. But the reduction of commissioners and streamlining and reducing of government was part of the LR542 process. [LB384]

SENATOR COUNCIL: Okay. And then that's what I wanted to be clear on. Because in terms of where the recommendations that the committee considered in terms of streamlining, I mean, was that a recommendation, in terms of streamlining, that--in the absence of LR542, would that have been a recommendation to reduce the number of TERC commissioners? [LB384]

SENATOR CORNETT: That is something that we had looked at before. What we had

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looked at specifically, though, was the single-commissioner hearings. The part that was the LR542 process was the actual elimination of one commissioner and the setting of the salaries by the Governor. The streamlining part in regard to single-commissioner hearings was a recommendation from TERC that we received, I believe, two or three...two years ago or last year, I can't remember the...I've been dealing with it for quite a while now. And then the face-to-face hearings in the larger counties was based on the tremendous success of Lancaster County. So it is a whole combination of things. [LB384]

SENATOR COUNCIL: Okay. So...and thank you very much, Senator Cornett. And with that clarification, I have a clear understanding of Senator...the intent of Senator Louden's amendment. And as I understand, the intent of Senator Louden's amendment is the method in which you accomplish the reduction in the number of commissioners to accomplish the LR542 reductions. And that reducing from four to three wasn't necessarily a recommendation in terms of how TERC operates, but it's more to address the financial implications of having four commissioners as opposed to three. So having that understanding, I can appreciate Senator Louden's intent and his amendment. That if that's going to occur--if there's going to be a reduction in the number of commissioners--that perhaps arriving at that reduction in the method proposed in Senator Louden's amendment will not have a practical effect on the actual operation and administration of the TERC board. It would address the cost implications and reaching that three as opposed to four commissioners when and how you meet it; I mean, that's essentially correct, isn't that, Senator Cornett? [LB384]

SENATOR GLOOR: Senator Cornett. [LB384]

SENATOR CORNETT: Essentially, Senator Louden's amendment reinstates the fourth commissioner. The underlying bill... [LB384]

SENATOR GLOOR: One minute. [LB384]

SENATOR CORNETT: ...underlying bill itself addresses both reducing... [LB384]

SENATOR COUNCIL: Correct. [LB384]

SENATOR CORNETT: ...the number of--well, actually, three things: reducing the number of caseloads, streamlining it, and reducing the commission. [LB384]

SENATOR COUNCIL: Okay. Okay, thank you very much. And with that and, quite frankly, not really seeing the urgency or the necessity of arriving at the reduction in the manner set forth in the underlying bill, I'm inclined to support Senator Louden's amendment. And I think by doing that we remove any speculation, innuendo, or anything else associated with this bill and the intent of the bill with regard to

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personalities. Thank you. [LB384]

SENATOR GLOOR: Thank you, Senator Council. Senators wishing to be heard: Wallman, Conrad, and Howard. Senator Wallman, you are recognized, and this is your third time. Senator Wallman. [LB384]

SENATOR WALLMAN: Very seldom do I use three times, but property taxing is emotional; it's serious business. And we're affecting here eventually, I suppose, attrition--some of these people could be changed, and maybe we ought to change the TERC board sometime, I don't know. But as of right now, it seems to be working. County assessors, you know, look to it for some guidance--and also constituents of local senators. So the TERC board has been very responsible, I feel, so maybe we should leave it as it is for a while. And just for budget reasons--is it a reason to cut a job? Not always. And thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Wallman. Senator Conrad, you are recognized. [LB384]

SENATOR CONRAD: Thank you, Mr. President. Good morning, colleagues. And I rise in support of Senator Louden's amendment and just to echo some of the issues that Senator Council brought forward in her thoughtful comments just a few minutes earlier. I think that his amendment is an important way to strike the appropriate balance to ensure that there are indeed no perception problems related to politics or personalities. And I think that that is especially important when we're dealing with judicial or quasi-judicial agencies and actors. Part of our checks and balances in our system of government--and any domestically, of course--is to ensure that we can have a separate, equal, and distinct branch of government amongst the executive, the judicial, and the legislature. And we've seen efforts in recent years which I would characterize as an attack on the judiciary, because citizens or interest groups take exception with the result of some of the legal rulings that emanate from these bodies. And we need to ensure that we insulate and protect the judiciary and quasi-judicial actors and bodies from the winds of politics. And they need to be able to do their job in an independent and objective manner and be free of these kinds of political issues that are common and necessary in the legislative branch and executive branch and otherwise. If there were indeed to be any sort of questions about misdeeds in office or something related to a more...or more serious offense, there exists checks and balances to remove a member of the judiciary or a quasi-judicial body, like at the TERC. None of those kinds of offenses have ever been alleged, and so I think it's very important that we ensure, as we move forward, that we will have a strong and independent judicial or quasi-judicial body. And I think Senator Louden's amendment really strikes the appropriate balance to ensure that protection, adhere to our current systems of checks and balances and allows us to move forward in a better way. Thank you, Mr. President. [LB384]

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SENATOR GLOOR: Thank you, Senator Conrad. Senator Howard, you are recognized. [LB384]

SENATOR HOWARD: Thank you, Mr. President and members of the body. I stand in support of Senator Louden's amendment, AM1132, but I continue to have problems with the underlying bill. And I'm going to kind of share some information with you that I received from the Douglas County Board of Commissioners. First, just a little background, we've all been together this session, we've all cast our votes on the issue regarding the wheel fee for Omaha and for those people that drive into Omaha and work. We know what happened with that. We all cast our votes also on the aid to municipalities, and we've seen where that went. And I recently got my bill for my tax, registration, and licensing again for the little car I drive down here every day to come to Lincoln. And the wheel tax for me has doubled, gone up; it's \$50 now. So the message I'm bringing you is that we all have to pay one way or another. And when a bill goes down to an entity and they have no revenue to pay for that bill, they're going to have the property owners and the taxpayers in that entity pay out more money. And now that I've said that, I'm going to read you this paragraph from this letter I received from the Douglas County Board: Under LB384, AM944, counties with a population of 150,000 or more must have the county assessor send out preliminary notices and meet with property owners to discuss how property valuations are calculated. Douglas County is facing an extremely difficult budget this year. We've been in that boat down here. We should understand what Douglas County is saying when they say they are facing an extremely difficult budget. Elimination of state aid, potential adjustments in the Medicaid rate, and declining county revenue will require all county departments to make significant cuts in their budget for a second consecutive year. LB384 will require Douglas County to increase Douglas County's assessor's budget by approximately 20 percent, or \$600,000, at a time when all other county departments have been asked to submit budgets with a 4 percent reduction. Douglas County remains open to the idea of preliminary notices; however, implementation of this new legislation during the current financial crisis will add further strain in an already stressed budget. I think we've all tried to be fair in looking at the issues that each of us has in our individual areas. We've had to look at water; I myself have really put in a concentrated effort to learn more about the water issue so that I could cast a meaningful vote on that. We've looked at issues regarding ag prices when ag prices were down and how could we be of help in this body for that industry. Now I am saying to you, don't add a further burden on the counties, on the municipalities when they've already been hit at least twice this session by this body. Senator Louden's amendment will retain the strength of the TERC board so that those appeals can be heard in a timely fashion. If the process is going to move to the front end, we'd better make sure we fund it so that the counties can adequately handle the process. I'm going to grant the remainder of my time to Senator Louden if he would like to have it. [LB384]

SENATOR GLOOR: Senator Louden, 1 minute 8 seconds. [LB384]

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SENATOR LOUDEN: Thank you, Mr. President. And thank you, Senator Howard. As it's been stated, it was part of the LR542 works; but then again, that was probably perhaps one of the...kind of a smokescreen, I think, in order to use it that way, because there's enough money in the TERC fund that would more than have paid for their wages. Now that money couldn't automatically be used for their wages, but that money--some of that money has been removed back into the General Fund as we've raided some of these cash funds around. So that isn't exactly the reason that we were doing this, I don't think. It isn't that big of a savings; the savings of one person's salary is about what you're talking about. And I don't know of other commissions around here that we've worked with that we would cut out some of the members of the commission to save their salaries; we either got rid of the whole commission or else we left them alone. So I think that's... [LB384]

SENATOR GLOOR: Time, Senator. [LB384]

SENATOR LOUDEN: ...questionable on that. [LB384]

SENATOR GLOOR: Thank you, Senator Louden. Senator Council, you are recognized. [LB384]

SENATOR COUNCIL: Yes, thank you, Mr. President. And I rise...I certainly appreciate the evaluation of the impact of the underlying bill, LB384, on Douglas County and its operations; and it's my understanding that there is a pending amendment to at least defer this negative financial impact on Douglas County and will rise on the mike and discuss that at that point in time. But in terms of Senator Louden's amendment, if Senator Louden would yield to a couple of questions, I'd appreciate it. [LB384]

SENATOR GLOOR: Senator Louden, would you yield to a question from Senator Council? [LB384]

SENATOR LOUDEN: Thank you, Senator Council. As I was saying before, when you talked about that LR542 deal, yes, there is a fiscal note on it. [LB384]

SENATOR COUNCIL: Senator Louden, if I could, I have a question for you, and then I'll yield you the balance... [LB384]

SENATOR LOUDEN: Good enough. [LB384]

SENATOR COUNCIL: ...then I'll yield you the balance of my time. [LB384]

SENATOR LOUDEN: Oh, sorry. I was visiting with one of the staff members. [LB384]

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SENATOR COUNCIL: (Laugh) Not a problem. I just want to be clear. Your amendment is an amendment to the original draft of the bill, and the original draft of the bill had two sections in it that addressed the elimination of the commissioners, is that correct? [LB384]

SENATOR LOUDEN: Yes. [LB384]

SENATOR COUNCIL: And then--and your amendment just removes those two sections and retains the balance of the bill, which speaks to two commissioners coming from a certain background and then the third commissioner coming from a different background. So it still provides for three. And the practical effect is that you get to that three by just going through the remainder of the terms of the current four board members, am I correct? [LB384]

SENATOR LOUDEN: That's correct. And also in that bill--or in my amendment, I left in there the part where the Governor gets to decide the salary of the commissioners. So if there's a problem with a fiscal note, the Governor can decide the salaries, and that can be adjusted when the bill goes into effect--my understanding. [LB384]

SENATOR COUNCIL: Okay, thank you, Senator Louden. With that, I will yield the balance of my time to Senator Louden. [LB384]

SENATOR GLOOR: Senator Louden, 2 minutes 46 seconds. [LB384]

SENATOR LOUDEN: Thank you, Senator Council. As we mentioned, as the LR542 process...but also in that same bill, why, the Governor sets the salary for these people, and so whatever savings there would be with a fiscal note could be adjusted through that, by his adjustment of the salaries. At the time when we had those hearings, I think a couple of the commissioners offered to take a cut in salaries. Now, that isn't reflected in the fiscal note. So there were other ways of doing that, because we had that LR542 hearing last fall sometime, and also they'd already cut their budget by 10 percent. They had a cash fund that was probably...could be raided somewhat for their adjustments. So it isn't a matter of money; it's a matter of probably some other issues that have come up before that. But when it came with the underlying bill that they would have face-to-face meetings and they'd have one-commissioner hearings, I have no problem with that, that's all left intact. All my amendment would do is state that we would continue to have four commissioners. And I think that's a proper way to go, and that's the way it should be. And I think the way we've went about trying to get rid of them isn't the way for the Nebraska Legislature to do business. Thank you, Mr. President. And thank you, Senator Council. [LB384]

SENATOR GLOOR: Thank you, Senator Louden and Council. Senator Bloomfield, you are recognized. [LB384]

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SENATOR BLOOMFIELD: Thank you, Mr. President and members. I stand in support of LB384 and opposed to AM1132. Anytime we can streamline government, maybe reduce a position or two and save over the biennium \$174,000, I believe that's a good thing. Again, I will support LB384. And if Senator Cornett would like some time, I will yield that to her at this point. [LB384]

SENATOR GLOOR: Senator Cornett, 4 minutes 28 seconds. [LB384]

SENATOR CORNETT: Thank you very much. I want everyone in the body to be clear on a couple of things. Besides being part of the LR542 process, this is, as Senator Bloomfield stated, a method to streamline government. TERC told us that we would reduce the caseload by going down to three...or not going down to three, going to single-commissioner hearings. Lancaster County said that we will reduce the number of cases going to TERC by implementing the changes that Lancaster County implemented. They reduced their caseload going to TERC by more than 50 percent. When you talk about the face-to-face hearings, the smaller counties are already doing that. They give an opportunity to people to meet with their constituents. It is more difficult in a larger county, and we understand that. And be perfectly clear, Douglas County isn't the only one affected by this. I have put in the face-to-face meetings and the preliminary notices for my county also. And they're probably not any more happy than Douglas County. But it is the right thing to do. I did take, in the amendment coming up, in consideration, from input from Lancaster and the other counties involved, another year for the implementation of this process. The Revenue Committee made specific changes to the original bill to take out the political aspect of it, or the personality aspect, for the Legislature, if indeed there is one. The commissioners are appointed by the Governor. We are allowing the Governor to appoint the commissioners when we reduce it by one. With that, again I urge the body not to support AM1132 but--and support the underlying bill with the following amendment. Thank you. [LB384]

SENATOR GLOOR: Thank you, Senator Cornett, Senator Bloomfield. Senator Lautenbaugh, you are recognized. [LB384]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. And I do rise in support of the underlying bill and the upcoming amendment but not the pending amendment. LB1132 I do not support. And I think the bill is important as amended. I, you may recall, talked about offering a floor amendment on General File that would adjust the effective date to 2014. And the amendment that's coming does that. And I think that's important, particularly for Douglas County. And, I mean, it's clear that Douglas County is not on record as supportive of this bill, because it does create a tremendous cost that will have to be borne by Douglas County, and we're talking hundreds of thousands of dollars, on top of other things that have transpired this year. But by at least putting off the implementation of the effective date to 2014, we do give

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them some breathing room to prepare, to start hiring people to meet the demands of this bill. And so I think, with the upcoming amendment, this is a good bill. I note that Douglas County is not here working against this bill, but they do want us to be mindful of the fact that this is just another thing where we are doing something that will cost them more money. And, you know, money comes from about one place if you're a county, and that's you go raise taxes somewhere or you cut something and try to find funds. So this is serious and it's significant, especially in light of other things that we have, with my support, done this year. The county is not supportive of this; the county isn't working against this. I appreciate Senator Cornett working in the delayed effective date, to give that breathing room that I discussed. And I think that makes a--I would call this bill a necessary evil. I think that makes it not palatable but a little more workable, a little less onerous, for Douglas County. And so for that reason, I do support the underlying bill; I support the upcoming amendment. I do not support AM1132; I don't think it's necessary. I think the approach set forth in the underlying bill is sound. And I would yield the rest of my time to Senator Cornett, if she would like it. [LB384]

SENATOR GLOOR: Two minutes thirty-five seconds, Senator Cornett. [LB384]

SENATOR CORNETT: Thank you, Senator Lautenbaugh. Again I want to emphasize that the body needs to look at the following amendment that will extend that implementation period for the counties that have a population of over 150,000. It was a combination of fiscal reasons and a combination of Lancaster County's input, in that it took them at least two years to fully implement this process. With those considerations in place, I'm offering the following amendment. I understand Senator Louden's concerns, but I do believe that with the...what processes that we have put in the bill, that, one, we will significantly reduce the caseload to TERC, we will significantly increase the number of cases heard by TERC by going to the single commissioner, and that by reducing the commission by one member we will not increase the back-load. Thank you. [LB384]

SENATOR GLOOR: Thank you, Senator Cornett, Senator Lautenbaugh. There are no members wishing to speak. Senator Louden, you are recognized to close on your amendment. [LB384]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. As you've been told, why, this is a fiscal responsibility. But my understanding is that the Appropriations Committee didn't be--wasn't concerned about it, because I don't know--when you look at their budget, in the budget bill there--whether they adjusted for getting rid of one person with a salary or not, because that bill hasn't been passed yet. So the question is, is which salary will be out of there? Some of them make \$85,000; some of them make a little over \$100,000. So the question is, is which one are you going to save if you do get rid of one of the TERC committee members? I go back to this same thing that...we've set that up over the years so that you have four committee

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members. Many times now, there will be--two of them will go to an area and have hearings; whereas when you had three, why, you wasn't always able to get that much workload out of those same amount of people. Because once they have the hearings, then they have to come back to Lincoln and do their paperwork and come up with their rulings. So I think this is a good amendment. This is something that we've been doing for quite a while. It isn't a matter of fiscal responsibility; there isn't that much money involved. And besides that, it's questionable whether there's any money involved as far as what they do. They charge a fee to...for filing fees. That gives them a cash fund balance to operate on. So it isn't exactly the fiscal deal. I think it's strictly a matter of somebody wanting to get rid of one person. I feel that if you don't feel that the TERC committee is doing its job, then get rid of the whole committee and we'll go back to doing like we did before: file them in district court. But with the process that we're doing when you get rid of all three of them and then turn around and reappoint--or get rid of all four of them and then turn around and reappoint three of them, it isn't the way of doing business. Any business out in the business world--whenever you hear of somebody that fired the whole crew and then turned around and hired some of them back, it makes you wonder what kind of operation they have. And that's part of the reflection that I feel that will show up on this Legislature when we do something like this. So with that, I would ask that you would vote for this amendment. And with that, Mr. President, I'd ask for a call of the house. [LB384]

SENATOR GLOOR: There has been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB384]

CLERK: 29 ayes, 0 nays, Mr. President, to place the house under call. [LB384]

SENATOR GLOOR: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senators Smith, Larson, Coash, Carlson, please record your presence. Senator Coash, please return to the Chamber. Senator Loudon, all members are present and accounted for. How do you wish to proceed, sir? Mr. Clerk. The question is, shall the amendment to LB384 be adopted? Mr. Clerk. [LB384]

CLERK: (Roll call vote taken, Legislative Journal page 1368.) 14 ayes, 26 nays on the amendment. [LB384]

SENATOR GLOOR: The amendment is not adopted. (Visitors introduced.) The call is raised. Mr. Clerk. [LB384]

CLERK: Senator Cornett would move to amend AM1204. (Legislative Journal page 1334.) [LB384]

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SENATOR GLOOR: Senator Cornett, you're recognized to open on your amendment. [LB384]

SENATOR CORNETT: Thank you, Mr. President and members of the body. AM1204 does four things: (1), it changes the operative date to July 1, 2011, for the provisions of the bill that would reduce the number of TERC commissioners from four to three, authorize the Governor to set the salaries of TERC commissioners, and authorize single-commissioner hearings. In its present form, the operative date of the provision is October 1. This change of the operative date in those provisions will coincide with the state's fiscal year, which begins July 1 each year. (2), beginning July 1, 2014, county assessors will be required to provide real property taxpayers with a preliminary notice of valuation and, for real property taxpayers who request it, an opportunity to meet in person with the county assessor and the county board of equalization for the purposes of trying to resolve valuation disputes without having to go through the traditional valuation protest process. In its present form, those provisions would become a regular part of the process beginning January 1, 2013. We are giving the counties that additional year for the implementation, due to a number of inputs both from the counties and from simply the process that we modeled this after, which is what Lancaster County used, and I believe Senator Campbell will be explaining that in further detail. (3), it makes technical changes to statutes Section 49-617, which would provide that TERC will get three rather than four sets of Nebraska bound statutes. That is simply a clarification of the existing law with the three commissioners but does have a cost savings in itself because it requires less of the bound copies. (4), it strikes a sentence saying that any party to a single-commissioner hearing may appear through an authorized representative. Single-commissioner hearings are informal proceedings. That is what we did as a primary purpose in this, is the complaints from the public were that TERC was supposed to have been established as an informal process for the taxpayer. And that is something we are stressing. There is no recording of a single-commissioner hearing, and formal rules of evidence do not apply during such a hearing. So it is not necessary for a taxpayer to obtain an authorized representative, such as an attorney at law, to represent the taxpayer during that single-commissioner hearing. A lot of time, consideration, and input from all the parties involved has went into AM1204 and does nothing but strengthen the underlying bill of LB384. I would urge the body to please support AM1204 and the underlying bill. Thank you. [LB384]

SENATOR GLOOR: Thank you, Senator Cornett. Members, you've heard the opening on the amendment. Senator Campbell, you are recognized. [LB384]

SENATOR CAMPBELL: Thank you, Mr. President. And good morning, colleagues. I certainly would urge your support of AM1204 and the underlying bill, LB384. In discussions with Senator Cornett this summer and then through the process of General File, we reviewed the timetable for enactment of the preliminary notice particularly. And

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what has transpired in Lancaster County--in order to be fair in looking at the dates, it takes some time to ramp up for the system that I'm going to describe to you, and so I heartily concur with the amendment, AM1204, to give more time to the counties to prepare. I want to explain, colleagues, that there are, really, two distinct processes that are talked about in this bill that we enacted in Lancaster County that saved enormous amounts of money and served the taxpayer, served the citizen who wanted information about their property valuation. The first is a preliminary notice which is sent early in the year, in the January-February schedule. And the taxpayer can look at that preliminary valuation notice and can say: Golly, I don't know if I agree with this. The taxpayer then walks into the assessor's office, and one of the assessor's staff sits down and goes over the preliminary valuation and says--well, this and so forth and on. And the taxpayer says: You added a garage here; I don't have a garage; that's an error. So all notes are made. After that time, the assessor can go back and look at those notes and say--we made some errors or we need to look at it. And in many cases, the homeowner said: I would like you to come out and look at what I'm trying to tell you. So the assessor would then send out a staff to walk the property or the home with the taxpayer. And that's been a great benefit to the taxpayer. I want to tell you that last year the assessor held 7,130 face-to-face informal hearings with property owners. Of those, 510 filed formal protests. The county spends \$95 per protest, so if the other 6,620 owners had protested, that would have cost the county about \$630,000. Lancaster County's process saves money for the taxpayer. What then happens after that preliminary notice, as I have described: the assessor gets ready and then you, the taxpayer, get a formal notice, and that usually goes out about the 1st of June. You can look at it and say: Well, I still disagree with this. Then you can file a formal protest. And at that time, a system can be used, of a referee system that meets with you and goes over it again, and that protest then is reviewed by the county board. To give you some idea of the difference--and I realize there's a difference in size of counties--but last year, 100 cases were appealed to TERC from Lancaster County. In Douglas County, there were 1,000. This system can work for the taxpayer and save them money. We did, however, realize with AM1204 that the counties would need... [LB384]

SENATOR GLOOR: One minute. [LB384]

SENATOR CAMPBELL: ...more time. I want to emphasize that when we instituted the preliminary hearing we added zero staff. The existing assessor's staff handled those preliminary notices, and we did continue the practice of hiring referees for the second component of this. Colleagues, this is a great system, and I'd urge your support of AM1204. Thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Campbell. Chair recognizes Senator Mello. [LB384]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I rise in

