

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

Floor Debate
February 14, 2012

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PRESIDENT SHEEHY PRESIDING

PRESIDENT SHEEHY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the twenty-seventh day of the One Hundred Second Legislature, Second Session. Our chaplain for today is Senator Nelson. Would you all please rise.

SENATOR NELSON: (Prayer offered.)

PRESIDENT SHEEHY: Thank you, Senator Nelson. I now call to order the twenty-seventh day of the One Hundred Second Legislature, Second Session. Senators, please record your presence. Please record, Mr. Clerk.

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

PRESIDENT SHEEHY: Are there corrections for the Journal?

CLERK: I have no corrections.

PRESIDENT SHEEHY: Messages, reports, or announcements?

CLERK: Your Committee on Banking, Commerce and Insurance, chaired by Senator Pahls, reports LB964 to General File with committee amendments. Executive Board, chaired by Senator Wightman, reports LR358CA to General File, LB761 to General File with amendments, and LR372CA indefinitely postponed. Health and Human Services, chaired by Senator Campbell, reports LB834 to General File with amendments. Hearing notices regarding confirmation hearings from Health and Human Services. Communication from the Governor. (Read re LB503, LB705, LB706, LB707, LB708, LB709, LB710, and LB946.) A second message, Mr. President. (Read re LB415.) Priority bill designations: Senator Brasch, LB830; Retirement Systems, LB916; Senator Dubas, LB825; Senator Christensen, LB653. And that's all I have at this time, Mr. President. (Legislative Journal pages 499-502.) [LB964 LR358CA LB761 LR372CA LB834 LB503 LB705 LB706 LB707 LB708 LB709 LB710 LB946 LB415 LB830 LB916 LB825 LB653]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. (Doctor of the day introduced.) Mr. Clerk, we will now move to the first item under General File, LB807. [LB807]

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CLERK: LB807, a bill by Senator Lautenbaugh. (Read title.) The bill was introduced on January 5 of this year, at that time referred to the Judiciary Committee. The bill was advanced to General File. There are Judiciary Committee amendments pending, Mr. President. (AM1785, Legislative Journal page 362.) [LB807]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Lautenbaugh, you're recognized to open on LB807. [LB807]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. This is a very simple bill and I'll explain why we're dealing with it in relatively swift order. What it does is clarifies that for certain offenses you could be disqualified from obtaining a concealed carry permit, because of some unartful drafting in existing law, it did not say "convictions," it merely said "violations of the law." So what we had was a circumstance where you could not be convicted of something, but when you applied for your concealed carry the State Patrol would have a look and make their own determination as to whether or not there had been a violation of law, even without a conviction, and deny permits. Now why this has become important is because they are in fact denying permits based upon the basis of alleged violations, not convictions, which isn't normally how we do things. And now the matter has become more urgent because now that I have this bill in to correct it, instead of having any flexibility on the violation versus conviction standard, they're saying, well, Senator Lautenbaugh has a bill in, this will be fixed in relatively short order, let's just wait and see. So by trying to fix this I've made the situation slightly worse in the interim here. This is an important thing. I had a client affected by this where he was charged with a violation of Omaha's registration ordinance, if memory serves, and it turned out it was his son who had the gun, not him. He had done nothing and was not prosecuted as a result. But because there was the charge out there originally, that was since dismissed, the Patrol looked at it and said, well, you were charged with a violation of the law, we will not renew your concealed carry permit. So this is a serious thing. And we don't usually rely on charges, we rely on convictions. And I think this is just an ambiguity in the law that we need to fix. There is a committee amendment coming which simply adds an E clause for the very reason I just told you, that because I've introduced this we are getting...I don't want to say intransigence but a certain amount of, okay, everybody is going to hold their breath and see how quickly we can get this done. So that is the long and the short of it. And I would appreciate your green vote. [LB807]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. You've heard the opening to LB807. As was noted, there is a Judiciary Committee amendment, AM1785. Senator Ashford, you're recognized to open. [LB807]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. And as Senator Lautenbaugh has noted, AM1785 simply adds the emergency clause. So with that, I

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would close. [LB807]

PRESIDENT SHEEHY: Thank you, Senator Ashford. You've heard the opening to the Judiciary Committee amendment, AM1785. Member requesting to speak, Senator Christensen. [LB807]

SENATOR CHRISTENSEN: Thank you, Mr. President. I just want to thank Senator Lautenbaugh and thank the Judiciary Committee for taking care of this. I've worked on a lot of concealed carry bills in the past, and this body has been very good at working on them. And I just thank you for taking care of the constituents that's had the problems on this. And look forward to green votes from everyone. Thank you. [LB807]

PRESIDENT SHEEHY: Thank you, Senator Christensen. Seeing no additional requests to speak, Senator Ashford, you're recognized to close on the committee amendment. Senator Ashford waives closing. The question before the body is on the adoption of AM1785 to LB807. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB807]

CLERK: 35 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB807]

PRESIDENT SHEEHY: AM1785 is adopted. We will now return to floor discussion on LB807. Seeing no requests to speak, Senator Lautenbaugh, you're recognized to close. [LB807]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. I appreciate the last vote. I'm looking forward to the next green one. I'm sorry, I didn't bring something a little more interesting that would garner us 850 e-mails from California overnight. (Laughter) But I'm playing the hand I'm dealt here. So please vote green. Thank you. [LB807]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. You've heard the closing. The question before the body is on the advancement of LB807. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB807]

CLERK: 37 ayes, 0 nays, Mr. President, on the advancement of LB807. [LB807]

PRESIDENT SHEEHY: LB807 advances. We will now proceed to LB862. [LB807 LB862]

CLERK: LB862, a bill by Senator Coash. (Read title.) The bill was introduced on January 6 of this year, referred to the Judiciary Committee. The bill was advanced to General File. There are committee amendments. (AM1778, Legislative Journal page

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362.) [LB862]

PRESIDENT SHEEHY: Senator Coash, you're recognized to open on LB862. [LB862]

SENATOR COASH: Thank you, Mr. President. Good morning, colleagues. LB862, as amended by the committee amendment, AM1778, is to provide a salary raise for Nebraska judges. These judges include those of the Supreme Court, the Court of Appeals, the district courts, the county courts, the juvenile courts, and the Nebraska Workers' Compensation Court. As you likely know, Supreme Court judges' salaries are set in statute and it is upon this statutory salary that all the other aforementioned judges' salaries are based. LB862 as amended... [LB862]

PRESIDENT SHEEHY: (Gavel) [LB862]

SENATOR COASH: ...would raise the judges' salary by 2 percent. This 2 percent is commensurate with the 2 percent raise given to state employees this coming fiscal year, 2012-2013. This bill authorizes the raise over the biennium of fiscal year '12-13 and fiscal year '13-14. The total funds for this 2 percent raise represents a \$772,520 General Fund appropriation, most of that coming from the General Fund, \$37,000 of that will actually come from the Workers' Compensation...for the workers' comp judges will come from their court cash fund. Colleagues, as I've spent time on the Judiciary Committee over the last four years, I've come to learn that we have a very strong branch of government in our judiciary, and that strength comes from the quality of the people who work in it. The judiciary is its people. And there is a correlation between the quality of our courts and the quality of the people who preside over them. Colleagues, the way that the judges' salaries go is a little different than the way any other salary of a state employee goes. [LB862]

PRESIDENT SHEEHY: (Gavel) [LB862]

SENATOR COASH: Every so often we have to come and adjust these Supreme Court justices' salaries, which in turn plays down on all the other judges' salaries, so that we can keep up. And I think we can see the effect if we don't keep up with salaries. And I stand here as a strong believer in our judiciary, strong believer in the people who work in it, and would ask your support of LB862. And I will close by telling you that because of the amount of judges we have across the state there is a continual turnover in judges. Retirements are the primary source of that turnover. And because of that turnover we don't always fill those judges immediately after their term has ended. And because of that, we do realize some vacancy savings across the state. And this vacancy savings will equal the amount of General Funds that we need to appropriate as it relates to LB862. Colleagues, I urge your support. And I look forward to answer any questions. Thank you, Mr. President. [LB862]

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PRESIDENT SHEEHY: Thank you, Senator Coash. You've heard the opening to LB862. As was noted, there is a Judiciary Committee amendment, AM1778. Senator Ashford, you're recognized to open. [LB862]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. And the committee amendment, as Senator Coash has suggested, would simply insert the dollar amount for the salaries of \$145,614.74 beginning July 1, 2012. And as I'm sure the body knows, what we do here is we raise the salaries of the Supreme Court judges and then the salaries of the other judges, juvenile judges, appellate court judges, county court judges, and district court judges, are tied, Workmen's Comp Court judges are tied to the Supreme Court salary increases. It is a change of 2 percent, an increase of 2 percent for these judges. Thank you, Mr. Lieutenant Governor. [LB862]

PRESIDENT SHEEHY: Thank you, Senator Ashford. You've heard the opening of the Judiciary Committee amendment, AM1778. Seeing no requests to speak, Senator Ashford, you're recognized to close. [LB862]

SENATOR ASHFORD: All I would say is I do want to, again I mentioned this the other day, I want to thank Senator Coash for taking these issues on, the judicial issues. He has worked hard on them, worked with the judges and with the bar association and has taken it upon himself to really get into it. And the committee appreciates his efforts. And with that, I would urge the adoption of AM1778. [LB862]

PRESIDENT SHEEHY: Thank you, Senator Ashford. You have heard the closing. The question before the body is on the adoption of AM1778 to LB862. All those in favor vote yea; opposed, nay. Please record, Madam Clerk. [LB862]

ASSISTANT CLERK: 34 ayes, 0 nays on adoption of the committee amendments, Mr. President. [LB862]

PRESIDENT SHEEHY: AM1778 is adopted. We will now return to floor discussion on LB862. Member requesting to speak, Senator Fulton. [LB862]

SENATOR FULTON: Thank you, Mr. President, members of the body. This...I'm not standing up to speak against this bill, but neither am I going to vote for it. And the reason why is because this is...the reason for me standing up is to point out that this is new money. And while I think that it is legitimate that our judges are treated well and that this is very likely an appropriate increase, this needs to be put in context because this is money that will be coming out of largely the General Fund and it's not something that has been included in the preliminary recommendation of the committee. And so as we vote, we should vote eyes wide open that this indeed is new money and it will have an impact on other things that perhaps we want to pass in here with an A bill or that perhaps is going to... [LB862]

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PRESIDENT SHEEHY: (Gavel) [LB862]

SENATOR FULTON: ...be added to the budget, the final budget recommendation. So that we understand the process, that's what is going on here. And with that, I'll yield the remainder of my time to Senator Coash, Mr. President. [LB862]

PRESIDENT SHEEHY: Senator Coash, you're yielded 3 minutes 45 seconds. [LB862]

SENATOR COASH: Thank you, Mr. President. Thank you, Senator Fulton. I appreciate your comments. And he is correct, going forward this will be new money. But I did want to restate something I said in my opening which is that the vacancy savings as a result of the turnover, over the past year, will cover this...it is covered in the current budget of the Supreme Court. These salary increases will be covered over the first year. Going forward certainly it's an increased expense for the state. We have to ask ourselves, colleagues, are we getting what we pay for? I believe that we are and I believe that we will continue to get what we pay for. And LB862 is the vehicle to continue to get what we need to pay for. And so I appreciate Senator Fulton's comments. This bill will hopefully move forward, sit until we have the preliminary budget and I look forward to working with Senator Heidemann to assure that the funds needed to appropriate for LB862 are there and that this remains a priority of our state. Thank you, Mr. President. [LB862]

PRESIDENT SHEEHY: Thank you, Senator Coash. Senator Nelson. [LB862]

SENATOR NELSON: Thank you, Mr. President, members of the body. I have a few questions of Senator Coash, if he will yield. [LB862]

PRESIDENT SHEEHY: Senator Coash, would you yield to Senator Nelson? [LB862]

SENATOR COASH: Yes. [LB862]

SENATOR NELSON: Thank you, Senator Coash. There's been a sheet distributed here on judicial salaries from 1945 to 2012. If you look at...do you have that? [LB862]

SENATOR COASH: Yes. [LB862]

SENATOR NELSON: Yes. You look at the bottom, the figure is not filled in for what we're proposing here. But I do know from the fiscal note that the Supreme Court salary would go up to \$145,614. Would that be correct? [LB862]

SENATOR COASH: Yes, Senator Nelson, that's correct. [LB862]

SENATOR NELSON: And then district and juvenile courts get the same thing, same

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salary. I don't see anything about the county judges. We have 56 county judges, and I'm not sure why they aren't in this column. Could you explain that? [LB862]

SENATOR COASH: Yes, Senator Nelson. I can explain that. The county court judges are addressed in LB862. They are not addressed in the handout that I gave you and that's because I didn't have the information at the time we put this together. But we'll get that for you. [LB862]

SENATOR NELSON: The figure of an increase of \$772,000 then, does that include the county judges? [LB862]

SENATOR COASH: Yes, it does, Senator Nelson. And the county court judges' salaries will increase from \$128,483 to \$131,053, which is a 2 percent raise for the county court judges as well. [LB862]

SENATOR NELSON: Okay. All right. And just so I understand, that's at \$772,000 covers the biennium, that's two years. Would that be correct? [LB862]

SENATOR COASH: Yes. [LB862]

SENATOR NELSON: So that actually for this next fiscal year, the one that begins July 1, we're talking about an increase of \$375,600, in other words half of that figure of the \$772,000. [LB862]

SENATOR COASH: That's correct. [LB862]

SENATOR NELSON: Okay. Does this...I think that the judicial retirements come out of... [LB862]

PRESIDENT SHEEHY: (Gavel) [LB862]

SENATOR NELSON: ...court fees. What about for...their retirement, but what about health benefits and things? Do the judges pay those or are those in addition to the figures that we have here? [LB862]

SENATOR COASH: Senator Nelson, the bill addresses only the salary. I'll defer the question regarding the health benefits to Senator Ashford. I think he'd be better to answer that. [LB862]

SENATOR NELSON: All right. Would Senator Ashford yield to a question? [LB862]

PRESIDENT SHEEHY: Senator Ashford, would you yield to Senator Nelson? [LB862]

