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Floor Debate  
March 05, 2012

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[LB91 LB209 LB740 LB820 LB820A LB821 LB821A LB824 LB833 LB842 LB863 LB907  
LB916 LB927 LB930 LB949 LB950 LB961 LB965 LB983 LB998 LB1067 LB1090  
LB1130 LB1160 LB1160A LR358CA LR373CA LR408 LR409 LR410 LR411 LR412  
LR413 LR414 LR415 LR416 LR417 LR418 LR419 LR420 LR421 LR422 LR423 LR424  
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LR451 LR452]

PRESIDENT SHEEHY PRESIDING

PRESIDENT SHEEHY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the thirty-eighth day of the One Hundred Second Legislature, Second Session. Our chaplain for today is Father Mike McDermott from the Resurrection Catholic Church in Grand Island, Nebraska, Senator Dubas' district and friend of Senator Gloor. Would you all please rise.

FATHER McDERMOTT: (Prayer offered.)

PRESIDENT SHEEHY: Thank you, Father McDermott. I now call to order the thirty-eighth 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, Mr. President.

PRESIDENT SHEEHY: Messages, reports, or announcements?

CLERK: Your Committee on Enrollment and Review reports LB821, LB1160, LB949, LB820, and LB961 to Select File, all having Enrollment and Review amendments attached. Your Committee on Agriculture, chaired by Senator Carlson, reports LB927 to General File with amendments. I have a hearing notice from the Government Committee. And Senator Carlson would like to print an amendment to LR358CA. That's all that I have, Mr. President. (Legislative Journal pages 747-755.) [LB821 LB1160 LB949 LB820 LB961 LB927 LR358CA]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign: LR408, LR409, LR410, LR411, LR412, LR413, LR414, LR415, LR416, LR417, LR418, LR419, LR420, LR421, LR422, LR423, LR424, LR425, LR426, LR427, and LR428. Mr. Clerk, we will move to the first item under legislative confirmation reports. [LR408 LR409 LR410 LR411 LR412 LR413 LR414 LR415 LR416 LR417 LR418 LR419 LR420 LR421 LR422

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LR423 LR424 LR425 LR426 LR427 LR428]

CLERK: Mr. President, I have a series of confirmation reports. The first by the Health and Human Services Committee, chaired by Senator Campbell, reports on four appointments to the Board of Emergency Medical Services. (Legislative Journal page 691.)

PRESIDENT SHEEHY: Senator Campbell, you're recognized to open on the first Health and Human Services Committee confirmation report.

SENATOR CAMPBELL: Thank you, Mr. President. The Health and Human Services Committee recently...

PRESIDENT SHEEHY: (Gavel)

SENATOR CAMPBELL: ...held confirmation hearings on four gubernatorial appointments to the Board of Emergency Medical Services. Each of these gentlemen, and there are four, has a wealth of knowledge and experience to support their nominations to serve. Mr. Joel Cerny has been the emergency medical responder representative on the Board of Emergency Medical Services and is being reappointed to that role. He has served on the Linwood Volunteer Fire Department for 31 years and has been notably active in fire service organizations at the local and state levels. Dr. Thomas Deegan is a new appointment to the board and would be a member at large. He has served on the state of Nebraska Trauma Advisory Board since 2007. Dr. Deegan's specialty is pediatric emergency medicine and he is the trauma program co-medical director in the emergency department at Children's Hospital in Omaha. Mr. Carl Rennerfeldt would join Dr. Deegan as a new appointment to the board. Mr. Rennerfeldt is a 35-year member of the Blair Fire and Rescue Department. He has been a licensed EMT-I since 1992, and has been the recipient of the instructor of the year award by the Nebraska Society of Fire Service Instructors. Dr. James Smith would be a returning board member. He is a board-certified emergency medicine physician practicing at the Great Plains Region Medical Center in North Platte. Dr. Smith has also served as a staff physician in emergency medical services at BryanLGH Medical Center in Lincoln and at Alegent Health Immanuel Medical Center in Omaha. The Health and Human Services Committee respectfully submits these appointments to the Legislature for favorable consideration, believing each to be highly qualified to serve on the Board of Emergency Medical Services. Thank you, Mr. President.

PRESIDENT SHEEHY: Thank you, Senator Campbell. You've heard the opening of the first Health and Human Services Committee confirmation report. Seeing no requests to speak, Senator Campbell, you're recognized to close. Senator Campbell waives closing. The question before the body is on the adoption of the confirmation report. All those in favor vote yea; opposed, nay. Record, Mr. Clerk.

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CLERK: (Record vote, Legislative Journal page 759.) 32 ayes, 0 nays on adoption of the confirmation report.

PRESIDENT SHEEHY: The confirmation report is adopted.

CLERK: Mr. President, second report from Health and Human Services Committee, chaired by Senator Campbell, reports on three appointments to the Commission for the Blind and Visually Impaired. (Legislative Journal page 692.)

PRESIDENT SHEEHY: Senator Campbell, you're recognized to open on the Health and Human Services Committee confirmation report.

SENATOR CAMPBELL: The Health and Human Services Committee recently held confirmation hearings on these three gubernatorial reappointments: Mr. Michael Hansen, Mr. James Jirak, and Ms. Julie Johnson. Each of them impressed us with their dedication to serve. Mr. Hansen has been visually impaired since birth and has a distinguished background of service with the National Federation of the Blind of Nebraska in addition to his past service on the commission. Mr. Jirak has an extensive background of volunteer service with the Nebraska Commission for the Blind and Visually Impaired, the American Council of the Blind of Nebraska, and with the Nebraska Association of the Blind. Ms. Johnson has been serving as the chairperson of the Commission for the Blind and Visually Impaired. She is an advocate for blind and visually impaired persons in her community and has taught daily living skills to blind and visually impaired adults. She is a member of the National Association of Guide Dog Users. The Health and Human Services Committee respectfully submits these appointments to the Legislature for favorable consideration. Thank you, Mr. President.

PRESIDENT SHEEHY: Thank you, Senator Campbell. You've heard the opening of the confirmation report from Health and Human Services Committee. Seeing no requests to speak, Senator Campbell, you're recognized to close. Senator Campbell waives closing. The question before the body is on the adoption of the second Health and Human Services Committee confirmation report. All those in favor vote yea; opposed, nay. Record, Mr. Clerk.

CLERK: (Record vote, Legislative Journal pages 756-757.) 36 ayes, 0 nays, Mr. President, on adoption of the confirmation report.

PRESIDENT SHEEHY: The confirmation report is adopted.

CLERK: Mr. President, a third report from Health and Human Services involves the appointment of a Jan Moore to the Commission for the Deaf and Hard of Hearing. (Legislative Journal page 692.)

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PRESIDENT SHEEHY: Senator Campbell, you're recognized to open on your third Health and Human Services Committee confirmation report.

SENATOR CAMPBELL: Thank you, Mr. President. The Health and Human Services Committee held a confirmation hearing on the reappointment of Dr. Jan Moore to the Commission for the Deaf and Hard of Hearing on February 24. Dr. Moore is a professor in the Department of Communication Disorders at the University of Nebraska-Kearney. She has a master's degree in speech pathology and audiology and a doctorate in audiology. She currently trains undergraduate and graduate students in the area of speech language pathology. Dr. Moore has worked professionally with persons with hearing loss and their families for over 30 years and specializes in helping children with hearing loss. With Dr. Moore's impressive credentials, extensive experience, and noteworthy desire to serve, the Health and Human Services Committee respectfully requests the Legislature's favorable consideration. Thank you, Mr. President.

PRESIDENT SHEEHY: Thank you, Senator Campbell. You have heard the opening of the third Health and Human Services Committee confirmation report. Seeing no requests to speak, Senator Campbell, you're recognized to close. Senator Campbell waives closing. The question before the body is on the adoption of the confirmation report. All those in favor vote yea; opposed, nay. Record, Mr. Clerk.

CLERK: (Record vote, Legislative Journal page 757.) 37 ayes, 0 nays, Mr. President, on the adoption of the confirmation report.

PRESIDENT SHEEHY: The confirmation report is adopted. (Visitors and doctor of the day introduced.) Mr. Clerk, we will now proceed to the next legislative confirmation report.

CLERK: Mr. President, the Agriculture Committee, chaired by Senator Carlson, reports on the appointment of William Marshall III to the State Fair Board. (Legislative Journal page 702.)

PRESIDENT SHEEHY: Senator Carlson, you're recognized to open on the confirmation report from the Agriculture Committee.

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. The Agriculture Committee reports favorably on the reappointment of William Marshall III to the Nebraska State Fair Board. LB1236, enacted in 2002, renamed the State Board of Agriculture as the Nebraska State Fair Board and specified an 11-member State Fair Board. As amended by LB1116 in 2008, the qualification of voting membership on the board is currently as follows: seven members drawn from among leaders of county agricultural societies who are nominated and selected by district as provided in the

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constitution; four members appointed by the Governor, three of whom represent the business community of the state and selected by congressional district; and one member selected to represent the business community of the State Fair host community. Mr. Marshall would continue in the position representing the business community of Grand Island. He is eligible for this and one additional three-year term. Mr. Marshall is founder of the Five Points Bank in Grand Island and has been chairman of the bank since 1989. He's a graduate of the University of Nebraska with a degree in economics and history, and is also a graduate of UNL law school and Colorado School of Banking. He's a native of Niobrara, Nebraska, and later graduated from Grand Island High School. Mr. Marshall's community and leadership background include the following: member of the board of directors for the Grand Island Chamber of Commerce; member of the board of trustees for Hastings College; former membership in the State Board of Education; St. Francis Medical Center Foundation; Grand Island Industrial Foundation; Grand Island Community Foundation; and the board of directors of College Park. He's a former chairman of the Nebraska Bankers Association. The committee conducted a public hearing upon the question of Mr. Marshall's appointment on February 28. Mr. Marshall appeared in person and answered the committee's questions. The committee appreciated the breadth of Mr. Marshall's experience and feel he more than adequately meets the ability to build connections between the State Fair Board and the host city business community. Recommendation to confirm Mr. Marshall's reappointment was unanimous and I, therefore, move the adoption of the Ag Committee report. Thank you, Mr. President.

PRESIDENT SHEEHY: Thank you, Senator Carlson. You've heard the opening of the Agriculture Committee confirmation report. Seeing no requests to speak, Senator Carlson, you're recognized to close. Senator Carlson waives closing. The question before the body is on the adoption of the confirmation report. All those in favor vote yea; opposed, nay. Record, Mr. Clerk.

CLERK: (Record vote, Legislative Journal pages 757-758.) 34 ayes, 0 nays on adoption of the report, Mr. President.

PRESIDENT SHEEHY: The confirmation report is adopted. We will now proceed to General File 2012...items for the record, Mr. Clerk.