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support of AM1204 and the underlying bill, but I do so also with the understanding that we as a Legislature have done a significant amount of reduction--longstanding historical policy changes that affect county and local governments--this session. And I think it would be beside ourselves not to acknowledge the fact that while I support this amendment--most of us do support AM1204--that it will have a real-world impact in regards to the operations of at least Douglas County, the Douglas County government, primarily in the function of how they will build up over three years the infrastructure needed to implement what we want to see in the underlying bill. So I think it's worthwhile to say that, yes, we support the concept, we support the underlying amendment and the bill, but it's also, I think, it's an acknowledgement on all our behalf--both Senator Cornett, those who support the amendment, support the underlying bill--that we are asking an awful lot of our local governments. And this is another one of those examples that we are asking more of a county government, where we earlier in the legislative session had reduced all of their county aid that has been longstanding policy in this state for over 30 years. So it's just something that I want to make sure that we acknowledge, both to the counties and also the taxpayers, that it's our goal and our job to try to make government more efficient, to make it more productive, more performance based, but in this particular instance we are asking them to do significantly more with significantly less. And at some point we may need to revisit the policy in the future. Thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Mello. Senator Cornett, you are recognized. [LB384]

SENATOR CORNETT: Thank you, Mr. President and members of the body. I rise to state my support for what Senator Mello has said. We are asking two of our counties to make significant changes in how they do business. Because of that, we have granted them the extra year, under this amendment. But I want the body to understand that part of the reason that we are doing this is the fact that Lancaster County was able to reduce their appeals to TERC by more than half. Yes, this is going to have some implementation costs for Douglas County. But in the long run, the number of appeals that they will have to go to with TERC will be significantly reduced. We're looking at the long-term savings and the long-term clogging of the system and how we can reduce that. And the extension of a year is an acknowledgement that it will have up-front costs, and it is an acknowledgement that we are asking them to change how they do business. But, again, in all of our discussions it was a policy decision to move forward with this idea because in the long run it will save money. It will reduce the number of cases that Douglas County has to pay for going to TERC, and it will reduce the number of cases that the state has to hear at TERC. With that, I urge the body to support AM1204 and the underlying bill. Thank you. [LB384]

SENATOR GLOOR: Thank you, Senator Cornett. Senator Price, you are recognized. [LB384]

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SENATOR PRICE: Thank you, Mr. President, members of the body. I rise this morning supporting the underlying bill and perhaps this amendment also, but I just want to take a moment, as we've heard our esteemed colleague Senator Mello say and Senator Cornett, we have a challenge in these counties. But I would also be remiss if I didn't remind the body...and I carried a bill last year that would have taken care of this, had it gotten out of committee, which would be a very simple thing; perhaps there will be someone listening who will hear this and agree. And I know that the city of Omaha came in in support...but a very simple bill to change one business rule in Douglas County. Right now in the statutes we allow that a county only has to reassess or do the valuations once in a six-year cycle. And by changing that business rule to mirror what almost every other county can do...I mean, even little old Sarpy County can manage 86 percent to 90 percent in a year, and many counties do it 100 percent every year--with a simple business rule change that could probably generate \$40 million more. So you could actually be the person to sit there and say: I can raise revenue and lower rates. And that's not quite part of the conversation here today. And we'll have that conversation another time. I did have an amendment to do this, to file on LB384, but I decided here on Select, with everything we have ahead of us, it wasn't the right time for it. But next year I will carry that bill. Perhaps it will move forward. But it is something to ponder. It is by the county's choice to not assess their property values and do that practice--to do it within a six-year frame instead of saying, like everybody else trying to get it done in one or two years. It is by their choice they do this. Yes, it would cost dollars to up the manpower. But every other county seems to be able to do it. So I just want to make sure that the body understands that. When we talk about state aid, that being your resources minus needs--if your resources aren't very high, your needs look bigger. Now, the city of Omaha came in support of that bill, but it wasn't able to go forward. But we will go to bat next year, and we will try to fix that one business rule, to make someone a hero out there, to where they can sit there and say: I reduced your rates and I raised revenue. Simple concept, one business rule. Thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Price. Senator Wallman, you are recognized. [LB384]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. And I want to also thank Senator Cornett for bringing something like this out. It shows inequity of property values across our state, in regards to income, real value. Our neighboring state does it way different, and I looked into that, and you can't get that going either here. So we definitely have to revamp our property tax system. We shifted a lot of tax out of this body here this year already to local property taxpayers. And they know it, and they'll tell you. And they're complaining about we didn't do anything about roads. And they want it fixed now, immediately. I talked to a major fuel supplier; he says: Why didn't you have the guts to put a quarter-cent tax on right now? He said, that should easy stand an

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override, because roads are the infrastructure. This guy is a very prominent citizen. And he said: You should have had the guts to do something now. Senator Fischer did have a good bill, if we just would've increased sales tax. And if we just keep kicking the can, folks...and I hate to keep talking about property tax, but that's still the number one issue in the cafes. And if you go in a bar on Saturday night, you probably hear the same thing. So I'm reluctant to vote for this. I'll just see how the debate goes. Thank you, Mr. President. [LB384]

SENATOR GLOOR: Thank you, Senator Wallman. Senator Cornett, you are recognized. And you are the only speaker in the queue, Senator Cornett. [LB384]

SENATOR CORNETT: Thank you. Then I'll use this as my opportunity to close also, unless someone else puts their light on. Senator Wallman brings up very good points. Property tax is something that we hear about continually in the Revenue Committee, how unhappy that people are about that. But also, for seven years now, I have heard how unhappy that they are with the way TERC has operated. And I'm not referring to any fault of any commissioners when I say this. But because of numerous court decisions on the way that TERC is currently structured, they have become more and more and more formalized, till they are as formal, if not more in some aspects, than a court. A taxpayer doesn't feel like they can go to a taxpayer-friendly venue without an attorney and protest their property taxes. A lot of thought and effort has went into the process, including input from the commission itself and all of the commissioners in regards to the single-commissioner hearing. The single-commissioner hearing takes the formal nature of TERC out of it. The person now can meet with an informal hearing with a TERC commissioner and, hopefully, resolve it at that first stage. TERC was established to be taxpayer friendly, to give the everyday citizen, the person that might not be able to afford an attorney, a venue to go in and dispute their property tax. This amendment takes us back to that original concept of a taxpayer-friendly system. With that, I urge the body to support the amendment and the underlying bill. And I would like to thank everyone on the Revenue Committee and Senator Campbell for all of the effort that they have put into the bill over the last couple of years. We've held a number of hearings; we've had a number of sessions during the off-session; and we have spent a lot of time on this. And I think it is a very well-thought-out structure that addresses a number of issues, starting at the very beginning of the process, which is the county level, all the way through the end of the process. With that, I urge the body again to support the amendment and the underlying bill. Thank you. [LB384]

SENATOR GLOOR: Thank you, Senator Cornett. Members, you've heard the closing. The question is, shall the amendment to LB384 be adopted? All those in favor vote aye; all those opposed vote nay. Have you all voted? Record, Mr. Clerk. [LB384]

CLERK: 33 ayes, 0 nays, Mr. President, on the adoption of Senator Cornett's amendment. [LB384]

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SENATOR GLOOR: The amendment is adopted. [LB384]

CLERK: I have nothing further on the bill, Mr. President. [LB384]

SENATOR GLOOR: Senator Larson. [LB384]

SENATOR LARSON: Mr. President, I move that LB384 be advanced to E&R for engrossing. [LB384]

SENATOR GLOOR: Members, you've heard the motion. All those in favor say aye. All those opposed say nay. LB384 is advanced. (Visitors introduced.) Continuing with the Select File, LB384A. [LB384 LB384A]

CLERK: LB384A, Senator Larson, I have E&R amendments. (ER95, Legislative Journal, page 1287.) [LB384A]

SENATOR GLOOR: Senator Larson. [LB384A]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB384A be adopted. [LB384A]

SENATOR GLOOR: The question is, shall the E&R amendments to LB384 be adopted? Those in favor say aye. All those opposed say nay. The amendments are adopted. [LB384A]

CLERK: I have nothing further on the bill, Senator. [LB384A]

SENATOR GLOOR: Senator Larson. [LB384A]

SENATOR LARSON: Mr. President, I move that LB384A be advanced to E&R for engrossing. [LB384A]

SENATOR GLOOR: Members, you have heard the motion. All in favor say aye. Opposed say nay. LB384A is advanced. Mr. Clerk. [LB384A]

CLERK: Mr. President, LB386 is...Senator, I have E&R amendments, first of all. (ER98, Legislative Journal page 1294.) [LB386]

SENATOR GLOOR: Senator Larson. [LB386]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB386 be adopted. [LB386]

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SENATOR GLOOR: The question is the adoption of the E&R amendments to LB386. Those in favor say aye. Those opposed say nay. The amendments are adopted.  
[LB386]

CLERK: Senator Krist would move to amend, AM1308. (Legislative Journal page 1336.)  
[LB386]

SENATOR GLOOR: Senator Krist, you are recognized to open on your amendment.  
[LB386]

SENATOR KRIST: Thank you, Mr. President and members of the body. When I researched LB386 and its purpose...I think the intent of the bill worthwhile, but I asked several questions of the committee, and I would ask that you take a look at the committee statement. Let me read part of it for you, "LB386 would connect Nebraska college students with targeted industries by financially assisting companies willing to provide paid internships, in an effort to retain these students in Nebraska upon graduation." I note here that there is no intent language that specifies large business, small business, farm business, industrial based; it's simply "businesses." Later in that intent language it says: "The job training grant may be up to the lesser of 40 percent of the cost of the internship or \$3,500. If in a distressed area," a distressed area, "the grant may be up to 60 percent of the cost of the internship or \$5,000." I went to the green copy of the bill as it was presented in the committee. And the green copy, on page 2, number (2), lists, "Distressed area means a municipality, county, unincorporated area within a county, or census tract in Nebraska that (a) has an unemployment rate which exceeds the statewide average unemployment rate, (b) has a per capita income below the statewide average per capita income, or (c) had a population decrease between the two most recent federal decennial censuses." That wasn't enough. The Department of Economic Development did not feel that we had defined enough in terms of distressed areas. Senator Heidemann's amendment--he's absolutely right. And in discussion on LB386, I said: Why are we singling out places that will not receive the full \$5,000 adjustment? His amendment said nothing about that; it simply defined the numbers that could be used, numbers as in the number of students that would be helped in this internship program. However, the committee amendment went further, and this amendment was brought to the committee by the Department of Economic Development and amended it, "On page 2, line 4, after 'county' insert 'with a population of fewer than one hundred thousand inhabitants according to the most recent federal decennial census'; and strike lines 13 through 22 and insert," da-da da-da da-da. Well, with that, I handed you out a map that I think is pretty interesting, because what this legislation is doing--and I think we need to take a deep breath and really take a look at what we are doing. What this legislation is doing is it is identifying, if you look at the map, those areas that are dark shaded as \$5,000 potential; and those are, quote, unquote, distressed areas in this county. The others are not, and therefore they only

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would apply for \$3,500. I would note, if you're interested in Douglas County, that from 72nd Street west, with an incredible number of small businesses that do not have connections elsewhere in the county--they will not be eligible for the full \$5,000. And that may be a deal breaker for some of them to actually get into this process. People like First National Bank, for example, who have offices downtown, in a distressed area, would indeed qualify, and then they could put them where they wanted to, as I understand the legislation. So I decided that rather than not talking about this and not giving us an opportunity to discuss what we're really doing, I pulled up the constitution--Article III, Section 18: Local and special laws prohibited, as in special legislation. And I looked at it in terms of how can we say we can provide for some and we cannot provide for others and we can single them out within the state? So I went to bill writers, and I said, you know, let's quit Mickey-Mousing around with this; if we don't want Douglas, Sarpy, Cass, Washington County to get any money--because that's the intent of this bill--then let's just say that: Douglas County, Sarpy...and they said, oh, Senator, you can't do that, because that falls into special legislation. So what my amendment does, if you can read through it, is it is all the verbiage that you need to make sure that Douglas County, Cass County, Sarpy County, and Washington County are totally ineligible. But, see, we're doing it by exception and by words rather than saying what we really want to say. As I understand the subject of this bill, it is specifically to get students to the companies who will allow them the opportunity to have an internship, I thought. I wondered if Senator Lathrop would yield for a question. [LB386]

SENATOR GLOOR: Senator Lathrop, would you yield? [LB386]

SENATOR LATHROP: Yes, I will. [LB386]

SENATOR KRIST: Senator, is it your understanding that, as the bill first came to you, that it was not restrictive for business across the state, that is, anyone could compete for the funds? [LB386]

SENATOR LATHROP: I think that's right. I do know--I will say that it was my understanding that all of Douglas County was included in the original bill--or in the bill as originally drafted. [LB386]

SENATOR KRIST: Okay. Thank you. And as the committee amendment came out, as it was presented to you, you were aware that it was going to segment certain parts of counties that were not eligible for the full benefit? [LB386]

SENATOR LATHROP: I did. And that was at the request of the Department of Economic Development, who wanted just, essentially, the eastern part of Douglas County included and not the western. [LB386]

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SENATOR KRIST: Thank you. It is my intent to withdraw this motion after we have some discussion; it is not my intent to go forward. If the Governor thinks this is important and Senator Heidemann in his position thinks it's important and this body thinks it's important, then I think we need to go forward. But I think we need to know exactly what we're doing in the piece of legislation. Because if someone comes back that lives in that corridor in Douglas County and says: Wasn't that special legislation, that I could not apply for the full amount? I think we set ourselves up for, potentially, an issue. And if not, then I'm wrong, and it'll...the vote will be 48-1. The other thing that I would offer at this point in terms of the conversation--those businesses that are in that area are, a lot of them, small businesses, as I said before. One of the latest rankings came out, in terms of percentages--and I would invite you to go back and look at this yourself--but we are 37, as a state; we are number 37 out of 50 in providing a tax environment to promote small businesses. Number 37 out of 50--that's something to be proud of, isn't it? And now we're doing the same thing here with this piece of legislation. We're telling those small businesses: You don't need the help. Now, I've also been told by some of my colleagues that's not the intent of this bill; this bill intent is to get people back into Holdrege and Scottsbluff and McCook, get them out of those big towns, and see if we can keep them in the small towns. So I think we should have that discussion here today. And again, at the end of the day, should you choose not to talk about it, I will withdraw the amendment. Thank you, Mr. President. [LB386]

SENATOR GLOOR: Thank you, Senator Krist. Members, you've heard the opening on the amendment. There are senators wishing to be recognized. Senator Sullivan, you are recognized. [LB386]

SENATOR SULLIVAN: Thank you, Mr. President. Good morning, colleagues. I certainly appreciate Senator Krist's concern. And also, I shared some of my concerns with Senator Heidemann off the mike a few days ago. I support this concept of LB386; but, you know, in a perfect world, I'd also like to think that we'd do the right thing without incentives. In our little business on Main Street in our community, we've been offering internships for students for a great number of years, without a grant, without any tax incentive. We've...in some cases the students have come to us; in some cases we've gone out and looked for these students. And I think all of them continue to work in the financial industry in this state. So I take pride, to a certain extent, with the fact that we've accomplished that on our own. And like I said, I think that every business, large or small, located in urban or rural Nebraska, I hope would have that interest in their own industry and their own line of work to help build a future for it with young people. We've got some...you know, as Senator Krist said, small businesses are the lifeblood of this state. And they're located all across our state. But sometimes it's a struggle to find young people not only to intern in these businesses but also to continue to work in them. And I have to say, we've got some wonderful examples of small businesses that are doing some really creative things, not even in communities, they're located on farms. I had the opportunity to visit with a couple who added value to their farm

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business a number of years ago. They currently employ 65 people in the line of work that they do. They're doing some succession planning; they're doing some work with interns; they're doing some wonderful things--again, I suspect, without any grants or incentives to do the right thing. A couple other concerns that I have about this legislation that I think perhaps we need to monitor over time--and that's that, okay, a business may want to have an intern, but there needs to be a pool of students that are interested in these particular areas. And sometimes the pool of students are dependent on the courses of studies at the colleges or universities. So it's almost a three-part thing: the student, the business, and the educational institution. And also, when we talk about small businesses and the pool of people that might be interns, we use the term "internship"; but, you know, in some of our small communities--and, again, this would apply to urban areas as well--we need apprentices, as plumbers, as electricians, and to work in small manufacturing. And I want to make sure that those kinds of things are represented as well. So at the end of the day, I'm, I think, supportive of LB386. But I want to monitor the future of it, because I think it potentially could need some tweaking over time. Thank you. [LB386]

SENATOR GLOOR: Thank you, Senator Sullivan. Senators in the speaking queue are Howard, Burke Harr, Pahls, Council, and Mello. Senator Howard, you are recognized. [LB386]

SENATOR HOWARD: Thank you, Mr. President and members of the body. And thank you, Senator Krist, for this map, which has really stirred my curiosity. If Senator Heidemann would yield to a question. [LB386]

SENATOR GLOOR: Senator Heidemann, would you yield? [LB386]

SENATOR HEIDEMANN: Yes. [LB386]

SENATOR HOWARD: Thank you. Senator Heidemann, in looking at this map--do you have a copy? [LB386]

SENATOR HEIDEMANN: I think it's--ooh--okay. I think I was just handed the one you have. [LB386]

SENATOR HOWARD: Well, thank goodness for Senator Fischer; often I say that. (Laugh) If you'll look at the map, where it says "Omaha," right below the "O," there's a little dot. I believe it's the map that Senator Fischer just handed you. [LB386]

SENATOR HEIDEMANN: Yep. [LB386]

SENATOR HOWARD: Do you know what...and I'm assuming this little dot means this is a business that would have an intern. [LB386]

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SENATOR HEIDEMANN: No, I would have to think that the dot stands for Omaha. [LB386]

SENATOR HOWARD: Well, so this isn't a location? This isn't indicating...? [LB386]

SENATOR HEIDEMANN: I don't believe so. [LB386]

SENATOR HOWARD: Ah. Well, I appreciate you...this...I was assuming that this meant this would be where interns would be placed. Well, let's still look at this map because I have a follow-up question to this. I'm really puzzled about how the depressed areas are determined from the not depressed areas, and I'm assuming that's through this darker colored area. Can you explain that to me? [LB386]

SENATOR HEIDEMANN: It's census tracts, and it's with a loss of population and some other factors that go into it. I would have to look that back up again to clarify that. [LB386]

SENATOR HOWARD: Well, I can pretty much tell where District 9 is, and I really struggle to try to understand how so much of this would fall into the distressed location. I would really appreciate more information on that if you could get that to me, what the factors were to determine that and...would that be possible, Senator Heidemann? [LB386]

SENATOR HEIDEMANN: We can do that. [LB386]

SENATOR HOWARD: I would appreciate that. [LB386]

SENATOR HEIDEMANN: What the definition of a distressed area is (inaudible). [LB386]

SENATOR HOWARD: Well, how it was determined that...it looks like the entire eastern part of Omaha, anything, with this little exception here east of 72nd on this map, looks pretty distressed. So if you could give me that information, it would better help me to understand what we're looking at here. [LB386]

SENATOR HEIDEMANN: Okay. [LB386]

SENATOR HOWARD: Thank you. [LB386]

SENATOR GLOOR: Thank you, Senator Howard and Senator Heidemann. Senator Burke Harr, you're recognized. [LB386]

SENATOR HARR: Thank you, Mr. President. The definition of a distressed area is, as

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defined in the statute, is it's an area that's lost population in the last ten years. It's an area that has an unemployment level greater than the state average or an income level greater than the state average. And again, this distressed area is a definition that applies to the whole state, under the original bill as introduced by Senator Heidemann, except for the amendment which was introduced after the hearing when everyone came up and testified in favor of it. And what that amendment does is it singles out one county and that one county is Douglas County. By changing the definition, one county and one county only is affected: Douglas County. And it goes from the whole county to approximately one-third or less thereof...well, I'd argue one-fifth of the state...or the county. And again it's based on a census tract that you have one of those three. So Douglas County, 342,694 people were affected by that change made after the hearing--342,694. That is the equivalent of taking a map of the state of Nebraska going, starting up in the north, Boyd County, Holt County, Garfield, Valley, Sherman, Buffalo, Adams, and Webster, everything west, and cutting out that population. Could you imagine doing that after a hearing? That's embarrassing and it disappoints me that this would happen. I understand why they're doing it; I don't agree with why they're doing it. If you want to help the small towns--great, help the small towns. But call it what it is. This map still allows for the largest businesses...if it's intended to help the small towns, this map still allows the largest employers in Douglas County and the state to receive money, those being Gallup, Union Pacific, Kiewit, Mutual of Omaha, Blue Cross Blue Shield under their new location, First National Bank, and I'm sure there are more that I'm missing. So if the intent is to help small business, maybe the map should be the exact opposite for Douglas County. If the intent is to help kids who don't have the advantage because of where they're born, because they are in distressed areas, then let's make it the people live in the distressed area, not where the businesses are located. As I said on General File, a kid in west Omaha has all the advantages in the world, still can get the \$5,000. A kid in north Omaha who may not have all the advantages of a kid from west Omaha with parents having the connections to help get a job, would not be eligible for the \$5,000 if they took a job in west Omaha. That seems ridiculous. Is the purpose to help a business or is the purpose to help a student? If it's to help a student, let's base it on the student. Let's not base it on where the business is located. This is a handout and it's a good handout. I don't have a problem with handouts if they're done properly with the proper incentive. I feel this bill has good intentions but it needs some work. It needs to look at where the help goes, and if it does what it's supposed to do. When I look at a bill, the first thing I always look at is, is this bill constitutional? Well, we've got a little issue there but let's just go beyond there. And then the second thing I look at is, is the intent good? Yes, the intent on this bill is good. [LB386]

SENATOR GLOOR: One minute, Senator. [LB386]

SENATOR HARR: Thank you, Mr. President. Finally, when I look, I say, does this bill do what the intent is? Uh, I'm not sure it does. Again, the intent is to help students find jobs.