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SENATOR ASHFORD: Yes. [LB862]

SENATOR NELSON: Thank you, Senator Ashford. I just was questioning Senator Coash and he deferred to you on the question. Are health benefits and other charges, are those in addition to the \$772,000 figure? [LB862]

SENATOR ASHFORD: Yes. [LB862]

SENATOR NELSON: Okay. Do you know approximately would that be about, what, 14 percent or something of that sort? [LB862]

SENATOR ASHFORD: The exact percentage, I'm sorry, I misspoke. They are included in the total number. It is a General Fund... [LB862]

SENATOR NELSON: All right, okay, thank you. That... [LB862]

SENATOR ASHFORD: ...number. And the exact percentage of the salary, I'm not... [LB862]

SENATOR NELSON: Fine. Well, then the entire package over the biennium here is \$772,000 for the biennium. All right. And one final question for Senator Coash. It appears that in 2000... [LB862]

PRESIDENT SHEEHY: One minute. [LB862]

SENATOR NELSON: ...well, there was a 3.5 percent increase in 2008, 2.5 percent in each of 20...or 2009-2010, no increase in 2011. A lot of us or a lot of people had to take, of course, no increase or decreases. So we're back again at 2 percent. [LB862]

SENATOR COASH: That's correct, Senator Nelson. We've...typically, the judicial...judges' salaries have mirrored the state employee salary increases. And so that's why we have 2 percent this time. [LB862]

SENATOR NELSON: All right. I guess I have no further questions. I will listen to the rest of the presentation or questions from other senators. Thank you, Mr. President. [LB862]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Senator Christensen. Senator Christensen waives. Seeing no additional requests to speak, Senator Coash, you're recognized to close on LB862. [LB862]

SENATOR COASH: Thank you, Mr. President. Thank you, colleagues. I appreciate the opportunity to answer the questions on this particular bill. To review, this is a 2 percent raise for all the judges across our state. This is important to keep up to assure we have

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a strong judiciary. And I appreciate your support of LB862. Thank you, Mr. President. [LB862]

PRESIDENT SHEEHY: Thank you, Senator Coash. You've heard the closing to LB862. The question before the body is on the advancement of LB862. All those in favor vote yea; opposed, nay. Please record, Madam Clerk. [LB862]

ASSISTANT CLERK: 36 ayes, 0 nays on the advancement of LB862. [LB862]

PRESIDENT SHEEHY: LB862 advances. We'll now proceed to LB862A. [LB862 LB862A]

ASSISTANT CLERK: LB862A, introduced by Senator Ashford. (Read title.) It was read for the first time on February 3. I have no amendments to the bill at this time. [LB862A]

PRESIDENT SHEEHY: Thank you, Madam Clerk. Senator Ashford, you're recognized to open on LB862A. [LB862A]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. This is, of course, the A bill that follows LB862. As Senator Fulton suggests, this bill will sit on Final Reading and will await the emergence of the Appropriations' bills. And it provides for a General Fund increase of \$367,505 with a cash fund for workmen's compensation of \$18,755, both General Fund appropriations. I would urge the advancement of LB862A for the judges. I didn't even say who it was for, for the judges' salaries. Thank you. [LB862A LB862]

PRESIDENT SHEEHY: Thank you, Senator Ashford. You've heard the opening to LB862A. Seeing no requests to speak, Senator Ashford, you're recognized to close. Senator Ashford waives closing. The question before the body is on the advancement of LB862A. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB862A]

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement of LB862A. [LB862A]

PRESIDENT SHEEHY: LB862A advances. We will now proceed to LB760. [LB862A LB760]

CLERK: LB760 is a bill by Senator Schilz. (Read title.) The bill was introduced on January 4, referred to the Natural Resources Committee, advanced to General File. I have no amendments at this time, Mr. President. [LB760]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Schilz, you're recognized to open on LB760. [LB760]

SENATOR SCHILZ: Thank you, Mr. President. And good morning, members. I

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introduced LB760 on behalf of the Department of Environmental Quality. Currently, the Environmental Quality Council is required to meet four times per year. However, DEQ claims that the amount of business the council conducts does not justify the quarterly meetings. Thus LB760 reduces the number of meetings the council is required to hold to two per year. This does not, though, cause them to not be able to have more meetings if needed. The Environmental Quality Council is a 17-member public body appointed by the Governor to represent specific interests and adopt regulations to be administered by the DEQ. Members are appointed to serve staggered four-year terms. The Environmental Quality Council was established through the Nebraska Environmental Protection Act as the body that adopts rules and regulations which set air, water and land quality standards in order to protect the public health and welfare of the state. The DEQ is expending resources on the quarterly meetings and LB760 will help save the council members' time and the department's resources. I've had some questions as to what exactly this bill does. And it doesn't take anything away from the council. It only allows them to step down, they truly say that they don't have enough business to conduct those four meetings. So what happens is sometimes they'll schedule a meeting on one side of the quarter and then the next day will be the other side of the quarter and they'll have two meetings in two days. So I saw this as pretty inefficient, and we need to take a look and try and see if we can help fix that. And then the bill also makes a technical change in recognizing that there are other statutes the department must follow when distributing grants to political subdivisions, which may not be consistent with the council's priority. So there is some cleanup language there to fix that. And with that, I ask for your support on LB760. Thank you, Mr. President. [LB760]

PRESIDENT SHEEHY: Thank you, Senator Schilz. You've heard the opening to LB760. Seeing no requests to speak, Senator Schilz, you're recognized to close. Senator Schilz waives closing. The question before the body is on the advancement of LB760. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB760]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB760. [LB760]

PRESIDENT SHEEHY: LB760 advances. We'll now proceed to LB739. [LB760 LB739]

CLERK: LB739 is a bill by Senator Christensen. (Read title.) Introduced on January 4 of this year, referred to the Natural Resources Committee, advanced to General File. There are Natural Resources Committee amendments. (AM1669, Legislative Journal page 365.) [LB739]

PRESIDENT SHEEHY: Senator Christensen, you're recognized to open on LB739. [LB739]

SENATOR CHRISTENSEN: Thank you, Mr. President. What this bill does is it's an agreement between Game and Parks and the county of Chase County, moving the...oh,

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yeah, and it just moves the ownership of the lake to the county. Game and Parks has asked to be removed from it and the county has decided to take it over. We've had a couple of bills like this in the past. And I just ask that you allow the locals to take care of the historical Champion Mill and the lake that's there and remove it from the obligation that Game and Parks has there. Thank you. [LB739]

PRESIDENT SHEEHY: Thank you, Senator Christensen. You've heard the opening to LB739. As was noted, there is a Natural Resources Committee amendment, AM1669. Senator Langemeier, you're recognized to open. [LB739]

SENATOR LANGEMEIER: Mr. President, members of the body, this property is known as the Champion Mill State Historical Park and the Champion Mill State Recreational Area. Over the last couple of years, as you've seen, we have transferred four of these facilities from the management of the Nebraska Game and Parks Commission to local cities, towns, and NRDs that would like to manage them. This happens to be Chase County. The committee amendment is AM1669, which changes one word, change takes the word "commencing" out and puts the word "beginning" in. In a legal description they have two totally different meanings and that word needed to be "beginning" instead of "commencing." So we would ask for your adoption of the committee amendment and then the adoption of LB739. Thank you. [LB739]

PRESIDENT SHEEHY: Thank you, Senator Langemeier. You've heard the opening of the Natural Resources Committee amendment, AM1669. Seeing no requests to speak, Senator Langemeier, you're recognized to close. Senator Langemeier waives closing. The question before the body is on the adoption of AM1669 to LB739. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB739]

CLERK: 32 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB739]

PRESIDENT SHEEHY: AM1669 is adopted. We will return to discussion on LB739. Senator Harms. [LB739]

SENATOR HARMS: Thank you, Mr. President, colleagues. Senator Christensen, would you yield to a question, please? [LB739]

PRESIDENT SHEEHY: Senator Christensen, would you yield to Senator Harms? [LB739]

SENATOR CHRISTENSEN: Yes. [LB739]

SENATOR HARMS: Senator Christensen, you know, I don't object to transferring this. My concern is once we make that transfer, if they don't take care of this land or this

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lake, do we have the right to take it back? I mean, that's been my concern on several other issues. And giving something away from the state, under its control, to a local political subdivision, do we have the right to be able to get this back in some form or manner? I'm assuming it's important to this great state. Are there any guidelines at all with this? [LB739]

SENATOR CHRISTENSEN: Yes, Senator, there's...they will be required to operate and maintain the property for public usage according to the requirements in Section 37-354, which is the way it's basically operated under now, Game and Parks, it's the same rules. It's just changing who's got the responsibility of taking care of this. I have no doubts that the local people in Champion will take care of this. In the past, when Game and Parks hasn't had the money to maintain something, like after a big rain they have even dredged the lake before, they do a lot of the mowing or not mowing but trimming of the trees and things this way on a volunteer basis. They've worked with Game and Parks in the past very well. They will now just be assuming that responsibility. But, yes, we have a statute for it. [LB739]

SENATOR HARMS: Thank you. Senator Langemeier, would you yield? [LB739]

PRESIDENT SHEEHY: Senator Langemeier, would you yield to Senator Harms? [LB739]

SENATOR LANGEMEIER: Yes. [LB739]

SENATOR HARMS: Senator Langemeier, would you...if you remember, I think it was maybe last year Senator Fischer had another bill come through, we made an amendment to that bill in regard to giving something away, making sure we had the right guidelines and regulations. Are you comfortable with where we are with this and that we can...if something came about that we could actually get this back so we would provide an appropriate recreation place for people in that part of Nebraska? [LB739]

SENATOR LANGEMEIER: I am. As Senator Christensen had mentioned, we do have in state statute 37-354 which requires, and I'll just read a little bit of it to you, that the property to be maintained in appearance and open to the public, sanitary and...all sanitary facilities must be maintained, property be well kept and reasonably open and accessible, and safety. It has to maintain hours. Buildings and roads and trails and other structures and improvements shall be kept in reasonable repair throughout their estimated lifetime. The facility shall be kept open to the public in reasonable hours and times during the year according to the type of facility it is. So we do have that statute that requires, as Chase County takes this over, Game and Parks still has an obligation to stop by and make sure they're keeping it a responsible place. [LB739]

SENATOR HARMS: Thank you, Senator Langemeier. Thank you, Mr. President.

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[LB739]

PRESIDENT SHEEHY: Thank you, Senator Harms. Seeing no additional requests to speak, Senator Christensen, you're recognized to close on LB739. [LB739]

SENATOR CHRISTENSEN: Thank you, Mr. President. I appreciate the questions from Senator Harms about the upkeep and how this is going to be conveyed. And I can assure you that the people of Champion are excited about taking care of this as a community. And the county will be there beside them. And they have put a lot of love and heart into this facility. It is kind of a shining point in a very small community, but a very proud community. And I ask for your advancement of this bill. [LB739]

PRESIDENT SHEEHY: Thank you, Senator Christensen. You have heard the closing. The question before the body is on the advancement of LB739. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB739]

CLERK: 35 ayes, 0 nays, Mr. President, on the advancement of LB739. [LB739]

PRESIDENT SHEEHY: LB739 advances. We'll now proceed to LB985. [LB739 LB985]

CLERK: LB985 is a bill by Senator Krist. (Read title.) Bill was introduced on January 12 of this year, at that time referred to the Judiciary Committee. The bill was advanced to General File. I have no amendments pending at this time, Mr. President. [LB985]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Krist, you're recognized to open on LB985. [LB985]

SENATOR KRIST: Good morning, Mr. President. Good morning, Nebraska and colleagues. This is the first, I think, serious bill in response to our child welfare and foster care program, although it did not come out of Health and Human Services, out of Judiciary. And I appreciate the help of the Judiciary. It starts to fix a problem within the state. I'm proud to bring LB985 because this bill formalizes the Nebraska Juvenile Service Delivery Project, a program that provides rehabilitative services for juveniles while on probation rather than in state care. If you'll recall, during the State of the Judiciary, Chief Justice Mike Heavican spoke directly in support of this effort. This project sprang from the collective of the Chief Justice, Court Administrator Janice Walker, and former Department of Health and Human Services, Children and Family Services Director Todd Landry. They hoped to solve a problem. The problem that was identified was too many juveniles were being placed in state care, becoming state wards solely to access treatment services. And you'll hear that theme throughout many of our discussions related to children in foster care. In order to get treatment you had to become a state ward. Many of these juveniles placed in state care had both a caseworker and a probation officer overseeing them, much duplicity in the system. The

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plan was to find a means to provide the juvenile court dispositional alternatives that would promote rehabilitation and provide supervision while the juveniles remained with their parents in their homes and in their own schools, with one probation officer overseeing them, thus began the collaboration between DHHS and the Office of Probation Administration and the project LB985 seeks to solidify. And, yes, I said solidify. This project was in existence and extremely successful for over 30 months. It is interesting to note that at the outset of the planning for this test project, DHHS staff estimated costs would be \$10 million or more, \$10 million or more for the 300 youth the project was initially intended to serve during an 18-month program. Fortunately, introducing streamlined assessment, referral and case management provided...proved to provide a significant cost savings as 635 youth were served in the project at a cost of \$3 million, roughly a third. Of course, this \$3 million figure is a cumulative figure representing the cost of growth starting at zero juveniles, from January of 2009 to June 2009, and then steadily, steady admissions into the project resulting in 635 juveniles served from July of 2009 to June of 2011. The funding needed for the continuation of this program in Douglas County, and to fulfill the purposes outlined in LB985, will be based on the costs associated with serving 500 youth a year in all levels of care. Now back to the problem. The problem that generated the notion of piloting a juvenile services delivery project in Omaha, this problem was not a new one. Until the inception of the project in Omaha in 2009, there had been no state funding specifically allocated to juvenile probationers for access to treatment. Then and now in every area of the state, but Douglas County and Omaha, if a juvenile's parents are working but do not have insurance or make too much money to qualify for Medicaid the juvenile is placed in state custody to guarantee access to assistance and services. Once the state care juveniles are engaged in the current welfare system, or I'm sorry, welfare service delivery system, juveniles are immediately made eligible for Medicaid by virtue of the fact they are state wards. I mention this as it is important you know this project is different, it is not business as usual. As state wards, a juvenile is required to use only certain providers which may or may not provide the most appropriate services needed. Under the project, the number and type of providers is not restricted. Once placed in the project, juveniles in Douglas County are individually assessed by probation to determine their most appropriate treatment referral, as well as to access their families' ability to pay for that referral. Let me say that again. This is a collective effort between the families and the system in the project. The idea is the juvenile will not be required to engage with a provider simply because there is a contract with a provider or the provider accepts Medicaid. Rather, what drives the selection of the provider is the service offered by the provider best matched...is best matched to the needs of the juvenile. This matching of the juveniles' needs to the appropriate treatment and level of treatment is essential to rehabilitation and one of the most basic principles of implementing evidence-based practices in the juvenile justice service delivery. If the juvenile and the family require financial assistance, a registered provider is utilized and a fee-for-service voucher is issued. The provider is not paid until the service is rendered and the report about the service is received by probation. We're not throwing money at