CLERK: Excuse me, Mr. President. Thank you. New resolutions: Senator Campbell offers LR443; Senator Harms, LR444. Both will be laid over. An amendment to LB209 by Senator Krist to be printed. And an announcement: The Revenue Committee will meet at 10:30 in Room 2022. That's all that I have, Mr. President. (Legislative Journal pages 758-759.) [LR443 LR444 LB209]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We will now move to General File 2012 senator priority bills, Karpisek division, LB1067. [LB1067]

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CLERK: LB1067, a bill introduced by Senator Karpisek. (Read title.) The bill was introduced on January 18 of this year; referred to the General Affairs Committee for public hearing. The bill was advanced to General File. Senator Karpisek presented his bill on Thursday, Mr. President. At that time, committee amendments were also offered. Those amendments are currently pending. (AM1961, Legislative Journal page 540.) [LB1067]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Karpisek, would you give us a summary of LB1067 and General Affairs Committee AM1961? [LB1067]

SENATOR KARPISEK: Thank you, Mr. President and members of the Legislature. Just a quick recap of where we are right now on the bill and the amendment. Current law requires that there be five minutes between keno games. I don't know where the five minutes came from when the bill was first drawn. It must be magical but it is the law. This bill would have allowed local governing bodies to determine whether they wanted the time to be something less than five minutes, but not less than one minute. The reason for the one-minute minimum is to address the concerns I have heard from other senators and antigaming lobbyists that they oppose instant keno. The committee amendment felt that...sorry, the committee felt that three minutes would be a better floor for the local governing body to determine the time between games. Therefore, the committee amendment allows the local governing body to vote on a time between five minutes and three minutes. Keep in mind, if the local governing body does nothing, then nothing happens and the time between keno games stays at five minutes. Thank you, Mr. President. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Mr. Clerk, do you have an amendment on your desk? [LB1067]

CLERK: Mr. President, I do. I have two amendments to the committee amendments. Senator Karpisek would move to amend the committee amendments with AM2260. (Legislative Journal page 744.) [LB1067]

PRESIDENT SHEEHY: Senator Karpisek, you're recognized to open on AM2260 to LB1067. [LB1067]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. Again, I intend to withdraw this amendment but wanted to speak to the issue contained in the amendment, which is local control. Generally speaking, state laws should be the same across the state. However, I'm a firm believer in local control when appropriate. For example, the Legislature agreed that local control was appropriate when it decided that local governing bodies could vote to allow bars to stay open until 2:00 a.m. Likewise, this bill is about local control. Sometimes we forget that in order for a community to have

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keno, there must first be a vote of the people authorizing keno as to how the game is run, such as the time between games. That, to me, is a decision that should be left to the local governing body like it was with the 2:00 a.m. bar closings. If a city council, for example, votes for lowering the time between keno games and their constituents object, then I imagine the elected officials will find out at the next election how the people really felt when the people elect new officials who can return the time between keno games back to the five minutes. Last week when we were discussing the bill, Senator McCoy was under the impression that I had told him that the people would vote on whether to reduce the time between keno games. That was not my intent and I'm sorry if he or anyone else had gotten that impression. I'm not trying to pull a fast one with that and I think people that know me would agree that I don't try to pull fast ones, mainly because I've had a few too many pulled on me and I do not appreciate it. As you may recall, I had a quick amendment drafted that was filed just prior to adjournment on Thursday that would require a vote of the people to change the time between keno games. After the weekend, I have thought about it and I truly don't believe that that is the way to go to the a vote of the people. Therefore, I have told Senator McCoy that I would pull that amendment but that he or someone else could introduce a similar one. As I understand it, that is the next amendment that Senator Christensen will be bringing. However, I cannot support that amendment. I know that I did say on Thursday that if that's what it took, I would do it. I did it quickly, I had time to reflect, and I cannot support that amendment. We'll see how this goes. If this is...if the body thinks that it should go to a vote of the people, then that's what we'll do. But, again, I cannot support that. Thank you, Mr. President. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You've heard the opening of AM2260 to LB1067. [LB1067]

SENATOR KARPISEK: Withdraw that amendment, please. [LB1067]

PRESIDENT SHEEHY: AM2260 is withdrawn. Next amendment, Mr. Clerk. [LB1067]

CLERK: Senator Christensen would move to amend with AM2270. (Legislative Journal pages 760-762.) [LB1067]

PRESIDENT SHEEHY: Senator Christensen, you're recognized to open on AM2270 to LB1067. [LB1067]

SENATOR CHRISTENSEN: Thank you, Mr. President. Thank you, colleagues. Good morning. Senator Karpisek brought or mentioned the amendment. He did it very well. It's to take it, instead of going to a vote of the city council, which to me is an automatic vote forward because they're benefiting from it, this would change it to a vote of the people. If they want to change that time after the city board decided that they would like to pursue this, I think it's a better place to be there. I still don't like the bill because I'm

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against gambling as a whole. But I do think it improves the bill, and so that's why I brought forth the amendment. It's not that...to change my stance on gambling at all, and I want to make that clear. But as Senator Karpisek said, he couldn't support this amendment. I will support the amendment because I think the vote of the people is better because the people don't have an automatic direct interest or impact by this being benefited, you know, because the city, very easy, if they can get more money, they'll spend more money. It's very common for government entities to want to spend more money. So that's why I have brought this to go to the people because that one is a lot harder for everybody to just automatically say, you know, this is a benefit to the city, we need more money, let's just do it. And that's why I like the vote there down as low as we can go to the people of that community, city, county, whoever happens to be sponsoring that. So I'll be interested to hear what people have to say on this as we continue to debate whether we want to change the time on gambling. I don't like the time change. That's what was put in originally to be at the five minutes. I'd prefer to stay there. I'd prefer to remove it, I'll be very honest, just eliminate keno. But we have it right now at the state. So if it's going to be changed, I'd like to see that it is done by the people. Thank you. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Christensen. You've heard the opening of AM2270. Are there members requesting to speak? Seeing none, Senator Christensen, you're recognized to close. [LB1067]

SENATOR CHRISTENSEN: Thank you, Mr. President. Again, it's very simple. Do you want to leave the ability to change this vote on the level of the city or county that is sponsoring this or do you want to change this to the vote of the people? I guess it all comes down to your view, where you think the changes should be made. And I just ask you to support the amendment. Thank you. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Christensen. You've heard the closing. The question before the body is on the adoption of AM2270 to the General Affairs Committee amendment AM1961. All those in favor vote yea; opposed, nay. Senator Christensen. [LB1067]

SENATOR CHRISTENSEN: Yeah, can I have a call of the house and a roll call vote? [LB1067]

PRESIDENT SHEEHY: There has been a request for a call of the house. The question before the body is, shall the house be placed under call? All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1067]

CLERK: 28 ayes, 0 nays, Mr. President, to place the house under call. [LB1067]

PRESIDENT SHEEHY: The house is placed under call. All unexcused senators please

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report to the Legislative Chamber. All unauthorized personnel please step from the floor. The house is under call. Senators, please record your presence. Senator Mello, Senator Krist, the house is under call. Senator Christensen, all members are present or accounted for. How would you like to proceed? [LB1067]

SENATOR CHRISTENSEN: Roll call vote. [LB1067]

PRESIDENT SHEEHY: Mr. Clerk, there has been a request for a roll call. [LB1067]

CLERK: (Roll call vote taken, Legislative Journal page 762.) 16 ayes, 16 nays, Mr. President, on the amendment. [LB1067]

PRESIDENT SHEEHY: AM2270 is not adopted. The call is raised. [LB1067]

CLERK: I have nothing further pending to the committee amendments at this time, Mr. President. [LB1067]

PRESIDENT SHEEHY: We will now return to floor discussion on AM1961 to LB1067. Senator Christensen. [LB1067]

SENATOR CHRISTENSEN: Thank you, Mr. President. Thank you, body, for the...your vote there. I appreciate knowing where everybody is at. I think this is an important issue that people know how you're going to vote and what you're looking at here because I think it does make a difference to society. What we're doing here, folks, it is important. I think there's another way that you can look at this bill. If you look at statute, the cities or the prize level only has to be like 69 percent--I'm going to grab my notes--or 65 percent. They're currently given 76.10. So I ask you, if cities are wanting more out of this, which I assume that's the people wanting it, then why are they given additional prizes above and beyond where they have to? Why do we have to increase the time to increase the revenue when the revenue can be done another way without changing this? Why is this bill necessary? Would Senator Karpisek yield to a question, please? [LB1067]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Christensen? [LB1067]

SENATOR KARPISEK: Yes, I will. [LB1067]

SENATOR CHRISTENSEN: Senator, thank you for taking questions last week and this week. I just talked about a statute being 65 percent on the prizes that are given away according to the Department of Revenue sheet I have in front of me, 76.10. Why are we giving extra away if we're trying to generate more revenue? [LB1067]

SENATOR KARPISEK: To be better for the people that are wagering. If you drop it

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down, then you're...the losers lose even more. [LB1067]

SENATOR CHRISTENSEN: Well, at the same time, since the majority of the...since the gamblers are losing money anyway, if you speed it up, they're just going to lose more. [LB1067]

SENATOR KARPSEK: And you could win more too. But if you want to drop it to 65, then they're going to for sure lose more. [LB1067]

SENATOR CHRISTENSEN: Well, at the same time, so you're saying this bill isn't for the cities to get more revenue, it's not for ability...for anybody else to get money, the state or anything. This is all about the gambler trying to lose more money. [LB1067]

SENATOR KARPSEK: No, it's to bring in more money. I'm just saying if you want to go down...they're paying more to the person now than is in statute. They're paying at 73 percent where statute is at 65. [LB1067]

SENATOR CHRISTENSEN: So who asked you to bring this bill? [LB1067]

SENATOR KARPSEK: I'm trying to think. It was the cities, keno, and myself. [LB1067]

SENATOR CHRISTENSEN: Okay. Why would the cities ask you to bring this unless they want to make more money? [LB1067]

SENATOR KARPSEK: They do want to make more money. [LB1067]

SENATOR CHRISTENSEN: Then they have the ability to raise their winnings by 11.1 percent. Why do they need to change the time? [LB1067]

SENATOR KARPSEK: Because it would...what's the difference? I guess we can do that but then the people who gamble are just going to lose even more, so I don't think that that makes any sense either. [LB1067]

SENATOR CHRISTENSEN: Well, if we speed up the time, they're going to lose more anyway, so what's the benefit? [LB1067]

SENATOR KARPSEK: They won't necessarily lose more. The person that plays one game and that's it has a better chance at 75 than 73 than 65. You don't have to play it faster. [LB1067]

SENATOR CHRISTENSEN: Senator, have you ever just played keno once when you went out? [LB1067]

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SENATOR KARPISEK: Yes. [LB1067]

SENATOR CHRISTENSEN: You've literally went out for an evening, just bet once and no more that night? [LB1067]

SENATOR KARPISEK: No, it's been at bowling. Play one game and that's it. [LB1067]

SENATOR CHRISTENSEN: I would guess there's very few people play just one... [LB1067]