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And if the intent is on the intern, then maybe if there are qualifying factors, they should be based on the intern and not where the business is located. Thank you very much. [LB386]

SENATOR GLOOR: Thank you, Senator Harr. Senator Pahls, you are recognized. [LB386]

SENATOR PAHLS: Thank you, Mr. President and members of the body. It is really hard to argue against the statements that Senator Harr has made. I hope we do have an opportunity to reflect a little bit more on that. Who are we...what is the intent? And apparently that is a little muddled. At this point I would like to speak to...I have a question for Senator Sullivan. [LB386]

SENATOR GLOOR: Senator Sullivan, would you yield? [LB386]

SENATOR SULLIVAN: Yes, I would. [LB386]

SENATOR PAHLS: Good morning, Senator. Earlier, when you were up on the floor, I'm assuming by your verbiage that you do support the intent of this bill. [LB386]

SENATOR SULLIVAN: Yes, I do. [LB386]

SENATOR PAHLS: Because you think this is going to help the small, should help the smaller communities. [LB386]

SENATOR SULLIVAN: It has the potential to. [LB386]

SENATOR PAHLS: Okay, the potential to. In smaller communities, is it harder, possibly, to get teachers in some of those areas? [LB386]

SENATOR SULLIVAN: Oh, absolutely. [LB386]

SENATOR PAHLS: So that makes me think maybe that's what we ought to be looking at also, not just tier 3 businesses, but perhaps maybe we ought to look at some of the schools. You know, if you are a student teacher, you're basically an intern. And you know how much you get paid? Probably zero. It's really interesting, if you want the job, you will do your student teaching. So perhaps we ought to, in the future, look at helping some of those communities to pay the way. And some schools may. To be honest with you I do not know; maybe perhaps they do. Is to pay student teachers to come teach in a school with the intent of staying there or in a similar position. Does that have any possibilities, Senator? [LB386]

SENATOR SULLIVAN: Well, it's funny that you should mention that, Senator Pahls,

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because apparently there's some legislation, not directly related to teachers in education, but there's some legislation being worked on in Kansas where they provide some incentives for an individual--not a business but an individual--to go to a community as sort of the new pioneer and give them some tax incentives to going to some distressed and rural areas. So it's sort of, in a way, relates to what you're talking about. [LB386]

SENATOR PAHLS: Okay. And since you sit on the Education Committee, can I ascertain that you may look at a legislation like such similar to that? [LB386]

SENATOR SULLIVAN: Well, that's a little bit of a stretch. It's too early to tell but I'll certainly give it some consideration. [LB386]

SENATOR PAHLS: Okay. Well, I appreciate your discussing this particular area with me. I do see the potential of this. And as I said earlier, I'm always looking for balance. Because, see, I see where the chamber is...and not that I support the CIR, but they want to make sure education, certain things happen to education, well, then let's look at the total picture. Let's hold those schools or those school educators accountable in that area. But let's look on the other side, because it appears that there is some dissatisfaction with that particular issue; well, then let's look at the total picture instead of saying, oh, be selective--this is good for this; this is good for this; this is not good for this, etcetera. That's all that I'm asking: a sense of balance. Thank you. [LB386]

SENATOR GLOOR: Thank you, Senator Pahls. Senator Council, you are recognized. [LB386]

SENATOR COUNCIL: Yes, thank you, Mr. President. I first want to thank Senator Krist for examining LB386 to the extent that he did, and then to bring the issue that he is seeking to address in AM1308 to my attention. And Senator Harr has referred to the concern as well as Senator Krist. And I think I understand what the intent of the Business and Labor Committee amendment was, but I think it does have the unintended consequence that both Senator Krist and Senator Harr have alluded to, and that is to eliminate from the opportunity to receive the higher per capita internship rate, a significant portion of Douglas County. And where the concern is there...and if Senator Krist would yield to a couple of questions, I'd appreciate it. [LB386]

SENATOR GLOOR: Senator Krist, would you yield? [LB386]

SENATOR KRIST: Absolutely. [LB386]

SENATOR COUNCIL: And, Senator Krist, during our conversation one of the points that you stressed, and I think that your map evidences, is that with the amendment, with the committee amendment, if a student who meets all the definitions of internship resides in

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a distressed area as now defined with the amendment, but the job itself is located in a nondistressed area, that student would not be eligible for the higher internship rate. Am I correct? [LB386]

SENATOR KRIST: That is correct. And the accommodation is made to the business, the place of the business, and not the residence of the student who is placed. [LB386]

SENATOR COUNCIL: Okay. And Senator Harr kind of alluded to it, and I didn't see it actually in the draft of your amendment, but if the residence of the student, of the intern, was the operative, then would it not eliminate some of the concern? Even if the committee amendment says a county of less than 100,000, if the operative term...the determining factor of the higher rate was if, is if the intern resided in a distressed area, would that ameliorate the problem you brought to my attention? [LB386]

SENATOR KRIST: It would, Senator, in some fashion. We have to look at the intent of the bill. The intent in the bill was to help all businesses with this internship program, and then all of sudden, as it's amended then it's just some, and restricting certain parts of the city. I would agree with you that it makes more sense to me that if an individual comes from a distressed area, that they are given opportunity, as Senator Harr eloquently put together. My point though is that when we go down this road, if we don't specify or we don't elaborate on the true intent, if the intent is to get people back to Norfolk and Scottsbluff and Holdrege, to get the internship out there potentially to keep people in small town, U.S.A., then let's say that. If the intent is to help all interns in terms of where they should be, then let's say that. And if the intent is to help all businesses, which small businesses is what we've highlighted, then let's say that. But this bill says it does one thing and then doesn't accommodate the entire package. [LB386]

SENATOR COUNCIL: Okay. And I certainly appreciate that and I think that that issue is worthy of further consideration, and perhaps what we may need to consider is a recommitment of the bill to the committee to make that clear... [LB386]

SENATOR GLOOR: One minute. [LB386]

SENATOR COUNCIL: ...so that we don't raise the specter of a constitutional challenge, if it is determined to be special legislation, and you really clarify what the intent is in word and practice. And that's where the disconnect is. I think everyone understands what the intended practice is, but do the words get you to that intended practice? Am I correct, Senator Krist? [LB386]

SENATOR KRIST: Yes, Senator. Thank you. And that's the issue I brought up with Bill Drafters themselves. I said, if we're going to say something, let's say it. Well, then he said, "Senator, you're going down the road of special legislation, so you have to define the terms." And I don't think the terms have been defined to accommodate the intent of

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the bill itself. [LB386]

SENATOR COUNCIL: Okay. Thank you very much, Senator Krist. [LB386]

SENATOR GLOOR: Thank you, Senators Council and Krist. Senator Mello, you are recognized. [LB386]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. It appears that we might not even get to what I want to discuss today, but it's best to try to, I guess, lay the groundwork for an amendment that I'll be adding to LB386. And our hope was that we would be able to get to it today before adjourning for the lunch hour, knowing that the budget will be up the entire afternoon. But I can appreciate what Senator Krist and Senator Harr have made and some of their arguments in regards to the challenges with LB386 in regards to the geography and regarding what is a distressed area. That's...it's an issue that I know we have been wrestling with, not just on LB386 but the other main economic development bills that we have passed so far have utilized the same definition. And I understand that there is some concerns in regards to what is the underlying purpose, what is the underlying goal of utilizing this distressed language. But to take us from a side perspective, an amendment that I'll be offering to LB386 in the E&R amendment, essentially, is to deal with another issue that we've identified in regards to this legislation, which is ensuring that those students who may have applied for an internship under LB386 before they graduate, to allow them to continue that internship even if they graduate from college. Because, right now, it's unclear in the legislation is if a student applies for an internship two weeks before they graduate from a postsecondary institution, of whether or not they actually will be able to continue that internship knowing that they graduate in two weeks. And so I have an amendment where we have some clarifying language. I've talked with Senator Heidemann, the Department of Economic Development, that will allow those students who apply prior to graduation to actually enter into that internship, postgraduation, as long as they applied before they officially graduated from that postsecondary institution. So that's an amendment that I'll be bringing next on LB386. At this point, my interpretation of what AM1308 does is that essentially it eliminates distressed areas from any county over 150,000 individuals in population, which I oppose. I think there's a very strong argument that's being made by other senators in the sense of distressed areas. If you look at the map Senator Krist provided, a distressed area in Omaha, for an example, everywhere east of 42nd Street is considered a distressed area. Thus, they have very similar characteristics, very similar economic challenges. And I think that's what AM1308 would remove those distressed areas out of Douglas County as well as Lancaster and Sarpy County where we've made similar arguments on this floor before that areas such as north Omaha and south Omaha and east Omaha, as well as parts of Bellevue and parts of north Lincoln, have more in common with a lot of our economically distressed areas in the rural parts of our state. So at this moment I have to oppose AM1308, but I understand what Senator Krist...I had a good lengthy conversation with

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him last week about some of the challenges that kind of we see under LB386 in regards to the eligibility of someone who may live or reside in a distressed area but apply for an internship opportunity outside of that area, and why is it that they would only qualify or that business would only qualify for \$3,500 in a grant compared to \$5,000 in a grant, knowing that they're hiring someone from a distressed area with the expectation that they might leave and return back to their distressed residence but they were either getting an internship for on-the-job training experience or educational experiences, and that doesn't mean that they won't continue to maybe seek employment with that business, postinternship, experience. So primarily this issue really evolves, I think,... [LB386]

SENATOR GLOOR: One minute. [LB386]

SENATOR MELLO: ...around the greater metropolitan areas. And Senator Krist has done, I think, a good job of trying to explain some of those challenges of maybe driving a couple blocks west...living in a distressed area, driving a couple blocks west or a couple blocks south, and working or applying for an internship that you would only qualify or the business would only qualify for \$3,500 instead of the \$5,000, purely based on, as you can look at the map, a two- or three-block radius, which I think is a legitimate policy concern. And I'm interested to hear what other colleagues have to say about that. So with that, I urge the body to strongly consider the ramifications of AM1308 which I currently oppose at this time. Thank you, Mr. President. [LB386]

SENATOR GLOOR: Thank you, Senator Mello. Senator Conrad, you're recognized. [LB386]

SENATOR CONRAD: Thank you, Mr. President. Colleagues, I rise in opposition to the amendment and in support of the underlying bill, and wanted to just briefly talk a little bit more about the dialogue that was started between Senator Howard and Senator Heidemann in regards to existing definitions and where they emanated from and how they will be applied if this legislation is adopted and moves forward. To be clear, these are based...the definitions are included in statutes and in the bill, notably, I think in section (2) on the E&R amendment. And the definitions related to distressed areas are based on a very carefully crafted compromise that was worked out years ago, I think actually in 2005 is when we first started utilizing this language to ensure very carefully that we are targeting our existing resources, which are scarce, mind you--taxpayer resources--to the areas with the greatest needs. And this has been a constant in our economic development policy since 2005. So the definitions utilized in LB386 is a continuation of that sound policy. It ensures uniformity. It ensures implementation will move forward in a way that the department and others in the private sector are used to implementing and dealing with. And what the definition really ensures is that, based on county or census tract, whichever is most applicable on the underlying population, that we're targeting existing resources to the areas that have higher unemployment than the

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statewide average, areas that have a lower per capita income than the statewide average, and/or a significant population decrease from the succeeding census information and data that is brought forward. So again I'd urge your careful consideration and support for the underlying amendment, because it ensures that we have a uniform, cohesive, and comprehensive policy for our economy development tools as we move forward, that's based on existing laws and practice, and that again is carefully, carefully targeted to make sure these resources go to where the greatest needs are for businesses that are located in economically distressed areas. Thank you, Mr. President. [LB386]

SENATOR GLOOR: Thank you, Senator Conrad. Senator Krist, you are recognized. [LB386]

SENATOR KRIST: Thank you, Mr. President. Now to be absolutely crystal-clear, if you read my amendment AM1308, it does exactly what we probably would never want to do: It excludes all of Douglas, all of Sarpy, all of Lancaster, and all of Washington. It calls them all nondistressed areas. So we say you can only apply for the \$3,500. That's how critical the wording is on some of these exclusionary-type bills, that we can't have special legislation, but we can, by word, specially identify and exclude those areas that we don't want. My point in bringing this forward is threefold. First of all, when you sit down in a committee and you listen to the testimony and you put something out, and you deliberately and diligently look at all of the wording and you know exactly what it says, and then, at the eleventh hour, somebody comes in, particularly from dare I say a code agency, and says, you know what, "It wasn't exclusionary enough; let's amend that to go this way," know what you're voting on coming out of the committee. And I'm not taking any slam at all at Business and Labor. I'm sure that they did. But I'm sure that having spent three or four days on this, I probably spent enough time to know exactly what this did to my county and what it did in terms of excluding a portion of this state, a large portion of the state--300,000-some odd-thousand people in the state. Now if the intent on the intent language would have said we're trying to put people back in the small towns, we're trying to get those kids back out there so that they would be reintegrated into Scottsbluff and Schuyler and all the rest of the cities that are out there and, hopefully, keep them there, I would have been the first person up here punching a green button and I never would have offered an amendment. But that's not what it said. So we said one thing, and if you read the language, it really didn't do what it needed to do. If it's a distressed area that a person comes from and we're helping them move into other opportunities, let's say it. If it's to keep the farm agricultural folks in the farming and agricultural business in small towns, let's say it. If it's to say this is another one of those where, Douglas County, you don't need any more help, so you're being excluded, let's say it. The last reason I did this was just so that we would take a deep breath and look at those things that are being brought to us from outside of this Chamber, and sometimes we just let them fly through because they must have been thought out well by that other concern. I felt it important enough to bring it up, to talk about it, and to take

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time this morning to really consider what we are doing. At this time, Mr. President, I would like to pull AM1308. [LB386]

SENATOR GLOOR: Thank you, Senator Krist. So noted. (Visitors introduced.) Mr. Clerk. [LB386]

CLERK: Mr. President, Senator Mello would move to amend: AM1359. (Legislative Journal page 1369.) [LB386]

SENATOR GLOOR: Senator Mello, you are recognized to open on your amendment. [LB386]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. AM1359 is what I just described about ten minutes ago, which is an amendment to clarifying, on page 2, section...it adds (d) to subsection (2), which says, "The intern applies for the internship prior to graduation, even though the internship may be completed after graduation." This just clarifies the fact that if a student, under the current definitions of what an intern and eligibility is, applies for an internship prior to graduation, that they are able to complete the internship, postgraduation. That's simply what it is. There could be cases where an internship may be able to last for 50 weeks. You apply for an internship for a semester and ultimately your internship gets cut short because you graduate at the end of that semester instead of at the end of the summer quarter or at the end of summer semester, so to speak. So this just clarifies to those interns who are trying, one, to maybe look for a longer established internship instead of a shorter period time frame, that if they apply before they graduate, they would continue to be able to serve through the remainder of that internship regardless if they graduate prior to. Thank you, Mr. President. [LB386]

SENATOR GLOOR: Thank you, Senator Mello. There are no senators in the speaking queue. Senator Mello, would you like to close on your amendment? Senator Mello waives. Members, the question before us is, shall the amendment to LB386 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB386]

CLERK: 29 ayes, 0 nays, Mr. President, on adoption of Senator Mello's amendment. [LB386]

SENATOR GLOOR: The amendment is adopted. [LB386]

CLERK: I have nothing further on the bill, Mr. President. [LB386]

SENATOR GLOOR: Senator Larson. [LB386]

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SENATOR LARSON: Mr. President, I move that LB386 be advanced to E&R for engrossing. [LB386]

SENATOR GLOOR: You have heard the motion. Those in favor say aye. Those opposed say nay. LB386 is advanced. Mr. Clerk. [LB386]

CLERK: Mr. President, some items. Senator Harms offers LR179-189. Those will be laid over. Senator Christensen offers LR190 and LR191, those, too, laid over. And Senator Harms, LR192-195, those, too, laid over. I have an amendment to LB575, to be printed, by Senator Mello. (Legislative Journal pages 1369-1380.) [LR179 LR180 LR181 LR182 LR183 LR184 LR185 LR186 LR187 LR188 LR189 LR190 LR191 LR192 LR193 LR194 LR195 LB575]

And, Mr. President, Senator Hansen would move to recess the body until 1:30 p.m.

SENATOR GLOOR: Members, you have heard the motion to recess until 1:30 today. Those in favor say aye. Those opposed say nay. We stand recessed.

RECESS

SENATOR GLOOR PRESIDING

SENATOR GLOOR: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

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

CLERK: One item. Senator Pahls offers LR196. That will be laid over, Mr. President. That's all that I have. (Legislative Journal pages 1381-1382.) [LR196]

SENATOR GLOOR: Thank you, Mr. Clerk. (Visitors introduced.) We proceed to the first item on this afternoon's agenda. Mr. Clerk.

CLERK: Mr. President, the first bill is LB380. Introduced by the Speaker at the request of the Governor. (Read title.) Introduced on January 13 of this year, referred to the Appropriations Committee. The bill was advanced to General File. There are Appropriations Committee amendments pending. (AM834, Legislative Journal page 1323.) [LB380]

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to

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open on LB380. [LB380]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. LB380 introduced by the Speaker for the Governor represents a component of the Governor's 2011-2013 biennium budget recommendation. The bill would suspend certain depreciation charges assessed by the Department of Administrative Services. LB1100 enacted in 1998 provided that in the year following completion of a capital construction project, DAS was to begin annually assessed depreciation charges to the relevant agency on the basis of 2 percent of the total production cost. If an existing facility was acquired, the depreciation charges was to be based upon 2 percent of the greater than the acquisition price or the value of the facility as determined by DAS. The charges were suspended for 2003-2004, and 2004-2005 by LB410 in 2003, and by LB1092 in 2004. The charges were reinstated at a rate of 1 percent for 2005-2006 and remained at that level through 2008-2009. LB318, enacted in 2009, suspended the depreciation charges again for 2009-2010, and 2010-2011. Without statutory changes the charges are to be reinstated at the 1 percent rate beginning in 2011-2012. Payment of these depreciation charges has just historically been supported with General Fund appropriations to the effected state agencies. Amounts paid by these state agencies for the depreciation charges are credit, as applicable, to the State Building Renewal Assessment Fund, University Building Renewal Assessment Fund, and the State College Building Renewal Assessment Fund. These funds are to be administered by the 309 Task Force for Building Renewal, which is a division of the Department of Administrative Services. In general terms, amounts from the respective funds are authorized to be expended for building renewal projects and other building improvements incident to approved building renewal projects. LB380, as introduced, would continue to suspend assessments of the depreciation charges for 2011-2012, and 2012-2013. This would represent the fifth and sixth fiscal years of the ten years beginning with 2003-2004 that the depreciation charges will have been suspended. And that is very important, and you will hear that when I explain my committee amendment. Under the provisions of the bill, depreciation charges were to resume at a 1 percent rate for 2013-2014 and future years. Affected state agencies would not be subject to the depreciation charges for 2011-2013 biennium. Correspondingly, no revenue from these depreciation charges would accrue to the three building renewal assessment funds for 2011-2013 biennium. The Governor's budget recommendations included in LB374 included funding provisions that assume suspension of the depreciation charges for the 2011-2013 biennium. Resumptions of the depreciation charges for 2013-2015 biennium would presumably require consideration of the annual General Fund appropriations in excess of \$11.6 million to accommodate these charges. With that, if there are any questions on LB380, I would be happy to answer them. We do have an amendment that will be following. [LB380 LB374]

SENATOR GLOOR: There are amendments, as stated by the Clerk, from the Appropriations Committee. As Chair of that committee, Senator Heidemann, you're

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recognized to open on the committee amendments. [LB380]

SENATOR HEIDEMANN: The committee amendments would eliminate rather than continue to suspend the mechanism of LB1100 depreciation charges. Budget recommendations included in the Appropriations Committee amendments to the mainline budget bill, LB377, take into account elimination of the LB11 depreciation charges as provided by the Appropriations Committee amendments to LB380. With elimination of LB1100 depreciations mechanisms for LB380, the Task Force for Building Renewal presumably would request future funding to offset elimination of the depreciation mechanism as a source of funds. This would represent a more direct approach to considering funding levels for the Task Force for Building Renewal. It essentially represents an approach to funding for the task force similar to the approach that was in effect prior to the enactment of the indirect and somewhat cumbersome LB1100 depreciation mechanism enacted in 1998. Under this more direct approach, funding for the Building Renewal work of the 309 Task Force will be considered in the context of the financial circumstances of the state and the backlog of state building renewal work to be addressed by the 309 Task Force. Consideration of this funding would also be in context of funds that remain available to the 309 Task Force for the State Building Renewal work. These continuing sources of funds primarily include earmark cigarette tax receipts, approximately which is \$9.2 million annually, and amounts paid by state agencies as rent surcharges for state facilities operated and administered by the State Building Division. This source of funds will approximate \$1.8 million for each year of the 2011-2013 biennium. Pretty much what the committee amendment does is saying that we have suspended these surcharges, six out of the last ten years under LB380. It's just the thought of the Appropriations Committee, let's just face reality as we see it now, just do away with the surcharges forever as what seems to be happening year after year, and get to a different funding source in future years. If they want to come back and make a request to the Appropriations Committee, then so be it. But I urge your support of AM834 to eliminate the depreciation surcharges, and then your support on LB380. [LB380 LB377]

SENATOR GLOOR: Thank you, Senator Heidemann. Members, you've heard the opening on LB380 and the committee amendments. Senator Sullivan, you're recognized. [LB380]

SENATOR SULLIVAN: Thank you, Mr. President. I appreciate Senator Heidemann's explanation, but I wonder if he would yield for a couple of questions. [LB380]

SENATOR GLOOR: Senator Heidemann, would you yield? [LB380]

SENATOR HEIDEMANN: Yes. [LB380]

SENATOR SULLIVAN: Thank you, Senator Heidemann. Since I'm of the new...a new

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member of the Building and Maintenance Committee, I take great interest in things that might impact the work of the committee. As I understand what you've just told us...well, I guess my first question is, what will the impact be? Will we have any less funds technically and theoretically for that, for capital construction and maintenance projects with this action that you're recommending? [LB380]

SENATOR HEIDEMANN: There will be about \$12 million less funds available. There are still funds in the Building Renewal to continue the work that they do but there will be less funds. It would be the thought probably in the out-biennium, the upcoming biennium that if things get better they could come back to the Appropriations Committee and say that we have a lot of use for these funds. We need an actual General Fund appropriation, and at that time, I won't be here, but at that time, hopefully, the Appropriations Committee would look at something like that, look at the need, and try to get them funding some way. [LB380]

SENATOR SULLIVAN: So in other words, if we wouldn't take this action today, we would still keep the surcharge, the economy continues to improve, it would be a situation where that asking wouldn't have to be made to the Appropriations Committee for some additional funds, is that correct? [LB380]

SENATOR HEIDEMANN: Underneath LB380 as introduced, it suspends it for two years like we have done it in four other years in this last ten years. Underneath my...the Appropriations amendment, AM834, it would just do away with them. [LB380]

SENATOR SULLIVAN: So in other words to make sure that under this scenario if we were to approve AM834, and we want to make sure that we have enough monies to make these improvements on our buildings, it's incumbent to make the asking of the Appropriations Committee because this surcharge will no longer be there, is that correct? [LB380]

SENATOR HEIDEMANN: They would have to go through the process like everything else does like the university, like everything else comes before the Appropriations Committee, we look at priorities. If this is a priority in a couple of years, we would say, yes, we need to get more money into this fund so that they can do the things needed. [LB380]

SENATOR SULLIVAN: I'm sure you're probably going to hear this question a lot, but do you anticipate even though you won't be here, as the economy improves, would we potentially be revisiting some actions like this in light of a more robust economy? [LB380]

SENATOR HEIDEMANN: I don't believe that you'll revisit this action. I do believe that they will come in and ask for more money, and in my explanation of the bill it actually

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said that this was the process before they went to depreciation surcharges. So it's going back to that process which seems to be, for me anyway, a little bit clearer and cleaner. [LB380]

SENATOR SULLIVAN: Thank you very much, Senator Heidemann. Thank you. [LB380]

SENATOR GLOOR: Thank you, Senator Sullivan. (Visitors introduced.) Are there other senators wishing to be recognized? Seeing none, Senator Heidemann. Senator Heidemann waives. Members, the question is, shall the committee amendments to LB380 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB380]

CLERK: 39 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB380]

SENATOR GLOOR: The amendment is adopted. Discussion continues on the advancement of LB380. Senator Howard, you are recognized. [LB380]

SENATOR HOWARD: Thank you, Mr. President and members of the body. If Senator Heidemann would be available to answer a couple of questions. [LB380]

SENATOR GLOOR: Senator Heidemann, would you yield? [LB380]

SENATOR HEIDEMANN: Yes. [LB380]

SENATOR HOWARD: Thank you. I have gotten an e-mail from a constituent with a question and I thought the better thing to do would be to ask you on the floor, get it on the record. I understand there is going to be a 1.5 percent increase for the state employees that are not covered under the union contracts. Is that correct? [LB380]