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this and allowing a contractor to decide what's going to happen. The provider is...by voucher, is being reimbursed. Two-year data from this project suggests it works well. However, LB985 would provide an opportunity for a comprehensive evaluation of the project. An independent audit and evaluation process will be done by the University of Nebraska Medical Center team. LB985 also provides an opening for expanding the project into rural locations for further evaluation. LB985 recognizes the value of a focused and effective juvenile justice service delivery project that has been proven to work, both by preliminary data and also the opinions of individuals inside and outside the juvenile justice system. Rather than moving the state ward status, juveniles and their parents are matched with community-based services they need while under the supervision of a probation officer. I draw your attention to the fiscal note, the last...the first page, the last two lines: Under this bill, the children served by the pilot projects would not become state wards under the Department of Health and Human Services, resulting in savings approximately equal to the costs identified by the Supreme Court. So this is not completely neutral, but it is suggesting that the money that's in the system already is transferred from one pot to another to fund the system. You also see on that front page at the UNMC pilot program evaluation is built into the program. What we didn't do right before we're doing right with this bill. We are evaluating its performance, providing management oversight and financial oversight into the system. I would encourage a full, honest debate on this measure. And I'd ask for your support of LB985. Thank you, colleagues. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Krist. You have heard the opening to LB985. Members requesting to speak: Senator Seiler, followed by Senator Ashford, Senator McGill, Senator Campbell, Senator Howard, Senator Sullivan. Senator Seiler. Senator Seiler waives. Senator Ashford. [LB985]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor. I would like to first of all thank the entire Judiciary Committee and most particularly Senator Krist, who is not a member though, for their hard work on this issue. We have been watching this pilot project in Douglas County now for two years. We have received...we've had special sessions on it. We have discussed it with the various officials that have interim studies on it, the various officials who have been working with these juveniles from probation. We've talked to HHS, several meetings throughout the last two years to really get a handle on how successful this pilot project can be and in fact has been. Senator Krist has taken up the mantel here, he has grabbed on to it, he has studied it thoroughly and has become an expert and I applaud his efforts. This, in my view, of all the juvenile matters, issues we have dealt with in the Judiciary Committee and all of the potential solutions, this really may be the, hopefully, getting towards that golden nugget in dealing with juveniles who have been adjudicated in the system. Just for some context, there are approximately 2,200 or 2,300, given the particular year, juveniles in the state that are adjudicated as delinquents. This pilot project has been dealing with approximately 600 to 700 of those youth every year over the last two and a half years. Senator Krist

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has gone over some of the data, but one of the most impressive statistics is that at the end of, in my view, is at the end of June 2011 only 67 cases were duly supervised by HHS and by probation. That is a reduction of 72 percent from the 2007 levels. In addition to that, the out-of-home placement of these pilot project youth amounts to only 16 percent of the total. That is a remarkable shift in resources to in-home placement. It is a...not only a savings in human cost, incredible savings in that regard because these youth are in their home, they are attending school, they are being monitored by a single probation officer, as Senator Krist has so correctly stated, that is solely responsible for this youth. The youth is not bouncing back and forth between OJS and probation. The...some of the other pieces of information that were important to me in looking at this is the idea that we are accessing community-based programs. In Douglas County there are 188 community-based programs that are on the approved list for the juvenile probation pilot. That is exactly what we want to do, it seems to me, is we want to encourage utilization of our community-based services throughout the state. I also want to mention another aspect of this bill and that is the possibility and hopefully the probability of expanding the program into another pilot project area. The 11th Judicial District, which includes McCook, Ogallala, Lexington, and North Platte, have met, the judges have met... [LB985]

PRESIDENT SHEEHY: One minute. [LB985]

SENATOR ASHFORD: ...and have unanimously approved the idea of the pilot project in that 11th District. They in fact are so enthusiastic, I've had several contacts with Judge Turnbull in North Platte who has talked to his colleagues in the 11th District, and they are overwhelmingly supportive of this idea. I think we may have, and Senator Krist and the other members of the Judiciary Committee have worked so hard on this and HHS and certainly Kathy Campbell who has been looking at this with me as well. We have, I believe, found a path for these delinquent youth, these 2,200 to 2,500 per year delinquent youth. I strongly urge that we advance this bill and that we let this work for the youth, maybe the most troubled youth that we have in our state. Thank you, Mr. Lieutenant Governor. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Ashford. Senator McGill. [LB985]

SENATOR MCGILL: Hi, thank you, Mr. President, members of the body. It's appropriate we're hearing this bill today on Valentine's Day because I love, love, love, love, love, love, love this program. I assume we're going to have a bit of lovefest here because of how efficiently this program, in my mind, has been run, trying to "desilo" funding and getting agencies to work together. I've been following it since it first started. And even last year we already had Lancaster County judges saying, when can we get this here? It's so incredible up there in Douglas County, when can we get it here? Well, unfortunately this bill still doesn't bring it to Lancaster County, but it does solidify its place in our process and it expands it out into some other areas. And hopefully, we can

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keep that going in the future. And with that, I urge the advancement of the bill. Thank you, Mr. President. [LB985]

PRESIDENT SHEEHY: Thank you, Senator McGill. Senator Campbell. [LB985]

SENATOR CAMPBELL: Thank you, Mr. President. And I certainly rise in support of LB985 and thank the Judiciary Committee and Senator Krist for their work on this bill. I also would like to say to the body that this is an excellent example of three branches of government coming together and discussing an issue, because this has been discussed among the small group that the Chief Justice has convened and the department is in that group as well as Senator Ashford and myself. It certainly has been an important project that we've looked at in Douglas County. And one of the reasons why this bill is important and to look at this pilot are two different things. One is we have begun to discuss the issue of crossover kids. And crossover kids are defined as kids who have been or are presently in the child welfare system as well as in the juvenile justice system. And in fact, Douglas County has been selected as one of the demonstration projects across the country to take a look at crossover kids. What we find for crossover kids is that they get into the juvenile justice system faster and they also stay longer and they also, with much frequency, have more severe crimes. And interestingly enough, it's a disproportionate problem for girls who get into the juvenile justice system. So I'm very impressed with this project and hopefully we can gain something. The second important part of this project is an evaluation piece. While we have had the demonstration project existing, we have not had an evaluation component. I am a huge believer in that, after watching the success that we have had with LB603 on an evaluation process. The "why" of why this program works with this population is extremely important for us to ascertain. And Senator Ashford and I both had the opportunity to talk to the evaluator. And I am convinced that they can provide excellent information for us which we can build additional projects like this to help our youth. And with that, Mr. President, I would encourage all of my colleagues to give full support to this bill. Thank you. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Campbell. Senator Howard. [LB985]

SENATOR HOWARD: Thank you, Mr. President. I rise in support of LB985. I consider this to be a diversionary program, as outlined in this bill, as the youth will not have to be made a ward of the state to receive services. Parents do not lose control of the decision making for their own child. They remain in the role of parent for their son or daughter. The youth will stay in his home and this will allow the family system to remain intact. Once a child is removed from his or her family it is very difficult and a very lengthy process to reunite them. This provides accountability and ensures that our state dollars are spent effectively. Far too often, and I've certainly seen this in my work with young people and their families, far too often youth have to fail in treatment before they are able to access a treatment that they actually need. For me, the key is that the family remains together. They work together on the issues the youth is experiencing. And I will

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add, because Senator Krist didn't, that it's important to note that there were no opponents in the testimony on this bill. So I urge your support and I thank Senator Krist for bringing this in. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Howard. Senator Sullivan. [LB985]

SENATOR SULLIVAN: Thank you, Mr. President. Good morning, colleagues. It sounds like this program does have a lot of merit. And it's good that we're also considering expanding it. But to that end, I would wonder if Senator Ashford would yield for a question. [LB985]

PRESIDENT SHEEHY: Senator Ashford, would you yield to Senator Sullivan? [LB985]

SENATOR ASHFORD: Most certainly. [LB985]

SENATOR SULLIVAN: Thank you, Senator Ashford. In the fiscal note on LB985 it mentions \$1.2 million for a possible or potential project in rural Nebraska. Do I assume correctly that in your remarks you talked about the fact that the 11th Judicial District is considering a project? Is that the one that we would refer to with these dollars? [LB985]

SENATOR ASHFORD: Yes, that's correct. [LB985]

SENATOR SULLIVAN: And in that are they looking at the same kind of model that has been used in Douglas County? [LB985]

SENATOR ASHFORD: Yes. [LB985]

SENATOR SULLIVAN: What sort of time line are we looking at, because it says "potential," and when might it be implemented? [LB985]

SENATOR ASHFORD: The time line would be as soon as the bill passes and comes into effect that North Platte could and that district, 11th Judicial District, could move forward. They have...they are aware of it. They understand it I think. And there would be some training that would be done in regards to the Douglas County pilot project in making sure that that's sort of standardized across the state. But I think that could be done very quickly. [LB985]

SENATOR SULLIVAN: Do you think the funding that's been allocated for the expansion in rural Nebraska is enough? [LB985]

SENATOR ASHFORD: One point two million is going to be enough for the 11th District, yes. [LB985]

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SENATOR SULLIVAN: And as Senator Campbell noted that now evaluation is part of this project, will the evaluation also be part of the rural project as well? [LB985]

SENATOR ASHFORD: Yes. And what we are going to ask the evaluator to do is to look at the pilot in Douglas County, to look at the pilot in the 11th Judicial District, and evaluate it. In the 11th Judicial District case it will just be at the beginning of it. But I think as it progresses along, we want those evaluators to work with them and with the judges and others in the 11th District to ensure that it is being properly rolled out. But, yes, the evaluator would look at the 11th District, yes. [LB985]

SENATOR SULLIVAN: Thank you, Senator Ashford. As I said at the outset, it sounds like this has been a very successful pilot project. I'm glad to see it expanded across the state. Thank you. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. Senator Harms. [LB985]

SENATOR HARMS: Thank you, Mr. President and colleagues. Senator Ashford, would you yield? [LB985]

PRESIDENT SHEEHY: Senator Ashford, would you yield to Senator Harms? [LB985]

SENATOR ASHFORD: Yes. [LB985]

SENATOR HARMS: Senator Ashford, when we debated this bill originally, I was very supportive of it, as you know. My biggest concern is about rural Nebraska. And when I look at where we are in Scottsbluff, we have some unbelievable issues with youth. One, we have a high rate of drugs, we have a high rate of underage drinking, we have a high rate of crime. And our judges there are frustrated to a point that they have no place to put these students or young people. We have no program that's truly established to address that issue. Is there any chance at all, as we start to look at this, we can expand it quicker into where I live, which is the largest community in that region? They need a lot of help and I don't see this moving rapid enough as far as I'm concerned in regard to this issue. [LB985]

SENATOR ASHFORD: I absolutely agree with you. And I wish we could roll it out to the entire state tomorrow. And I would support that (laugh) if we could find the resources to do it. You hit the nail on the head. Later in the session we're going to start...we're going to talk about YRTC in Kearney and the need for reform there. There is a dramatic problem, and that is that many of the youth that are coming to YRTC from the larger metropolitan areas have a history of violence, significant violence. Many of the children, the juveniles, some of them as young as 12 years old, coming from the 3rd District to YRTC are not violent offenders. Some of them are status offenders, some of them are shoplifters. They're going into YRTC and these populations are being joined together. It

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is an absolute time bomb. We must reform it. It is our hope that through this probation pilot that many of these young juveniles would not have to go in to YRTC because they would be able to be handled through the probation pilot project. That is...they go directly together, Senator Harms. [LB985]

SENATOR HARMS: So, Senator Ashford, what would the cost be if we wanted to expand it into that region, into the Scottsbluff area? [LB985]

SENATOR ASHFORD: We haven't looked at it. I'm sure it would be very...probably pretty similar to the 11th Judicial District. Scottsbluff is an area, South Sioux City, Alliance, those are other areas of the state I think that could be dramatically impacted, Grand Island could be dramatically impacted by this project if we could expand it quickly, yes. I'm sure there are other areas but those are some. [LB985]

SENATOR HARMS: Well, I would really like to explore that. I'd like to see what we can do because, you know, sometimes these pilot projects move but they really never, ever get out to where I live. And that's really what I'm talking about. And I'd like to see some type of an effort to correct the youth issues that we have in western Nebraska. We just don't have the tools right now. And to be honest with you, our teenagers are becoming more violent, as you've testified I think before one of the hearings that you had before the Appropriations Committee, and our schools are struggling to a certain degree what to do with a lot of these teenagers. And we desperately need a program. And I'd really like to have us explore this, at least to go another step further and completely into western Nebraska, beyond the North Platte and McCook area. And so I don't know what that would take, but I would like to have that explored to see if we can do it and what the cost might be. Thank you, Mr. President. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Harms. Members requesting to speak on LB985, we have Senator Dubas, followed by Senator Hansen, Senator Council, and Senator Ashford. Senator Dubas. [LB985]