PRESIDENT SHEEHY: One minute. [LB1067]

SENATOR CHRISTENSEN: ...game when they go out. But, anyway, I'm just trying to figure out why we need this bill when we have an avenue of raising more for the cities that asked you to bring it. I'm still stumped because 100 percent... [LB1067]

SENATOR KARPISEK: It'll also raise more for the state, the cities, the operator, the person in the town who's running the game, and, of course, also for the keno people. [LB1067]

SENATOR CHRISTENSEN: Well, the owner/operator makes the largest share. Couldn't we just change...reduce their share and give more to the cities if that's what we're trying to do and not have to change this time? [LB1067]

SENATOR KARPISEK: If you want to do that and take money out of the coffers of the local businesses, that...I'll let you run that amendment, not me. [LB1067]

SENATOR CHRISTENSEN: Well, all I'm trying to say is there's multiple ways that we can address this issue. [LB1067]

PRESIDENT SHEEHY: Time, Senator. [LB1067]

SENATOR CHRISTENSEN: Thank you. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Christensen. Members requesting to speak on AM1961 to LB1067, we have: Senator Fulton, followed by Senator Council. Senator Fulton. [LB1067]

SENATOR FULTON: Thank you, Mr. President, members of the body. Good morning. On the AM1961, I'm...would Senator Karpisek yield to a question? [LB1067]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Fulton? [LB1067]

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SENATOR KARPISEK: Yes, I will. [LB1067]

SENATOR FULTON: Thank you, Senator. I'm trying to understand why three minutes is to be inserted instead of one minute, and you may have already covered this, if so, I'm sorry. It seems to be that if a county, city, or village has the free...the ability to exercise their own volition in whatever way, if it's not a vote of the people, if it's that didn't pass and so we have the city, county, or village through their elected officials, they have a choice under the green copy of the bill to utilize a time limit of not less than one minute. So they could already utilize a time limit of three minutes under the green copy of the bill. So why is this amendment necessary? Perhaps this is a question for Senator Avery but I'll throw it to you first. [LB1067]

SENATOR KARPISEK: Thank you, Senator Fulton. The reason was, in committee, low compromise. People thought that one minute was just too low, and part of it is the games probably can't be played that fast anyway. However, I brought the one minute because technology changes all the time. So it was in committee that we talked about it and got two more committee members to think that three minutes was okay, that one minute was not. [LB1067]

SENATOR FULTON: Okay. I appreciate it. That's honest. Thank you, Senator. Well, I don't see Senator Avery here, but I'll just...I'll go ahead and just make that point. I'm not supportive of the bill anyway. And it seems to me that by putting forward this amendment, the amendment seems to militate against the bill. And so either we allow five minutes, the status quo, to remain in place or we don't. Now if the argument is that we're giving some choice on the part of the locals to be able to set the time in between games at their own volition, then it seems to me the green copy of the bill is where we would go. Now Senator Karpisek has said that there would...this was a compromise to move this out of the committee. And I appreciate...he's an honest man and that's...that's what it looks like has happened here. But it still seems to militate against this bill. And so I'll just...I'll stop there. I've made my point and I don't plan to support the bill. Thank you, Mr. President. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Fulton. Senator Council. [LB1067]

SENATOR COUNCIL: Thank you very much, Mr. President. After the vote on the last amendment, I felt compelled to rise and make a couple of statements regarding the amendment that just failed and the votes that were cast and Senator Christensen's suggestion that your vote on that last amendment was an indication of your position on the underlying issue. That's how I took the statement he made. But I think in light of that, I will clarify my vote on the amendment and why I voted no. I voted no because keno should be treated no different than the Nebraska lottery. The Nebraska lottery was approved by a vote of the people and inserted in the constitution. And if you bother to check your constitution periodically, it says that no lottery game shall be added or

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changed without a majority vote of the members of the Legislature. So the intent is that once the public has approved the game, the administration and regulation of that game should rest with that governmental entity. And that's why I voted against the amendment. If voters have approved their communities operating a lottery, then the management, administration, and oversight of that lottery should rest with those elected officials no different than the lottery. The state lottery, should rest with the members of this body. But I think many of you would be surprised to know how little oversight this body has over the Nebraska lottery. And when we start talking about expanded gambling and the horrors of wanting to generate more revenue for governmental entities, we cannot overlook the fact that that is exactly what has and continues to occur with respect to the Nebraska lottery. We've approved the lottery. We approved, voters did, approved the lottery, recognizing full well that it was viewed as a means of generating revenue for the state. At the time the state lottery was approved, there was one lottery game that people were aware of, plus scratch-off tickets. The lottery game was Powerball and can be played for \$1 a game with one drawing a week. Now there are two drawings a week. We have Mega Millions with two drawings a week. We have three day...play three, play five, play MyDaY. We have scratch tickets that range in value from \$1 apiece to \$20 apiece. And the express purpose of that, I assume, is to generate more revenue for the state of Nebraska. I have yet to hear it referenced as expanded gambling, as many have chosen to refer to LB1067. As I see LB1067, it is a bill designed to alter the way a game...if approved by the local voters, to alter the way the game is played. Admittedly, it results in more games being played per hour just as the number of new lottery games increases the number of times you can play per week. In fact... [LB1067]

PRESIDENT SHEEHY: One minute. [LB1067]

SENATOR COUNCIL: ...you can play the lottery, some form of the Nebraska lottery, every single day of the week. So I just think that we need to put all of that in context when we want to cast dispersions on local government entities that see a minor change in the operation of keno as a means of generating additional revenue and not also be cognizant of the fact that the Nebraska state lottery does the very same thing on a quite regular and frequent basis. Thank you. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Council. Senator Christensen. [LB1067]

SENATOR CHRISTENSEN: Thank you, Mr. President. You know, I'm just following up with what Senator Council said and, you know, it does state there in the constitution that the governing entities can change it. But that's what we're here for. We govern a lot of things and we change things periodically. But I still look at the amount of...on the fiscal note, showing an increase of \$1,625,000 to the state this year; next year, \$1,707,000. And, again, I just ask you, is this where you want the state to be gaining its revenue? Do you want to take it from the people instead of having it spent in your local businesses?

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To me, we're...the money is going to turn the community far more times if it's spent on food, groceries, clothing, vehicles, necessary needs of the family. It gets frustrating to go volunteer time in nonprofit organizations that have to help with taking care of families that have lost their paychecks through gambling the state approved...that don't have the money to meet their personal obligations but yet they set there and they're gambling, taking a chance to get out of poverty when they should be managing their money. I know it's a personal choice. But it's sad when we turn our backs and just say: You know what? We don't care. Blow your money. Then they turn around and they ask us for help and we want to give them help. It's easy to feel sorry for them when they've got a gambling addiction and they've lost money and they want a nonprofit organization, a church, or whoever, to assist them, take care of them. And we turn around and just let more people fall into that category. Most people don't quit with just offering one bet. You know, I sat and watched at different times when I'm in eating in a facility that has it. We've had functions at some of them. And you see the same people going up time and time again, yet you don't always hear a payout on every game and you can watch individuals that never do go up for a payout when called. So it is a way that affects a family. It's sad that we would want to raise more money this way. It's...as I...Senator Karpisek said last week--him and I were talking--you know, if it wasn't just a moral issue to me, I should vote for every one of these. Just for the standpoint, it's a self-taxation. You get to choose your tax rate. But there's some people can't control themselves. And the sad part is they turn around, get on government programs, and we wonder why those costs go up. It's just about guaranteed when there's another million seven going to come into the state. There's more than that going to come in to the owners; more than that is going to come into the city. When you add it all up, I think it'd be interesting to see the impact. And now that much more money is out of the community. We're going to have more families that can't afford... [LB1067]

PRESIDENT SHEEHY: One minute. [LB1067]

SENATOR CHRISTENSEN: Yes, there's some people have control gambling. They do it as entertainment. They have disposable income that it meets. But there's others that don't have it and you're allowing them the opportunity to lose more money faster and put themselves in a bad position. And then the same people that are probably going to support this gambling is going to turn around and say we got to take care of them from the state, spend the money. It just doesn't make sense. Thank you. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Christensen. Senator Wallman. [LB1067]

SENATOR WALLMAN: Good morning, Mr. President, members of the body. This is going an interesting way. Double the price of lottery tickets. Nobody said nothing. More scratch-offs, more things here, more there. If we're against gambling, expanded gambling, then we better clear the table, otherwise we are what somebody said the other day. This is up to communities. And I'd like to ask Senator Karpisek a question,

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please. [LB1067]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Wallman?  
[LB1067]

SENATOR KARPISEK: Yes, I will. [LB1067]

SENATOR WALLMAN: Why was keno set up, do you know? [LB1067]

SENATOR KARPISEK: I would say that it was set up to help local communities and probably the state. [LB1067]

SENATOR WALLMAN: Yeah, the State Fair got some revenue out of this I think. So this...we set it up here to begin with to help people out in communities and so some of the communities around here are helped out. Will it be a million dollars more? I don't think we know. And are they all set up to go three minutes? When you have people hired behind the counters to watch the cash registers, it takes so much time. And so if you sit there with only three or four people in the cafe or wherever it's at, I can see they might gamble more but they might not. Some people have a set amount. And if we have problem gamblers in our area, they're going to go across the river anyway. So we're losing revenue, I hate to say to do it, on gambling, but it seems like that's where society is today and we can like it or not. Thank you, Mr. President. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Wallman. Members requesting to speak on AM1961 to LB1067: Senator Nelson, followed by Senator Christensen. Senator Nelson.  
[LB1067]

SENATOR NELSON: Thank you, Mr. President, members of the Legislature. Senator Council made some comments that I found interesting, and I wonder if I could pursue what she was referring to with a question or two of Senator Council. [LB1067]

PRESIDENT SHEEHY: Senator Council, would you yield to Senator Nelson? [LB1067]

SENATOR COUNCIL: Certainly, Mr. President. [LB1067]

SENATOR NELSON: Thank you, Senator Council. I was interested in your comments about the fact by the state lottery, and you made the comment that the Legislature had to approve any changes, is that correct? [LB1067]

SENATOR COUNCIL: Well, I can read to you... [LB1067]

SENATOR NELSON: Well, that's all right. I will accept...I'm not contesting that, but I'm just wondering what...when you said that we established it and that we had lost

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practically all control, does that mean that the increase in the cost and all the other things with the lottery are not...they don't come under our supervision anymore or our control? Who is making those changes? [LB1067]

SENATOR COUNCIL: Well, interestingly enough, Senator Nelson, it's apparently the Nebraska Lottery Commission. The Nebraska constitutional amendment says, "No lottery game shall be conducted as part of the lottery unless the type of game has been approved by a majority of the members of the Legislature." That's straight out of our constitution. [LB1067]

SENATOR NELSON: So if I understand what you're saying, all of these changes have been made by the commission itself and not brought to the Legislature for our approval? Is that... [LB1067]