SENATOR HEIDEMANN: I think that is my understanding. [LB380]

SENATOR HOWARD: Can you explain specifically who is going to be getting this, who is included in this? [LB380]

SENATOR HEIDEMANN: Everybody that didn't get a raise in the previous year. The previous year, those covered underneath...this is the way I understand it, got a raise. There were some that were left out and got flat. And then in the next year, we're going to have a 2 percent raise, then everybody will get that. This is somewhat to make up for those people that got totally left out the year before. It makes up part of it but not all of it. [LB380]

SENATOR HOWARD: Well, the people that got the raise, if I understand this correctly,

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last year were the people that went to court to appeal not getting the raise. They were the people that got the court award. [LB380]

SENATOR HEIDEMANN: That part I don't recall. [LB380]

SENATOR HOWARD: It was ordered under the court decision that they would be getting an increase. But these are the same people that the...the same line workers, if you will, that have the furloughs. [LB380]

SENATOR HEIDEMANN: Those that received a raise that year, if I remember right, did receive some furloughs. The ones that didn't have a raise didn't get...didn't take furloughs. [LB380]

SENATOR HOWARD: So what it comes down to is, it's the line workers that got the raise under the court's order, were the ones subjected to the furloughs, the administrators...and I understand this is not from you, Senator Heidemann, but from other people that have called me about this, did not have to take furloughs. They weren't required to have the furloughs. So they will be the ones getting the raise while line staff will not. [LB380]

SENATOR HEIDEMANN: The ones that didn't take the furloughs, though, didn't get a raise, and if I...you said a percent and a half... [LB380]

SENATOR HOWARD: Right. [LB380]

SENATOR HEIDEMANN: ...I believe the ones that did get a raise were at 2.5 percent. This gets them back partways and then you add the furlough days in, it probably will be fairly even, so that everybody is on the same page. [LB380]

SENATOR HOWARD: Well, other than that the administrators are paid far more than the line staff (laugh) so we're considering even in that perspective, their salaries are greater and they will be making more money. Where is this particular thing listed in the budget so that I can share this information? [LB380]

SENATOR HEIDEMANN: It should be in the mainline budget bill, which is LB374. [LB380 LB374]

SENATOR HOWARD: All right. I just want to make it perfectly clear that the people that are going to be getting the raise did not take furlough days, were not required, requested, subjected, whatever term we want to use, to being furloughed and losing those days, those days of being paid. And those, in fact, are the individuals that are at the higher level, the administrative level. So we're not comparing the same thing. We're not comparing line workers, who are the lower paid and the furloughed workers. Thank

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you. [LB380]

SENATOR GLOOR: Thank you, Senator Howard. There are no senators waiting to be recognized. Senator Heidemann, you're recognized to close on LB380. Senator Heidemann waives. The question is, the advancement of LB380 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB380]

CLERK: 38 ayes, 0 nays, Mr. President, on the advancement of LB380. [LB380]

SENATOR GLOOR: The bill advances. (Visitors introduced.) Mr. Clerk. [LB380]

CLERK: Mr. President, LB379, the second bill of the Appropriations package. It was introduced by Speaker Flood at the request of the Governor. (Read title.) The bill was introduced on January 13 of this year, referred to the Appropriations Committee. There are Appropriations Committee amendments pending as well as amendments to those...to that amendment, Mr. President. (AM1250, Legislative Journal page 1326.) [LB379]

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to open on LB379. [LB379]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. I am going to open on LB379. There is Appropriations Committee amendment that changes some of the numbers, and then I have an amendment that follows that will change some of the numbers once again. LB379 was introduced by the Speaker at the request of the Governor, is part of the Governor's biennial budget recommendations. The bill's primary purpose is to amend Nebraska Revised Statutes Section 84-612 to provide the following new transfers to/from the Cash Reserve Fund. The State Treasurer shall transfer a total of \$130 million from the Cash Reserve Fund to the General Fund on or before June 30, 2012, on such dates and in such amounts as directed by the budget administrator, to support the maintenance of critical state services and mitigate the adverse effects of the forecasted decline in tax receipts. The State Treasurer shall transfer a total of \$130 million from the Cash Reserve Fund to the General Fund on or before June 30, 2013, on such dates and such amounts as directed by the budget administrator, to support the maintenance of critical state services and mitigate the adverse effects, once again, of the forecasted decline in tax receipts. Number three, and this is the reason I wanted to read this part of it. The State Treasurer, at the direction of the budget administrator, shall transfer not to exceed \$12 million in total from the Cash Reserve Fund to the Ethanol Production Incentive Cash Fund, EPIC Fund, between July 1, 2011, and November 30, 2012, as directed by the budget administrator. The State Treasurer, at the direction of the budget administrator, shall transfer from the EPIC Fund to the Cash Reserve Fund, an amount equal to the total amount transferred to the EPIC Fund prior to November 30, 2012. Such transfers

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back to the Cash Reserve Fund shall be on or before November 30, 2012, in such amounts as certified by the Tax Commissioner. These temporary transfers translate to the EPIC Fund will provide the necessary cash flow for the fund to issue credits to the ethanol producers without proration of these credits while the fund awaits the receipt of its regular revenue from the current excise tax on the sale of corn and grain sorghum. This bill also amends Section 66-1345 to harmonize provisions related to the transfers to the Ethanol Production Incentive Cash Fund. The bill includes the emergency clause. If there are any questions, I would try to answer them. [LB379]

SENATOR GLOOR: Thank you, Senator Heidemann. As the Clerk stated, there are amendments from the Appropriations Committee. As Chair of that committee, Senator Heidemann, you're recognized to open on the committee amendments. [LB379]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. The amendment reflects the Appropriations Committee recommendations and becomes the bill. Adds the deletion of the obsolete language related to the transfers that have been completed in the prior years. It also amends the proposed transfer of \$130 million each year to the General Fund, \$128 million each year to the General Fund. It also retains the original language regarding EPIC. If you have any questions, I'd be happy to try to answer them. [LB379]

SENATOR GLOOR: Thank you, Senator Heidemann. Mr. Clerk, there are...there is an amendment to the committee amendment. [LB379]

CLERK: There is, Mr. President. Senator Heidemann, I have a note with respect to AM1301 that you would like to withdraw that, Senator. [LB379]

SENATOR HEIDEMANN: Yes. [LB379]

CLERK: Mr. President, Senator Heidemann would move to amend the committee amendments with AM1347. (Legislative Journal page 1382.) [LB379]

SENATOR GLOOR: Senator Heidemann, you're recognized to open on AM1347. [LB379]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. My amendment, AM1347, reduces the Appropriations Committee recommendations transfer from the Cash Reserve Fund to the General Fund by amounts equal to the increased revenue forecast in fiscal years 2011-2012, 2012-2013, which is \$91 million and \$60 million respectively. By reducing the General Fund transfer, the gains from the increased forecast that accumulate to the Cash Reserve Fund resolving in a projected cash reserve balance of nearly \$300 million rather than the \$65.7 million in the committee's recommended budget reported to the floor last week. If anybody, and I had

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said this in my budget briefing, have heard what happened last Thursday when the Forecasting Board met, it was a good day for the state of Nebraska. We received \$82.5 million extra revenue forecast. In the current fiscal year, which expires or ends June 30, 2011, that \$82.5 million transfers by law to the Cash Reserve. The next year was an increase of \$91 million and the next year after that an increase of \$60 million. It's my thought and it's the Appropriations Committee's thought that that money needs to go back into the Cash Reserve. We believe we're going to present to you in LB374 a very responsible budget and because of that we believe that the extra revenue that is forecasted to come in will not be needed at this time. I think it's important that we put it in the Cash Reserve. We see if the trend continues, we see how the October Forecast Board treats this, and then we can come back in, in the following January, and if it's the will of this body to readjust things at that time, then I think that would be the proper thing to do. But at this time, I think it's very important that we park the extra revenue into the Cash Reserve Fund. If there are any questions, I would be...try to answer them on AM1347. [LB379 LB374]

SENATOR GLOOR: Thank you, Senator Heidemann. Members, you've heard the opening on LB379, the committee amendment, and the amendment to the committee amendment. Are there senators who wish to be heard? Seeing none, Senator Heidemann. Senator Heidemann waives. The question, members, is, shall the amendment to the committee amendment, LB379, be adopted? All those in favor vote aye; those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB379]

CLERK: 40 ayes, 0 nays, Mr. President, on the adoption of Senator Heidemann's amendment to the committee amendments. [LB379]

SENATOR GLOOR: The amendment is adopted. Continue on debate. Seeing no senators who wish to be recognized, Senator Heidemann, you're recognized to close on the committee amendment. Senator Heidemann waives. Members, the question is, shall the committee amendments to LB379 be adopted? Those in favor vote aye; those opposed vote nay. Record, Mr. Clerk. [LB379]

CLERK: 41 ayes, 0 nays, Mr. President, on the adoption of Appropriations Committee amendments. [LB379]

SENATOR GLOOR: The committee amendment is adopted. Discussion goes forward on the advancement of LB379 to E&R Initial. There are no senators wishing to speak. Senator Heidemann waives. Members, the question is the advancement of LB379 to E&R Initial? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB379]

CLERK: 39 ayes, 0 nays on the advancement of LB379. [LB379]

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SENATOR GLOOR: The bill advances. Continuing with General File, LB378. [LB379 LB378]

CLERK: Mr. President, LB378, a bill introduced by Speaker Flood at the request of the Governor. (Read title.) The bill was introduced on January 13, referred to Appropriations Committee, advanced to General File. I do have Appropriations Committee amendments, Mr. President. (AM904, Legislative Journal page 1330.) [LB378]

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to open on LB378. [LB378]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. If it's all right with the President, I will just open on the amendment because it becomes the bill. [LB378]

SENATOR GLOOR: Absolutely. Continue. The Clerk stated there are amendments from the Appropriations Committee. Senator Heidemann, go ahead and open on the committee amendments which are the bill. [LB378]

SENATOR HEIDEMANN: AM904 becomes the bill to LB378. In Sections 1 and 2, this is quite lengthy but I'm going to go ahead and read the explanations of all this because I think it's important that we know what we're about to vote on. Sections 1 and 2 transfers \$234,954 each year from the Uniform Commercial Code Cash Fund to the Election Administration Fund. By taking this action we're able to avoid putting General Funds back into the Secretary of State's Elections Program for the next two years. Sections 3 and 4 transfer \$110 million from the General Fund to the Property Tax Credit Cash Fund on or before December 15 for each of the next two years. These funds are to be disbursed to the counties to provide a property tax credit. Section 5 and Section 6 make transfers from the Local Civic, Cultural, and Convention Center Financing Fund to the Department of Revenue Enforcement Fund. The amounts are to be \$42,900 on July 1, 2011, and \$43,900 on July 1, 2012. These transfers are pursuant to current statutory provisions. Sections 7 and 8 transfers \$50,000 each year from the Stem Cell Research Fund to the Health and Human Services Cash Fund. This funding will be used to offset the General Fund match for the Children's Health Insurance Program. The Stem Cell Research Cash Fund receives its funding for the Health Care Cash Fund. Section 9 and 10 transfer \$485,700 each year from the Tobacco Prevention and Control Cash Fund to the Health and Human Services Cash Fund. This funding will be used to offset the General Fund match for the Children's Health Insurance Program. The Tobacco Prevention and Control receives its funding from the Health Care Cash Fund. Sections 11 and 12 transfer \$2.7 million each year from the General Fund to the Water Resources Cash Fund. These transfers are pursuant to current statutory provisions. Sections 13, 14, and 24 transfer \$2.5 million and \$3.8 million, respectively, from the General Fund to the Ethanol Production Incentive Cash Fund, the EPIC Fund. These

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transfers are pursuant to current statutory provisions. The \$3.8 million transfer will help cash flow from the EPIC Fund through the end of the Ethanol Production Credit Program. Section 24 simply modifies the statutory intent to include the transfer that is actually carried out in Section 14. Section 15 transfers \$25 million from the General Fund to the Nebraska Capital Construction Fund, the NCCF, on or before June 30, 2012, for the Nebraska Innovation Campus at the University of Nebraska-Lincoln. This funding will provide partial support for two projects, the renovation of the 4-H Building, and the construction of the Food, Fuel, and Water Research Building. Section 16 through Section 20 extend the duration for which certain funds at the Supreme Court can be used for court operations and probation service. During the 2009 Special Session, the Supreme Court was given authority to use these funds to fund court operations and probation services through June 30, 2011. These sections extend that time frame through June 30, 2013. Section 21 transfers \$200,000 each year from the Community Corrections Uniform Data Analysis Cash Fund to the Violence Prevention Cash Fund. This funding will be used for violence prevention grants. Sections 22 and 25 allow for the Workers' Compensation Claims Revolving Fund and the State Insurance Fund to be used to pay the costs of administering the Risk Management Program. A majority of the Risk Manager's workload involves Workers' Compensation and insurance. Section 23 transfers no more than \$2,816,345 from the State Unemployment Insurance Trust Fund to the Employment Security Special Contingent Fund that reduces the reappropriations of the federal funds, which is the Reed Act, by like amount. This is to fill the state's repayment obligation to the federal government for accounting irregularities and mistakes made by the Department of Labor for which a negotiated settlement has been reached. Sections 26 and 29 collapse the Communications Cash Fund into the Communications Revolving Fund for the Department of Administrative Services. Going forward, all revenues and expenditures will flow into the Communications Revolving Fund. This action will simplify internal workings for the Division of Communications. Section 30 modifies legislative intent governing transfers from the General Fund to the Nebraska Cultural Preservation Endowment Fund and repeals reference to a \$500,000 transfer from the General Fund in both fiscal years 2011-2012, and fiscal years 2012-2013. The transfers are being cancelled in order to reduce the General Fund obligations in fiscal years '11-13 biennium budget. However, the ending date for the annual General Fund transfer to the Nebraska Cultural Preservation Endowment Fund has been extended two years, and does now end in 2018 rather than 2016. With that action, they will get all the money that was promised to them. Sections 31 through 34 change the level of the University Cash Funds that are available for working cash purposes from a specific dollar amount to a percent, which is 2 percent, of the specified funds. The specific dollar amounts were established in the mid-1980s. This change would allow the university some flexibility. Section 35 allows for transfers from the Uniform Commercial Code Cash Fund to the Election Administration Fund. This authorization is required to make transfers I previously talked about in Sections 1 and 2. Section 36, 37 are repealer sections. And Section 38 is emergency clause. There's quite a bit in this bill as I just read a little bit of

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everything of some actions that we have taken place in previous years. So we need to do this to follow up with those actions. If you have any questions on AM904, I'd be happy to try to answer them. [LB378]

SENATOR GLOOR: Thank you, Senator Heidemann. Members, you have heard the opening on AM904 to LB378. We now move to floor debate. Senator Campbell, you're recognized. [LB378]

SENATOR CAMPBELL: Thank you, Mr. President and good afternoon, colleagues. I wanted to take this opportunity to indicate my full support for the amendment and the underlying bill, but also to draw your attention to pages 67 and 68 of your budget book, in which you may not have spent a lot of time taking a look at it, but it is the Health Care Cash Fund. Recently, Senator Heidemann and I were called to a meeting by the chief investment officer for the state to give us an indication that at the rate we are spending in the Health Care Cash Fund... [LB378]

SENATOR GLOOR: (Gavel) [LB378]

SENATOR CAMPBELL: ...it would not last in perpetuity, which is what the present statute indicates. Senator Krist has shown an interest also in the Health Care Cash Fund and no doubt will cosponsor with me an interim study in which we will take a look at the Health Care Cash Fund and work with the Appropriations Committee to bring back recommendations for you to consider. But I do want...I would like you to take sometime in the coming weeks or over the interim to take a look at what is listed in the Health Care Cash Fund. And I would yield any of remaining time to Senator Heidemann if he wishes to make comment on this. [LB378]

SENATOR GLOOR: Senator Heidemann, 3 minutes and 35 seconds. [LB378]

SENATOR HEIDEMANN: Thank you, Senator Campbell for bringing that up. I do actually really appreciate that. Senator Campbell and I had a recent meeting with Jeff States with Investment Council and he confirmed some suspicions that I've had for quite sometime, for a lot of the actions that we have did with the Health Care Cash Funds weren't sustainable and are not going to be sustainable. We need to as a body and as a state, need to look at the Health Care Cash Fund and we need to look at our priority. Do we want this Health Care Cash Fund to be sustainable or do we want to continue to lose the principal, which means eventually there will be no more money left in the Health Care Cash Fund? I personally think that we need to look at the sustainability of it. There are a lot of good things that come out of the Health Care Cash Fund. Unfortunately, we've added to those burdens over the years and it is no longer sustainable. There are things in there that if the Health Care Cash Fund goes away, there's some General Fund obligations which we will then as a body probably would have to pick up. So that's something for us to think about. I appreciate the fact that

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Senator Campbell brought this up. It is something that we need to look at and, hopefully, in the interim take a look at it and see which direction we want to go. Thank you. [LB378]

SENATOR GLOOR: Thank you, Senator Heidemann and Senator Campbell. There are no senators remaining in the queue. Senator Heidemann, you're recognized to close on AM904. Senator Heidemann waives. Members, the question is, shall the committee amendments to LB378 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB378]

CLERK: 35 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB378]

SENATOR GLOOR: The amendment is adopted. Discussion continues on the advancement of LB378. Senator Nelson, you are recognized. Senator Nelson, did you wish to be recognized? [LB378]

SENATOR NELSON: I waive. [LB378]

SENATOR GLOOR: Senator Pahls, you are recognized. [LB378]

SENATOR PAHLS: Thank you, Mr. President and members of the body. Could I entertain a question from Senator Campbell? [LB378]

SENATOR GLOOR: Senator Campbell, would you yield? [LB378]

SENATOR CAMPBELL: Certainly. [LB378]

SENATOR PAHLS: Thank you. Senator, I am looking at page 34 and I just have a question that...I don't know if you're familiar with it or not. If you take a look at the second paragraph, the one reason why I see the autism money, are you very familiar why and how that was transferred? Were you involved in that? [LB378]

SENATOR CAMPBELL: Senator Pahls, were you talking about the original bill or what was done this year? [LB378]

SENATOR PAHLS: The original bill. The money that we had set aside, and now apparently this...and that fell through. But are you familiar like with the autism? [LB378]

SENATOR CAMPBELL: Yes. The information that is included on the second paragraph of page 34 was discussed this summer. When we looked at the LR542 process, knowing that this money would become available through the Health Care Cash Fund, and certainly I personally support the use of what they are...the Appropriations

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Committee is doing there to fortify the Children's Health Program. [LB378]

SENATOR PAHLS: Right. And so do I, but I'm just...the reason why I'm talking a little bit about autism is because you know the history behind that bill how we were going to have matching from a private person, Gail Werner-Robertson was going to match it. We couldn't get everything working through our Medicaid side. [LB378]

SENATOR CAMPBELL: Yes, the private funds could not be brought forth and the state was notified of that. [LB378]

SENATOR PAHLS: Okay. But I'm just standing up, just saying I'm sort of disappointed not how we're using this money because you cannot just when you need it, but at one time we did have a really, I thought, a unique situation that could have helped those children with autism because we did have a program that if we could have gotten, I think...I'll be very honest with you, our act together, that would be servicing children. But we could not get that to happen, which I understand. We spent several years at it, but I do realize this money has to be utilized otherwise. Thank you. [LB378]

SENATOR CAMPBELL: Thank you. [LB378]

SENATOR GLOOR: Thank you, Senator Pahls. There are no senators remaining in the speaking queue. Senator Heidemann waives closure on the advancement of the bill. The question is the advancement of LB378 to E&R Initial. Those in favor vote aye; those opposed vote nay. Record, Mr. Clerk. [LB378]

CLERK: 37 ayes, 0 nays, Mr. President, on the advancement of LB378. [LB378]

SENATOR GLOOR: The bill advances. Mr. Clerk, items for the record. [LB378]

CLERK: Thank you, Mr. President. New resolutions: Senator Nordquist, LR197. That will be laid over. I'm sorry, calls for an interim study. That will be referred to the Executive Board. And an amendment to be printed to LB176 by Senator Avery. That's all that I have, Mr. President. (Legislative Journal pages 1383-1386.) [LR197 LB176]

SENATOR GLOOR: Thank you, Mr. Clerk. Moving forward with the General File budget bills.

CLERK: Mr. President, LB377 was a bill introduced by Speaker Flood at the request of the Governor. (Read title.) The bill was introduced on January 13, referred to the Appropriations Committee who in turn reported the bill to General File with committee amendments attached. (AM903, Legislative Journal page 1330.) [LB377]

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to

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open on LB377. [LB377]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. LB377, as introduced by the Speaker at the request of the Governor, is a component of the Governor's biennial budget recommendations. This bill appropriates funds for the reaffirmed and new construction projects recommended by the Governor for the 2011-2013 biennium. Reaffirmed projects include those projects which have been previously approved by the Legislature for funding. We have a committee amendment following. If anybody has questions on LB377, I'll be happy to answer them at this time. [LB377]

SENATOR GLOOR: Thank you, Senator Heidemann. As the Clerk stated, there are amendments from the Appropriations Committee. Senator Heidemann as Chair of the committee, you're recognized to open on the committee amendment. [LB377]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. The committee amendment becomes the bill. The amendment contains the Appropriations Committee recommendations for reaffirmed and new capital construction projects for 2011-2013 biennium. Please refer to page 82, the State of Nebraska 2011-2012, 2012-2013 as proposed by the Appropriations Committee One Hundred Second Legislature, First Session, budget book for details of the Appropriations Committee recommendations for capital construction as contained in the committee amendment. Reaffirmed projects, projects approved for prior years have ongoing costs in the new biennium along with the new projects as listed on page 86 and 87, respectively. If you have any questions, I'd be happy to try to answer them. [LB377]

SENATOR GLOOR: Thank you, Senator Heidemann. Mr. Clerk. [LB377]

CLERK: Mr. President, Senator Karpisek would move to amend the committee amendments with AM1358. (Legislative Journal page 1386.) [LB377]

SENATOR GLOOR: Senator Karpisek, you're recognized to open on your amendment to the committee amendments. [LB377]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. AM1358 would take the \$25 million out of the university budget for Innovation Campus. I know that I have been opposed to moving the State Fair, I have been opposed to giving money to Grand Island because of moving the State Fair, I am not opposed to Innovation Campus. I think it's a great idea. I never thought it needed to go where it is going. I thought there was plenty of other places. However, I am not bringing this just to try to poke someone in the eye. I don't think that we have the money right now to be spending \$25 million for Innovation Campus. I don't intend to talk on this for a very long time today, but I would like to get some things out and have a debate on it. I don't think

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that Nebraskans that I've talked to are very happy about this. We have taken a lot, a lot of money out of the budget, and I'll ask some questions later on of exactly how much. I don't think now is the time to be putting \$25 million into Innovation Campus, no matter how good of an idea it is. And again, I'm going to ask a little bit about cuts in other places, cuts in the university that we've seen recently, all sorts of cuts. Again I think Innovation Campus is a great idea. I don't think it needed to go right where it had to go. This body did so. That's fine. I do not bring this as any sort of retribution. I know that's what everybody thinks it is, but I've just heard too many people concerned about this. The university gets whatever it wants. I don't know. That is the perception out there, people. And again perception, many times, is reality. I think we need to have a debate on this and I think we need to have a vote on this. And I will take this to a vote because I think we need to know and we need to form a record. And the next time I hear anyone standing up complaining about taking money out for one project or another, I will have the vote count on this to say, gee, but you were all right on that. I don't want this to get ugly. I don't want it to be a university bashing idea because it is not meant to be. I'm a UNL grad. Somebody probably wasn't watching too close and let me get my diploma. I greatly support the university and it is a diamond that we have and we need to keep it polished. Is this the way we need to go right now? In my opinion, no. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Karpisek. Members, you've heard the opening on LB377, the committee amendment, and the amendment to the committee amendments. We now move to floor debate. Senators wishing to be heard: Fulton, Heidemann, Hadley, Harms, Conrad, Sullivan, and others. Senator Fulton, you're recognized. [LB377]

SENATOR FULTON: Thank you, Mr. President and members of the body. Thank you to Senator Karpisek bringing this up. I think it's appropriate that we have some debate on different aspects of our budget. This is, certainly, the budget that the Appropriations Committee has recommended, but at the end of the day it will have been the budget of the Legislature that is advanced to the Governor's desk. This issue is one, I think, that's worthy of debate because it is with respect to Innovation Campus, because it is something unique in the history of Nebraska. Now when the Governor put this forward in his budget, I recall that I was a little surprised and there were a lot of others who were surprised. But I remember the Governor talking about priorities, coming up with priorities for Nebraska. And the way that I look at this, I see this not only as a priority but as an opportunity. If we're watching what's going on in other states right now, other states are making egregious cuts to their university systems because they did not plan appropriately. We here in Nebraska, at least in the past since I've been here, we have stored up a cash reserve, we have put forward prudent and appropriate budgets, we have not increased taxes, we've planned, we've prepared. And so we find ourselves in a situation where we have an opportunity to jump out ahead of many of the rest of the states. Now how do we do that? We could have used this \$25 million for a tax reduction.