SENATOR DUBAS: Thank you very much, Mr. Lieutenant Governor. Good morning, colleagues. I, too, rise in strong support of this bill. When I saw it after bill introduction and looked into it, I thought this is something that I've been thinking about or, you know, even though I'm not on the Health Committee or the Judiciary Committee, I've been heavily involved in the child welfare issues. And so I've had an opportunity to visit with a lot of families around the state. And I've had an opportunity to observe how things are going on. And one of the things that seems to just consistently rise to the top is we just have such a disconnect between the services that the kids need and the families need and how is it that we can make a more cooperative spirit between the different branches of government that are trying to help these families and these children. And so this bill truly intrigued me. And I couldn't agree more with what Senator Harms just said. This is a program that is showing great success. And I think the sooner we can get it out across

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the entire state the better off we will all be, and especially those families who are directly impacted by these issues. Would Senator Ashford yield to a question, please? [LB985]

PRESIDENT SHEEHY: Senator Ashford, would you yield to Senator Dubas? [LB985]

SENATOR ASHFORD: Yes. [LB985]

SENATOR DUBAS: Thank you, Senator Ashford. And again, I don't have a lot of good experience or foundation in judicial law and programs. But I was reading an article that talked about a unified family court. And you were mentioned in this article, and you were mentioned through a bill that you introduced in 1989, LB487,... [LB985]

SENATOR ASHFORD: Yeah. [LB985]

SENATOR DUBAS: ...to create that family court system. [LB985]

SENATOR ASHFORD: I remember. [LB985]

SENATOR DUBAS: Are we moving that direction with this bill? [LB985]

SENATOR ASHFORD: I support a family court still to this day. And I did introduce LB487. In fact, the history is LB487 then turned into the Parenting Act, that was sort of how the Parenting Act started was LB487. There was some push back on making that dramatic a change and the Parenting Act came into effect or the first Parenting Act, before the one we worked on, yes. I mean, I think it's...some form of family court is critical I think. [LB985]

SENATOR DUBAS: So if we are able to put this type of system in place, would the next logical step be towards that unified family court? [LB985]

SENATOR ASHFORD: Yes, in fact, we've tried to think about doing that a little bit in Douglas County with the county court taking on some family matters and some juvenile matters. Yes, it would knock down some silos clearly, and I think it's worth further discussion, not because I introduced it in 1988 or '89 or whatever. [LB985]

SENATOR DUBAS: Well, again, your experience in this area far surpasses mine. And the article that I read truly intrigued me. And I thought there was probably some correlation between that article and what this bill is trying to do. And I think... [LB985]

PRESIDENT SHEEHY: (Gavel) [LB985]

SENATOR DUBAS: ...another point that we shouldn't miss on what this bill is trying to do and the program that's already in place is these are pilot programs. And when you're

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talking about subjects with the significant impact that courts have on children and families and, you know, trying to make huge, sweeping changes is probably not the best way to go. And while we are anxious and ready to have these kinds of programs come across the entire state of Nebraska, I see the value in creating these pilots because we're able to see what's working and what's not, build on the positives and deal with the negatives. And in my opinion, I think that's the approach we should have taken when we were dealing with the overall child welfare reform. Those programs and those children and families that we are trying to reach are impacted significantly and they... [LB985]

PRESIDENT SHEEHY: One minute. [LB985]

SENATOR DUBAS: ...involve a lot of different agencies and a lot of different people. And while I know the direction and why we were moving where we were moving with the child welfare reform, I think we jumped off the cliff just a little bit too soon and in too big of a fashion. And by putting these types of pilot programs in place, again, I think we're able to really hone in on what's working and then be able to build on those successes and create a bigger and better program from that. So I rise in full support of this piece of legislation. Thank you. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Dubas. Senator Hansen. [LB985]

SENATOR HANSEN: Thank you, Mr. President and members of the Legislature. I would rise in support of this LB985 idea too. And I want to thank Senator Ashford for coming to North Platte last year and meeting with Judge Turnbull. Judge Turnbull has had a lot of concern the past two years, since we lost our lead agency, Boys and Girls Home, to a way bigger district than just Lincoln County. But they've had a lot of problems with getting children help, juvenile services to help the most troubled of the youth. He heard this idea of this pilot program from what was going on in Omaha, was very interested in it, contacted me a couple of times about it. I think I forwarded him on to Senator Ashford, and then through Senator Krist, too, this comes to us as an alternative. Hopefully, we can get some money transferred within HHS to do this...continue the pilot program to get some help for kids out in the western part of the state, as Senator Harms alluded to earlier. We've lost providers and we don't, in the rural part of the state, we don't have providers standing in line, waiting to fill that void. Once we lose a provider, they're very, very hard to replace. So maybe our probation office in the area is the way to go. It's a good pilot program. And I appreciate Senator Ashford working in the interim on this program. Thank you, Mr. President. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Hansen. Senator Council. [LB985]

SENATOR COUNCIL: Thank you, Mr. Lieutenant Governor. I, too, rise in strong support of LB985. I want to thank Senator Krist for introducing the bill. Senator Ashford has acknowledged the work of the members of the Judiciary Committee, and Senator

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Campbell has acknowledged the work of the members of the Health and Human Services Committee. But I want to take a few minutes to acknowledge the work that led to the pilot in Douglas County. And I want to express my gratitude to the members of the Juvenile Justice Task Force in Douglas County that worked long and hard on studying model programs across the country, looking at research, identifying evidence-based best practices. And those evidence-based practices are at the core of the juvenile justice pilot program. And one of those evidence-based best practices is something that I think that is necessary if we are ever going to get to the point where we truly provide services and the correct services to youth and that is a strong assessment component. And I really want to applaud the probation department and the work of all of the members of the probation department in the development and implementation of an assessment model that actually works at identifying what the youngsters' key needs are and what resources will need to be brought to bear to address those. And from our experiences with the Community Corrections Council at the adult level, the evidence is the same at the juvenile level, that the more we provide services to juveniles at home, community-based, home-based services, the greater likelihood of success, the greater likelihood that there would not be these youngsters reoffending. And so it's imperative that we provide the correct services to young people at the appropriate time. And in regards to the comments made by my colleagues, Senator Harms and Senator Hansen and Senator Dubas, you're absolutely correct. One of the hopes of the growth and expansion of this program is that working through the probation department we will see a need for the reestablishment of some of the service providers that left our rural communities. If they see that the state is truly committed to providing the services that young people need, regardless of whether or not they are wards of the state, that we can see regrowth in the number of service providers across the state. And I think that the bigger this program becomes, the greater likelihood that we can encourage and provide incentive for those service providers, who did not see a future in staying in many of our rural communities, will see that future now because this will be one of the primary tools that our courts will use in terms of addressing the issues of youth. So I urge all of my colleagues to affirmatively vote on LB985. Thank you. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Council. Senator Ashford. [LB985]

SENATOR ASHFORD: Thank you, Mr. Lieutenant Governor, again. I'm the last speaker on the queue, so I'm going to give my time to Senator Krist in a moment to finish on this bill. I just want to stress again the importance of this evaluation that is going to be undertaken because we, for the first time that I can recall in looking at this population, we are going to have a...we have the opportunity to make an in-depth look at why these juveniles, these youth are where they are and to evaluate the kind of developmental issues that have surfaced in their lives and to address those needs in a very methodological way with evidence-based services in the community. This is really transformational for our state. It is incredibly transformational. And I applaud everyone, Senator Council, certainly the probation group with Ellen Brokofsky and Corey Steel

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have done yeoman's work. I would now ask if Senator Krist would like the remainder of my time to conclude on this bill. [LB985]

PRESIDENT SHEEHY: Senator Krist, you're yielded 3 minutes 50 seconds, and Senator Gloor is in the queue. [LB985]

SENATOR KRIST: Senator Gloor is in the queue? Thank you. I would just like to mention that many of you have heard me get on my soapbox and talk about accountability, accountability and oversight from this body in the area of management and financials. This is why I love this so much, besides the good it does or will do for kids all over the state as we expand, in my view, all over the state in a short period of time, because this service has proven, this project has proven to be so successful. But more importantly, these funds will be placed in a special program. These funds will be controlled in that program. They will only be spent for this purpose. The accountability, the financial oversight will be meticulously managed and I believe that's the way we need to be in terms of stewards of taxpayers' money. The program, as I said, has already been in place, it's been proven, it's been tested. Now it needs to be documented and blueprinted, if you will, to spread throughout the rest of the state of Nebraska. I would also mention on behalf of several of my colleagues this is the first step to fixing a few of our YRTC programs. It definitely keeps kids at home in the right track, away from facilities, unless they absolutely have to go to those facilities. I'd invite you to I think listen to one more testimony. And it will be a quick close. I really believe we need to move this one forward. Thank you, colleagues. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Ashford. Thank you, Senator Krist. Senator Gloor. [LB985]

SENATOR GLOOR: Thank you, Mr. President. I also will be brief. And I rise in support of LB985. But I would like to talk just a second about pilot projects. I think pilot projects, for reasons that others have talked about during our discussion, are in fact excellent ways for us to feel our way along and make sure that we are devoting energy and resources to important programs. I have a pilot project of my own on medical home that's progressing nicely. And I think the information will serve for us to take medical home further as an appropriate way to provide quality services to Medicaid recipients, and at the same time control costs to state government and the taxpayers. I think the same is true of this pilot project. There's one challenge with pilot projects though, and that is that when that information comes back it needs to be acted on. Will Senator Krist still be here when that information comes back or have that same degree of interest? Will Senator Ashford still be here and have that same degree of interest and focus on the results of this pilot project? Because if a pilot project is successful the intent is that it slingshots us forward with additional legislation to take advantage of those learnings that are out there. There's a way to make sure that that occurs. You all have a copy of the Legislative Planning Committee's 2011 report. In that report we talk about juvenile

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justice, public safety, juvenile intakes, juvenile arrests. There is information in there that in fact is important for us to take a look at and a planning document, if used correctly, and if we continue to grow on this planning process, allows us to take the results of pilot projects and build it into our legislative plan so that we're sure, regardless of whether the interest wanes by introducers of bills or by those of us who have an interest, that we still keep our eyes on the prize. It's opportunity for me to plug the planning process and the importance of it to make sure there is continuity when we get into special initiatives that we'd like to see successful and that we would like to use those results to carry forward. Thank you, Mr. President. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Gloor. Seeing no additional requests to speak, Senator Krist, you're recognized to close on LB985. [LB985]

SENATOR KRIST: Thank you, Mr. President. As I said, I will be brief in my closing. A good piece of legislation does not come about without an incredible amount of work. There have been several people recognized. The Judiciary Committee has done an outstanding job, with Senator Ashford's leadership. I thank the Chief Justice for his input and for putting such a priority on our kids, it's wonderful to see. I want to thank Corey Steel, Ellen Brokofsky, Stacey Conroy, Doug Nichols, and Liz Hruska, who also put together the details from which we can go forward. I ask you for a green on this one and let's move it along. Thank you. [LB985]

PRESIDENT SHEEHY: Thank you, Senator Krist. You have heard the closing. The question before the body is on the advancement of LB985. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB985]

CLERK: 42 ayes, 0 nays, Mr. President, on the advancement of LB985. [LB985]

PRESIDENT SHEEHY: LB985 advances. We'll now proceed to LB526. Correction, Mr. Clerk, items for the record? [LB985]

CLERK: Thank you, Mr. President. New resolutions: Senator Harms offers LR397 and LR398; Senator Lambert, LR399; all three of those will be laid over. Hearing notices from the Judiciary Committee, signed by Senator Ashford. Priority bill designation: Senator McCoy, LB970; Senator Smith, LB1161; Senator McGill, LB599. Amendments to be printed: Senator Smith to LB1161; Senator Wightman to LB536 and to LB370. And Committee on Revenue, chaired by Senator Cornett, reports LB209 to General File with amendments; LB727, General File with amendments; likewise with LB830. Natural Resources reports LB653 to General File with amendments, and likewise with LB743. That's all that I have, Mr. President. (Legislative Journal pages 503-520.) [LR397 LR398 LR399 LB970 LB1161 LB599 LB536 LB370 LB209 LB727 LB830 LB653 LB743]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We'll now proceed to LB526. [LB526]

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CLERK: LB526 was a bill introduced by the Natural Resources Committee or introduced by Senator Carlson, excuse me. (Read title.) Introduced on January 18 of last year, then it was referred to Natural Resources Committee for public hearing. The bill was advanced to General File. I do have committee amendments, Mr. President. (AM1784, Legislative Journal page 379.) [LB526]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Carlson, you're recognized to open on LB526. [LB526]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. LB526 was heard in the Natural Resources Committee last year, and since there have been many meetings among interested parties to work out the amendment that will follow. Proper management of our water resources, ground and surface water, is so critical to continued production of agriculture in Nebraska. The bill relates to water transfers and provides a second alternative, which would involve the use of a surface water irrigation right for a nonconsumptive use. Normally, a transfer is for a consumptive use by a crop. This alternative in LB526 is important in the multistate compact and agreements concerning water. The bill was originally brought by Tri-Basin NRD after negotiations with Central Nebraska Public Power and Irrigation District. The hearing was March 2, 2011, and following the hearing and after seeing an appropriate amendment, the committee voted to advance the bill on an 8 to 0 vote. At the hearing there were two groups in opposition to the bill: NPPD and Ron Wolf of the Nebraska Water Coalition. There were two that testified in the neutral position: Central Nebraska Public Power and Irrigation, and Frenchman Cambridge Irrigation District, surface water. Since the hearing there have been several meetings. And these meetings have involved interested NRDs, interested irrigation districts, interested public power districts, NPPD and Central Nebraska Public Power and Irrigation, the Department of Natural Resources, and attorneys for all four groups. We've had great discussion, great cooperation in taking care of concerns of each of these groups. And the amendment, AM1784, addresses these concerns and becomes the bill. And I will stop my introduction at this point and allow Senator Langemeier to introduce the amendment. Thank you. [LB526]

SENATOR GLOOR PRESIDING

SENATOR GLOOR: Thank you, Senator Carlson. As the Clerk stated, there is a committee amendment. Senator Langemeier, as Chairman of the Natural Resources Committee, you're recognized to open on the committee amendment. [LB526]

SENATOR LANGEMEIER: Mr. President, members of the body, the committee amendment, AM1784, offered to LB526, as you see as Senator Carlson has stated, we had a lot of...a variety of testimony, those supportive, those in opposition, and two even