SENATOR COUNCIL: To my knowledge, and reasonable minds can differ over whether or not adding an additional scratch game is a new game, but the language of the constitutional amendment to me seems very clear. [LB1067]

SENATOR NELSON: Well, I find that very interesting. Thank you, Senator Council. If that's the case, this expansion then of our state lottery apparently has gone forth without much input from the Legislature or any measure of control, and that's what we're supposed to be having. I hardly think that we can be accused as a body, as a Legislature, of expanding gambling and increasing that when we haven't really had anything to do with it. And I think this is an interesting topic that probably bears looking into, where the authority lies and who's actually going ahead with what really does amount to expansion of gambling. That's just an adjunct here to what we're talking about today, but it does have bearing. I just want to point out that studies have shown, with regard here to AM1961, that the average Nebraska gamblers debt was nearly \$27,000 in October of 2009. Now we don't know, of course, how much of that is a result of keno. But I think it makes common sense that if you can play the game once every five minutes and if you are addicted to that type of gambling, that if you're going to be able to do it once every three minutes that by the odds you're going to lose more money. Some people may win at it, but, by and large, people are simply...that are losing are going to lose more money. And that has a direct bearing on us and our cities, municipalities, because the statistics also show that for every dollar that the state and the municipalities gain... [LB1067]

PRESIDENT SHEEHY: One minute. [LB1067]

SENATOR NELSON: ...they lose \$3 in having to provide social services and other things to help the addiction and the gamblers. So with that, I will end and say that I stand in opposition to not only AM1961 but the bill itself, LB1067. Thank you, Mr. President. [LB1067]

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PRESIDENT SHEEHY: Thank you, Senator Nelson. Senator Christensen, this is your third time. [LB1067]

SENATOR CHRISTENSEN: Thank you, Mr. President. You know I just looked through here. You know, Senator shared that the cities have asked him to do this, and I know that we pulled out...some money away from them a year ago. But I just look at all the areas of increase that they're asking for or have gotten. You know, cities are wanting more from keno right here. Cities are wanting more from income tax. Wanted to raise that. You know, there's been an attempt to reduce or eliminate the inheritance tax, and they want to keep that. Cities have gotten an evaluation increase of, let's face it, from 30 to 50 percent each of the last two years. And I was just running through my counties and...cities, I should say, on their property assessments and their average tax rates. And as I was going down through this, comparing them. And what's interesting in, oh, seven of them that I guess I'm comparing here, there is three of them have had an increase in property tax levy between 2010-2011 on top of all the evaluation increase. How much is enough? Think about that. Pretty much you can say land values went up 50 percent in the last year. I don't find many areas that haven't. I'm out doing broker price opinions and looking at them. I'm looking at sales results. And pretty much 30 to 50 percent each of the last two years, a number of areas 50 percent two years in a row. And this is going to be a bubble. It's going to correct back down, always does. And I just look at these particular counties that are increasing their values because they're one of them that can be sponsoring the keno. Generally it's in a city, and probably all of them are. But when you just look at that, when is enough enough? I know I had again this weekend three additional phone calls saying, Mark, enough is enough. And one of them is referring to...another senator evidently quoted me on KRVN or somebody did saying that I was opposed to the city sales tax increase. And they called to thank me. And they were unhappy with another senator because...because I haven't talked to him, I haven't told him where I stand. But the fact is when is enough enough? I'm tell you, you can give a governmental entity increases every year and they're never going to have enough. When is a high enough tax level high enough? [LB1067]

PRESIDENT SHEEHY: One minute. [LB1067]

SENATOR CHRISTENSEN: We vote to increase this or allow an increase in revenue, decrease in the people's money. Yes, it's self-taxation. They choose to gamble. But, again, there's a number of places we can look and see what's going on. Thank you, Mr. President. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Christensen. Senator Lambert. [LB1067]

SENATOR LAMBERT: Thank you, Mr. President, colleagues. I'm going to reiterate some of the things I said Thursday when we talked about this, and it's...another thing is,

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it seems like we're getting cities and counties mixed up. I'm sure a lot of the county evaluation has gone up 50 percent with what land values have done. I think we all know what the housing market has done and what's gone on within our communities. You don't see houses go up 50 percent. Inheritance tax. As I say, we're getting cities and counties all mixed together here. The inheritance tax goes to the counties, as I understand it. I reiterate the things that I've seen done with the lottery or the keno money in my district. It's been used for economic development. I've got one county that gets about \$90,000 a year, and that is used for economic development. The community I happen to live in built a senior center that serves a tremendous amount of our senior population and also a fitness center and community center that is used daily by hundreds if not thousands of our citizens. Enough may be enough, but this is a tax that if you want to pay it, you can; if you don't want to, you don't have to. And you can use all the facilities that this tax provides for the community. The community may not choose to go to three minutes with their lottery games. Everything would stay as it is, and that's fine and I think that's their prerogative to do that. But different gambling, I'm opposed to some of it. This is already here. This is not an expansion. Let's go ahead and let the communities decide what they want to do. Thank you, Mr. President. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Lambert. Seeing no additional requests to speak, Senator Karpisek, you're recognized to close on AM1961 to LB1067. [LB1067]

SENATOR KARPISEK: Thank you, Mr. President and members of the body, and thank you, members of the body, for a good debate. I have to tell Senator Fulton that I agree with him. Why I brought the one minute, I'd love to give the locals the chance to go down to one minute, but that's not what we compromised on in committee and so we won't do that. But three minutes, they can do some things. We talked about the good things that do happen with keno. Keno goes to a lot of good projects in everyone's district. And you don't have to use it. You don't have to go play keno, but you can use the things that are done with the money. Many of the things that are done are little league ball fields, economic development, some good things that actually help the local community. Now we talk about communities needing more money, and where does it stop? I agree with Senator Christensen. But do we rather increase this tax, if you want to call it that, on people who want to do it or should we just put it on everyone as a whole? We've got a lot of bills this year that would just put it on everyone as a whole--city sales tax, occupation taxes, those sort of things. This is very narrow in scope. The committee amendment goes down two minutes. Two minutes is not, I don't think, a life changer for anyone. People get in trouble doing all sorts of things and we don't regulate what they can do. Pickle cards, you can buy as many as you want and tear them off as fast as you want. You can buy as many bingo cards as you would like to play. I don't know how some of those people do it, but they run a lot of cards at once. Even on keno, you can drop more than a dollar at a time. We don't sit in the bar and tell people who don't have money not to buy that next beer or pop. We don't tell people not to smoke because they don't have money. We'd sure like to. We don't sit in the grocery

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store and tell people, even on food stamps, not to buy that T-bone, they should rather buy hamburger to get more bang for their buck. But we don't do those things. This is the way that people can go in, if they want to play keno, they can play it a little bit quicker. Most of the time I would say it's not going to be any faster because there aren't that many people in playing it all day. I would say in the evening when people go out to eat, it may get a little faster. However, when you sit down to eat, you eat. You don't have time to be running up and putting another ticket in. I would appreciate a vote on AM1961 to change the green copy from one minute to three minutes, which is what the committee decided to do. Thank you, Mr. President. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. You have heard the closing. The question before the body is on the adoption of AM1961 to LB1067. All those in favor vote yea; opposed, nay. Senator Karpisek. [LB1067]

SENATOR KARPISEK: Mr. President, may I request a call of the house, please? [LB1067]

PRESIDENT SHEEHY: There has been a request for a call of the house. The question is, shall the house be placed under call? All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB1067]

CLERK: 29 ayes, 0 nays, Mr. President, to place the house under call. [LB1067]

PRESIDENT SHEEHY: The house is placed under call. All unexcused senators please report to the Legislative Chamber. All unauthorized personnel please step from the floor. The house is under call. Members, please record your presence. Senator Cornett, Senator Fischer, Senator Lathrop, Senator Schumacher, Senator Loudon, the house is under call. Senator Ashford, the house is under call. Senator Karpisek, all members are present or accounted for. How would you like to proceed? [LB1067]

SENATOR KARPISEK: Call-in votes on the amendment, please, Mr. President. [LB1067]

PRESIDENT SHEEHY: Members... [LB1067]

CLERK: Senator Lathrop voting yes. Senator Mello voting yes. Senator Ashford voting yes. Senator Hadley voting yes. Senator Cornett voting yes. [LB1067]

PRESIDENT SHEEHY: Record, Mr. Clerk. [LB1067]

CLERK: Senator Schilz voting yes. 26 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB1067]

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PRESIDENT SHEEHY: AM1961 is adopted. The call is raised. Anything further, Mr. Clerk? [LB1067]

CLERK: I haven't anything further on the bill, Mr. President. [LB1067]

PRESIDENT SHEEHY: We will now return to floor discussion on LB1067. Member requesting to speak, Senator Christensen. [LB1067]

SENATOR CHRISTENSEN: Thank you, Mr. President. I'm not going to speak more than one time here. It's obvious where this is going. People are ready to vote on it. But would Senator Karpisek yield to a couple of questions? [LB1067]

PRESIDENT SHEEHY: Senator Karpisek, would you yield to Senator Christensen? [LB1067]

SENATOR KARPISEK: Yes, I will. [LB1067]

SENATOR CHRISTENSEN: What is the prime time for playing keno? When is the most dollars generated? [LB1067]

SENATOR KARPISEK: I don't have that in my hand, Senator, but I would assume between 6:00 and 9:00 in the evening. [LB1067]

SENATOR CHRISTENSEN: Would that be over the dining hour that you say people don't have time to do it or would it be during the drinking time? What would be the most? [LB1067]

SENATOR KARPISEK: I would say there's just more people there to turn in bets. But once you get your food, I think you eat and then maybe have a drink and then play another game. [LB1067]

SENATOR CHRISTENSEN: So it's hard to tell if it's really when people go out to eat or if they go out to drink when they're gambling more? [LB1067]

SENATOR KARPISEK: I don't have that in front of me. I'm just going off of how I do it, Senator. [LB1067]

SENATOR CHRISTENSEN: So, you know, I'd guess there's more money lost when people get to drinking and playing more on that end of it after they've eaten. But, again, I'll just restate one fact. Some people said, you know, we don't encourage people to not drink or not smoke, and yet we take care of them on social programs for costs. I will say at the same time, your vote here is encouraging the ability to gamble faster. There will be more money lost, it shows, or money earned by the state, cities, and operators. So

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you are enabling people to lose more money and put themselves in a worse financial situation. And I just wanted to state that one last time before you vote. Thank you. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Christensen. Seeing no additional requests to speak, Senator Karpisek, you're recognized to close on LB1067. [LB1067]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. First of all, I'd like to request a call of the house, please. [LB1067]

PRESIDENT SHEEHY: There has been a request for a call of the house. The question is, shall the house be placed under call? All those in favor vote yea; opposed, nay. Please record, Mr. Clerk. [LB1067]

CLERK: 37 ayes, 0 nays, Mr. President, to place the house under call. [LB1067]