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We could have used it to fund some other portion of our budget, but we in the Appropriations Committee took great care to carve out \$25 million to match that recommendation by the Governor. Why? One of the things that we struggle with in Nebraska is the retention of our youth. We've even coined a term for it, brain drain. Nebraska, we don't have the same natural amenities that exist in other states and so we have to be clever. We have to come up with ways that we can retain our youth. Innovation Campus is one such way. Food, fuel, and water. These are the things that Nebraska can offer to the world and that is what Innovation Campus offers to Nebraska. So by making this appropriation, I'm saying that this is the culmination of good planning. By planning in years previous we're able to achieve in years ahead of us. We were prudent in years past such that we aren't panicked today. And so by funding Innovation Campus, I would ask, are there any other states across the country who are doing a similar thing? Are there any other states in the country who are taking a look at what exists within our state, matching it up with what could exist in the private sector, and then creating a mechanism for collaboration between the two? I don't know of other states that are doing this. Nebraska is unique. And so I understand what Senator Karpisek is saying about Nebraska being a diamond, I think was what he said. It is. And through our prudent preparation we have got to a point, we have come to a point where we can make an investment like this. There will be a question that's asked and this was a question I asked when thinking through this. I mean, you...we know each other out here, we know our own political philosophies and how we go about different issues. So one of the questions I asked, is it appropriate that the state spend this money for the university? The answer to that question is, yes. [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR FULTON: We have an obligation to our university. It's a land-grant institution. This is the university for Nebraska where we educate the citizens of Nebraska. And so it is appropriate that we make appropriations to the university. Indeed, look at what's happened in years past we have. Perhaps, perhaps to the chagrin of many, we've done too much. I recognize and appreciate that argument. But the question, is it appropriate to be funding the university? It is, in and of itself. At this level, perhaps, perhaps not. But this is what our committee was able to arrive at and it's something that we made plans for. And I say that this is an opportunity that we in Nebraska can exploit and no other states across the country can. And so I think that this does, this does it and I just don't think it, this does work within the context of our overall budget. And recognizing the good arguments that Senator Karpisek has put forward, I do think it's appropriate and stand in support of AM903, therefore, opposed... [LB377]

SENATOR GLOOR: Time, Senator. [LB377]

SENATOR FULTON: ...to AM1358. Thank you, Mr. President. [LB377]

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SENATOR GLOOR: Thank you, Senator Fulton. Senator Heidemann, you're recognized. [LB377]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. I do rise in opposition to AM1358, but I do urge your support of AM903 to LB377. In 2008, we had a discussion on the floor of this Legislature, some of us was here and some of us joined this body in later years, but at that time this body set a priority. And that priority was to move the State Fair to Grand Island and that priority was to build Innovation Campus. And for those of you were here, they probably remember that I wasn't exactly 100 percent on board at that time. And I was worried about the cost because there was a projected cost to be, at that time if I remember right, well over \$600 million. And I think that cost has grown, but there was a commitment also at that time that there would be some help that was going to be needed from the state of Nebraska General Funds. And that's probably why I was a little bit leery to jump on board at that time, but if I remember right, that bill passed very readily with the huge support from this body. Because of that, as Chair of Appropriations, I feel that I need to stand up and say, now is the time to start that funding. We can't pass things in this body and then not stand behind that action and say, if it's going to cost money, we need to be ready to start funding it. And you might ask the question, why now? Why we are...in a little bit of an...economy is in a downturn. We think we're starting to come back up. We had good revenue numbers in April, but why now? We made this action in 2008. We do not want to continue to put this action off. We need to get started with Innovation Campus if we're going down this path, and we decided that we was going to go down that path in 2008. Now is the time to begin to go down that path and to start this process with Innovation Campus. I know now is not a very good time when you look about everything that we've had to reduce funding for in this biennium budget, but I don't have to go any further than to look around at this building that we work in and almost live in during this time of the year. This was built during one of the most difficult times in Nebraska's history. But they had made a commitment to build this building and they followed through with that commitment and they made it work. We had a commitment to Innovation Campus and now is the time to stand up and begin that process. This is one-time funding that we will help the university start Innovation Campus. This money can't be used for any other purpose except for what it's intended in the Capital Construction bill. With that, if you have any questions to me as Appropriations Chair, why I think we need to oppose this amendment, but support AM903, I would be happy to try to answer them. If I have any remaining time left, I would like to give it to Speaker Flood. [LB377]

SENATOR GLOOR: Senator Flood, 1 minute 40 seconds. [LB377]

SPEAKER FLOOD: Thank you, Mr. President. Good afternoon, members. Thank you, Senator Heidemann. A couple years ago this Legislature made the decision to move the State Fair to Grand Island, celebrate agriculture, continue its rich tradition, and in

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exchange the University of Nebraska agreed to grow an Innovation Campus, create thousands of jobs, and make opportunities available in Nebraska. This is a continuing step in support of that effort. I live in Norfolk and I support this effort at the University of Nebraska-Lincoln campus. [LB377]

SENATOR GLOOR: One minute. [LB377]

SPEAKER FLOOD: Over the summer, a company in my hometown needed help on a research and development issue as it relates to an agricultural-based product that they create and manufacture. They didn't have the ability to do the research there and I referred them to the University of Nebraska at Lincoln and they're currently in discussions over how to do that and to provide the assistance. Bottom line, this is good for Nebraska, and I feel that if we're going to be serious about making this a reality and ensuring its success, this investment of \$25 million is appropriate, it's warranted, and it's a statewide investment in the creation of jobs and the development of new opportunities for kids and young people and adults of all ages that will work within these industries. I support it. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Flood and Senator Heidemann. Senator Hadley, you are recognized. [LB377]

SENATOR HADLEY: Mr. President and members of the body, I stand in opposition to AM1358 and in support of AM903. We've worked hard this session. We've had to make some difficult cuts, but we've also moved forward on many different fronts. What we have done is different than a lot of states have done. A lot of states have used the across the board method where they've cut everything 10, 15, 20 percent. We've tried hard to make those decisions that will move the state forward at the same time we recognize that we have a difficult time financially. I can name some of the bills that we've worked on. The Angel Investing Act, the Sites Section Act, the Economic Gardening Act, the Business Innovation Act. All of these are parts of the puzzle that we're trying to put together to move Nebraska forward from an economic development standpoint. That's what I see this bill as. We say that the Innovation Campus is a University of Nebraska project. It is because they will oversee it, but it is also an economic development project. This is what's going to give our young people the internship opportunities that we talked about this morning. It's going to give our incubator businesses a chance to get started. It's going to be a great thing for the future. So this is not just a University of Nebraska investment. It's an investment in the future of Nebraska, and it's one we should be making at this point in time. I happened to be lucky enough to go to a conference this past weekend for the Build Selection Committee and I heard the horror stories of other states around, the cuts that they're doing. The lack of planning that they had. And almost to a...state, they were doing it across the board. They were not trying to make investments in the future to use those dollars. To answer Senator Karpisek, yes, there are many different things that hurt me to make a cut, but

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also I understand that we want to move forward. So while at the same time you might be cutting, you might be making investments. It reminds me of a company that in the middle of a recession, they're laying off people, but they're also hiring people. Why do they do that? Because they're hiring people with the skill set they need to move them forward, and they may be laying off people with the skill set that they don't need as much of. Well, that's what we're doing with this budget. We've made some hard decisions to lower some things, but we also made hard decisions to move things forward. Education is and always will be the number one priority of the state. This is part of that big puzzle we're putting together this session. I urge your support of AM903 and reject the current amendment in front of you. Thank you, Mr. Speaker. [LB377]

SENATOR GLOOR: Thank you, Senator Hadley. Senator Harms, you're recognized. [LB377]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in opposition of AM1358. I support the amendment, AM903, and the underlying bill, LB377. Before I start to talk about that, I'd like to take just a moment if I can, I've had the fortunate opportunity to serve on the Appropriations Committee for...now into my fifth year. And I want to take a minute to thank Mike Calvert and his fiscal staff that are over here. I don't know if you know how bright these people are, how articulate they are. They've got the history of this organization. They are really very helpful to us and they help us build a budget like this. They deserve a lot of credit. I just want to say thank you for all the time and the efforts that you've gone through to get us where we are today. This is really an important step for Nebraska. I believe that for the first time in all the years I've lived in this great state, I see some light at the end of the tunnel. This Innovative Campus gives us the opportunity to do some things we've never had the opportunity to do in the past. This is the time for us to invest. This is the time for us to make a commitment to the future. We are looking long-term here. And when you look around the country and you look at what's happening in other states, they're not able to do this. They're not able to look into the future. They're in a withdrawal period. They're cutting back. And what a great opportunity for Nebraska because for so many years we've been ultraconservative, we've saved the necessary dollars, we've balanced our budget every year. This gives us then that opportunity to make an investment in the future, an investment in what happens to us. This gives us a long-term economic benefit by expanding this university's research, by building mutual benefits for partnerships among private sector with the government and the university, and create an innovative-based economy with the private sector companies involved in agriculture, involved in water. Can be involved in technology. It's going to give us the opportunity to move forward. It's going to give us the opportunity to collaborate with our research faculty and our brightest students that we have in our great university with companies that are looking for help and assistance. This is a fast-paced world. We're in an innovative-based economy. And it's changing rapidly and companies cannot afford to do things on their own. They will locate out here on our Innovative Campus. They will ask for assistance.

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They will ask for the University of Nebraska to help them to move forward, so they have that great opportunity to grow and develop. The neat thing about the Innovative Campus, colleagues, is not all those jobs have to be there, not all these companies have to be there. As they develop the research and as they grow, there will be spin-out companies, and they can be placed anywhere in Nebraska as long as you have the appropriate work force. So what does this do for us? What's the significant benefit of this? It's potential to track new businesses. Create new jobs. Undertake research that leads to innovation, commercialization, an increase in the state's competitiveness. In the next 20 to 25 years, colleagues, this is not going to be a quick fix. But in the next 20 to 25 years, you will find that we can create as many as 5,000 jobs with an income of salaries, payroll of over \$267 million. It is an investment and it is an appropriate investment. This is the time to do it. This is not the time for us to walk away. We have a great university, we have the potential to be a leader. And as we unfold this, you watch what happens. If the university is successful in securing a federal lab, which I know they're working on, there are other great benefits about to come into this great state. And I'd ask you to support this, to move forward. I know these are difficult times but this is the time that you make your investment. This is the time that we look to the future. This is the time that we have a plan and we do have a plan. Thank you, Mr. President.  
[LB377]

SENATOR GLOOR: Thank you, Senator Harms. Senator Sullivan, you are recognized.  
[LB377]

SENATOR SULLIVAN: Thank you, Mr. President. No doubt about it, \$25 million is a lot of money. I understand Senator Karpisek's concern. I understand constituents who say, hmm, cutting state aid to schools, cutting aid to counties and municipalities, and the university gets \$25 million. And I thought a lot about it. And it is, in some respects for me, a leap of faith. I am a huge supporter of the university. I'm a supporter of the Land Grant Mission, in large part because of the benefits that have been accrued throughout rural Nebraska through the work of the University of Nebraska and it's that three-part mission of research, teaching, and outreach. And one of the questions that I've asked President Milliken, Chancellor Perlman, and Vice-Chancellor Ronnie Green of the institute, while we have the model of an Innovation Campus played out all across the state in the form of the experiment stations where we've seen research developed in a variety of different crops and ideas played out in applied research out in the field, and then ultimately carried out to the farms all across Nebraska. A good case in point that I often mention is the story of hybrid seed corn. Can you imagine what this state would be like without the success story of hybrid seed corn? And when that was an idea conceptualized in the laboratories, and in the field, research of the University of Nebraska, taken to farmers by extension agents at that time, and literally in some situations, farmers chased those agents off their farm because they didn't think that hybrid seed corn was a good idea. Where would we be without it? That's the leap of faith that I'm taking with Innovation Campus. I want to see that same kind of concept

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played out in ideas that will be conceptualized, researched, and brought to full form on the Innovation Campus. But in that process, I don't want rural Nebraska to be forgotten. And I've been assured by the administrators of the university that that won't happen. And in the public and private partnerships that will be fostered on campus, we'll have some new hope, some new opportunities as Senator Harms articulated. But, you know, it still is a leap of faith and its incumbent on all of us in some of the decisions that are being made, whether it's the new paradigm for roads funding, whether it's getting rid of the depreciation surcharge, whether it's this \$25 million that we're designating for Innovation Campus. It's incumbent on all of us not just to issue the blank check but to watch how this all unfolds. And I will say in support of the Legislative Planning Committee, I think that that will be one way that we can see how some of these ideas that we're voting on today and in the next weeks will play out how they're going to impact our great state of Nebraska, and how, ultimately, we can make future decisions that will either be in support or not of some of these actions that we're taking today. So I am in support of LB377, AM903, and I can't be in support of AM1358. Thank you. [LB377]

SENATOR GLOOR: Thank you, Senator Sullivan. Senators waiting to be heard: Avery, Wallman, Larson, Karpisek, Carlson, Adams, Wightman, and others. Senator Avery, you're recognized. [LB377]

SENATOR AVERY: Thank you, Mr. President. It will come as no surprise to you that I am going to oppose this amendment and I'm going to do so for, I think, good reasons. Innovation Campus is the future. It will bring public-private partnerships to the state. It will foster collaboration in research and development in all kinds of areas, biochemistry, nanotechnology, agriculture, and I stress agriculture, because that's where the early investment will be. Nutrition and, of course, health research, water research, and various things like that. This is an opportunity to create a vast engine for growth in the state. This is where we will see the generation of new knowledge. The research campus will become, I believe, a thriving scientific community where the best minds will help shape the future of the university, the future of the state, and the local economy. The research function of any respectable university is focused on the creation of new knowledge. And that's what this campus will be doing, creating new knowledge that will attract top faculty in scientists from around the country to this university. It will attract top students in terms of high ACT scores. And it will be a major contributor to our economy. We are in the process of launching a twenty-first century knowledge-based economy in this state. And we cannot do that without Innovation Campus and I believe that we will not be able to do that in a timely manner without this money. Nebraska's future depends upon this. The future of the university depends upon this. It...I believe that the ability to retain and attract talent to this state will be affected by what we do in Innovation Campus. The University of Nebraska is a leading source of research and development. I think that the amount of money that is generated annually in this state in terms of research and development activity that is directly or indirectly related to the university is

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in excess of \$330 million. This is particularly important to the University of Nebraska now as we enter the Big Ten. The Big Ten is, or has been, referred to as one of only two academic conferences in the country, the other being the Ivy League. That's important. The Big Ten is more important than athletics. I often tell people when we talk about Nebraska entering the Big Ten that today University of Nebraska hires its faculty from the Big Ten, largely from places like Wisconsin, Ohio State, and Iowa, Indiana, and Michigan, Minnesota. And we send our graduate students to teach at places like Oklahoma State. Over time that will change and we will be sending our Ph.Ds to the same kind of places where Michigan and Minnesota send their graduates. And that's not a small thing. That's a huge, huge step forward for this university. So this is not the time to withdraw from challenges that we face. [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR AVERY: I believe that this amendment is a step backward for the state, and I would hope that you would agree with me on that. Governor Heineman showed great leadership when he proposed this investment. It's forward looking, it's creative, it provides a crucial jump-start for that vital campus we call Innovation Campus. And one other point, and I want my agricultural colleagues to listen to this part, I am pretty sure that most of the early research is going to be in agriculture. So when people say Lincoln gets everything it wants, or the university always gets what it wants, look at what the product will be. The product out of that research, the early research, is going to be in agriculture. And that will help the economy of the rural areas of our state, it will help the economy of the entire state. This investment also will leverage money... [LB377]

SENATOR GLOOR: Time, Senator. [LB377]

SENATOR AVERY: ...from the federal government. That's time, sir? [LB377]

SENATOR GLOOR: Time. [LB377]

SENATOR AVERY: Thank you. [LB377]

SENATOR GLOOR: Thank you, Senator Avery. Senator Wallman, you're recognized. [LB377]

SENATOR WALLMAN: Thank you, Mr. President. This is hard to talk against, but our university of the state of Nebraska has a lot of land at their disposal. Irrigated farmland around Mead, Scottsbluff station, pastureland around Virginia, Nebraska. Hastings, I think, has a meat research center. Are we doing what we could be doing with the resources we have? That's what we've got to ask. That's what we have to ask. And did we ever put a value on the State Fair property when we moved the State Fair? It should have been assessed, valuation. What kind of gift was that? That was a big gift, make no

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bones about it. Innovation Campus, we should have it right now. We should have it at Mead, we should have it at Hastings, we should have it at Curtis, lots of different places. So when you talk about ag, major corporates have used the University of Nebraska develop programs, chemicals. Now us farmers are paying, dearly. It should have been kept as a patent from the University, I think. These major corporates have never made as much money in the history of the United States, never. So I think they can well afford to build a building. We gave them the land, the University the land, and we have one of the richest persons in the world living in this state. So come on, folks, I think we can do much better as a state. And I'm proud of our university, but we all can do better as farmers, business people, the university. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Wallman. Senator Larson, you're recognized. [LB377]

SENATOR LARSON: Thank you, Mr. President and members of the body. I've enjoyed the discussion and I'll start out by saying I'm not opposed to the idea of Innovation Campus. I like the idea of looking forward but, you know, I think we all have to ask ourselves the question, is \$25 million, currently in our economic times, the best decision? In a recent Board of Regents meeting, many of the regents commented on how this Legislature directed the university that it had to cut 10 percent of its budget, and that is why they had to make tough decisions such as cutting an art history program and cutting a classics program and cutting student activities and cutting sports and raising tuition for certain majors. It's our fault that we have to do that. Yet, if my memory serves me, in that 10 percent, the LR542 process, the university should have had to cut \$49 million. Yet, the Governor's budget and our Appropriations Committee's budget asks for a zero dollar budget cut, and appropriating them an extra \$25 million. So instead of losing \$45 million, or that 10 percent cut that the university says they are, they're actually...if you want to go a net gain, minus 49 plus 25, that's a net gain of \$74 million swing. You know, I want to fight for things such as Innovation Campus because I believe they might have an opportunity to succeed. But we have a fiduciary duty as members of the Legislature to the taxpayers of Nebraska to ensure that we spend their money wisely. And I'm unsure at this point that an extra \$25 million on our current...\$25 million in our current economic climate, is that wise of a decision. And I'm going to have some questions off the mike and maybe speak again, but I think we have to think very hard on, you know, what the university is supposedly cutting because we've told them to, yet their budget's stagnant. I mean, they didn't get the rise, but...and then they do get an extra \$25 million, so I just ask the members of the Legislature to be wary and continue to ask questions. Thank you. [LB377]

SENATOR GLOOR: Thank you, Senator Larson. Senator Karpisek, you're recognized. [LB377]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. I do appreciate

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the debate so far, however, I'll say it again, I've heard it on another bill, all I hear is a lot of spin. I never said anything that the Innovation Campus wasn't a good idea. In fact, I did say it was a great idea. But now is the time to spend the money. Now we have to push ahead. Damn the torpedoes, full speed ahead, I got my blinders on, we've got to do it right now. No, I don't think that's the only way that we could have to go about this. We have to be prudent on spending money. Just because we think it's a great idea, I don't know that it has to be done right now. Let's talk about what they're going to do there. You bet, the university has done a lot of good things, a lot of good research in ag, all sorts of things. They got it done. They did it. My amendment does not cut the research that they're doing right now. They are doing it and they're doing a heck of a job. Has nothing to do with that. They have it now. We're starting to talk about things that are not going along with this amendment or this bill and I'm starting to get a little bit upset on it again because we have to spin it. If Senator Heidemann would yield, please. [LB377]

SENATOR GLOOR: Senator Heidemann, would you yield? [LB377]

SENATOR HEIDEMANN: Yes. [LB377]

SENATOR KARPISEK: Thank you, Senator Heidemann, and I do want to give you kudos for what you and the Appropriations Committee have done this year. It has not been easy. But roughly how much money in this two-year cycle are we cutting? [LB377]

SENATOR HEIDEMANN: If I remember right, just approximately we had a \$968 million shortfall, we had some cash fund transfers, we had Cash Reserve transfers, and taking that into account we still probably cut well over \$500 million. [LB377]

SENATOR KARPISEK: Five hundred million and that is...but probably somewhere around \$900 million before Cash Reserve and that sort of thing. [LB377]

SENATOR HEIDEMANN: Yeah, Cash Reserve, cash fund transfers. [LB377]

SENATOR KARPISEK: Okay. Who was probably the biggest loser in that? Where did we cut all this money? [LB377]

SENATOR HEIDEMANN: Well, when we get to the mainline budget bill, I'm going to give a lot of credit for helping us make the budget work and that is Senator Adams and the Education Committee. I would have to think that we saved probably close to \$400 million in K-12 education over the next couple years if you would compare LB235 to what they call for in the current formula. [LB377 LB235]

SENATOR KARPISEK: Okay. Thank you, Senator Heidemann. So education, retirement, HHS, probably...well, the big ones that are in the budget is what really got

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cut. Education, \$400-and-some million, it's a big chunk, it's a big chunk on the backs of K-12 education. So if we want to say how great this is for our young people, how wonderful it is to give \$25 million for the university to do that but in the same breath we're going to say how...or not say how we didn't give them \$400-and-some million for K-12, that doesn't ring true, folks. HHS, if any of you in here don't have your e-mails and phones full... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR KARPISEK: ...with people calling about HHS problems because they don't have a caseworker anymore, you're not paying attention, because they can't get anyone to help them. Is that a good thing for our kids? I don't think so. Retirement, who's going to...where are we cutting retirement? That's not what we want to do. We are funding the university. There's no cuts. I've heard we have to fund the university. We are funding the university. They didn't get any cuts. I realize that isn't an increase. State aid to cities and counties. We took that away, that's okay, but we're giving \$25 million. I think that's roughly the same amount of money. This would be a great opportunity for K-12 without the cuts. [LB377]

SENATOR GLOOR: Time, Senator. [LB377]

SENATOR KARPISEK: Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Karpisek. Senators wishing to be heard: Carlson, Adams, Loudon, Lathrop, Dubas, Campbell, and others. Senator Carlson, you're recognized. [LB377]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. I admire Senator Karpisek, even though on this particular item I don't agree with him. But if he didn't have the courage to bring forth his amendment so that we could have some meaningful discussion. LB377 needs to be argued to be a good thing to do and if we can't do it we shouldn't do it. But LB377 and AM903 is related to the State Fair and the move of the State Fair. That move, in my opinion, was a good move. We had a wonderful first State Fair in Grand Island. The entire community around Grand Island stepped forward, made it the success that it was. And so the first time was a success. We certainly hope that success continues and even grows. There was money for Grand Island that wasn't there for the State Fair in Lincoln. Now I would say that this session, looking into next year, UNL has had its share of challenges, it's not gone unchallenged, and they're meeting that the best way they can. But I'd like us to look at something. If we have a business, we're running a business and the business has two parts and one is failing and the other is profitable. But cuts need to be made. Now you either cut or you sell the part of the business that's not making money, the part that's losing dollars, not the profitable part. I think that Innovation Campus has great potential. Is it a risk?