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in a neutral capacity. The committee amendment replaces a key portion of LB526. It represents a compromise between a number of surface, groundwater interests who worked hard on this language over the interim. AM1784 addresses the concerns raised at the hearing and allows the transfer that is a change in the preference of use of point of a diversion that could be harmful to existing water appropriators. The amendment puts some conditions in to a transfer. First, the transfer or change and purpose must not diminish the water supply of available water or otherwise adversely affect any other water appropriation. Second, the transfer or change in purpose must not affect Nebraska's ability to meet its obligations under a multistate agreement. And, third, the transfer or change in purpose may not result in any administration of a prior appropriation system by the Department of Natural Resources which would not have otherwise occurred. These protections give the surface water appropriators the assurance that their interests will be protected. We want to thank these groups for working together. It's been a long interim and a lot of good discussions on this issue. And with that, I would yield the rest of my time to Senator Carlson to talk about...more about what the bill does in his compromise. [LB526]

PRESIDENT SHEEHY PRESIDING

PRESIDENT SHEEHY: Senator Carlson, you're yielded 8 minutes 5 seconds. [LB526]

SENATOR CARLSON: Thank you, Mr. President, and thank you, Senator Langemeier. There are times in multistate cooperative agreements and multistate compacts that it's very important for surface water irrigation districts and NRDs to account certainly for water being used. Sometimes a transfer of the use of the water from one entity to another is appropriate in meeting requirements of a compact or an agreement. And after a lot of discussion, these four groups came together and the amendment reflects the intent of LB526. So these transfers, if negotiated between surface water, public power, and NRDs, is going to be beneficial if it will not diminish the supply of water available or otherwise adversely affect any other water appropriator, adversely affect Nebraska's ability to meet its obligations under a multistate agreement, or result in administration of the prior appropriation system by the Department of Natural Resources which would not have otherwise occurred. As this idea came forward, there was concern that water that is diverted out of a stream, out of a river, not be detrimental to any other user that has a water right along that stream. And all four groups and their attorneys agreed that this wording satisfies those concerns. And so with the challenge that we have in water, I believe this is a good bill. I believe it has merit. I believe it could be used sometimes to the advantage of the state of Nebraska. And I would ask for your support. I'll be happy to try to answer questions you may have. Thank you, Mr. President. [LB526]

PRESIDENT SHEEHY: Thank you, Senator Carlson. Mr. Clerk, you have an amendment to committee amendment. [LB526]

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CLERK: Senator Carlson would move to amend the committee amendment with AM1992. (Legislative Journal page 520.) [LB526]

PRESIDENT SHEEHY: Senator Carlson, you're recognized to open on AM1992. [LB526]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. AM1992 came about after all our discussions and, finally, agreement amongst all parties that, in fact, this bill seems to be so appropriate we need to put an emergency clause on it so that it could apply to this crop season. And so that's what AM1992 does. It puts the E clause on it. And I would ask for your support on that amendment. Thank you. [LB526]

PRESIDENT SHEEHY: Thank you, Senator Carlson. You've heard the opening of AM1992 to AM1784. Member requesting to speak, Senator Harms. [LB526]

SENATOR HARMS: Thank you, Mr. President and colleagues. Senator Carlson, would you yield? [LB526]

PRESIDENT SHEEHY: Senator Carlson, would you yield to Senator Harms? [LB526]

SENATOR CARLSON: Yes, I would. [LB526]

SENATOR HARMS: Senator Carlson, maybe you can help me better understand the amendment, AM1784. When I read this, does this mean, for example I'm thinking of the surface irrigator drawing water from the Pathfinder Irrigation District company or the TriState where I live, and I'm irrigating from that. I've had the rights in my family since 1900. Does this mean that we would have the power to pull those rights to fulfill this agreement? [LB526]

SENATOR CARLSON: I wouldn't look at it that way, Senator Harms. Those senior rights are completely protected, and that's part of the reasoning for the wording in here that it will not diminish the supply or otherwise adversely affect any other water appropriator or anybody with senior or junior rights. So this is only in the event of what I would call excess or unused water that could be diverted for a purpose with an NRD, but it will not take away the right of any junior or senior appropriator on that stream. [LB526]

SENATOR HARMS: So they would be able to keep the amount of water that they have. This would be for just the excess amount of water coming down that you could pull. Is that correct? [LB526]

SENATOR CARLSON: They would be able to keep it. And I think that the number of

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times that this can be applied are rather limited because when they have to be very, very careful not to interrupt any other use of that water along the way, it doesn't apply in too many circumstances but those in which it does could be very helpful. [LB526]

SENATOR HARMS: Thank you, Senator Carlson. Thank you, Mr. President. [LB526]

PRESIDENT SHEEHY: Thank you, Senator Harms. Senator Louden. [LB526]

SENATOR LOUDEN: Yes, thank you, Mr. President and members. Would Senator Carlson yield for questions? [LB526]

PRESIDENT SHEEHY: Senator Carlson, would you yield to Senator Louden? [LB526]

SENATOR CARLSON: Yes, I would. [LB526]

SENATOR LOUDEN: Senator Carlson, as the amendment that you have there, and I think line 8, a multistate agreement and that sort of thing, where does that Platte River recovery program fit in on this with some of those surface water irrigators on the North Platte River now? Because as that water is...comes back from one irrigation district, it goes into the river and then another irrigation district picks that up and uses it again. Now is there somewhere along the line that that could affect? If you had to release that water on down the river for a multistate agreement, which that Platte River recovery process is, would they be losing some of their water rights or their chance to recover some of that water that came from some of the other irrigation districts? [LB526]

SENATOR CARLSON: No, Senator Louden. This has been very carefully drafted in such a way that that does not occur. If water is diverted from the Platte River, in the first place it's not going to be diverted very far. It's a nonconsumptive use. It's going to be returned to the Platte River either in flow or in groundwater recharge which eventually reaches its way back to the river. And this has to be approved by the Department of Natural Resources and they have to be very careful to make sure that those that have a right to that water along the way aren't hindered by this bill. So as I told Senator Harms, I don't think that there's a lot of times this is going to be used, but there are some times when it's appropriate and it would help those along the way on the cooperative agreement as well as on the Republican River. [LB526]

SENATOR LOUDEN: Well, I'm sure you're correct on that. I guess the concern is with some of those surface water irrigators out there is as the water is reused, which that water as it comes out of Wyoming into Nebraska, it's reused several times from one district to the other, and that would be their concern is whether or not some of that water would have to be released to go on down the river to fill some type of Platte River recovery issue on down the river or something like that in order to continue a certain flow. And that's, I think, where their concern is that I see it anyway. And you can assure

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me that that won't affect any of those down river appropriators that are reusing some of that surface water that comes out of Wyoming? [LB526]

SENATOR CARLSON: I believe that I can assure you, Senator Louden, that will not occur. We have an NRD making a request for a transfer. So we have the surface water irrigation district and we have the Department of Natural Resources with the responsibility to see that that request does not injure or take away an appropriation from anyone down stream. And to me that's the assurance that no one is going to lose a right because of this opportunity which would simply be used in times where water is available. [LB526]

SENATOR LOUDEN: Well, now if an NRD was making a request, they have to do that through the Department of Natural Resources because the NRD isn't supposed to have any control over any surface water. Is that correct? [LB526]

SENATOR CARLSON: That's true. And it probably is a negotiation between an NRD and a surface water irrigation district, and then the irrigation district approves that request, and then it goes on to the Department of Natural Resources... [LB526]

PRESIDENT SHEEHY: One minute. [LB526]

SENATOR CARLSON: ...for their approval. And if it's going to injure any party along the way, it won't be granted. [LB526]

SENATOR LOUDEN: Okay. And then that would be if an NRD then was trying to buy surface water from a surface water district, that's what you're saying on that? [LB526]

SENATOR CARLSON: Yes, that's could be one of the possibilities. [LB526]

SENATOR LOUDEN: Yeah. Okay. Thank you, Senator Carlson. Thank you, Mr. President. [LB526]

PRESIDENT SHEEHY: Thank you, Senator Louden. Senator Ken Haar. [LB526]

SENATOR HAAR: Mr. President, members of the body, I wonder whether Senator Carlson would answer a question or two. [LB526]

PRESIDENT SHEEHY: Senator Carlson, would you yield to Senator Haar? [LB526]

SENATOR CARLSON: Yes, I will. [LB526]

SENATOR HAAR: Thank you very much. I'm still a student on water issues and you're one of my mentors so I'll just ask this question. And thanks for your patience. How does

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this...I got an e-mail from a constituent and I need to know how to answer it. How does this...my understanding is this would usually only happen in a flood condition. [LB526]

SENATOR CARLSON: No, I wouldn't say that it would be flood conditions... [LB526]

PRESIDENT SHEEHY: (Gavel) [LB526]

SENATOR CARLSON: ...but it would...it'd be in circumstances where the flow is adequate to take care of all the users along the way and still allow this rather short diversion and then back into the stream so that nobody downstream is harmed. It doesn't necessarily mean flood conditions. [LB526]

SENATOR HAAR: Okay. [LB526]

SENATOR CARLSON: But I think that the protection in here certainly is to protect those surface water irrigators. [LB526]

SENATOR HAAR: Okay. And so things like, as we've talked about, in-stream flow and how that affects recreation and wildlife really wouldn't be affected by this bill. [LB526]

SENATOR CARLSON: No, it wouldn't. [LB526]

SENATOR HAAR: Okay. That's what I needed to know. [LB526]

SENATOR CARLSON: Okay. [LB526]

SENATOR HAAR: Thank you. [LB526]

PRESIDENT SHEEHY: Thank you, Senator Haar. Seeing no additional requests to speak, Senator Carlson, you're recognized to close on the amendment to committee amendment, AM1992. [LB526]

SENATOR CARLSON: Thank you, Mr. President. And, again, thank you for the questions and discussion. And the interesting part of this whole process is that all the parties concerned thought enough of the bill that we need to put the emergency clause on so that it could be used in the crop year of 2012, and that's AM1992. I would ask for your support. Thank you. [LB526]

PRESIDENT SHEEHY: Thank you, Senator Carlson. You have heard the closing. The question before the body is on the adoption of AM1992 to AM1784. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB526]

CLERK: 33 ayes, 0 nays, Mr. President, on adoption of Senator Carlson's amendment

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to the committee amendments. [LB526]

PRESIDENT SHEEHY: AM1992 is adopted. We will now return to the Natural Resources Committee amendment, AM1784. Seeing no requests to speak, Senator Langemeier, you're recognized to close. Senator Langemeier waives closing. The question before the body is on the adoption of AM1784 to LB526. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB526]

CLERK: 34 ayes, 0 nays, Mr. President, on the adoption of committee amendments. [LB526]

PRESIDENT SHEEHY: Natural Resources Committee amendment, AM1784, is adopted. Anything further, Mr. Clerk? [LB526]

CLERK: Nothing further on the bill, Mr. President. [LB526]

PRESIDENT SHEEHY: We will now return to floor discussion on LB526. Seeing no requests to speak, Senator Carlson, you're recognized to close. [LB526]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. Again, this is a piece of legislation that you look for where you can answer the questions that people have and nobody seems to be disadvantaged and everybody is in support, and that's the way this has worked. And so I'd appreciate your support of LB526. Thank you. [LB526]

PRESIDENT SHEEHY: Thank you, Senator Carlson. You've heard the closing. The question before the body is on the advancement of LB526. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB526]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB526. [LB526]

PRESIDENT SHEEHY: LB526 advances. We will now proceed to LB42. [LB526 LB42]

CLERK: LB42, a bill introduced by Senator Hadley. (Read title.) Introduced on January 6 of last year, at that time referred to Urban Affairs, advanced to General File. I have no amendments to the bill, Mr. President. [LB42]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Hadley, you're recognized to open on LB42. [LB42]

SENATOR HADLEY: Mr. President, members of the body, good morning. LB42 is needed to update Nebraska statutes to refer to the Uniform Plumbing Code, UPC, 2009. The ANSI A40 safety requirements for plumbing 1993 is currently referred to in statute

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and it is outdated and does not contain many currently accepted requirements, specifications with regard to the installation, procedures, and other useful information. In fact, we had a difficult time finding it, let alone talking about updating it. The UPC 2009 and appendices contains additional information not included in the 1993 code referencing modernized technology, useful materials information, and installation techniques. The proposed statutory changes will not apply to any entities that have their own plumbing code which is equal or stricter than the 2009 code. So cities such as Omaha and Lincoln that have currently adopted a plumbing code, this would not impact them. Again, we're looking at local control. If they adopt standards outlined, we're not superimposing the state's code. The requirements and standards outlined by UPC 2009 could be adopted at any point in time by any city or county in the state. Thank you, Mr. President. I urge supporting LB42. [LB42]

PRESIDENT SHEEHY: Thank you, Senator Hadley. You've heard the opening to LB42. Seeing no requests to speak, Senator Hadley, you're recognized to close. Senator Hadley waives closing. The question before the body is on the advancement of LB42. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB42]

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of LB42. [LB42]

PRESIDENT SHEEHY: LB42 advances. We will now proceed to LB780. [LB42 LB780]

CLERK: LB780, a bill by Senator Smith. (Read title.) Introduced on January 4 of this year, at that time referred to the General Affairs Committee, advanced to General File. I have no amendments to the bill, Mr. President. [LB780]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Smith, you're recognized to open on LB780. [LB780]

SENATOR SMITH: Thank you, Mr. President, and good morning, colleagues. LB780 would increase the maximum number of barrels of craft brewery that can be produced annually from 10,000 barrels to 20,000 barrels. It is a simple bill but also a very important bill to some of our locally owned and small businesses. Out of our 22 Nebraska craft breweries, at least 2 of them are close to hitting the 10,000 barrel mark. Lucky Bucket Brewing Company, which used to be in my legislative district but is now in Senator Loudon's legislative district, is just three years old and is already making plans for significant growth. Empyrean Brewing Company, known for its Lazlo's Restaurants, is in Senator Coash's district. It was established in 1990 and also is working towards the 10,000-barrel mark. In fact, this latter company recently purchased the Meadow Gold factory in the Haymarket, which will enable it to surpass the current brew limit. Anybody who has ever owned or managed a business knows that you must have some certainty before you can make significant capital investments for your business. LB780 will give our craft breweries this same certainty and the ability to begin making plans for their