PRESIDENT SHEEHY: The house is placed under call. All unexcused senators please report to the Legislative Chamber. All unauthorized personnel please step from the floor. The house is under call. Senator Karpisek, time does run while the house is being place under call. Do you want to start your closing? [LB1067]

SENATOR KARPISEK: Thank you, Mr. President. I appreciate that. Members of the body, again, thank you for a good debate on this. I appreciate Senator Christensen and Senator McCoy working with me on this. As with any bill, not everyone agrees with it, not everyone agrees with the whole purpose underneath it. I know that Senator Christensen would get rid of all gambling if he could, but that's not what we're talking about here today. What we're talking about here today is to try to help local municipalities gain a little more money from their keno. It would make the five minutes go down to three minutes in between keno games. This is not a statewide rule. It would take the local governing body of any municipality or county or village to vote this in. If they do nothing and they have keno right now, it would stay at five minutes. They could go down to four minutes, they could go down to three minutes. And, again, nothing happens, nothing happens. It's local control in my book. We do not tell them that it has to move down to three minutes. It'll stay at five. Again, there are many good things that are done by keno money. The keno operators have to be Nebraska businesses. This money does not go out of state unless somebody buys something from out of state. It goes to local businesses that run the operations, which are usually your local bars and restaurants. I don't want anybody to have this mixed up with someone...some big companies from out of state that in some way are related to casinos or anything like that. This is no move to do that. Again, the committee and the body now has decided to go to three minutes and not the one minute in the green copy. I would really appreciate your vote to let the locals decide, the local governing bodies decide, to go down to three minutes. Mr. President, I would request a roll call vote in regular order. Thank you, Mr.

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President. [LB1067]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Members, you have heard the closing to LB1067. The question is on the advancement of LB1067. Mr. Clerk, there's been a request for a roll call vote. [LB1067]

CLERK: (Roll call vote taken, Legislative Journal page 763.) 20 ayes, 17 nays on the advancement, Mr. President. [LB1067]

PRESIDENT SHEEHY: LB1067 does not advance. The call is raised. (Visitors introduced.) Mr. Clerk, continuing with items under General File, we'll move to LB983. Yes, LB983. [LB1067 LB983]

CLERK: AM983 by Senator Cornett. (Read title.) The bill was introduced on January 12 of this year, referred to the Revenue Committee. The bill was advanced to General File. There are Revenue Committee amendments, Mr. President. [LB983]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Cornett, you're recognized to open on LB983. [LB983]

SENATOR CORNETT: Thank you, Lieutenant Governor and members of the body. LB983 would change the carry forward period for the Nebraska research and development tax credit. Under current law, the carry forward period is four years. As introduced, LB983 would simply have stricken the four-year limitation on the number of years that a taxpayer can carry forward an unused R&D tax credit. Lengthening the R&D tax credit carry forward period recognizes and affirms Nebraska's commitment to providing R&D tax credits for projects that may take a very long time to successfully research and develop. One of those tax credits applies to the university-based R&D projects. That credit is equal to 35 percent of the federal R&D income tax credit, and other...apply to the R&D projects that are not necessarily university-based projects. That credit is equal to 15 percent of the federal R&D income tax credit. Nebraska's R&D tax credits can be used to obtain a refund of Nebraska's state sales and use taxes paid, may be used against Nebraska's income liability of the taxpayer, or may be used as a refundable tax credit claimed on a taxpayer's Nebraska income tax return. The changes proposed by LB983 would be operative for all taxable years, beginning on and/or after January 1, 2012, under the Internal Revenue Code 1986 as amended. There is a Revenue Committee amendment, and I'll wait to open on that. [LB983]

SPEAKER FLOOD PRESIDING

SPEAKER FLOOD: Thank you, Senator Cornett. Mr. Clerk. [LB983]

CLERK: There are Revenue Committee amendments, Mr. President. (AM2096,

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Legislative Journal page 607.) [LB983]

SPEAKER FLOOD: Senator Cornett, you're recognized to open on AM2096. [LB983]

SENATOR CORNETT: Thank you, Mr. Speaker and members of the body. The Revenue Committee amendment was...the original bill takes the limitation or the time period off completely for the time period that they can attain the tax credit. What the committee amendment does is harmonizes with the federal government, so AM2096 is a white-copy amendment of the bill which, as amended by AM2096, would allow research and development tax credit to be carried forward 20 years rather than the 4 years under current law or the unlimited time period under the original bill. The proposed 20-year carry forward is consistent with the 20-year carry forward period allowed under federal law for the Internal Revenue Code, Section 41, research and development income tax credit. I urge you to adopt the committee amendment, AM2096, and the underlying bill, LB983. Thank you. [LB983]

SPEAKER FLOOD: Thank you, Senator Cornett. Members, you've heard the opening to AM2096. We now turn to discussion on the same. We begin with Senator Mello. You are recognized. [LB983]

SENATOR MELLO: Thank you, Mr. President. Members of the Legislature, I rise in support of AM2096 that changes the underlying bill, LB983. LB983 was my priority bill this session and the reason why is in past efforts of LB555 in 2009, that then Senator White and Senator Conrad at the time worked on, to increase the Nebraska Advantage R&D tax credit as it impacted academic institutions has shown that the more emphasis we put on tax credits and tax incentives to encourage companies to partner with our public universities, we see a significant increase of research and development in our state. It's laid out in the Battelle study that was released by the Department of Economic Development two years ago as well as the Legislature's own Entrepreneurship and Innovation Task Force that also showed the more research and development we do with start-up technology companies the more likely we'll see job growth as well as new start-up firms be created through R&D technology and R&D activity at our university systems. What LB983 does is what Senator Cornett said. It does change the original intent of the bill slightly but it does harmonize the existing federal R&D tax credit to ensure that our state tax credit falls in line with that 20-year window that currently resides at the federal level. This is a no-fiscal-note legislative bill. It provides, I think, a stronger incentive for Nebraska companies, particularly manufacturing companies and others, who may need to see a longer time frame for their R&D research to come into fruition and allows them to take advantage of the Nebraska Advantage R&D tax credit for a longer period of time at no...essentially with not impacting the state's bottom line fiscal aspect. Thank you, Mr. President. [LB983]

PRESIDENT SHEEHY PRESIDING

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PRESIDENT SHEEHY: Thank you, Senator Mello. Senator Hadley. [LB983]

SENATOR HADLEY: Mr. President, members of the body, good morning. I hope we have a good week this week. I stand in support of the underlying amendment and the underlying bill. The core services funded by state government, we can sit and talk about it a long time but basically I think three are important: education, health and human services, and public safety. The funds we need to support these core services basically come from our taxation and, as we have found out this year, we need more funds to support some of these core services. To do that, we can either raise taxes or we can grow the economic base. I think we need to grow the economic base. I think selected tax credit programs to stimulate economic growth in Nebraska are important. A recent report put out by the Tax Foundation of the United States, I want to quote some statistics in here to show you the success we've had in tax credit programs. For mature companies, Nebraska ranks 9th out of the 50 states in a tax climate for mature companies. To give you some idea of our surrounding states, Colorado ranks 33rd; Kansas, 47th; Missouri, 36th; Iowa, 40th. For new start-up companies, Nebraska ranks number one in the nation for a tax climate for start-up companies. This is important. Nebraska ranks 2nd for mature R&D operations. This bill helps us continue to rank second in mature R&D operations. Our apportionment system, the way we apportion income tax, is also a reason for Nebraska's 5th place ranking for mature labor-intensive manufacturing. Nebraska ranks 33rd for mature corporate headquarters. Because of the state's sourcing rules for services, 100 percent of the firm's project...profits is subject to the state corporate income tax. Thus, this operation has the 10th highest income tax burden on this firm type in the nation. I have a bill that I've introduced that Senator Nelson has prioritized that would deal with this problem we have with service-based industries. Nebraska ranks 1st for both new corporate headquarters and for new call centers. The state also ranks 2nd for new capital-intensive and new labor-intensive manufacturing. Tax incentives are the major contributing factor to the strong showing for all of these firm types. I just want to get up and say that our tax incentive programs are working in bringing firms to Nebraska, growing firms in Nebraska, expanding firms in Nebraska. And when those firms expand they end up paying more taxes, their employees pay more taxes, and we're able to fund those services that we are expected to do as a state government. Thank you, Mr. President. [LB983]

PRESIDENT SHEEHY: Thank you, Senator Hadley. Additional members requesting to speak on AM2096 to LB983, we have Senator Pahls, followed by Senator Sullivan and Senator Krist. Senator Pahls. [LB983]

SENATOR PAHLS: Thank you, Mr. President, members of the body. Senator Hadley, may you...would you yield to a question? [LB983]

PRESIDENT SHEEHY: Senator Hadley, would you yield to Senator Pahls? Senator

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Hadley. [LB983]

SENATOR HADLEY: Sorry, I stepped out for a moment. [LB983]

SENATOR PAHLS: Senator Hadley? [LB983]

SENATOR HADLEY: Yes. [LB983]

SENATOR PAHLS: Okay, I have a question. I read the article that you were referring to and you read an awful lot of information for us and the point that I'd like to have you make, you're telling me these exemptions or tax credits have really been of value to the state of Nebraska. [LB983]

SENATOR HADLEY: That is correct. [LB983]

SENATOR PAHLS: Okay. Because I know she said Nebraska is number one or we're up high in lots of the different assessments of what we are doing for business in the state of Nebraska. [LB983]

SENATOR HADLEY: That's correct. [LB983]

SENATOR PAHLS: Okay. And I just...and I want to thank you for that because when I read that this morning I was really impressed also with some of the things that this body this year or in past years have done for the state of Nebraska, especially for the business. So many times we hear about, well, we need tax cuts, we need tax cuts to attract business. But if you look at the other end with these exemptions and these tax credits, we are actually making this a very favorable place. So when we do think about making some of our tax cuts, which may be necessary, we also, because how we are rated, because I've heard this in the past, Nebraska is rated here and we could be here if we cut some of these taxes, but also we need to take a look at what we give...what I call what we give back, what we make this state more...how we make this state more attractive for businesses and entrepreneurs and things like that. It appears that we are doing a good job and we must remember that, we must think about that, that when you read some of these reports and they have us rated lower than what we'd like to be rated, there are other reports out there saying, hey, what we are doing for business is also good for the state. And I, like I said, when I read that this morning I was really impressed, even how Barry Kennedy from the Chamber of Commerce, his report. This is good. So instead of always taking the naysay view of the state of Nebraska, lots of good things are going on in here, and I appreciate Senator Hadley bringing that forth for us today. Thank you. [LB983]

PRESIDENT SHEEHY: Thank you, Senator Pahls. Senator Sullivan. [LB983]