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Yes. Could it fail? Yes. But could it exceed all expectations? Yes. And one of the good things that I see about the emphasis that's going to be in Innovation Park is that on water, food, and fuel. Senator Avery referred to it a little bit: water, food, and fuel. The fuel is not oil; it's ethanol or other fuels that can be made from products from Nebraska. Right now the university is leading a Water for Food conference that is a world conference. It's going on right now. I've said this before. In agriculture we have the challenge of feeding the world. We have challenges in water. We have to determine how do we best manage our water, how do we increase our agricultural production on less water, how do we increase our livestock production, how do we improve the overall profits of our number one industry--agriculture, how do we make the good life better. I think Innovation Campus is a key ingredient. I believe it's worth the risk. I support AM903, I support LB377, and I oppose AM1358. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Carlson. Senator Adams, you are recognized. [LB377]

SENATOR ADAMS: Thank you, Mr. President, members. As some of you may know, because I probably said it in November and I know I said it in December, and I can even remember some of you that I approached in January and said I couldn't support this and I'll tell you why, because I had spent since May trying to figure out how we were going to fund K-12 and about every time we had a plan put together the revenue picture would drop again and we were back to the drawing table and it was agonizing. And for me, personally, I was agonizing over where we were going to have to be with K-12, where we were going to have to maybe be with everything else in the budget. I was trying to remember back to the debate on the State Fair and who said what to who about what, and all of that had me saying, no, no, the time is wrong, it just isn't the right time. But now I have to tell you the whole time that I was saying that something was gnawing away in the back of my mind and it simply is this, and I don't have an answer to the question: Is the worst of times potentially the best of times? Is the worst of times to spend potentially the best of times? LB235 is across the line and I appreciate all of your support. Senator Heidemann, I appreciate the fact that you helped us get above that \$810 million mark. Would I have liked to have seen more? Yeah. Would have made my life easier. Now here we are--timing. You know what, I think there's a difference here and I can't tell you that I've resolved everything in my mind but ask yourself this: Is there a difference between spending money and investing money? You all know the answer. If all we're going to do is spend \$25 more million, I'll take it. ESUs could use it, K-12 could use it, provider rates. If all we're going to do is spend \$25 more million, is this spending \$25 million or are we making a \$25 million investment? And every time you make an investment, it's a risk. It's a risk. It's a calculated risk. And you may end up looking like a fool when it's all over with or maybe a genius. I don't know. Timing is everything. I've decided that I'm going to support AM903, that I'm going to support the \$25 million to Innovation Campus because I'm not going to look at it as spending but as an investment. Thank you, Mr. President. [LB377 LB235]

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SENATOR GLOOR: Thank you, Senator Adams. Senator Louden, you are recognized. [LB377]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. I guess I'm a firm believer in investment in the future, as Senator Adams said, but I guess the question that always bothers me, especially from someone that's represented western Nebraska, and we gave the university, what, about 200 acres here on this deal and so they talk about now they have this land. Well, there's land all over the state of Nebraska that the university owns. Now here in 2003, I think it was, they closed the Diagnostic Lab in Mitchell because they didn't have enough money, so why aren't we talking about doing some research and innovation out there in western Nebraska in the Panhandle Research Center where we already have a lot of land? So my question is, is that if this land wasn't sitting here in Lincoln would you still be talking about investing \$25 million someplace? My answer to that is, no, because the university has closed off a lot of those research facilities all around the state. How far would \$25 million go for some research down here in the Hruska Center or your Mead out here? There's various places around where we do research. But right now it seems to be that being as this sits next to the university, that seems to be what's driving this \$25 million more than whether or not we have the land or whether or not we need the research. I agree that we need the research, but the question is, is can it be done a lot cheaper for less money? Part of that, they're going in there to redo that 4-H Building, which is a historical...of historical significance, but part of that was that went with the property when it was given to them, so they knew that thing was sitting there when the property was given to them. So I have my questions about why are we doing this and why aren't we probably perhaps reopening some of these other laboratories and research centers that are in various parts of the state of Nebraska. I'm sure Mitchell would be tickled to death to have a multimillion-dollar research lab sitting out there in Mitchell to do some of this research on these cattle diseases and stuff. And that was a question at the time, that if you have some type of a viral outbreak among livestock why would you want to ship all of those samples down to Lincoln to have them evaluated and send them through the mail or across the state when they could probably be done right there? So there are some questions that I have that bothers me about this. I'm all for investment in the future but I think we need to think about where are we going to spend the money and why. It isn't because there's a need for that research, evidently, or there's a shortage of land, because the land is everywhere else. It looks like to me the reason we're spending the money is because it's sitting over here next to the university. With that, if I have any time left, I will give it to Senator Karpisek. [LB377]

SENATOR GLOOR: Senator Karpisek, 1 minute 45 seconds. [LB377]

SENATOR KARPISEK: Thank you, Mr. President, and thank you, Senator Louden. I would like to read a little bit of floor debate, April 3, 2008. Agriculture Chairman Senator

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Erdman was speaking, asked about how much money we're looking at to do Innovation Campus. He said, potentially to the state would be between 15 and 20 percent of the cost of the public buildings, and at that time the numbers that they gave were approximately \$300 million. If you take 15 to 20 percent of that, you're in the \$45 million to \$50 million...\$45 million to \$60 million total over the lifetime of those improvements. Again, that is a university obligation and in the event that the Legislature feels benevolent... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR KARPISEK: ...and wants to assist them in that in the future, that will be a decision that is made by the Legislature in the future. There is nothing in this agreement, there is nothing in this bill, there is nothing contemplated at this point that guarantees them any additional assistance from the state for their project. So when we hear that we already started down this path and now we have to help fund it, I disagree. That's what was said on the floor by Senator Erdman, who was working on this whole project. I would just like to know what is going to be the number. What is the number for this? Are we going to nickel and dime this all the way through for how many years? I don't think we can nickel and dime things when nickels and dimes are \$25 million. I would like to know, I hope someone can stand up and tell me what the price tag is going to be and what we are going... [LB377]

SENATOR GLOOR: Time, Senator. [LB377]

SENATOR KARPISEK: ...to have to pay. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Karpisek. Senators wishing to be heard: Lathrop, Dubas, Campbell, Ken Haar, Utter, Howard, Schumacher, and others. Senator Lathrop, you are recognized. [LB377]

SENATOR LATHROP: Thank you, Mr. President and colleagues. Good afternoon. I stand with more questions than answers. And I know I don't sit on Appropriations. I wasn't on Ag Committee when the State Fair moved. And while this has some indirect relationship, I think, to the State Fair, my recollection is that the university wanted the ground and that's why the State Fair moved to Grand Island. Grand Island didn't pull them out and then we ended up with a vacant lot and now we're trying to figure out what to do with it. And Senator Adams made a good point today and that is, well, it's not enough for us to stand up here and approve spending; what we need to do is to appreciate whether this is an investment or not. And I was asking a few questions because I've not been involved in this discussion in the committees I serve on and I'm told that we're going to renovate one building and build another building with this money, \$25 million. That's today, and I think Senator Karpisek is right in being a little bit skeptical. And I remember the debate back when we moved the State Fair which was,

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mark my words, we're not done spending money on this project. And so I'm interested and I think I'll yield the rest of my time to Senator Heidemann, if he'll accept it, and answer this question for me: What projections has anybody made about the return on the investment? If we have \$25 million and we can put into a brochure that the university has this campus, that's great and I appreciate that. That's not really a return on the investment. Are we going to increase our tax base? Are we going to have more businesses here? What's the projections on any of that? I'm sensing that we got a little lovefest going on here because it involves the university and we're saying, yeah, Innovation Campus, that sounds like a great thing to have, we should have it; we had a rough week last week when it came to research for the university and this is going to help our stature in the Big Ten. May all be true. I'd just like somebody to tell me what the return on the investment is going to be in dollars and cents. And if Senator Heidemann would accept the time, I'd be happy to allow him the opportunity to try to answer that question. [LB377]

SENATOR GLOOR: Two minutes and thirty seconds, Senator Heidemann. [LB377]

SENATOR HEIDEMANN: I think you're getting after, you know, what are we going to get for our investment. You know, it depends on how fast we get into Innovation Campus, how fast it gets up and running, but in the longer term, from a piece of paper that I got here, excuse me, the Innovation Campus is projected to grow the state's annual payroll by \$267 million and create more than 5,500 new jobs. We're not going to see that probably in this decade and maybe not in the next decade, but it's going to be a slow process. We're going down that road that...that road that we chose in 2008. How this will eventually come to be down the road, what's it going to look like, how is it going to affect the state I think is going to be determined a little bit later on. I still believe that the return on our investment, when we look back at this in 20 years, if you and I are still around to do that, will be a good investment. Hopefully, it's going to be able to put a smile on our face that we was part of this, part of the beginning, and I think you was here for the very first vote in 2008 and you're going to be here for this vote. I think this is just a continuation... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR HEIDEMANN: ...of the process that we started back in 2008 and hopefully the return on the dollar will be to our satisfaction, Senator. [LB377]

SENATOR GLOOR: Thank you, Senator Heidemann. Senator Dubas, you are recognized. [LB377]

SENATOR DUBAS: Thank you very much, Mr. President, colleagues. As I spent my weekend going through the budget book, this was one of the areas that I really did focus in on because I felt, as I looked at the entire budget, there's probably not a lot of

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changes we can make. The Appropriations Committee have put their blood, sweat, and tears into this and made...really made the hard decisions for us. But there were some places in the budget book that I felt could have some discussion and this was definitely one of them. And the question I kept asking myself, and it's been this way on many of the other bills that we've talked about when we're talking about making cuts is, you know, it's a very fine line between how do you spend money when you're in the midst of needing to cut spending, when you're needing to find ways to close a budget gap. You can't completely, you know, pull your head in and just wait until it all goes away. You've got to be putting one foot in front of the other, hopefully to keep your economy moving so that when things do improve you're at least even and can keep moving forward. So, you know, I really struggled with this issue all weekend because I do understand the importance of what Innovation Campus means to our state and what it means to agriculture and what it means potentially to rural Nebraska. So I kept going back, asking myself the question, is this discretionary spending, and I guess it's how do you define "discretionary," and when is it appropriate to make an investment when you're in the midst of trying to find ways to save money, and when is the right time? We've had many discussions about funding for roads and funding for water and some of the other big obligations that are important to the state of Nebraska, and there's always been a reason why we haven't done it, the time hasn't been right. So there probably isn't a right time. What it is, is just having that will and that willingness to bite the bullet and make a decision and move forward, and hopefully it will be one that pays off. We're a state that has a very small population, so how do we grow those revenues, how do we grow those opportunities, especially out in rural Nebraska so that we can possibly help generate population growth in the rural areas? And I know it's going to be my personal mission over the next three years that if this goes forward, Innovation Campus starts to get off the ground, that those dollars will come to us out in rural Nebraska. I had introduced bills and helped find dollars to do the Battelle study, and that study brought a lot of great information forward for us to look at, again, how do we grow our state. Research is one of those. Especially in agriculture and food and fuels and water, those are areas that we have the greatest strengths in and that we're going to be able to capitalize on. And so I would encourage any of you who have not read that Battelle study to do so because it does offer a great deal of insight. But when we had that Battelle study presented to us, that was one of my questions. Give me some guarantees, and I know there are no guarantees in life, but how do we take what that Battelle study is telling us we need to do and make sure that it comes across the entire state of Nebraska but especially out into the rural areas where we need to grow our population, where we need to shore up our communities? You know, I'm on the Redistricting Committee and we're looking at the severe loss of population across the western part of Nebraska. What do we need to do to make sure that...to try to reverse... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR DUBAS: ...that population decline? And I think there is potential through

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Innovation Campus. But this is an important discussion for us to have. I mean we just heard that the university will be raising their tuition on certain majors. How do we justify the \$25 million when we have certain segments of the student population having to pay more money? It's a difficult...in my mind, it's a difficult decision. I think it's important that we do move forward with Innovation Campus. It hopefully will pay us those dividends. But I think we need to be fully aware of when we make this decision how those...how things will be impacted down the road as far as other types of spending, other types of costs to our citizens, what this truly will mean especially to our students at the university, and what types of obligations are going to be coming... [LB377]

SENATOR GLOOR: Time, Senator. [LB377]

SENATOR DUBAS: ...to the Legislature in the future. Thank you. [LB377]

SENATOR GLOOR: Thank you, Senator Dubas. Senator Campbell, you are recognized. [LB377]

SENATOR CAMPBELL: Thank you, Mr. President. You know, colleagues, in looking at this issue I'm reminded of a favorite quote that I have that I often look at from Proverbs and that quote is without a vision, the people perish. Innovation Campus, to me, is quite an exciting and creative vision, and it seems to me that we need to look at it in that context. The university is a major economic engine for this state and a great asset. All of its campuses are a great asset to us. Oftentimes when things are very tough we tend to keep our eyes focused only on the here, the now, the needs, how do we deal with that. But it is truly a call to all of us to say we need to look beyond the here, the now. And so to the question, why now, it's important that we as a state follow those visions that come before our path and to seize the opportunity that this vision presents for the state. As I said, I think it's creative. I think it will help the entire state of Nebraska and go from border to border. It will bring together public and private partnerships which, in my estimation, is the future for higher education all across this country. As companies come to the university and say we are willing to invest with you, it is important, and we see it on many other campuses, they want to be near the faculty. They want that partnership to link together with those who can do the research, to those that then put that in practice and their companies. And that is why the location, in my estimation, is a good one, because it does put them near the faculty and the university. I hope that we look beyond the today and find a very great vision for the people in the state of Nebraska to grow and prosper. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Campbell. Senator Ken Haar, you are recognized. [LB377]

SENATOR HAAR: Mr. President, members of the body, I rise in strong support of LB377 and AM903, and opposed to AM1358, and I'd like to just tell you why. I'm

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convinced that the investment in Innovation Campus is not about Lincoln. It's about the state of Nebraska. And certainly there's risk and there's absolutely no way, when one takes risks about the future, where you can know exactly what the return is going to be. But I'm supporting this because I think it's about Nebraska and about research. And a quote from Dr. Carl Sagan. He said, "Somewhere, something incredible is waiting to be known." And in our day and age it's through research and it's finding those incredible things that we make progress. Research is about innovation, it's about a future for our children, it's about keeping up pace in the world. I truly believe that research is the engine for economic growth in this state, and not just this state but anywhere. Research is what keeps people out front. As an example, the research that goes into how we can better conserve our water in this state, there's a lot of that going on at the university now, and I think Innovation Campus, from what we've heard, will stress ag research. It will provide good jobs for Nebraskans, not just for people who live in Lincoln but for all of Nebraska. And I'd like to give you a good example of what I believe research can do. If you saw in the Lincoln Journal Star on Friday, April 29, there was a small article called "Solar panel company scoping sites in southeast Nebraska," and I've had a chance to talk to these people. The name of their company is Rare Earth Solar. It's research that was developed at UNL, from my understanding, and what they are after is a whole new kind of solar panel that will dramatically cut the cost of developing solar and solar panels, could bring the cost of solar way down. And it's because of research that they're at this point. There's certainly a risk for them to go forward but the potential is very great, and I think that's always the case of research. You don't know what you're going to find; otherwise, it wouldn't be called research. Research is always reaching out into the unknown. So, yes, there will be risk but I feel, it's my opinion, that the benefit will be great to Nebraska. It's going to take a while and there may be some failures, but I'm sure it will be a success. And of course in these hard budget times, and it's not easy for any of us to look at where we're going to have to cut back programs as we have and we will, but you can't just hunker down. You have to also...you also have to be moving forward at the same time because at least it's my opinion, my hope, that the economy is going to get better again. So you can't just hunker down. You have to move forward. And I think the clear road to failure is to just wait, to stick to the paths, keep doing what you're doing and wait to start. So... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR HAAR: ...again, I'm in strong opposition to AM1358. I believe that Innovation Park has great potential, it's worth the risk, and I think we can't wait. I think it's not prudent to wait. I think now is a good time to go forward and it's going to have great payoffs in the future of Nebraska. Thank you very much. [LB377]

SENATOR GLOOR: Thank you, Senator Haar. Chair recognizes Senator Utter. [LB377]

SENATOR UTTER: Thank you very much, Mr. President. Good afternoon, colleagues. I

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want to first extend my appreciation to Senator Karpisek for bringing forward this amendment so we could at least discuss it. And I also want to express my appreciation and my deep respect for Senator Heidemann and his little gang of number crunchers. I think they've done a truly outstanding job of putting together the figures that are going to make this state work. Back in January, when the Governor brought his budget message to this Chamber and gave his budget address, the \$25 million that he said he wanted to tack on to the university's funding for the Innovation Campus I thought sounded like a little much, to be honest with you. We were looking at a bottom line, seeing our rainy-day fund, the Cash Reserve Fund, sink to around \$60 million and then we were going to at that time put \$25 million toward the Innovation Campus. And while I didn't oppose the idea of investing that money there, I thought the timing was poor, that it was a bad time to be designating those funds, and I held that view for quite a little while. And as a matter of fact, I talked to some of you about my concern about the \$25 million and how it looked and what it did when we were cutting and scrimping on a lot of things and we went through the LR542 process. I thought that that was all the more ammunition, if you will, as to what we could afford and could not afford to do with regard to the Innovation Campus. Well, I must admit that through all of that and particularly in the last few days, visiting with Senator Heidemann, and then this morning he gave his Budget 101 class and the \$60 million that was...that looked like was going to be the balance of our rainy-day fund at the end of the biennium has now turned into somewhere in the neighborhood of \$300 million, I guess kind of changed my mind about this because I think there's an opportunity here. If we're going to put the money into the Innovation Campus sooner or later, going to invest it in there sooner or later there may be an opportunity there to do it now when other states are still having some horrendous budget problems that hopefully we have now escaped and we have prudently managed around. So I've changed my mind, I guess, on the Innovation Campus and today, to those of you that I told you that I didn't think it was a good idea, I've decided that there may be an opportunity there now, and particularly with the fiscal outlook that we're looking at with the latest figures that we had following the estimates that were put out, the projections that were put out last week, that maybe we can support the Innovation Campus and maybe this is the seed that it will take to get it going and encourage... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR UTTER: ...the private participation so that we can move forward. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Utter. Senators remaining to be heard: Howard, Schumacher, Larson, Karpisek, Wallman, Pirsch, and Wightman. Senator Howard, you're recognized. [LB377]

SENATOR HOWARD: Thank you, Mr. President, members of the body. I've heard a

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number of quotes from noted individuals and I'm going to quote the noted philosopher, Phil Erdman, as he spoke in the debate on April of 2008, and I was here in April of 2008 and I very much remember this. Phil Erdman: What's the future cost to the state for improvements of the fair, and what's the future cost to the state for improvement on the Innovation Campus? I've made a copy of the handout that I believe you've now all received from the university. The line that is starred talks about operation and maintenance of university buildings, and I want you to hear this. I want the record to reflect this. The operation and maintenance of university building is a university obligation, period. If you want to continue to read on, it talks about how the Legislature has willingly funded some additional projects, but that's not an obligation of this agreement and it's not an obligation of any other thing than the benevolence of the Nebraska Legislature. Pretty impressive words. There is no agreement between the parties that they will come back and ask for money in the future. If they want money from you as members of the Legislature in the future, they have to come back and ask for it, but they're not going to get anything in stone or as an agreement through these conversations. And yet here we are today. I think Senator Karpisek filled you in on some of the information from this debate but I'm going to go on a little bit further. There is nothing in this agreement, there is nothing in this bill, and there's nothing to contemplate at this point that guarantees them any additional assistance from the state for their project. The conversation about the \$5 million, that's how much it was at that point, \$5 million, now it's \$25 million. For this to work the number is about \$42 million and that includes a substantial amount from private financing and a per capita amount that has been raised by Grand Island exceeds the per capita amount of fund-raising that was on the table by the private group in Lincoln. Well, that made me think back to who's the private group in Lincoln, and we looked it up. It was called Vision 2015. It was a Lincoln business group who committed themselves to fund-raising for this very project. Senator Erdman was very committed to these people doing the job and for the Legislature not to be on the hook for funding this project. I'm a graduate of the university School of Social Work and I'm proud of that. I have an obligation to the university to be a good alumni, to be a contributor and, in any way I can, to be a supporter. But I can't, in good conscience, commit us again to another huge, huge obligation with the university when only a few years ago they spoke of how this would be handled through private contributions and through independent fund-raising. I'm just astonished that this has come back yet again. As the Vice Chair of the Education Committee, when we got together during the summer and we labored through who we'd cut and, yes, who would lose their jobs because we didn't have enough money, we again and again said the state's obligation is K-12, K-12. The university is wonderful, we're proud of it, but the obligation is K-12. Senator Erdman made a good point of talking about... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR HOWARD: ...what we are...thank you...what we are shortchanging and one of those is Health and Human Services. Thursday evening I got a call from someone

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who had worked as a case manager for the state and just wanted to let me know that in the current job this individual is holding they had seen a state ward, a 17-year-old, who has an infant, a baby. Due to the problems within Health and Human Services and the private agency, this individual had not been seen for six months, not a visit for six months. She didn't think she was a state ward anymore because she hasn't seen either the case management from the department, who now has a caseload of over 100 cases, or the KVC worker who is her case manager. So I'm going to leave you with that thought: What is our financial obligation? Thank you. [LB377]