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future. A public hearing on LB780 was held in front of the General Affairs Committee on January 23, and the committee voted unanimously to advance this bill. There was no testimony in opposition, and the fiscal note indicates revenue growth of approximately \$96,000 in 2013-2014. Of course, the revenue will continue to increase as these companies increase and other companies increase production and pay the state excise tax. These companies have contributed positively to our state and to our communities, and LB780 is necessary to help these Nebraska entrepreneurs continue to thrive and to grow. I ask you, colleagues, I ask that you vote to advance LB780. Thank you, Mr. President. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Smith. You have heard the opening to LB780. Members requesting to speak: Senator Sullivan, followed by Senator Coash, Senator Karpisek. Senator Sullivan. [LB780]

SENATOR SULLIVAN: Thank you, Mr. President. And I simply just want to stand in strong support of LB780. I am seeing some start-up businesses in my district in this area, young people that have the businesses and then are opening this up as a sideline business. It keeps them in the community. It potentially adds employment. And I'd liken this to some of the legislation that we probably dealt with as wineries were getting developed here in Nebraska. So I think this is a good shot in the arm and the right thing to do for entrepreneurs for rural communities as well as urban communities, and I am in strong support of this legislation. Thank you. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. Senator Coash. [LB780]

SENATOR COASH: Thank you, Mr. President. Thank you, colleagues. I, too, want to stand up in support of LB780. One of the breweries mentioned by Senator Smith and would be impacted by this bill is in my district. And I wanted to let you know that it takes a lot of work and a lot of investment and a lot of jobs to get to the point where you start to hit this threshold. And we have some companies in our state that are doing it. They are competing and they are doing well. I also wanted to mention some...share with you some of the discussion we had in the General Affairs Committee regarding this bill and asking ourselves, well, when will we...will we continue to need to raise this? And I would answer that by saying we'll address that when we get there. But at the point we have a local company who starts to hit this next threshold, I think there will be some decisions that that company will have to make. Do they want to be a brewpub, which means they can brew it and serve it, or do they want to be a manufacturer? And that's the threshold that Senator Smith is asking us to consider. I think LB780 is the appropriate number to go to, and I think that with the entrepreneurial spirit of the folks in this industry, at some point within our careers we're going to come back and we're going to have to take another look at this. But I would tell you that LB780 is an appropriate benchmark for us to consider and I would urge my colleagues to support it. Thank you, Mr. President. [LB780]

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PRESIDENT SHEEHY: Thank you, Senator Coash. Senator Karpisek. [LB780]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. I'd like to thank Senator Smith for bringing this bill because where we come up against some of these levels of barrels of beer, we have a couple of companies who are getting close and they have to decide what they're going to be. Are they going to be a brewery or are they going to be a craft brewery or what are they going to do? I think increasing this by this amount at this time is very prudent. It will help with at least the one here in Lincoln, Lazlo's, to increase their business. They've bought another building. They're not at this limit yet but they expect to be close, especially with the new building. I think that there are some things down the line that we can do as far as how they're classified and maybe, especially in Lucky Bucket's case, having a tasting room to me does not mean that they're in the business of having a bar. And we can look at that down the line. But I think this is a good way to help homegrown Nebraska businesses grow and try to get a better foothold in their business and expand. Thank you, Mr. President. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Members requesting to speak on LB780, we have Senator Gloor, followed by Senator Lambert, Senator Krist, Senator Schumacher. Senator Gloor. [LB780]

SENATOR GLOOR: Thank you, Mr. President. I also rise in support of LB780, but I am hurt, pained actually that I wasn't approached to introduce this legislation. I, unlike many of my counterparts in this building, lived in Germany for three years and developed enough of an appreciation for the fine art of brewing that I was unable to actually enjoy the taste of this particular malted beverage when I returned to the states for several years. And I knew if I lived long enough that would hopefully turn around, and it has. We are blessed with innovators, entrepreneurs who are willing to take what is seen as an ag-based product because it involves grains. It's an ag-based product. It also is a bow to our ancestry, the Germans and the Danes, who immigrated to this country and set up microbreweries years and years ago along areas along the Platte Valley. And they considered it liquid bread because it also contains some nutrition, believe it or not. That's not to downplay the fact that it also is a beverage that can be abused. But we're talking about microindustry when we're talking about microbreweries. And I think it's a great move. I'm very supportive of LB780. I try and withhold a lot of my support for the microbreweries to a degree of reason, but appreciate Senator Smith bringing this bill forward and would hope that everybody would endorse it. Thank you. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Gloor. Senator Lambert. [LB780]

SENATOR LAMBERT: Thank you, Mr. President, colleagues. I also stand in support of LB780. I echo what many of my colleagues said about it but I think the economic development aspect of this bill, the manufacture, creating jobs, then we've got

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distribution, we've got retail. It's a Nebraska business. I think it's very important that we support LB780. It shows that Nebraska is open for economic development. We're willing to help the local businesses. I think this could be one example of that. Thank you.
[LB780]

PRESIDENT SHEEHY: Thank you, Senator Lambert. Senator Krist. [LB780]

SENATOR KRIST: Hello, again, Nebraska and colleagues. The issue here is that, as business development goes forward and economic development goes forward, these craft breweries were limited in number of barrels. We are increasing those number of barrels, and our only alternative if we didn't do that would be to require those craft breweries to become...to apply for and get a manufacturer's license, which essentially makes them a full up brewery. And that limits their exposure under our three-tier system. This is a good bill. In fact, when it came through committee, I said I threatened to put a floor amendment on it to take it up to 30,000. I think Senator Smith has done the wise thing in proposing 20,000, and I applaud him for bringing it forward, and I support LB780 and ask you to do the same. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Krist. Senator Schumacher. [LB780]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. I rise briefly in support of LB780. This is one of those rare opportunities where we can get government out of the way of business growth, of prosperous business and people working hard, and this one is a good idea. Thank you. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Schumacher. Senator Nelson. [LB780]

SENATOR NELSON: Thank you, Mr. President, members of the body. I have a couple of questions for Senator Smith if he will yield. [LB780]

PRESIDENT SHEEHY: Senator Smith, would you yield to Senator Nelson? [LB780]

SENATOR SMITH: Yes, I will. [LB780]

SENATOR NELSON: Thank you, Senator Smith. You may have covered this in your introduction but I guess I would not have heard that. How did the 10,000 barrels get established, the limit in the first place? Are you aware of that? [LB780]

SENATOR SMITH: I only know that the...that dates back to 1988, and I do not know how that was first arrived at. [LB780]

SENATOR NELSON: Okay. The second question would be, if we exceed now the 10,000 limit and go up to 20,000, are most of these craft breweries going to have to

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increase the equipment that they have or do they have the facility now to go above 10,000 with their existing whatever you call their... [LB780]

SENATOR SMITH: Well, I do not know specifically about Empyrean Brewery, but with Lucky Bucket I understand that they can go marginally...they have enough capacity to go marginally above. But what they're looking for before they make that additional capital investment was to know that they could go well beyond 10,000 barrels. And so they are holding off on those capital investments. [LB780]

SENATOR NELSON: So...but it would probably result in some capital investment if the limit is raised and they can go up to 20,000, which is good and which I support. And I thank you for bringing the bill. Thank you, Senator Smith. [LB780]

SENATOR SMITH: Thank you. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Senator Council. [LB780]

SENATOR COUNCIL: Yes. Thank you, Mr. Lieutenant Governor. I rise briefly in support of LB780. And it represents one of the rare instances where we are able to provide a no-cost incentive to increase capital investment and the potential of increasing the number of jobs of businesses who have already made an investment in the state of Nebraska. And I applaud Senator Smith for recognizing this economic development opportunity and urge all of our colleagues to support the bill. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Council. Seeing no additional requests to speak, Senator Smith, you're recognized to close on LB780. [LB780]

SENATOR SMITH: Thank you, Mr. President, and thank you, colleagues, particularly all those...my colleagues that rose to speak on this. To Senator Gloor, I'm certain it was an oversight that you were not tapped to introduce this bill, but I appreciate your support nonetheless. And you certainly give a new meaning to the term breaking bread. So I look forward to breaking bread with you in the future. This is a great bill for small business and economic growth. I do thank Senator Coash, Senator Karpisek, and Senator Louden for their support, as well as the other senators that signed on to this bill. Thank you, Mr. President. [LB780]

PRESIDENT SHEEHY: Thank you, Senator Smith. You have heard the closing. The question before the body is on the advancement of LB780. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB780]

CLERK: 38 ayes, 0 nays, Mr. President, on the advancement of LB780. [LB780]

PRESIDENT SHEEHY: LB780 advances. We will now proceed to LB861. [LB780]

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CLERK: LB861, a bill by Senator Cornett. (Read title.) Introduced on January 6 of this year, referred to the General Affairs Committee, advanced to General File. I have no amendments to the bill, Mr. President. [LB861]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Cornett, you're recognized to open on LB861. [LB861]

SENATOR CORNETT: Thank you, Lieutenant Governor and members of the body. Unlike most of my bills this year, this is fairly uncomplicated. LB861 removes the prohibition of selling alcoholic liquor from the hours of 6:00 a.m. to 12:00 noon Sunday in state statute. It allows the continuation of local controls and that the cities would still be able to pass an ordinance prohibiting the sale of alcoholic liquor during those hours. There are a number of cities in the state that under ordinance prohibits sales longer than what the state requires now. With the passage of LB861, Sunday would be treated as every other day of the week is treated. This will reduce the need for special designated permits to be able to serve distilled alcoholic beverages on Sunday. Several examples currently would be golf courses for special events, Father's Day, Mother's Day, restaurants which serve brunch on Sunday will be able to serve distilled alcoholic beverages prior to noon. I would ask your support of LB861. Thank you. [LB861]

PRESIDENT SHEEHY: Thank you, Senator Cornett. You've heard the opening to LB861. Member requesting to speak, Senator Karpisek. [LB861]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. Again, I appreciate Senator Cornett bringing this bill. I think as we run into many times, people go to a grocery store to get their Sunday meals, can't buy what they want to because of the law in place right now. I think it mixes things that shouldn't have been mixed in the first place with church and state. However, that's the way it was. I think things are just much different right now and there still are city ordinances that govern some of these things. So I support Senator Cornett's bill and appreciate her bringing it. Thank you, Mr. President. [LB861]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Seeing no additional requests to speak, Senator Cornett, you're recognized to close. Senator Cornett waives closing. The question before the body is on the advancement of LB861. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB861]

CLERK: 30 ayes, 0 nays on the advancement of LB861. [LB861]

PRESIDENT SHEEHY: LB861 advances. We will now proceed to LB733. [LB861
LB733]

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CLERK: LB733 by Senator Pirsch. (Read title.) Introduced on January 4 of this year, referred to the Government, Military and Veterans Affairs Committee. The bill was advanced to General File. At this time, I have no amendments, Mr. President. [LB733]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Pirsch, you're recognized to open on LB733. [LB733]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. The purpose and effect of LB733 is short. It's to provide for electronic transmission and electronic filing of corporate documents filed with the Secretary of State under the Nebraska Uniform Limited Liability Company Act. The authority to electronically transmit and electronically file corporate documents was granted to the Secretary of State in 2010. The Nebraska Uniform Limited Liability Company Act was also passed in 2010 and was therefore not included in the original bill, and so this does add it. And there's no fiscal note. And this was brought on behalf of the Secretary of State's Office. I ask for your approval of LB733. Thank you. [LB733]

PRESIDENT SHEEHY: Thank you, Senator Pirsch. You've heard the opening to LB733. Seeing no requests to speak, Senator Pirsch, you're recognized to close. Senator Pirsch waives closing. The question before the body is on the advancement of LB733. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB733]

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of LB733. [LB733]

PRESIDENT SHEEHY: LB733 advances. We will now proceed to LB860. [LB733 LB860]

CLERK: LB860 is a bill by Senator Hansen. (Read title.) The bill was introduced on January 6 of this year; referred to the Government, Military and Veteran Affairs Committee; advanced to General File. I have no amendments pending at this time, Mr. President. [LB860]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Hansen, you're recognized to open on LB860. [LB860]

SENATOR HANSEN: Thank you, Mr. President and members of the Legislature. Today I would like to open on LB860, the Computer Voice Stress Analyzer. This is a form of truth and deception examiner's license that is in our statutes. We watch CSI on TV where the crime lab comes in and they find out the truth in just a matter of minutes, from the polygraph lie detector usually, and it's not quite that quick. These things take time. They take training. They take a lot of experience and they take some recertification along the way or at least they should. There's alternatives to truth detectors. In a

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laymen's example, I'll give you one example and this is certainly just completely hypothetical. On Valentine's Day your wife comes in the room and she says, Honey, does this dress make my butt look big? And you say, no. She can tell by that voice inflection that there may be some deception there. And this is what the basis of this...of the whole truth-and-deception bill is about. One of those alternatives that's utilized by the Lincoln County Sheriff's Department is a CVSA, which stands for Computer Voice Stress Analyzer. It's a laptop model. All it has on it is a microphone and a receiver that does the actual stress analysis. And there's scientific definitions how vocal cords act in times of stress and how they change when deception is indicated. You may wonder why law enforcement in Nebraska is interested in a different method of truth-and-deception system. Well, it's not new. There's 1,800 law enforcement agencies across the country that use this CVSA and includes our special forces and the Department of Defense. There's a handout going around now that explains some of the cost, of the comparison of costs, reliability, and other important factors that law enforcement agents might be able to use this new system, a different system. It's certainly not a new system. It's been in our statute since 1980. And if you will take a moment to look at that handout that's going around, it compares the costs and at the bottom right-hand side, and that's what we all want to look at in this day and age, there's a \$13,000 savings to a law enforcement agency that might want to use this voice stress analyzer system. LB860 changes the minimum requirements of classroom instruction from 150 hours to 60 hours. This is in order to obtain a license to operate a Computer Voice Stress Analyzer system. This requirement has been in our state statutes, as I said a minute ago, since 1980. There's no school in the nation that requires 150 hours of training. The national standard has been changed to 60 hours and continues the requirement for internship training. The new schools of training include the National Institute for Truth Verification and the National Association of Computer Voice Stress Analysts. My staff and I met with Secretary of State last year during the interim. The Lincoln County Sheriff's Department, the only user of this CVSA system in the state, met with the Secretary of State at the same time. Secretary Gale agreed that our state statutes needed an update since 1980 to make the CVSA training possible and to be more accessible as an option to small law enforcement agencies. I ask that you find this bill in favor and pass it on to the next level. Thank you, Mr. President. [LB860]