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SENATOR SULLIVAN: Thank you, Mr. President, and good morning, colleagues. I think I'm generally supportive of this legislation. And I realize that there are trade-offs to every decision we make and that in giving up something perhaps we're going to make some gains, but this is new territory to us with some of these new business start-ups. And I guess what I'm looking for is I'd like to put a face on some of these enterprises that are venturing into new territory, that's new for our state. And so to that end, I wondered if Senator Cornett would yield for some questions. [LB983]

PRESIDENT SHEEHY: Senator Cornett, would you yield to Senator Sullivan? [LB983]

SENATOR CORNETT: I would be happy to. [LB983]

SENATOR SULLIVAN: Thank you, Senator. As I said, you know, with for example these datacenters, we got sort of a picture of what they entail but we don't have a clear picture of who the company is. And in some of these R&Ds for these new emerging companies, I don't know what they do, who they are. Can you put a face on any of these? [LB983]

SENATOR CORNETT: I would be happy to. These are the companies that we passed legislation for last year with the angel investment and the Innovation Campus. They are companies that work with research and development. And what we...the feedback that we got from last year's passage of those bills is four years is not enough time to develop these technologies and what they asked for was a longer period of time. The original bill just removed the time period they could...the time period for attainment. The same amount of credits are available. It does not have a larger fiscal note. But instead of just removing the total time period which a company could achieve those credits, we are mirroring it to what the federal government allows. But these are exactly the companies that we have tried to incentivize coming here with the Innovation Campus and the angel investment and the work that we've done in prior years. [LB983]

SENATOR SULLIVAN: Thank you. I appreciate that and it's good to know that some of the legislation that we passed in previous years is actually working. But again following up, and this doesn't necessarily relate to the bill itself, but what kinds of people do these firms typically employ? Are we looking at people that need to have, what, training in what areas? [LB983]

SENATOR CORNETT: Well, the angel investment bill was targeting high-tech or biological research, kind of the cutting-edge. So the type of people that we are looking for are very similar to the educational profile for the datacenters, more highly educated, trained individuals that can do this type of research and development. [LB983]

SENATOR SULLIVAN: Thank you, Senator Cornett. As I said, I think perhaps this doesn't relate so specifically to this legislation but it does speak to the direction in which our state is moving and, in that regard, it does speak to the kinds of educational

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attainments that our young people are going to need to support these kinds of industries and businesses that are moving into our state. Thank you. [LB983]

PRESIDENT SHEEHY: Thank you, Senator Sullivan. Senator Krist. [LB983]

SENATOR KRIST: Thank you, Mr. President. Good morning, Nebraska and colleagues. I'm not sure how I stand on AM2096 and I'm not sure how I stand on LB983. I will listen to the debate. But before we leave for lunch today, I thought I'd want to mention for you that I'm sure you've seen the news but just to keep it fresh in your mind as we lead into Wednesday and the child foster care review issues that we'll be passing, a young man died in Lancaster County detention center over the weekend, last weekend, last week. He was put there, we don't know why, he was put there and took his own life. There will be an investigation, I am sure, but I want you to keep in mind that what we will be talking about on Wednesday morning with regards to the kids who are our kids, Nebraska kids, that this is not an anomaly. Because of the situation that we are in, in this state, the folks in Scottsbluff have no choice, have no place to put these children but in detention centers. Think about that for a second as you go to lunch today. And as we come in on Wednesday morning and we have the resolve to move forward and restructure our foster care and our child welfare systems, think about this young man. Who was watching him? Why was he there? And then think about all the young men and women that are in Scottsbluff in a detention center because there's no place else for them to go. And remind yourself again that it was a foster child who aged out the system, who we did not take care of during transition into adulthood that stood in a mall six blocks from my house in a Von Maur store and took lives with an automatic weapon because we didn't follow through on that last step. Many times what we talk about on this floor is serious subject matter: abortion, taking of life. Whatever your beliefs might be, I know I've seen the resolve in this body to correct the situation that we have in the child welfare and foster care programs. I don't mean to make light of any other piece of legislation and I know, Senator Cornett, this is extremely important and we'll get back to that debate. But think about that for a second as you go to lunch today and we come back on Wednesday to show our resolve, and let's make sure that one more young person does not commit suicide because they're in a detention center for no apparent reason. Thanks for your attention. [LB983]

PRESIDENT SHEEHY: Thank you, Senator Krist. Seeing no additional requests to speak, Senator Cornett, you're recognized to close on AM2096. [LB983]

SENATOR CORNETT: Thank you, Lieutenant Governor and members of the body. Again, AM2096 has the bill mirror what the federal tax code allows for research and development credits, and I want to reassure the body that this does not have any increased fiscal note. The amount of money for the credit is the same but it allows the companies the same amount of time as they do under the federal law to attain this credit. I urge the body's support of AM2096 and the underlying amendment. Thank you.

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[LB983]

PRESIDENT SHEEHY: Thank you, Senator Cornett. You have heard the closing. The question is on the adoption of the Revenue Committee amendment, AM2096, to LB983. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB983]

CLERK: 28 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB983]

PRESIDENT SHEEHY: AM2096 is adopted. [LB983]

CLERK: I have nothing further, Mr. President. [LB983]

PRESIDENT SHEEHY: We will now return to floor discussion on LB983. Member requesting to speak, Senator Lautenbaugh. [LB983]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. I wonder if Senator Cornett would yield to some questions? [LB983]

PRESIDENT SHEEHY: Senator Cornett, would you yield to Senator Lautenbaugh? [LB983]

SENATOR CORNETT: Yes. [LB983]

SENATOR LAUTENBAUGH: Senator, I'm just wanting to make sure that I understand what we're doing here because...and I'm hoping this will help some others if they're similarly confused. This is explained as...well, it doesn't appear to have a fiscal note. How is that possible with what we're doing? [LB983]

SENATOR CORNETT: Because we're not touching the amount of tax credit allowed, so the amount that was originally budgeted for in regards to the tax credits for these companies remains the same. What it does is extend the time period to allow them. The feedback that we got from the companies or the research and development groups was that four years was not reasonable in the amount of time it takes to develop technologies or new medications or biotechnology, and they requested that we extend that time period. And my original bill eliminated it but, on further research, we decided to mirror what the federal government allows. [LB983]

SENATOR LAUTENBAUGH: Which is what again? [LB983]

SENATOR CORNETT: Twenty years. [LB983]

SENATOR LAUTENBAUGH: So we would be recouping...what would we be recouping

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over that 20 years? [LB983]

SENATOR CORNETT: Well, it is what we were trying to incentivize with the Innovation Campus and angel investment, is to bring these high-tech, start-up or high-tech biochemical companies and bio research companies to the state of Nebraska to increase our research and development in the state, which we felt was one the areas that we were lagging behind a little bit in, and to provide better jobs for a lot of our students graduating from college with these degrees. [LB983]

SENATOR LAUTENBAUGH: I think I may have asked my question poorly. If we are talking about recouping over 20 years instead of 4, what exactly are they recouping? [LB983]

SENATOR CORNETT: I'm sorry, I still don't understand what you mean. [LB983]

SENATOR LAUTENBAUGH: What exactly are we stretching out over the 20 years from the 4 years? [LB983]

SENATOR CORNETT: Oh, the amount of time that it allows them to attain this credit. So currently they have to have all of their research and development done within that four-year time period to receive the tax credit. The feedback that we got is that that is just not a realistic number when you're talking a lot of your higher tech technologies, that they take years to develop. So we mirrored what the federal government did in the time period for that, to allow them to achieve that credit. [LB983]

SENATOR LAUTENBAUGH: So in other words, this doesn't change the amount of the credit in any way. [LB983]

SENATOR CORNETT: No. [LB983]

SENATOR LAUTENBAUGH: And at some point these entities, if they qualify, will get the credit. [LB983]

SENATOR CORNETT: Yes. [LB983]

SENATOR LAUTENBAUGH: This just gives them more time to potentially get the credit, from 4 years to 20 years, as amended. [LB983]

SENATOR CORNETT: Yes. [LB983]

SENATOR LAUTENBAUGH: Okay. Thank you, Senator Cornett. [LB983]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. Senator Pahls. [LB983]

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SENATOR PAHLS: Thank you, Mr. President. Would Senator Cornett yield for me? [LB983]

PRESIDENT SHEEHY: Senator Cornett, would you yield to Senator Pahls? [LB983]

SENATOR CORNETT: Yes. [LB983]

SENATOR PAHLS: Thank you. You say your change...the bill changes from 4 to 20 years. Is that correct? [LB983]

SENATOR CORNETT: Yes, well, as amended. [LB983]

SENATOR PAHLS: Let me...as amended, right, I understand, as amended. Why did we start initially with four years? What was the rationale there? [LB983]

SENATOR CORNETT: Senator Pahls, I do not know. [LB983]

SENATOR PAHLS: Okay. (Laugh) [LB983]

SENATOR CORNETT: You got me. I have no idea where the four years came from on the original bill. [LB983]

SENATOR PAHLS: Okay. Again, I'm not trying to trap you by any means because I support what you're... [LB983]

SENATOR CORNETT: I can go back and look at my notes but it's been a year or more. [LB983]

SENATOR PAHLS: No. No, I...what I'm trying to do is let's say that the four years would be sort of like a sunset. [LB983]

SENATOR CORNETT: It is. It tells them that they have to have reached or attained what they said they would do in a four-year time period and it's not enough time. [LB983]

SENATOR PAHLS: Yes, right, and I understand that. And also one reason why I'm speaking to this particular issue is in the past, when I have sort of said, okay, we ought to sunset things, goes to show you, you can sunset them. That doesn't mean they die. It means you look at it again. And they looked at it and said, no, this is not the correct number of years. And like I say, why we did it, perhaps we don't know or that's a number we just picked out. We can make changes. So any time we sunset, that means the next group of people coming in, if they do not happen to be us, the next group

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coming in say, hey, good idea, we need to extend that. So that was the point I'm trying to get across. I do support what you're trying to get. [LB983]

SENATOR CORNETT: Just a note, I think that the Revenue Committee has listened to you on sunsets. Most of the things that we have coming out have sunsets on them. [LB983]

SENATOR PAHLS: Okay. Okay. Thank you. Thank you. [LB983]

PRESIDENT SHEEHY: Thank you, Senator Pahls. Seeing no additional requests to speak, Senator Cornett, you're recognized to close on LB983. [LB983]

SENATOR CORNETT: Thank you, Lieutenant Governor and members of the body. I urge the body to support LB983 as amended. It is...I hate the word "cleanup" but it is a further step in regards to what we did last year with Innovation Campus and our R&D credit and our angel investment. This gives the companies that we're trying to attract and have attracted a reasonable time period for them to attain the credits. Thank you. [LB983]

PRESIDENT SHEEHY: Thank you, Senator Cornett. You have heard the closing. The question before the body is on the advancement of LB983. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB983]

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement of LB983. [LB983]

PRESIDENT SHEEHY: LB983 advances. Mr. Clerk, do you have items for the record? [LB983]

CLERK: I do, Mr. President. New resolutions: Senator Bloomfield offers LR445 and LR446; both those will be laid over. Senator Krist would like to print an amendment to LB949. (Legislative Journal pages 764-766.) [LR445 LR446 LB949]

And, Mr. President, a priority motion: Senator Smith would move to recess the body until 1:30 p.m.