SENATOR GLOOR: Thank you, Senator Howard. Chair recognizes Senator Schumacher. [LB377]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. I want to thank Senator Karpisek for raising these issues and putting this amendment before the body. I was beginning to think that the function of the budget debate was to see how fast you could push green. Fortunately, we've had a very, very good discussion on what I find to be a very troubling issue. What I find troubling about the economic incentive discussions we've had this year and about this particular thing is that we seem to wallow in a sea of glittering generalities. We're talking about \$25 million here. In the real world of business and commerce, not a whole lot of money. I was listening to the radio coming in this morning. They were talking about a pharmaceutical company acquiring another pharmaceutical company for billions and billions of dollars. Those are real numbers. What...and I don't have the benefit of the discussions from a couple of years ago, but I try to sort out what's going on here. It looks to me like we're taking an old building and we're putting about \$10 million into it to fix it up and have a conference room or something in it, and that's going to be kind of a non-income-producing half of it, and a private company is going to get the income-producing action out of the other half of it, and then we're putting \$15 million into another building. And then what? Besides the glittering generalities, I haven't heard exactly what's going to happen. What's magical about a \$15 million building that's going to drag in all kinds of businesses flooding? Well, it's because it's food, fuel, and water; this will be the only place on earth that those things are going to be researched. We all know better than that. So what is magical, if anything, about spending \$25 million on a couple of buildings in Lincoln, Nebraska? Is there a shortage of office space close to the university that these private businesses can't rent in order to get to the conferences and meetings with various professors at the university? What's the plan to make us different? How is this going to turn around the kids who are heading east and maybe out of state on the Interstate and spin them around and head them west on the Interstate, back to the rural areas? Haven't heard much of those explanations of what this really is going to do. And all these economic development things beg the real question of how can a small amount of tax money garnered by this body have such tremendous leverage. If a \$15 million building will do such great things, why don't we build two and have two \$15 million buildings and people will come faster then? I'm puzzled by our lack of understanding that in order to make

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economic development, sure, it would take a nice building and a nice remodeled old building, but we have got to figure out a way to take the billions of dollars in private capital that is sitting right out there just west of here for 400 miles and turn it into an economic engine rather than lying around in no-interest-paying bank accounts and risky stock market investments and high-priced land. And that, if Innovation Campus is going to amount to anything, has got to be part of the program or it's just going to be a new building and a remodeled old building. [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR SCHUMACHER: I think I'm going to support these two buildings. Hopefully, we won't be back next year being asked to put something in the two buildings, like equipment or desks or cyclotrons or fancy chemistry facilities, but I think we probably will. But I'm going to support it because I think we do have to do conservative things in order to build for the future, and sometimes you have to be bold to do that. But this will be an empty promise unless we can figure out in the next couple years how to mobilize our private capital in this state and deploy it in this state in these facilities without relying upon out-of-state companies to come in here and camp out for a while and take advantage of our taxpayers and then invest the real resources someplace else. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Schumacher. Senators remaining to be heard: Larson, Karpisek, Wallman, Wightman, Harms, and Ashford. Senator Larson, you're recognized. [LB377]

SENATOR LARSON: Thank you, Mr. President and members of the body. I think it has been stated plenty. I want to note we are renovating a 4-H Building for \$10 million and I think Senator Schumacher puts it on the head that, you know, a conference room and a commons area, and we do get a \$15 million food, fuel, and water research building that will spur all economic investment in the world, supposedly. But are we going to be done when we're finished with this \$25 million that the state gives the university? I doubt it, because this is just the beginning of Innovation Campus. How much more are we going to be asked to give to build Innovation Campus? Are they going to come back next year, the year after and the year after that? You know, I think they probably will and I think that's a question that we have to ask ourselves now. You know, how many times are they going to come back? How much money is the Legislature going to have to commit to Innovation Campus in the future? You know, I've heard a lot about looking towards the future and we need this \$25 million right now. Well, you know, that \$25 million is just a drop in the bucket to what it will take to bring Innovation Campus to fruition. Today the university asks for it. What's it going to be on the back of taxpayers later? Senator Karpisek brought up Senator Erdman's statements in 2008 and saying that the university might need another \$25 million or \$50 million minimum from the state to reach its full potential, you know? And I also hear a lot about private companies coming

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in. Yet when I asked the university if they'd had any commitments from private companies, they don't have any commitments yet. They're promising us these commitments but we don't have that yet. We then promise that Innovation Campus will be ag based, but as I just said there's no guarantee yet. We don't know what companies are here. We don't know which companies are going to come in. We don't know which companies are going to want the research. And truth be told, if they do get the commitments, whatever those companies are in terms of the field, that's what kind of research the university will be doing, if it's tech companies or anything else. If it's ag companies then, yes, it will ag research. But, you know, the market drives everything and if it's not ag companies that come in first, we might not get the so-called promise that we have. You know, what are we getting for this \$25 million? And I think that everybody has asked that question and we know. I just...I'd ask the body to be very careful and realize that it is a risk and it is a large risk with a lot of taxpayers' money. And I probably will support AM1358 moving forward and I thank Senator Karpisek for bringing it up. Thank you. [LB377]

SENATOR GLOOR: Thank you, Senator Larson. Senator Karpisek, you are recognized. Second, Senator Karpisek. Items for the record, Mr. Clerk? [LB377]

CLERK: Excuse me, Senator. Very quickly, Enrollment and Review reports they've examined and reviewed LB590, LB684, LB684A, LB550, LB15, LB17, LB424, LB453, LB454, LB455, and LB167, and reported to Select File, some having Enrollment and Review amendments. That's all that I had, Mr. President. Thank you. (Legislative Journal pages 1387-1390.) [LB590 LB684 LB684A LB550 LB15 LB17 LB424 LB453 LB454 LB455 LB167]

SENATOR GLOOR: Thank you, Mr. Clerk. My apologies, Senator Karpisek. You're recognized. [LB377]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. I've heard about visions, I've heard about wonderful things that are going to happen at Innovation Campus. I don't doubt any of it. I don't doubt it for a minute because I fully support and have a lot of faith in the University of Nebraska. That is not at issue. But I have heard about visions of what's going to happen there. I have a vision, too, of fully funding K-12 education so we don't have such high property taxes in the state. That would be a wonderful thing. Now would this \$25 million do that? Of course it wouldn't do that but it sure would be all right to go there. Or how about just, the way that my amendment is, it would just go in the Cash Reserve? Let's try to get that back up. I've also heard that this is not just a Lincoln thing. I have a hard time believing that one. And if it's not just a Lincoln thing, I really have even a harder time believing it's not just an eastern part of Nebraska thing. Sure, it's going to help the entire state, but would \$25 million going out in K-12 education not help the state? We've heard about schools riffing teachers. We've heard about property taxes. We've cut the aid to cities and counties. But yet we're going

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to give an additional \$25 million to the university for Innovation Campus. I also hear that now is the time to do it. I don't believe that at all. Now is not the time. Now is the time to have a little bit of common sense and hang on, protect what you have. I don't know very many Nebraskans that are down on their luck or maybe they're not making the amount of money they have, but they say, you know what, though, five years ago I got a promotion and I said I was going to go buy a brand new car so now I'm going to go buy it; it doesn't matter that I don't have that money that I saved. Yes, we have to run things like a business but we also have to think like the consumer, to a regular Nebraskan, who can't just go out and spend their money just because it's something that they want and something that will help them. I'm sorry, I know that this is a good project. That's fine. I was just trying to look up the foundation on my computer. I don't see anywhere on there where you can donate to the Innovation Campus. Now maybe I just didn't find it and I'm sure if it is on there I'll be informed in a matter of seconds. Didn't see it. If this is such a great idea then why is it not on there? I also agree with Senator Schumacher. If this is such a great idea, why are we messing around with \$25 million? Let's make it \$100 million. Let's make it whatever it needs to be. Let's get this thing up and running tomorrow. I'm sure it might be next year or in two years. I stood up two years ago, four years ago, whenever it was and said when this comes up and they come back for money, I will fight it. [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR KARPSEK: I heard a lot of other senators say the same thing. Maybe they have a shorter memory than I do or on certain subjects anyway, but I remember that. I remember many people saying, no, I'm not going to vote to give them more, this is their baby now. Well, it doesn't seem like that's how we're going. I just don't see how we can cut almost \$1 billion out of a two-year budget but turn around and give \$25 million. I don't think it's right. I don't think it's prudent. I don't think it's the right thing to do right now for Nebraska. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Karpisek. (Visitors introduced.) Returning to debate, Senator Wallman, you are recognized. [LB377]

SENATOR WALLMAN: Thank you, Mr. President. I appreciate what some of the comments have been here, state aid to education. Wow, one of my school districts had to lay off 11 because we cut the budget. We talk about long distance education, video transformers, all this thing to save money. Major corporates across the world do have videoconferences. I've been in Australia on their water issues with their aquifer, very interesting. Some of the technology they use come from the University of Nebraska, and it was about, Ken Haar is not...Senator Haar is not here, but it was about wind and solar. This young farmer irrigates 20,000 acres with wind and solar, no power off the grid because it's so expensive. And he spent a lot of money on his system but it's quite wonderful. And he saved water by going under the ground, GPS is his anhydrous things

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with corn. His average yield is 300 bushels an acre. So innovation, Australia, technology came from Nebraska, Mead. We took all this electric stuff up, solar. This young farmer took it and ran and went to a foreign country. So we can be proud of what we've done in the university in the past. We've had some innovative ideas. Probably doesn't work in Nebraska or United States, but it probably should or could. So do we give incentives for that, to save energy, alternative fuels, sugar cane, the beloved cannabis plant for diesel fuel? There's lots of things we could be doing and maybe we should be doing. And as far as business, I'd yield a little time to Senator Conrad, if she'd like. [LB377]

SENATOR GLOOR: Two minutes fifty-six seconds, Senator Conrad. [LB377]

SENATOR CONRAD: Thank you, Mr. President. And thank you, Senator Wallman, for your comments and also for a little bit of time. Colleagues, I did want to just make clear on the record as this debate continues, there's been a variety of questions brought forward in terms of what are we getting for our money, what's the return on investment, and to be clear, all of this information, a very detailed business plan provided by the University of Nebraska, is on file in the Legislative Fiscal Office. It's available to any senator who would like to review it. We can make copies of it for anybody who would so desire. Also, there's university representatives here as well who can speak more specifically and explicitly as to the details of the plans for this \$25 million and what that means in terms of the return on investment to the state for jobs and economic growth in the short term and in the long term. This is all carefully calculated in a sophisticated business plan that has been presented to many senators, I believe, leading up to this debate. If you have not had a chance to see that information or to receive a briefing specifically on this, please contact university representatives. They're more than willing to take the time to sit down with you and go through these detailed questions. Or contact our Fiscal Office, who does a great job of following every penny and knows exactly what's been paid out previously and what this proposal will be utilized for and to ensure that we have clear parameters in place for how each dollar is, in fact, utilized. So I think we need to, even if we have disagreements, we do need to be accurate, and for senators to say, well, we have no idea what's going to happen with this money and we have no parameters in place, we have no clue about what the return on investment will be, that's just not accurate and, in fact, those documents exist. If senators have thoughtful questions related thereto, they should seek out those and then we can have... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR CONRAD: ...thank you, Mr. President...then we can have a legitimate discussion once we're all utilizing the same baseline of information. So I'm happy to talk with any senators about that off the mike but, again, Fiscal Office has that and the university has that, and I believe they've at least provided general briefing materials to all senators. If you want specifics related to the projections in the business plan for this

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proposal and the Innovation Campus as a whole, that is available as well. Thank you, Mr. President. Thank you, Senator Wallman. [LB377]

SENATOR GLOOR: Thank you, Senator Conrad. Senator Wightman, you're recognized. [LB377]

SENATOR WIGHTMAN: Thank you, Mr. President, colleagues. I'm not able to stand very well so it appears at this time that I've taken over from Senator Stuthman as the shortest member of the Legislature. (Laughter) With that, you know, I'd like to address several of the issues that seem to have been discussed mostly here. Number one was location, should all of this money be placed into Lincoln when there are a lot of other places outstate where facilities have been closed down and receiving state funding. The reason...and I don't think we could have a more critical location than we have at what used to be the State Fair Park. It's situated in between two research campuses, the main campus at the University of Nebraska and the east campus. We have agriculture, water, and many of the issues that we are really going to concentrate on I think at this facility at the east campus. We have architecture, engineering, all sorts of things, sciences at the main campus. So as far as location, I think all of the state, from the west end to Omaha, are going to benefit from this location and it just happens to be ideal, I think, because of the research facilities. And that's what we're looking at, it seems to me after all, is private-public partnerships, and where better than where we have the research facilities? The other issue it seems is time, is this the right time. I think Senator Fulton hit it pretty much on the head in that Nebraska has gotten itself into where it is far better off fiscally and financially than many of the other states around us, almost any of the other states around us, and if there's a time that we need to look at striking while the iron is hot, there are going to be industries as we come out of this recession that we've been in that are going to be looking for places that would have research capabilities available to them. And I think we can tap into this and I think now is absolutely a good time. Certainly it's competing with other funds and we've cut some other programs, but I still think that it will be money not well spent but, as Senator Adams suggested, well invested. Over the last several years I've been to some of these research parks and one of them was the University of Oklahoma. We had a Council of State Governments meeting there three or four years ago and they had taken advantage. Their meteorology department I think was one of the best meteorology departments in the nation if not in the world, and they had some land adjacent to the University of Oklahoma and so they started building with the idea that they could have some private-public partnerships, and it's grown into a tremendous facility because countries from all over the world have come there to take advantage of the research that's available in meteorology at Oklahoma and at the University of Oklahoma, and I think we have much the same ability to tap into the research where we have strength at the University of Nebraska. The other one, year before last during the summer we took a trip to Taiwan and we visited a research park there that was just unbelievable. Again, it was located adjacent to a university. And I can't remember, there were like 360 industries I think that had

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moved into that park... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR WIGHTMAN: ...and again because they had tremendous research available to them. So I think the fact that we are going to be looking at a location in between the two campuses, I agree we can't do very much as far as the total project for \$25 million other than get a good start, but I think we can build on that. I think we can invite public-private partnerships and really expand upon that. I think a troubling matter which was in the newspapers I think Friday or Saturday of last week was when Nebraska was ousted from a research group of universities, some 63 universities. We had been a member of it for 102 years and it is a blow to the state of Nebraska, I think, to be delisted from that. Maybe...I think it said we were the first one... [LB377]

SENATOR GLOOR: Time, Senator. [LB377]

SENATOR WIGHTMAN: Time? [LB377]

SENATOR GLOOR: Time. Thank you, Senator Wightman. [LB377]

SENATOR WIGHTMAN: Okay. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Senator Wallman, you are recognized. [LB377]

SENATOR WALLMAN: Thank you, Mr. President. I appreciate the comments of Senator Loudon about the beef research center. What's the number one business in Nebraska? Animal agriculture. Why did we shut that place down, Senator Harms? Senator Harms, would you yield? [LB377]

SENATOR HARMS: Be happy to. [LB377]

SENATOR WALLMAN: Why did we shut that research center down? [LB377]

SENATOR HARMS: I think because at the time they didn't have quite enough funding and they wanted to restructure and reorganize it, so they moved it back here to the university campus. [LB377]

SENATOR WALLMAN: Thank you. We want to spread jobs around the state. Rural America is viable, brings a lot of income into this city. Animal agriculture, trucks hauling beef, hogs, chickens, eggs, all in my district, animal agriculture. Are we worried about a pandemic in animal agriculture? You bet. It can decimate a chicken house or some kind of disease can get in big hog confinement buildings. That's what we need to be careful about. And so that's rural Nebraska. And one of my friends is a veterinarian and one of

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my relatives is a veterinarian, so I'm very familiar with animals. And would Senator Karpisek...I'd yield the rest of my time to him. [LB377]

SENATOR GLOOR: Senator Karpisek, 3 minutes 24 seconds. [LB377]

SENATOR KARPISEK: Thank you, Mr. President. Thank you, Senator Wallman. I'd like to go back a little bit to the floor debate again, April 3, 2008, Senator Erdman speaking, "In other words, we're not...they're not going to contribute \$21.5 million, then come back next year and ask for an increase of \$21.5 million from the Legislature." That was talking about moving the State Fair. Senator Erdman was correct, it was not coming back next year and asking for an increase of \$21.5 million. They came back three years later and asked for \$25 million--close. He says, "That's not what we're talking about. They're going to go out and get \$21.5 million from somewhere and just so that's clear. The other part of this is, and it's on the record, it's in paper, I was going to ask for it in writing at the hearing, but they graciously agreed to, they admitted that the maintenance and operational costs of university facilities are the responsibility of the university. So in the event that the university comes back for that site and say we need help doing X, Y, or Z, and it costs the state to do that, we won't be obligated to do that. We would be doing it out of the graciousness of our hearts." I just want to make everyone sure that they realize that we don't have to do this. I think that it's been said that it's on rails and we need to do it; since we got it started, we need to do it. Me speaking that same day, "I know Senator Erdman said between \$45 million and \$60 million over the life. I don't know. That was one of my concerns in committee." I guess my concerns were close to right. If we're still \$45 million to \$60 million and we do this \$25 million, then we should be getting real close to being done putting any state money in. I don't think that we are. We're looking at two buildings. I don't think that that's going to do it. I think that this is going to keep taking money and keep taking money. I also think that if the money invested here would have been used... [LB377]

SENATOR GLOOR: One minute. [LB377]

SENATOR KARPISEK: ...for state aid to schools, we would have teachers not being riffed, we'd have people still having jobs. You're right, we don't always have to be looking at the here and now; we have to look further down the road. But if we don't look at the here and now right now, how are we going to ever get down the road? I just don't think that this is the time to do it. And I realize when times are good it doesn't seem like the time to do it. It's never easy to spend money. But cutting \$1 billion in two years is an awful lot and it has affected many, many people out there and I think that this is just kind of a kick in the teeth to them to turn around and give \$25 million for Innovation Campus. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Karpisek. There are no senators remaining in the queue. Senator Karpisek, you're recognized to close on your amendment to the

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committee amendment. [LB377]

SENATOR KARPISEK: Thank you, Mr. President. Members of the body, I do appreciate the debate we've had today. Again, I don't want to say that I don't support Innovation Campus, because I do. Once again, I didn't think it needed to go where it is going, where the State Fair was, and I don't think that we need to be funding it, especially right now. This is not our money. We've heard much debate this year about spending money, cutting budgets. It all circles around the same thing. It is very hard. I've said before and I'll say again, I am glad I am not on Appropriations Committee. Those are terribly hard jobs and terribly hard decisions to be made. I am always amazed that most of it I agree with that comes out of there. There's always some that I don't. But my goodness, with all that amount of money and all these cuts this year we're looking pretty good. Now that isn't to say that everyone in the state of Nebraska is looking very good because, again, the ones that take the most amount of money are the ones that got cut the most: K-12 education, HHS, retirement accounts. Those are real people that are out there with real problems, that don't have a caseworker. They're looking at their retirement not being what they anticipated it to be. They're teachers that may not have a job next year. They're kids that are going to have bigger classrooms. These are all real people. So, yes, Innovation Campus is a good idea. I don't think it's time is right now. I think we'd be very prudent to put some money away and I think this \$25 million would be a good one to put into our Cash Reserve. We want to talk about investing. I think that would be a heck of a good investment. Mr. President, I would like a call of the house, please, and I would ask for a roll call vote in reverse order. Thank you, Mr. President. [LB377]

SENATOR GLOOR: Thank you, Senator Karpisek. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB377]

CLERK: 31 ayes, 1 nay to place the house under call, Mr. President. [LB377]

SENATOR GLOOR: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senators Lautenbaugh, Schilz, and Burke Harr, please record your presence. Senator Burke Harr, please return to the Chamber. [LB377]

SENATOR KARPISEK: You can proceed, Mr. President. [LB377]

SENATOR GLOOR: Members, the question is, shall the amendment to the committee amendment to LB377 be adopted? Mr. Clerk. [LB377]

CLERK: And, Senator, you did request reverse, right? [LB377]

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SENATOR KARPISEK: Yes, Mr. Clerk. [LB377]

CLERK: Yes. Thank you. (Roll call vote taken, Legislative Journal page 1390.) 5 ayes, 37 nays, Mr. President, on the amendment. [LB377]

SENATOR GLOOR: The amendment fails. Call is raised. Seeing no members in the queue, Senator Heidemann, you're recognized to close on the committee amendments. [LB377]

SENATOR HEIDEMANN: Thank you, Mr. President, fellow members of the body. I do want to thank Senator Karpisek. I think it was a good discussion. I think in the end I think we reaffirmed our commitment to Innovation Campus for the time being. Just to let you know that this committee amendment becomes the bill. The amendment contains the Appropriations Committee recommendations for the reaffirmed and new capital construction projects for the 2011-2013 biennium. With that, I urge your support of AM903 and the underlying bill, LB377. Thank you. [LB377]

SENATOR GLOOR: Thank you, Senator Heidemann. Question before the body is, shall the committee amendments to LB377 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB377]

CLERK: 37 ayes, 0 nays, Mr. President, on the adoption of committee amendments. [LB377]

SENATOR GLOOR: The amendment is adopted. Discussion on the advancement of LB377 to E&R Initial? No senators wishing to speak. Senator Heidemann, you're recognized to close. Senator Heidemann waives. Members, the question is the advancement of LB377 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB377]

CLERK: 40 ayes, 2 nays, Mr. President, on the advancement of LB377. [LB377]

SENATOR GLOOR: The bill advances. Continuing with General File, Mr. Clerk. [LB377]

CLERK: Mr. President, LB376, a bill introduced by the Speaker at the request of the Governor. (Read title.) Bill was introduced on January 13, referred to Appropriations, advanced to General File. There are Appropriations Committee amendments. (AM1300, Legislative Journal page 1330.) [LB376]

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to open on LB376. [LB376]

SENATOR HEIDEMANN: Thank you, Mr. President. Fellow members of the body, this

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bill provides for funding of salaries and benefits of certain state officers, as required by the state constitution and current laws of the state of Nebraska. This bill includes all judges, elected constitutional officers, the Parole Board, and the Tax Commissioner. There is a committee amendment following that I will explain other things later. If you have any other...if you have questions on LB376, I would be happy to try to answer them. [LB376]

SENATOR GLOOR: Thank you, Senator Heidemann. As the Clerk stated, there are amendments from the Appropriations Committee. Senator Heidemann, as Chair of the committee, you're recognized to open on those amendments. [LB376]

SENATOR HEIDEMANN: In this case, the amendment does not become the bill but adds to the following. The amendment provides funding for a new district court judgeship in Lancaster County on July 1, 2011, that was created by LB35 in 2009. The amendment also reappropriates any unexpended General Fund balances existing on June 30, 2011, in the judges' salary programs. Additionally, the amendment reappropriates any unexpended General Fund balances existing on June 30, 2012, in the judges' salary programs. The amendment also authorizes transfer of General Fund appropriations between budget programs. This authority was granted during the 2009 legislative special session and is continued for the next biennium in this amended bill. The language reads as follows, "The budget division of the Department of Administrative Services shall administratively transfer General Fund appropriations among Programs 3, 4, 5, 6, 7, 52, 67, and 435 within Agency 5, upon written certification by the State Court Administrator that the Nebraska Supreme Court has determined that such transfer is necessary for the efficient functioning of statewide court operations and the proper administration of justice. The Salary Limit for Agency 5, Programs 5, 52, 67, and 435, may be administratively increased for any transfers made to Programs 5, 52, 67, and 435 pursuant to this section." With that, I urge the adoption of AM1300 to LB376 and then the passage of LB376. If there are any questions, I'd try to answer them for you. Thank you. [LB376]