PRESIDENT SHEEHY: Thank you, Senator Hansen. You've heard the opening to LB860. Seeing no requests to speak, Senator Hansen, you're recognized to close. [LB860]

SENATOR HANSEN: I just want to mention again, thank you, Mr. President, I just want to mention again that this is an affordable system. It saves small counties that might want to do a form of this truth analysis, would save them \$13,000. It's a good system. Lincoln County Sheriff's Department has used it for a long time, but they can't find a trainer. They can't find anyone to do the 150 hours because it's just not available. Saying, closing with that, I'd say we appreciate your green vote. Thank you. [LB860]

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PRESIDENT SHEEHY: Thank you, Senator Hansen. You have heard the closing. The question before the body is on the advancement of LB860. All those in favor vote yeah; opposed, nay. Please record, Mr. Clerk. [LB860]

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement of LB860. [LB860]

PRESIDENT SHEEHY: LB860 advances. We will now proceed to LB878. [LB860 LB878]

CLERK: LB878 is a bill by Senator Wallman relating to elections. (Read title.) Introduced on January 6 of this year, referred to the Government, Military and Veterans Affairs Committee. The bill was advanced to General File. I have no amendments pending at this time, Mr. President. [LB878]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Wallman, you're recognized to open on LB878. [LB878]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. This bill was brought to me by the Secretary of State's Office. It's merely a cleanup bill. This bill makes four changes to the Election Act. The first change is moving the date of publication for the election calendar to November 1 rather than the current December 1. In recent election cycles, there has been a growth in the number of groups that provide multistate election information to constituencies, such as disabled voters, military voters, students, and overseas voters. The earlier date will allow a more timely publication of these drives. In addition, there are several deadlines that occur in the first few weeks of December. This will provide a slightly longer lead time for those deadlines. The second change replaces the term "majority" with one-half or more in situations where the Secretary of State calls a special election to refill a political subdivision board due to numerous vacancies. This addresses a situation where the board has an even number of members and half of them are vacant. While half is not a majority, the remaining half of the board does not constitute a quorum and the board is not able to hold a meeting to refill their board. The third change is rewriting two sections regarding which offices appear on the general election only. Current statute did not include reclamation districts that historically have been a general-election-only office, a mistakenly included the office in the list of offices to be automatically advanced. The new language references those office that have filing deadlines in February and March for inclusion on the primary ballot and those that file in July and August for inclusion on the general election. The fourth and last change removes two outdated sections that required an appointment of a custodian of election equipment. This requirement dates back to '59 when mechanical voting machines were in use. While this position was advisable at the time, as voters had to interact with the vote marking device, current equipment is more user-friendly and the duties of the position are fulfilled in other ways. Thank you, Mr.

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President. [LB878]

PRESIDENT SHEEHY: Thank you, Senator Wallman. You've heard the opening to LB878. Seeing no requests to speak, Senator Wallman, you're recognized to close. Senator Wallman waives closing. The question before the body is on the advancement of LB878. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB878]

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB878. [LB878]

PRESIDENT SHEEHY: LB878 advances. We will now proceed to LB759. [LB878 LB759]

CLERK: LB759 is a bill by Senator Avery. (Read title.) The bill was introduced on January 4 of this year, referred to the Government, Military and Veterans Affairs Committee. The bill was advanced to General File. There are committee amendments, Mr. President. (AM1787, Legislative Journal page 381.) [LB759]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Avery, you're recognized to open on LB759. [LB759]

SENATOR AVERY: Thank you, Mr. President, colleagues. LB759 includes two provisions relating to petition circulators. The first provision removes the requirement that persons who circulate petitions be electors of the state and replaces it with the requirement that the circulator be 18 years of age or older. The provision requiring circulators to be residents of the state, which is part of the definition of elector, was recently held by the courts to be unconstitutional. Last year, there were two court cases that challenged a provision requiring petition circulators to be residents of the state of Nebraska. The district court held in both cases that residency requirements for petition circulators are unconstitutional based upon First Amendment rights. The court, however, upheld the requirement that circulators be 18 years of age or older, and that requirement is in the bill. Because this is an election year, there is likely to be probably an initiative or two and perhaps other petitions being circulated in the next few months. It is important to clean up the statutes this year so they accurately reflect what the requirements are for petition circulators. The Secretary of State also has commented that this change needs to be made now in order for them to do their statutorily required election work. The second provision of this bill requires the sponsor or principal circulator of a petition to provide each circulator with identification that will contain a unique number to that petition circulator. This is an ID badge. As I will explain when I introduce the committee amendment, this portion of the bill has been eliminated by the committee amendment. Thank you, Mr. President. [LB759]

PRESIDENT SHEEHY: Thank you, Senator Avery. You've heard the opening to LB759. As was noted, there is a Government, Military and Veterans Affairs Committee

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amendment, AM1787. Senator Avery, you're recognized to open. [LB759]

SENATOR AVERY: Thank you, Mr. President. AM1787 removes all provisions requiring the sponsor or principal circulator of a petition to provide identification to petition circulators. With the amendment, the only provisions remaining in the bill are the ones that remove the requirement that petition circulators be electors of the state. The word "elector" is replaced with the requirement that the circulators be 18 years of age or older. That part of the previous law has been upheld by the courts and the residency requirement in the definition of electors was struck down. The bill was advanced on a 6 to 0 vote with 1 member absent and 1 member present but not voting. There was one opponent to the bill but the committee amendment addressed the concerns that were raised by that opponent. I urge you to adopt the committee amendment and the underlying bill as amended. Thank you, Mr. President. [LB759]

PRESIDENT SHEEHY: Thank you, Senator Avery. You've heard the opening of the Government, Military and Veterans Affairs Committee amendment, AM1787, to LB759. Seeing no requests to speak, Senator Avery, you're recognized to close. Senator Avery waives closing. The question before the body is on the adoption of AM1787 to LB759. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB759]

CLERK: 27 ayes, 0 nays on adoption of committee amendments. [LB759]

PRESIDENT SHEEHY: AM1787 is adopted. [LB759]

CLERK: I have nothing further, Mr. President. [LB759]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We'll now return to floor discussion on LB759. Member requesting to speak, Senator Fulton. [LB759]

SENATOR FULTON: Thank you, Mr. President, members of the body. Getting caught up on this bill, I wonder if Senator Avery would yield to a question. [LB759]

PRESIDENT SHEEHY: Senator Avery, would you yield to Senator Fulton? [LB759]

SENATOR AVERY: Yes, I will. [LB759]

SENATOR FULTON: Senator, it's possible that you covered this already, but there...what was the opposition? And maybe it's better directed to Senator Janssen, but what was the opposition or the hesitation on this bill? [LB759]

SENATOR AVERY: We had in the original bill that we just amended, we had a provision that would provide or require that all circulators have a unique identification number. It worked this way. You'd have a badge. That badge would have a number on it, and that

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number would be a match to a master list of circulators so that if the...if you were a circulator and you did something inappropriate, a person who was observing that would be able to get your number and then report you and we'd be able to match you up to your identity. This was a kind of a compromise with those people who wanted to have more identification for circulators, perhaps name with a picture and all that. [LB759]

SENATOR FULTON: Okay. [LB759]

SENATOR AVERY: That was...there was a fair amount of discussion in committee on this, and we felt that it was important enough to get the law in line with the constitutional or the court cases that we needed to do that now. And if this was going to block our progress toward getting the other things done, we would drop it out. [LB759]

SENATOR FULTON: Okay. I understand. Thank you, Senator Avery. Thank you, Mr. President. [LB759]

PRESIDENT SHEEHY: Thank you, Senator Fulton. Seeing no additional request to speak, Senator Avery, you're recognized to close. Senator Avery waives closing. The question before the body is on the advancement of LB759. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB759]

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB759. [LB759]

PRESIDENT SHEEHY: LB759 advances. We will now proceed to LB786. [LB759 LB786]

CLERK: LB786, a bill by Senator Christensen. (Read title.) The bill was introduced on January 5, at that time referred to the Urban Affairs Committee, advanced to General File. There are committee amendments, Mr. President. (AM1736, Legislative Journal page 384.) [LB786]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Christensen, you're recognized to open on LB786. [LB786]

SENATOR CHRISTENSEN: Thank you, Mr. President and colleagues. LB786 would clarify the law regarding forfeiture of office for conviction of a crime in cities that have adopted a city manager form of government and to apply the same standard for these city council members that apply to all other elected officials in the state. What brought the need of this bill to my attention were two situations with city officials in the city of McCook in my legislative district. They have a city manager form of government that currently has its own separate statute, regarding forfeiture of office for a conviction of a crime, compared to all other officials. Two officials had violated minor city ordinances separate from their duties as city officials. But according to what seems the plain

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reading of Section 19-613, it would require their forfeiture of office, which is a different standard held for all other officials in Nebraska. Section 19-613 currently provides that a member of the city council in a city with a city manager form of government who has been convicted of a crime--that's the part we're changing, convicted of a crime--while in office shall forfeit the office. The term "crime" is not defined. LB786 would amend 19-613 to clarify that a city council member forfeits the office if convicted of a felony or any other public offense involving the oath of office of the incumbent. The new language of LB786 is taken from Section 32-560 that applies to every elected office. Section 32-560 provides that every elected office shall be vacant upon the happenings of one of the following events at any time before the expiration of term of such office: "Conviction of a felony or of any public offense involving the violation of the oath of office of the incumbent." Therefore, LB786 clarifies the standard by which a city council member in a city manager city forfeits the office because of conviction of a crime and adopts the standard that applies to all other elected offices in the state. There are only ten cities in Nebraska that have elected to use the city manager form of local governments which I have handed out or will hand out here. I'll hand out to you for your information. I have worked with the city of McCook and the League of Municipalities on this legislation in which we are in agreement. Thank you for your consideration of LB786 and I urge your advancement on to Select File. As I hand these out, I'll just name the different cities that are involved. Cities of the first class are Alliance, Chadron, Kearney, Lexington, McCook, Ogallala, Scottsbluff, Sidney. And cities of the second class are Gordon and Valentine. Thank you, Mr. President. [LB786]

PRESIDENT SHEEHY: Thank you, Senator Christensen. You've heard the opening to LB786. As was noted, there is an Urban Affairs Committee amendment, AM1736. Senator Coash, you're recognized to open. [LB786]

SENATOR COASH: Thank you, Mr. President. AM1736 simply adds an E clause to the underlying bill. We heard in the committee hearing on LB786, we understand there are some elections coming up and we wanted to make sure that this was in statute prior to that. And I would urge your advancement of the committee amendment. Thank you, Mr. President. [LB786]

PRESIDENT SHEEHY: Thank you, Senator Coash. You've heard the opening of the Urban Affairs Committee amendment, AM1736, to LB786. Seeing no requests to speak, Senator Coash, you're recognized to close. Senator Coash waives closing. The question before the body is on the adoption of AM1736 to LB786. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB786]

CLERK: 33 ayes, 0 nays on adoption of committee amendments. [LB786]

PRESIDENT SHEEHY: AM1736 is adopted. We will now return to floor discussion on LB786. Member requesting to speak, Senator Schumacher. [LB786]

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SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. Will Senator Christensen yield to a question? [LB786]

PRESIDENT SHEEHY: Senator Christensen, will you yield to Senator Schumacher? [LB786]

SENATOR CHRISTENSEN: Yes. [LB786]

SENATOR SCHUMACHER: Senator Christensen, as the word "convicted" is used in this particular law, is it your understanding that that means convicted and all relevant appeals have expired? [LB786]

SENATOR CHRISTENSEN: Yes, it is. [LB786]

SENATOR SCHUMACHER: Thank you, Senator Christensen. [LB786]

PRESIDENT SHEEHY: Thank you, Senator Schumacher. Seeing no additional requests to speak, Senator Christensen, you're recognized to close on LB786. Senator Christensen waives closing. The question before the body is on the advancement of LB786. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB786]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB786. [LB786]

PRESIDENT SHEEHY: LB786 advances. We will now proceed to LB811. [LB786 LB811]

CLERK: LB811 is a bill introduced by Senator Burke Harr. (Read title.) Introduced on January 5; at that time referred to the Banking, Commerce and Insurance Committee; advanced to General File. I have no amendments to the bill, Mr. President. [LB811]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Harr, you're recognized to open on LB811. [LB811]

SENATOR HARR: Thank you, Mr. Lieutenant Governor. And thank you, Senator Christensen, for introducing a noncontroversial bill so we could get to this. LB811 would allow an owner of property used as collateral for debt to obtain information about the lien upon the death of one of the other owners. This bill addresses the limited situation that occurs if a person is placed on the title to property through a joint tenancy deed or otherwise but was not assigned to the note for the indebtedness and, therefore, is not the borrower. Under changes proposed in this bill, the current owner of the property would be able to obtain information about the lien regardless of whether or not they are listed as a borrower. The situation where this arises is if there's a lien on a property, one

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of the parties passes away, mortgage payment is due but no one knows how much the mortgage payment is or how much the lien is on the property. And this just says that that person who is on the deed can find out how much is on the debt, very simple bill. Thank you very much. [LB811]

PRESIDENT SHEEHY: Thank you, Senator Harr. You've heard the opening to LB811. Seeing no requests to speak, Senator Harr, you're recognized to close. Senator Harr waives closing. The question before the body is on the advancement of LB811. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB811]

CLERK: 34 ayes, 0 nays, Mr. President, on the advancement of LB811. [LB811]