PRESIDENT SHEEHY: You have heard the motion to recess until 1:30 p.m. All those in favor say aye. Opposed, nay. We stand at recess.

RECESS

PRESIDENT SHEEHY PRESIDING

PRESIDENT SHEEHY: Good afternoon, ladies and gentlemen. Welcome to the George

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W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Please record, Mr. Clerk.

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

PRESIDENT SHEEHY: Any messages, reports, or announcements?

CLERK: Mr. President, new resolutions: LR447, LR448, LR449, all by Senator Howard, the three of those will be laid over. That's all that I have. (Legislative Journal pages 766-768.) [LR447 LR448 LR449]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We will move to the next item under the 1:30 p.m. General File, 2012 senator priority bills, Carlson division. LB842. [LB842]

CLERK: LB842 is a bill by Senator Harms. (Read title.) Bill was introduced on January 6 of this year, at that time referred to the Health and Human Services Committee. Bill was advanced to General File. There are committee amendments, Mr. President. (AM2036, Legislative Journal page 594.) [LB842]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Harms, you're recognized to open on LB842. [LB842]

SENATOR HARMS: Thank you, Mr. President and colleagues. LB842 would amend Section 68-1721, Reissue Revised Statutes of Nebraska, to change a termination date relating to duties of an applicant family and to repeal the original section. The subsection of the law would terminate on September 30, 2012. I'm requesting it be extended to December 31, 2016. Let me take just a moment to review what this law actually provides. The bill, when it was introduced, was designed to address a gap in current policy related to access to associate degree programs by parents participating in Aid to Dependent Children, or what we refer to as the ADC Program. Parents in the ADC Program are required to do 30 hours a week of work activity. To meet this requirement, the parents were required to participate in 20 hours core work activity and may participate in 10 hours of noncore work activities. Nebraska allows ADC recipients to pursue postsecondary education to meet that goal requirement, recognizing that the surest path and truly the only path of being successful is through education or some type of specialized training. Educational programs that lead to an associate degree and related activities, such as study time, can count as a core activity but only for 12 months. The bill addresses this gap by allowing the parents to count the associate's degree coursework as a core activity up to 36 months, assuring that they have enough time to complete the degree program. This program has been very successful. I introduced this bill in 2009 and asked for the bill to be traced, the people participating in it, and according to the figures that I got from the Department of Health and Human Services there's about 1,300 students that qualify for this and there are also about 500

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of those 1,300 students, I believe, are already in a program working toward some type of a degree, vocational degree or associate's degree. So I would urge you to support this bill. It's a good bill and it makes a big difference for an awful lot of adults. Thank you, Mr. President. [LB842]

PRESIDENT SHEEHY: Thank you, Senator Harms. You've heard the opening to LB842. As was stated, there is a Health and Human Services Committee amendment, AM2036. Senator Gloor, you're recognized to open on the committee amendment. [LB842]

SENATOR GLOOR: Thank you, Mr. President. This is an amendment discussed by the committee. I think it's based upon Senator Harms's dialogue with a few other individuals. Basically, it has some requirements that are going to make it a little bit easier for us to trace the recipients of the programs to make sure that we have a degree of success with these specific individuals who take advantage of the program, as defined by Senator Harms. And I would leave it at that and will try and answer some questions. Senator Harms will be better equipped to do that than I. Thank you, Mr. President. [LB842]

PRESIDENT SHEEHY: Thank you, Senator Gloor. You have heard the opening of the Health and Human Services Committee amendment, AM2036, to LB842. Member requesting to speak, Senator Harms. [LB842]

SENATOR HARMS: Thank you, Mr. President. Maybe I can help just a little bit in regard to the amendments. The purpose of the amendments, the simple fact is that when we went about to determine how successful ADA (sic) students were being, we found it was a little difficult and we didn't have it more specific. And when I took this to the committee, I suggested to the Health and Human Services Committee that we need to look at graduation rates. We need to be looking at what kind of progress they're making, the length of time, whether they have jobs, and we needed to make sure that it's doing exactly what we want it to do. This amendment will give us, which I wouldn't be here but for those people who will be on this floor, it will give you a lot more information and data about how successful they're being and what's really happening here. We know we have a good number of people in the program. We know they are being successful, but we didn't go far enough in regard to making other requirements, and so that's really what that amendment is about. Thank you, Mr. President. [LB842]

PRESIDENT SHEEHY: Thank you, Senator Harms. Seeing no additional requests to speak, Senator Gloor, you're recognized to close on the Health and Human Services Committee amendment. Senator Gloor waives closing. The question before the body is on the adoption of AM2036 to LB842. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB842]

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CLERK: 34 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB842]

PRESIDENT SHEEHY: AM2036 is adopted. [LB842]

CLERK: I have nothing further on the bill, Mr. President. [LB842]

PRESIDENT SHEEHY: We'll now return to floor discussion on LB842. Member requesting to speak, Senator Lautenbaugh. [LB842]

SENATOR LAUTENBAUGH: Thank you, Mr. President, members of the body. I'm wondering if Senator Harms would yield to a question. [LB842]

PRESIDENT SHEEHY: Senator Harms, would you yield to Senator Lautenbaugh? [LB842]

SENATOR HARMS: Yes, I would. [LB842]

SENATOR LAUTENBAUGH: Senator, forgive me if this was abundantly clear from your introduction, but I did want a little clarification on this. What is the current existing law that we're trying to change here? What does it provide for? [LB842]

SENATOR HARMS: It's just exactly what we have here. The current law that we have, I introduced this in 2009 and this is simply a continuation of that with some additional amendment to get more of the information that we want to track the students that are in the program. So it's identical. Up to that point, Senator, students could only take...work on an associate degree for 12 months and it's humanly impossible to complete that degree. [LB842]

SENATOR LAUTENBAUGH: So is this just merely a continuation, in your mind, of what we had passed in 2009? [LB842]

SENATOR HARMS: That's correct, it is. [LB842]

SENATOR LAUTENBAUGH: With no additional months added or anything like that? [LB842]

SENATOR HARMS: The only thing that's been added, again, was the amendment that you just saw to identify specifically more information in tracking the students, making sure they're in a program, making sure that they're completing the program, making sure we know what kind of salary they are, where they're working. All those sort of things are important for future legislation. [LB842]

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SENATOR LAUTENBAUGH: Okay. Thank you, Senator Harms. [LB842]

PRESIDENT SHEEHY: Thank you, Senator Lautenbaugh. Seeing no additional requests to speak, Senator Harms, you're recognized to close on LB842. [LB842]

SENATOR HARMS: Thank you, Mr. President. I would urge you to support this bill, colleagues. It just gives students, our young people and adults on the ADC Program to progress towards a degree, to get off of ADC, to be moving towards an educational process of being successful and taking care of their family through education. So thank you, Mr. President. [LB842]

PRESIDENT SHEEHY: Thank you, Senator Harms. You have heard the closing. The question before the body is on the advancement of LB842. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB842]

CLERK: 36 ayes, 0 nays, Mr. President, on the advancement of LB842. [LB842]

PRESIDENT SHEEHY: LB842 advances. We'll now proceed to LB907. [LB842 LB907]

CLERK: LB907, offered by Senator Carlson, relates to agriculture. (Read title.) Bill was introduced on January 9 of this year, referred to the Agriculture Committee for public hearing, advanced to General File. At this time I have no amendments to the bill, Mr. President. [LB907]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Carlson, you're recognized to open on LB907. [LB907]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. I want to thank the Agriculture Committee for advancing this bill for debate and I also want to thank Senator Bloomfield for prioritizing LB907. This bill presents a resolution of what's been a perennial issue before the Ag Committee for the past decade and a half. Nebraska is unique among all states by requiring manufacturers to verify performance characteristics of interest to agricultural tractor users. Under Nebraska's tractor permitting statutes currently, tractor models of 40 or more horsepower are required to be permitted in order to be offered for sale in Nebraska. We've had legislation introduced in virtually every legislative session that would either increase the horsepower threshold of tractors subject to the law or that would have eliminated the permitting requirement altogether. Now there are three parts to this bill. First, the bill would change the threshold of tractors that are subject to a mandatory permit requirement. The bill would amend Section 2-2701 to apply the permit requirements to tractors of 100 or more horsepower instead of 40. Secondly, the bill would amend 77-2704.36 to confine the availability of the sales tax exemption for purchases of agricultural machinery and equipment by excluding eligibility of current tractor models

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that have not met the permitting requirements. Note the bill does not change that the exemption is available on purchases of tractors or any other type of ag machinery only when used in commercial agriculture. The Department of Revenue has defined ag machinery and equipment as tangible personal property used directly in cultivating or harvesting crops, in animal husbandry, or the on-farm processing of agricultural products. In the case of tractors, the bill would confine the exemption to purchase of permitted tractors. All eligible tractors above 100 horsepower would continue to essentially automatically be eligible since the law would continue to require permitting in that horsepower range. The bill, however, does allow voluntary permitting for tractors under the 100 horsepower so that agricultural purchasers of products in this range could claim the sales exemption. Finally, the bill places a two-year statute of limitations on a repurchase remedy that's available to purchasers of tractors that have not met the permitting requirements. Essentially, LB907 would tailor the strict repurchase remedy so that purchasers who in good faith purchase a model by a manufacturer that is unpermitted will continue to have that remedy available, provided they act within a two-year manner to assert their claim. As a matter of practicality, the liability for repurchase falls upon the dealer who sold the tractor. The bill seeks to avoid a situation where a purchaser would obtain an unpermitted tractor, use it for several years, and then demand the original purchase price back, hence, the two-year statute. The bill would benefit machinery dealers by removing existing constraints to competing in nonagricultural tractor markets for tractors of less than 100 horsepower. Currently, tractor models over 40 horsepower that are not permitted cannot be sold in Nebraska. It is reasonable to anticipate that Nebraska dealers would be able to capture sales in this market that are currently being lost to dealers in other states. The fiscal note does not anticipate that the bill would result in a significant increase in sales tax collections, but the mechanics of the bill are such that the bill should have a positive impact on sales tax collections. Nebraska's agricultural producers would continue to benefit from a unique consumer protection law that verifies critical performance claims for agricultural tractors used in commercial agriculture. I believe the sales tax incentive reinforces a prudent buying consideration for the producer to choose models that have met with the Nebraska tractor permitting requirements. I would further argue that LB907 would coordinate the state sales tax exemption for agricultural machinery and equipment with Nebraska's tractor permitting law. In effect, LB907 would limit that exemption to tractors that had met the permitting requirements to be sold as an agricultural tractor and give a very visible advantage for models that meet the permitting requirements. Currently, some manufacturers are very committed to the third-party verification of the Nebraska law and choose to submit to the Nebraska tractor tests as both a marketing tool and to not hinder Nebraska dealers in their ability to offer the full range of their products. Today manufacturers, however, are free to decline to meet Nebraska's tractor permit requirements and serve the Nebraska market from dealers in surrounding states. LB907 would clearly distinguish the permitted products of manufacturers. And I'm going to try and summarize what I believe to be advantages to various groups in Nebraska to this bill. In agriculture, dealers could sell a full line of equipment, tractors, so farmers could