SENATOR GLOOR: Thank you, Senator Heidemann. Members, we now move to floor discussion. Seeing no senators wishing to speak, Senator Heidemann, you're recognized to close on the committee amendment. Question is, members, shall the committee amendment to LB376 be adopted? Those in favor vote aye; those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB376]

CLERK: 35 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB376]

SENATOR GLOOR: The amendment is adopted. Discussion on the advancement of LB376 to E&R Initial? There are no senators wishing to speak. Senator Heidemann, you're recognized to close. Senator Heidemann waives. Members, the question is the

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advancement of LB376 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB376]

CLERK: 38 ayes, 0 nays on the advancement of LB376. [LB376]

SENATOR GLOOR: The bill advances. Mr. Clerk. [LB376]

CLERK: Mr. President, LB375 is a bill introduced by Speaker Flood at the request of the Governor. (Read title.) The bill was introduced on January 13, referred to Appropriations. At this time I have no amendments to the bill, Mr. President. [LB375]

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to open on LB375. [LB375]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. This bill makes appropriations each year in the biennium for the salaries and benefits of the 49 state senators. This separate appropriations bill is required by the state Constitution and funds the \$12,000 annual salary of each senator and the corresponding employer payroll contribution for Social Security. Pretty much, if we want to get paid, we need to pass LB375. I urge your support of that bill. Thank you. [LB375]

SENATOR GLOOR: Thank you, Senator Heidemann. We move to floor discussion. Senator Harms, you are recognized. There are no senators wishing to speak. Senator Heidemann, you're recognized to close. Senator Heidemann waives. The question is, shall LB375 be advanced to E&R Initial? All those in favor vote aye; all those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB375]

CLERK: 40 ayes, 0 nays, Mr. President, on the advancement of LB375. [LB375]

SENATOR GLOOR: The bill advances. Continuing with General File budget bills, LB374. Mr. Clerk. [LB375 LB374]

CLERK: LB374, Mr. President. A bill introduced by Speaker Flood at the request of the Governor. (Read title.) The bill was introduced on January 13, referred to Appropriations. That bill was advanced to General File. I do have Appropriations Committee amendments, Mr. President. (AM902, Legislative Journal page 1331.) [LB374]

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to open on LB374. [LB374]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. This bill is the mainline appropriations bill for the biennium that begins July 1, 2011, and

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ends June 30, 2013. This measure includes the recommended funding for all state operations and aid programs. The bill includes the authorized transfers from cash funds to the General Fund, and provides the necessary definitions for the proper administration and appropriations and personal service limitations. There is a committee amendment that I will talk more in length about, what's all in the mainline budget bill, to be following. [LB374]

SENATOR GLOOR: Thank you, Senator Heidemann. As the Clerk stated, and you mentioned, there are amendments from the Appropriations Committee. Senator Heidemann, you're recognized to open on the committee amendments. [LB374]

SENATOR HEIDEMANN: The amendment becomes the bill. The amendment contains the committee's recommendations for the bulk of appropriations to be made during the budget biennium for state operations and state aid. Statutory authorized transfers among funds are made in conformance with the budget requirements as the transfers from the General Fund. Please refer to the State of Nebraska Biennial Budget for this current biennium, or upcoming biennium, as proposed by the Appropriations Committee. A narrative description of the highlights recommended begins on page 33 for state aid, followed by operations beginning on page 47. Data follows in additional sections, itemized, the recommendations by the agency aid program and all funding sources. A narrative description of the recommendations by each state agency begins on page 93. This is where all the action is, mainly, for the Appropriations. We have some transfers, you know, that we've already taken place is, but this is what the Appropriations Committee has done for the last four months. There's been numerous discussions and numerous debates about how best to form a budget. I think the Appropriations Committee has done a good job going from agency to agency and program to program. It wasn't an easy year by any means. We've had revenues over the last three or four years that have caused us to do things that we're not exactly comfortable with, but I think we've went forward in a responsible way and I think it's a budget that we're all going to be able to stand behind, hopefully. Hopefully we have some good discussion here. There are some amendments that we are going to offer and some things that came up late in the process that we wasn't able to get in the amendments as they had already been drawn up and the budget book had already been drafted and sent to the publishers or the printers. So there will be at least a couple that I will offer. We've come a long ways, even though...from January. At that time, and through the summer, through the LR542 process, we was looking at proposing some 10 percent reductions in programs and agencies. I'm not saying in some programs and some agencies, we didn't get to that 10 percent reduction, but a lot of them we was able to reduce them to at least a 5 percent reduction or a 2.5 percent reduction. When you come to provider rates, even in January, the Governor proposed a 5 percent reduction in provider rates. Because of revised forecasting in February and of other actions of the Appropriations Committee, we was able to take provider rates down to 0, except for Medicaid and the CHIP program to 2.5 percent. It would have been my thought and my

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hope we would have been able to take that back a little bit further to 0. That's the most expensive part when you come to provider rates, and we wasn't able to do that. Also the Supreme Court, there was a 5 percent reduction proposed for that in the Governors' budget, and we was able to take that to 2.5 percent. I think that's a decision we can stand behind. Hopefully, they'll be able to keep the courts and operating as we see them now. Once again, it wasn't an easy process to go through, though. I do want to say and we had mentioned once before, I want to thank everybody that went through the LR542 process. I think it was a good process. Everybody is a lot more informed than what they was a year ago about how the budgeting process works. A lot of times, when the Appropriations Committee gets to the floor, there's people that ask us, you know, what's in here; you know, how does this work? I think the LR542 process kind of helped everybody make...be more aware of the budgeting process. I do want to thank everybody that was part of that LR542 process. I do once again want to thank Senator Adams and the Education Committee and all the other committees that helped make this work, because without your help this wouldn't have worked this time around. Also at this time I want to...looking over to my right, I want to thank the people from the Fiscal staff. They put in many long hours. They put up with nine of us on the Appropriations Committee with a lot of questions, and every once in a while they have to make us aware of maybe a direction that we're heading it might not be the right way we want to go down. It's one of the best groups of people that I know in state government, and I appreciate all their hard work and their efforts in helping us craft this next biennium budget. With that, if there are any questions to the mainline budget, I'd be happy to answer them. The Fiscal staff is here and they can help answer questions, a great resource, or any other Appropriations member. With that, I urge your support of AM902 to LB374. [LB374]

SENATOR GLOOR: Thank you, Senator Heidemann. Mr. Clerk, there are amendments to the committee amendments. [LB374]

CLERK: There are, Mr. President. Senator Heidemann, I understand you would like to withdraw AM1307 and offer as a substitute therefore AM1360. [LB374]

SENATOR HEIDEMANN: Yes. [LB374]

SENATOR GLOOR: If there are no objections, so ordered. [LB374]

CLERK: Senator, I have AM1360. (Legislative Journal page 1391.) [LB374]

SENATOR GLOOR: Senator Heidemann, you're recognized to open on AM1360, amendment to the committee amendments. [LB374]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. On April 20, the Legislature failed to pass LB255. That bill would have eliminated the

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Railroad Inspection Program at the Public Service Commission. Since the bill didn't pass, the PSC still has the obligation to operate the program. The Appropriations Committee had already factored the budget savings into the committee amendment to the budget bill. This amendment restores half of the funding for that program. The program is budgeted for two inspectors, but only one of those positions is currently filled. The PSC has said that they'll do their best to operate the program with one inspector for the upcoming biennium but they plan to come back in two years to fully fund this program. With that, without the passage of LB255, I think it's very important that we put this money back in for the PSC. I don't think it was anybody's intention, with the failure of LB255 to pass, to hurt the PSC. They have to do this program, and I believe it's up to this Legislature to fund it if that's our will. With that, I urge your passage of AM1360 to AM902. [LB374 LB255]

SENATOR GLOOR: Thank you, Senator Heidemann. Members, you have heard the opening to LB374, the committee amendments, and the amendment to the committee amendments. We now move to floor debate. Senator Mello, you are recognized. [LB374]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. I rise in support of both AM1360 as well as another amendment Senator Heidemann will put to the underlying Appropriations Committee amendments as well as the underlying bill. But the reason I rise is twofold. One, I think as a Legislature and as a state government that has experienced, no doubt, both opportunities and challenges because of term limits, that this year presented, I think the Legislature as a whole, such a unique opportunity of facing what most of us have discussed as the largest projected budget deficit that's faced the state in recent history, or, in sometimes ongoing debate in the committee, ever. What you see in the underlying amendments here of the mainline budget bill is compromise. It's prioritizing different programs, prioritizing different agencies, prioritizing some investments over others. But I think the final product, as a member of the Appropriations Committee, is something that we as a Legislature and I think we as a committee can look back on and be thankful that we were able to put forward a product, that is LB374, that continues to try to invest in some of the critical programs and needs to move our state forward. Senator Heidemann mentions all the time that budgeting is dealing with the art of compromise. Some senators may want to prioritize one program or agency over another. That's natural in what is the legislative branch of government. But in this budget proposal, which is contained in LB374, it really spells out in my view the priorities of what this Legislature has worked on over the last three years. It prioritizes economic development, prioritizes education to the point that we try not to further hurt what has been done to higher education over the last couple years in regards to budget cuts that we enacted because of stimulus regulations. It continues to prioritize public education more than what the executive branch originally put forward. It also prioritizes our Medicaid program to the best that we could with the fiscal realities that face us. As Senator Heidemann mentioned, the Governor's budget proposal cut our

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Medicaid program provider rates by 5 percent. This budget proposal reduces that in half to 2.5 percent. No doubt there will be some ramifications of what we see in LB374. But it's my hope as a committee member that we will continue to investigate and follow up and study over the interim what are those ramifications that we know may lie ahead and under LB374, and find ways if our economic future changes, to remedy that. But the reality is this: Tax increases was not an option. We wanted to make sure that we made key investments in priorities that moved us forward as a state out of what has been the biggest recession we have faced in years. The leadership, I think, of Senator Heidemann speaks volumes. He doesn't always agree with me, he doesn't always agree with all of our committee members, but he's been fair. And I think that's a very, very key attribute of a leader is that he might not or she might not always agree with his team members or her team members, but they're fair in the process and they try to run a fair process to ensure that people can express their views, can express their opinions, and can express their passion for what they feel should be the core priorities of government. I'd like to thank Senator Heidemann because he was not only fair but I think he went out of his way this year to ensure that fairness stretched outside of the Appropriations Committee. We discussed multiple times with various other standing committees because of the LR542 process to ensure that the budget process that we put forward was not solely devised by the Appropriations Committee. It was done by 49 state senators... [LB374]

SENATOR GLOOR: One minute. [LB374]

SENATOR MELLO: ...over the interim who provided their feedback and input on ways to make our government do more with less without risking future investments in key priorities of our state. So with that said, colleagues, I rise in support of what the final product has come of the Appropriations Committee and the Legislature as a whole through the LR542 process. I'd like to thank my fellow Appropriations Committee members for, I think, a very spirited dialogue on a litany of issues, from education to Medicaid, to healthcare to childcare, to roads funding, to environmental funding. But more importantly, I'd like to also thank our colleague, Senator Heidemann, because it's not been an easy chore to sometimes handle very passionate people who sometimes provide very passionate arguments for and against any given program in any given agency. And I think he did a very, very spectacular job of balancing... [LB374]

SENATOR GLOOR: Time, Senator. [LB374]

SENATOR MELLO: Thank you, Mr. President. [LB374]

SENATOR GLOOR: Thank you, Senator Mello. There are no senators remaining in the queue. Senator Heidemann, you're recognized to close on your amendment to the committee amendments. Senator Heidemann waives. The question to the body is, shall the amendment to the committee amendments to LB374 be adopted? All those in favor

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say aye...vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB374]

CLERK: 35 ayes, 1 nay, Mr. President, on the adoption of Senator Heidemann's amendment. [LB374]

SENATOR GLOOR: The amendment is adopted. Mr. Clerk. [LB374]

CLERK: Mr. President, Senator Heidemann would move to amend with AM1313. (Legislative Journal page 1331.) [LB374]

SENATOR GLOOR: Senator Heidemann, you're recognized to open on AM1313. [LB374]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. Senator Louden brought LB282 to us this year, which is a grant program for Whiteclay. It's an extension of a bill that was passed in 2010 that give them \$25,000 for that grant program. This will be an extension of that grant program of \$15,000 for the 2011-2012 fiscal year, straight-up General Fund appropriation. This is something that the Appropriations Committee brought up, and it came up to us a little later than what we would have liked to have brought it up. It was too late to put it in the committee amendment. The committee amendments were already up and running. It was too late for the budget bill. We decided as a committee to bring this as amendments to AM209 (sic) and bring it before the body and asking for your support. With that, I am going to give the rest of my time to Senator Louden to expand on this part of our budget. [LB374 LB282]

SENATOR GLOOR: Senator Louden, 8 minutes 45 seconds. [LB374]

SENATOR LOUDEN: Thank you, Mr. President, and thank you, Senator Heidemann. Yes, the LB282 was some more work we were doing on the Whiteclay resolution from last year. Last year, there was \$25,000 appropriated to the Indian Commission to use it for some grant funding. They've done quite well with it. There's been some work done with youth up there. They've worked on some, I guess, Department of Economic Development in a way that they had money to help start some of these smaller businesses and have done some work with law enforcement. Since then, we've had a...the law enforcement has a camera that's been installed up there with some other grant money they got. Right now, they would like to work on some having a second camera that works off of this deal so that they can actually patrol Whiteclay from the sheriff's office. This has saved them quite a little bit money of driving up there. Whenever they get calls they can usually see what's going on. And this is where the appropriations where \$15,000 is coming in to do some more work that we've done in Whiteclay. We've done quite well with the amount of money involved when you stop and think what they've done with \$25,000. And this year we were asking just for another

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extension of \$15,000 for some work with law enforcement and work with the Whiteclay area. Right now, they're getting ready to do some...start in on their nursing home, so they'll be issues that we need for law enforcement up there. Also they're in the process of getting a water line extended across South Dakota into Pine Ridge, and it will go over into this nursing home. So there are things that we are bringing forwards with Whiteclay. And with a little bit of help, it isn't a great deal of help, but a little bit of help, that money goes a long ways up in that area, because of the, I guess, the needs for the funding and the way that some of the people in the area are willing to work and get by with a small amount of money. So I appreciated the Appropriations Committee to put this into their bill as an amendment to bring it forwards. And it was LB282, and right now, why, it's AM1313. So I certainly hope that we can have some support on this. And what we have been doing up in that area for the amount of money is phenomenal for what it has cost the state. That area there, right now, has retail sales of over \$5 million, and with some help and to patrol the area, law enforcement, clean up the place, and everything, there can be some more retail sales probably for the state of Nebraska that comes out of there. At the present time, there's somewheres between 40,000 and 50,000 people right across the border from Nebraska. So it is a point for a huge retail sales area. At the present time, Chadron is doing quite well with some of that, and they have considered at one time improving the road system from Chadron to that area. At the present time, that's on hold, but I expect that in the future, as people work on these issues up there, that we can bring that in, bring in some retail sales, and perhaps bring that area up out of the eyesore that it's been picked up on all over the state, all over the United States. So with that, I certainly ask you to support and vote for AM1313. Thank you, Senator Heidemann, and thank you, Mr. President. [LB374 LB282]

SENATOR GLOOR: Thank you, Senator Loudon. You have heard the opening on the amendment. There are no senators in the speaking queue. Senator Heidemann waives closing. Members, the question is, shall the amendment to the committee amendment to LB374 be adopted? All those in favor vote aye; those opposed vote nay. Record, Mr. Clerk. [LB374]

CLERK: 34 ayes, 0 nays, Mr. President, on the adoption of Senator Heidemann's amendment to the committee amendments. [LB374]

SENATOR GLOOR: The amendment is adopted. Mr. Clerk. [LB374]

CLERK: I have nothing further pending to the committee amendments at this time, Mr. President. [LB374]

SENATOR GLOOR: Senator Pahls, you are recognized. [LB374]

SENATOR PAHLS: Thank you, Mr. President and members of the body. As Chairman of the Banking, Commerce and Insurance Committee, I just think I'm obligated to really

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stand up and make some comment and to thank the Department of Insurance and the insurance world. And I'll just give you a reason why, because I have some of the information of how many dollars that the Insurance Cash Fund over the years has given to the General Fund. The last ten years, including the next couple of years, they will have contributed \$64 million. As you take a look on page 24, in this day it is 10,000...or excuse me, 2010-11, they're going to give \$11 million; plus, in 2011-2012, an estimated \$6 million; 2012-2013, an estimated \$6 million. So I want to thank the agents, the brokers, and the insurance companies for what they do for the state of Nebraska. Too many times we forget that these hardworking people out there are giving us money by their hard work, the premium tax that we do receive, and how we spend them. Because it goes into our General Fund--not into the insurance but into the General Fund. Like I say, over the last ten years, \$40 million. But if we add the next three years, it will be \$64 million total. The concern that I do have, though, as I look back in the ending balance, like, let's say, in 2008-2009, there was \$21 million left in that fund. The year 2012-2013 there will only be \$6 million. So I'm just thinking we do need to be cautious. Again, I want to thank the insurance world. Now I want to thank the Department of Banking and those who help us make more money for our General Fund. Just to give you an idea, and now I do not have a past history, but I'll just say starting in 2009-2010, we received \$24 million from the Security Act. So all those individuals working for the security industry in the state of Nebraska, that's a big thank-you for 2009-2010, which was \$24 million; 2010-2011, it's \$37 million. So in those two years it's \$61 million the security people have given money, basically, to us to spend. If you look at the projection in 2012-2013, each one of those years is \$19 million. So in four years they're going to give approximately \$99 million. Thank you for those people who work in the securities areas, for the agents, brokers, etcetera, etcetera. A concern I have, as I'm taking a look at it, in 2010-2011 there will be--which is now--there's about \$10 million left in the fund. At the end of June, they're going to take another \$5 million out, so that fund is going...is getting down at a low rate. I understand it replenishes the...with the good hard work of those people in the securities, they keep bringing that money to us. So again I wanted to say, thank you, the Department of Banking and those people in the area of securities, because over the last...these last two years and the next two years coming up, you're going to give us \$99 million. And again I want to thank the Department of Insurance and those agents, brokers, and insurance companies out there who are giving us money in the amount of \$60 million. So I want us to be thinking about that. Sometimes when we are spending these monies, that there are people out there, and we don't stand up on the floor and say they are the largest industry in the world, but... [LB374]

SENATOR GLOOR: One minute. [LB374]

SENATOR PAHLS: Thank you...but they are important to the state of Nebraska, doing lots of hard work for us. Again I wanted to thank those people involved. Thank you. [LB374]

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SENATOR GLOOR: Thank you, Senator Pahls. There are no senators remaining in the speaking queue. Senator Heidemann, you're recognized to close on the committee amendments. [LB374]

SENATOR HEIDEMANN: Thank you, Mr. President. I stand here in a little bit of amazement, to be right truthful. The Appropriations Committee has worked hard and I want to thank them for that. We have a great committee. We had a committee that was a veteran committee that was able to take this issue on and put forth a responsible budget. But what really amazes me is I challenge each and every one of you to look across this country that we have and look at the budgetary problems that all the other states have and how they have handled it. We do it right, we really do. We are conservative people. We know how to budget and we do it right. We take the problems that we have before us and just take care of them. And there are other states that have just put them off, used smoke and mirrors, and we don't do that here. And there are so many other states that are still working on their budget and budgetary problems, and I am convinced that we have taken care of what we needed to take care of. And I appreciate my committee for doing what they have done and being with me, and I appreciate this body. So with that, I urge your adoption of AM902 to LB374. Thank you. [LB374]

SENATOR GLOOR: Thank you, Senator Heidemann. Members, the question is, shall the committee amendments to LB374 be adopted? Those in favor vote aye; those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB374]

CLERK: 34 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB374]

SENATOR GLOOR: The amendments are adopted. (Visitors introduced.) Discussion now continues on the advancement of LB374 to E&R Initial. There are no senators wishing to be recognized. Senator Heidemann waives. Members, the question is the advancement of LB374 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB374]

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB374. [LB374]

SENATOR GLOOR: LB374 advances. Mr. Clerk. [LB374]

CLERK: Mr. President, LB373, a bill offered by Speaker Flood at the request of the Governor. (Read title.) The bill was introduced on January 13, at that time referred to Appropriations, advanced to General File. There are committee amendments pending, Mr. President. (AM901, Legislative Journal page 1331.) [LB373]

SENATOR GLOOR: Thank you, Mr. Clerk. Senator Heidemann, you're recognized to

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open on LB373. [LB373]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. This is our deficit bill. This bill makes adjustments to the funding for state operations, aid, and construction programs. In the current fiscal year, ending June 30, 2011, the appropriations will be used in programs, for the forecasted costs has risen or decreased due to circumstances that were unforeseen when the budget bills were passed two years ago, and subsequently amended by the Legislature in 2010. If you have any questions on the deficit bill, I'd be happy to try to answer them. Thank you. [LB373]

SENATOR GLOOR: Thank you, Senator Heidemann. As the Clerk stated, there are amendments from the Appropriations Committee. Senator Heidemann, as Chair of that committee, you're recognized now to open. [LB373]

SENATOR HEIDEMANN: The committee amendment becomes the bill. The amendment reflects the Appropriations Committee recommendations for the adjustments for deficits in the current 2010-2011 fiscal year. Please refer to the State Budget Biennial Book, published 2011, beginning on page 89, for the deficit appropriations for a detailed discussion of the committee recommendation. A side-by-side comparison of the Governor's recommendation and the Appropriations Committee recommendations for adjustment to the current year appropriations may be found on page 92. In addition, on page 91, reductions to prior year reappropriation balances are listed. Reductions to those prior year obligations show up on line 5 of the General Fund status as an increase to the projected beginning balance for the General Fund. If you have any questions, I would try to answer them. Thank you. [LB373]

SENATOR GLOOR: Thank you, Senator Heidemann. Members, you've heard the opening on LB373 on the committee amendments. Are there senators wishing to speak? Seeing none, Senator Heidemann...Senator Heidemann waives. Members, the question is, shall the amendments, committee amendments to LB373 be adopted? Those in favor vote aye; those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB373]

CLERK: 33 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB373]

SENATOR GLOOR: The amendments are adopted. We now move to...Senator Heidemann, there are no senators wishing to speak. Senator Heidemann waives. The question is the advancement of LB373 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB373]

CLERK: 33 ayes, 0 nays, Mr. President, on advancement of LB373. [LB373]

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SENATOR GLOOR: LB373 advances. Items for the record, Mr. Clerk. [LB373]

CLERK: Mr. President, amendments. Senator Conrad would like to print an amendment to LB22; Senator Cornett to LB357; and Senator Lathrop to LB585. (Legislative Journal pages 1392-1393.) [LB22 LB357 LB585]

And, Mr. President, I have a priority motion. Senator Flood would move to adjourn the body until Tuesday morning, May 2 (sic), at 9:00 a.m.

SENATOR GLOOR: Members, you have heard the motion to adjourn until tomorrow morning at 9 a.m. Those in favor say aye. Those opposed say nay. We stand adjourned.