PRESIDENT SHEEHY: LB811 advances. We will now proceed to LB1031. [LB811 LB1031]

CLERK: LB1031, a bill by Senator Burke Harr. (Read title.) Introduced on January 17, referred to the Banking Committee, advanced to General File. I have no amendments to the bill, Mr. President. [LB1031]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Harr, you're recognized to open on LB1031. [LB1031]

SENATOR HARR: Thank you, Mr. Lieutenant Governor. This one is a little more complicated, ladies and gentlemen. It says when filing a UCC, you can use not just a driver's license but a driver's license or a state-issued ID by the Department of Motor Vehicles. Thank you. [LB1031]

PRESIDENT SHEEHY: Thank you, Senator Harr. You have heard the opening to LB1031. Seeing no requests to speak, Senator Harr, you're recognized to close. [LB1031]

SENATOR HARR: I will waive. [LB1031]

PRESIDENT SHEEHY: Senator Harr waives closing. The question before the body is on the advancement of LB1031. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB1031]

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of LB1031. [LB1031]

PRESIDENT SHEEHY: LB1031 advances. We will now proceed to LB887. [LB1031 LB887]

CLERK: LB887, a bill by Senator Pahls. (Read title.) The bill was introduced on January

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9 of this year, Mr. President; referred to the Banking, Commerce and Insurance Committee; advanced to General File. There are committee amendments pending. (AM1764, Legislative Journal page 391.) [LB887]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Pahls, you're recognized to open on LB887. [LB887]

SENATOR PAHLS: Thank you, Mr. President, members of the body. LB887 was introduced at the request of the department and the Nebraska director of Insurance. The bill contains a number of topics and it is this year's Department of Insurance housekeeping bill. Some of the topics are more than housekeeping because they would enhance tools which our department needs in order to protect the safety and the soundness of our domestic insurance companies. Much of the bill involves updates and enhancements to model acts developed by the NAIC, that's National Association of Insurance Commissioners. The NAIC is not an association of insurance company; it is an association of insurance regulators. The commissioners come from 56 American jurisdictions. The United States Congress has left insurance regulations to the states, but that does not mean that each state has developed its insurance code in a vacuum. For Nebraska, like other states, an overwhelming part of the insurance code is taken from the provisions of the NAIC model acts. And as usual, we do have people out in the Rotunda for some of the in-depth questioning. The bill would amend...under holding companies, the bill would amend the Insurance Holding Company System Act with NAIC model act improvements. The act regulates the financial interactions in a holding company between insurers and their parent and affiliate companies to prevent reserves and other resources from being inappropriately diverted from the insurer. The NAIC has developed amendments to the model act to tighten its provision and bring it up to date to address specific needs. Our act is an important factor for other insurance regulators in determining whether we have what we can use to effectively regulate insurance companies. If we have these laws, our department is accredited by the NAIC and other states defer to Nebraska as the solvency regulator. Without NAIC accreditation, Nebraska domestic insurers are subject to the solvency regulations by all states. That would make Nebraska a less-attractive domicile for insurers. The bill would require filings with regulators relating to enterprise risk, which is defined as a risk posed to the insurer by a noninsurer affiliate which are part of the same holding company system. The bill would grant the director authority to examine noninsurer affiliates and order production of documents held by insurer affiliates. The bill would require filing of financial statements across the entire holding company system. The bill would also require filings and approval of divestitures of insurers by a holding company system so that a holding company cannot transfer controlling interests in an insurer without notice and review by the director. In order to tighten controls on money flowing between insurance affiliates within a holding company, the bill would grant authority to the director to define which cost-sharing agreements between insurers and affiliates are fair and reasonable so that agreements are not used as a means of withdrawing capital

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from insurers inappropriately. By the way, AIG was not brought down by insurance operations but by noninsurer affiliates in the holding company operation. In addition to improving financial solvency, regulation tools are needed to monitor interactions between insurers and their affiliates in the holding company. The bill would improve the department's ability to cooperate with other states in the regulation of these often complex financial structure. The bill would provide authorization for supervisory colleges in which regulators from various states and foreign countries cooperate in the regulation of complex holding companies. The bill would allow hearings on insurer acquisitions to be held on a consolidated basis with participation by several insurance regulators at once. It would provide for additional safeguards against access to sensitive corporate financial information so the department could use the NAIC as a repository for filings. Also, the bill would allow our department to share information with the International Association of Insurance Supervisors and the Bank of International Settlements. The section dealing with Life and Health Insurance Guaranty Association: The bill would amend the Nebraska Life and Health Insurance Guaranty Association Act to bring it in line with national standards by adopting the NAIC updates in its model act. Insurer insolvencies generally involve insurers doing business in many states. In an effort to simplify the administration of guaranty fund claims associated with insolvencies, nationwide efforts are being made to standardize statutory provisions to reduce the cost of administration, reducing the cost will reduce assessments and thereby reduce the amount of premium tax obligations to be offset. The guaranty fund protects Nebraska residents against insolvency of life and health insurers and pays claims up to the level set forth in statute. If a Nebraska domestic insurer is liquidated, its policy claims are paid by the association up to these amounts. These payments are funded by assessments on insurers which then offset their assessments against the premium tax obligations. The bill would claim coverage levels more precisely. For example, the bill would adopt levels of \$300,000 for disability and long-term care. Limits for annuities and structured settlements under these would be increased from \$100,000 to \$250,000. The bill would exclude coverages for viatical settlement contract which have been excluded from coverage by the Nebraska Supreme Court case. The bill would also amend Nebraska Protection in Annuity Transactions Act with NAIC updates in its model act regarding the marketing of annuities. The bill would allow insurers to be subject to uniform compliance standards and will allow Nebraska domestic insurers more flexibility to issue these products under federal law. The bill would require that an insurance producer, or an insurer where no producer is involved, to have reasonable grounds for believing that a recommendation regarding annuity transaction is suitable for a consumer based on the facts that the consumer has been informed and provided the information related to the annuity product the consumer is considering purchasing. The bill would specify that an insurance producer or insurer has no obligation to a consumer when no recommendation is made or a recommendation was made and it was later found that the recommendation was prepared based on materially inaccurate information. The bill would require insurers to establish a supervisory system and will allow an insurer to contract the performance to a third party if the supervisory system

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includes supervision of contractual performance. The bill would specify that an insurer is responsible for compliance with the act and that if a violation occurs by the insurer or of its agent, the director may order penalties against the insurer. The bill would require a producer to have adequate product, specific training, and require completion of a one-time, minimum four-hour credit general annuity training course. Under the area of captive insurance: The bill would amend the captive insurance with regard to special purpose financial captive insurers. Our section of law on special purpose financial captive insurance was created as a homegrown addition to our NAIC model Captive Insurers Act. It is very important to Mutual of Omaha, which has used it to form a domestic special purpose financial captive insurer rather than have one formed in another jurisdiction. The bill would allow the director to consider additional factors in determining whether to issue a certificate of authority to a special purpose financial act captive insurer, including the special type of life insurance risk, the financial ability of the parent entity, and actuarial opinions. The bill would require an annual statement by a senior actuary officer that the transactions are not used to gain an unfair advantage to the pricing of products. The bill would allow a special purpose financial insurer to use a guaranty of a parent in lieu of a letter of credit. The bill would define "guaranty of a parent" as an agreement to be paid specific obligations of the special purpose captive insurer by the parent entity that is not a counterparty. Finally, the bill would simplify the financial fee department by structuring one fee and eliminating another. The bill would reduce from \$100 to \$20 a fee for filings made by domestic assessment associations doing business in more than 31 counties. The bill would eliminate the \$5 fee for... [LB887]

PRESIDENT SHEEHY: One minute. [LB887]

SENATOR PAHLS: Thank you. The bill would eliminate the \$5 fee for the reports filed by unincorporated mutual associations. This streamlining would cost less than \$600. Thank you. [LB887]

PRESIDENT SHEEHY: Thank you, Senator Pahls. You've heard the opening to LB887. As was noted, there is a Banking, Commerce and Insurance Committee amendment, AM1764. Senator Pahls, you're recognized to open. [LB887]

SENATOR PAHLS: Thank you. The committee amendments were requested by the director of Insurance at the bill's hearing. The amendment would insert a clause that was inadvertently left out of the portion of the bill that would amend the Nebraska Protection in Annuity Transactions Act with updates made by the National Conference of Insurance Commissioners' model act on this topic. The amendments would keep our act consistent with the model act. The committee amendments would provide that the director of Insurance may not reduce or eliminate an administrative penalty imposed against a producer or an insurer for violation of the act if the violations were part of a pattern or practice. Thus, the amendment would rein in the urgency...the agency's

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discretion. Thank you. [LB887]

PRESIDENT SHEEHY: Thank you, Senator Pahls. You've heard the opening to the Banking, Commerce and Insurance Committee amendment, AM1764, to LB887. Seeing no requests to speak, Senator Pahls, you're recognized to close. Senator Pahls waives closing. The question before the body is on the adoption of AM1764 to LB887. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB887]

CLERK: 27 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB887]

PRESIDENT SHEEHY: AM1764 is adopted. We will now return to floor discussion on LB887. Seeing no requests to speak, Senator Pahls, you're recognized to close. Senator Pahls waives closing. The question before the body is on the advancement of LB887. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB887]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB887. [LB887]

PRESIDENT SHEEHY: LB887 advances. We will now proceed to LB943. [LB887 LB943]

CLERK: LB943, Mr. President, is a bill by Senator McCoy. (Read title.) It was introduced on January 11 of this year; referred to the Banking, Commerce and Insurance Committee; advanced to General File. There are Banking Committee amendments, Mr. President. (AM1763, Legislative Journal page 391.) [LB943]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator McCoy, you're recognized to open on LB943. [LB943]

SENATOR McCOY: Thank you, Mr. President. I am pleased to introduced LB943 to you this morning which creates the Homeowners Protection Act. It allows a person to cancel a written contract with a residential contractor to provide goods or services to be paid from the proceeds of insurance prior to midnight on the later of the third business day after the person has entered into a written contract or when the person has received notice from the person's insurer that all or part of the claim or contract is not a covered loss under the insurance policy. The bill also prohibits a residential contractor from promising to rebate any portion of an insurance deductible as an inducement to the sale of goods or services. Thank you, Mr. President. [LB943]

PRESIDENT SHEEHY: Thank you, Senator McCoy. You've heard the opening to LB943. As was stated, there is a Banking, Commerce and Insurance Committee amendment, AM1763. Senator Pahls, you're recognized to open. [LB943]

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SENATOR PAHLS: Thank you, Mr. President, members of the body. The committee amendments are a cleanup and one is for a clarification. As introduced, the bill would require that a notice of cancellation of a contract as sent to a residential contractor by a homeowner must include the notice from the insurer that the claim is not a covered loss. Upon further review, the committee could see that this requirement cannot work if the homeowner simply cancels a contract within three days as allowed by the bill. To recognize the difference, the committee amendment would insert the words "if applicable" within the language that requires the notice from the insurer. The second part: also as introduced, the bill contains language regarding a residential contractor providing goods and services related to a catastrophe. Again, upon further review, the committee concluded that this phrase would serve to add confusion. Accordingly, the committee amendments would strike language regarding a catastrophe. These are the committee amendments. I urge their adoption. [LB943]

PRESIDENT SHEEHY: Thank you, Senator Pahls. You've heard the opening of the Banking, Commerce and Insurance Committee amendment, AM1763, to LB943. Seeing no requests to speak, Senator Pahls, you're recognized to close. Senator Pahls waives closing. The question before the body is on the adoption of AM1763. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB943]

CLERK: 29 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB943]

PRESIDENT SHEEHY: AM1763 is adopted. We will now return to floor discussion on LB943. Seeing no...Senator Nelson. [LB943]

SENATOR NELSON: Thank you, Mr. President, members of the body. I have a question for Senator McCoy if he would yield. [LB943]

PRESIDENT SHEEHY: Senator McCoy, would you yield to Senator Nelson? [LB943]

SENATOR McCOY: Yes, I would. [LB943]

SENATOR NELSON: Thank you, Senator McCoy. I'm just looking at this briefly. You got the usual three-day provision that you can cancel. But the last one has...and it would later of this, after receiving notice from...written notice from an insurer that all or part of it would not be covered, that could extend quite a bit of time, couldn't it? Do you have any comment on that as to how long you'd have to wait to get notice back from an insurer whether it would be covered or not? [LB943]

SENATOR McCOY: That's a great question, Senator Nelson, and the answer to that is the committee amendment that we just adopted took care of that in that that would not be applicable, that notice from an insurer, if it's within that three-day time window. If they

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simply just wanted to cancel a contract, they certainly can and would not need that notice from an insurer. And that's...we realized the same thing you must have realized, that needed to be taken care of. And so I believe we did that with the committee amendment hopefully. [LB943]

SENATOR NELSON: Okay. Thank you. Well, it wasn't a great question because I missed that on the amendment then. But thank you for explaining that a little more fully, Senator McCoy. Thank you, Mr. President. [LB943]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Seeing no additional requests to speak, Senator McCoy, you're recognized to close. Senator McCoy waives closing. The question before the body is on the advancement of LB943. All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB943]

CLERK: 25 ayes, 0 nays, Mr. President, on the advancement of LB943. [LB943]

PRESIDENT SHEEHY: LB943 advances. Mr. Clerk, items for the record? [LB943]

CLERK: I do, Mr. President. Thank you. Retirement Systems Committee, chaired by Senator Nordquist, reports LB867 to General File and LB916 to General File with amendments. Senator Ashford would offer a new resolution, LR400. That will be laid over. Senator Scott Price has selected LB1080 as his priority bill. Amendments to be printed: Senator Schumacher to LB967; Senator Krist to LB831. I have a conflict of interest statement filed by Senator Bloomfield. (Legislative Journal pages 522-525.) [LB867 LB916 LR400 LB1080 LB967 LB831]

And a priority motion: Senator Fulton would move to adjourn the body until Wednesday morning, February 15, at 9:00 a.m.

PRESIDENT SHEEHY: You have heard the motion to adjourn until Wednesday, February 15, at 9:00 a.m. All those in favor say aye. Opposed, nay. We are adjourned.