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buy locally, wouldn't have to cross the state line. Farmers could buy a permitted tractor and get a sales tax exemption. Farmers would tend then to pressure dealers and manufacturers to get their tractors permitted to save the sales tax exemption for the farmer. And farmers would be able to buy unpermitted tractors in Nebraska and not have the need to cross the state line to go outside. There's an advantage to equipment dealers. Equipment dealers could sell tractors within the state of Nebraska that they couldn't sell before and, therefore, these dealers have a better chance to provide parts and service for those who previously went out of state because they couldn't buy the unpermitted tractors in Nebraska. And dealers would put further pressure on manufacturers to see that their tractors are permitted in Nebraska. I think there's an advantage to the UNL tractor lab. The tractor lab has cooperated on this bill and they would hope to put this issue to rest for several years. The tractor lab doesn't believe that they would lose too many permit applications. In fact, the tractor lab may pick up additional permit requests from manufacturers as pressure is applied to them to get them to do this. And this is their way of cooperating with equipment dealers. We had an opportunity here, a coming together of the equipment dealers and the tractor lab, to see what could best serve the dealers and the people in agriculture in Nebraska, and I would ask for your support of LB907. Thank you, Mr. President. [LB907]

PRESIDENT SHEEHY: Thank you, Senator Carlson. You've heard the opening to LB907. Mr. Clerk, item for the record? [LB907]

CLERK: Mr. President, just an announcement: The Government Committee will have an Executive Session at 2:00 in Room 2022. That's all that I have. Thank you.

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Members requesting to speak on LB907, we have Senator Bloomfield, followed by Senator Louden and Senator Price. Senator Bloomfield. [LB907]

SENATOR BLOOMFIELD: Thank you, Mr. President. Good afternoon, colleagues. I am pleased to prioritize LB907. I ran for a position down here eight years ago and I talked to my local dealer and he told me at that time this was the problem. I got down here two years ago and all the implement dealers within my district are telling me that this is a problem. I think this bill that Senator Carlson and Rick Leonard have done a ton of work on goes a long ways to resolve what has been a problem for a long time. Senator Carlson pretty well covered what needed to be said on it. I have several dealers right along the river who lose sales constantly to Iowa and South Dakota. This should put a stem in the way of that. I ask you to vote green on this. I think it's a good bill and I think it goes a long ways towards solving the problem that's been here for a lot of years. If Senator Carlson would like any time, he can have the remainder of mine. [LB907]

PRESIDENT SHEEHY: Senator Carlson, you're yielded 3 minutes 45 seconds. Senator Carlson waives. Senator Louden. [LB907]

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SENATOR LOUDEN: Yes, thank you, Mr. President and members of the body. I, for the most part, I support this bill, but I was wondering if Senator Carlson would yield for questions. [LB907]

PRESIDENT SHEEHY: Senator Carlson, would you yield to Senator Louden? [LB907]

SENATOR CARLSON: Yes, I would. [LB907]

SENATOR LOUDEN: Now, Senator Carlson, when you mentioned that these tractors would be exempt from sales tax, what you mean by that is they don't pay sales tax but they have to pay personal property tax on that tractor. There isn't really any exemption of taxes. Isn't that correct? [LB907]

SENATOR CARLSON: Well, currently, if they buy a permitted tractor for agricultural purposes, they do get the sale tax exemption. [LB907]

SENATOR LOUDEN: Yeah, but they...in order to get the exemption, you have to put it on your personal property tax list and you pay personal property tax. You pay one or the other, but you can't have it both ways,... [LB907]

SENATOR CARLSON: Correct. [LB907]

SENATOR LOUDEN: ...and I wanted that cleared up on the record. My next concern was is if you're buying a tractor under this 100 horsepower then do you get that sales tax exemption or do you automatically have to pay a sales tax on that tractor? [LB907]

SENATOR CARLSON: Okay. You get the exemption if the manufacturer has made a decision to permit that tractor that's under 100 horsepower. If they decide not to permit it, then the farmer would not get the sales tax exemption. [LB907]

SENATOR LOUDEN: Okay. Then if I buy some off-breed tractor that's 95 horsepower and they've elected not to have it tested in Nebraska, then I have to automatically pay the sales tax. I probably don't have to put it on my personal property tax but I would have to pay the sales tax. Is that what we're saying here? [LB907]

SENATOR CARLSON: That would be correct and you use the term "off-breed" and I think that would be an incentive for the farmer probably to look at something that's on a better known manufacturer that would get the permit in Nebraska. [LB907]

SENATOR LOUDEN: Well, I agree and that's usually the ones that aren't permitted or that usually don't get the tractor test in Nebraska. Most of your major manufacturings do. I'm just concerned that when you have that high of a rating, 100 horsepower, there's

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a lot of tractors underneath that. Now if, say, New Holland has a tractor that comes out and they...and it's rated at about 75 horsepower and they don't elect to have that tractor tested here at the experiment...or at the test station, then that tractor then would not be exempt from sales tax. [LB907]

SENATOR CARLSON: That is correct, and we have records going back to the year 2000 on the permits that were applied for. And in the range that you just requested or had a question on, out of 249 permits only 24 of them were in that horsepower range. So it's a small percentage that's in that range, and yet with some pressure they may well decide if they're going to sell a lot of tractors in Nebraska to agricultural people it's to their advantage to permit the tractor. [LB907]

SENATOR LOUDEN: Well, I agree, because when you get in the ranch country, there's a lot of tractors used in haying and stuff that are under 100 horsepower and that was kind of my concern, is if this horsepower rating is a little bit too high and if we're setting something up that there's going to be a class of agriculture that probably won't be allowed to put it on their property tax. Of course, that makes that much more money for the state and less money for the counties. Because I always tell people when they ask me that problem, should I pay sales tax or should I put it on my personal property tax, and I always tell them, well, do you want your tax money to go to the state or do you want it to go to the county, because if it's on personal property tax it goes to the county, if it's a sales tax it goes to the state. And this is where I'm wondering if there should have been a fiscal note of an estimate on the increase in revenue if...being as we're raising that up to 100 horsepower. [LB907]

SENATOR CARLSON: Well, the fiscal note is an estimate and I think that there wasn't much... [LB907]

PRESIDENT SHEEHY: One minute. [LB907]

SENATOR CARLSON: ...there wasn't much argument that there should be a positive impact on sales tax in the state with this bill. I had another thought as you were talking and I lost it. Maybe I'll get it back. [LB907]

SENATOR LOUDEN: Okay. Thank you, Senator Carlson. I still have a concern about if perhaps the horsepower rating is a little bit too high here and I would like to see some information somewhere that perhaps it should be down around 75 horsepower or 70, somewhere in that range. Because I know what they're trying to do, they're getting away from these little garden tractors that have 35 or 40 horsepower that have wheels of about 13-inch wheels on the back end. So I know what they're trying to do. But on the other hand, I do have a concern that we would have some tractors that are used in the ranch country in hayfields, that would probably be ineligible to receive this sales tax exemption, to be put on personal property tax, which would affect our county, our

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county revenues. Thank you, Mr. President. [LB907]

PRESIDENT SHEEHY: Thank you, Senator Louden. Senator Price. [LB907]

SENATOR PRICE: Thank you, Mr. President and members. I stand in strong support of LB907. It was only a year or so ago that I had a bill up, LB91, where we began this discussion. And the reason that it's important, you've heard about the border bleed, and most of you, those of you who don't have the agricultural connection need to understand that one of the very important things in the life of this agricultural equipment is the relationship you have with your vendor over time. And people would be able to go across the border and they were making the sale, but it wasn't just that initial sale. It's also all of the support that you need in the maintenance over time. So what we want to do is to reset this relationship so that people can go ahead and continue to do business with Nebraska businesses. And I know for myself, to mow my little yard that has a pretty significant hill, I have about a 40-horsepower lawn mower and it's really working hard to drag me up that hill. So I think it's really important that we understand what we're doing here. I support that it stays at the 100-horsepower threshold and I would ask that all of you support it, too, for all the reasons that have been given so far and also for the ones so that we can let the technology and be ahead it for a while. Because as they make these engines lighter and lighter and make them more sophisticated, the horsepower goes up and pretty soon we find ourselves chasing shadows, and we don't want to do that. So again, I stand in strong support of LB907 and I would urge all my colleagues to support it also. Thank you, Mr. President. [LB907 LB91]

PRESIDENT SHEEHY: Thank you, Senator Price. Members requesting to speak on LB907, we have Senator Karpisek, followed by Senator Carlson and Senator Bloomfield. Senator Karpisek. [LB907]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. I've been in strong support of the Nebraska Tractor Test Lab since I've been here and before, and I think that this has come to a much better conclusion than some of the other bills that we've seen almost every year over the last about 18 years to try to do something with the test lab. I also was a little concerned about the 100 horsepower being too high, but I guess that that's what was kind of compromised on and that's what we're going to go with, and it doesn't seem that it will do a whole lot of damage to how many tractors that the test lab is going to test. I am worried about what the Tractor Test Lab is really for, and it's for making sure that people are getting what they really are supposed to be getting: horsepower, safety, those sort of issues. But it's always been for agricultural tractors, so it's a little bit odd that we don't worry as much about those for an acreage. Somebody buys a up to a 100-horsepower tractor but we're not so worried about them getting their money's worth as we are the farmers. And Senator Louden is right, a 100-horsepower tractor is getting up there pretty high. But I do think it's an all right agreement if we're going to come here. I will say in committee I didn't like exactly what

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the university's representative said about why there was an agreement on this. It was more, I felt, it was more about, well, I'm tired of coming here year after year after year, so we'll just go along with this; it's not going to hurt us that much. So I do agree with it. If they can get by, if they can keep their Tractor Test Lab going, I guess to me that is the bottom line. However, I think the bottom line is also safety and what...people get what's advertised. Could I ask Senator Carlson a question, please? [LB907]

PRESIDENT SHEEHY: Senator Carlson, would you yield to Senator Karpisek? [LB907]

SENATOR CARLSON: Yes, I would. [LB907]

SENATOR KARPISEK: Thank you, Senator Carlson. Did you say that there will be more sales tax generated by doing this? [LB907]

SENATOR CARLSON: I think that there will be and that's an estimate. But if there's a full line of equipment now that will be available to be sold in Nebraska by Nebraska equipment dealers, and if that is the case then that would bring in sales tax revenue. There could be some sales that bleed out across into bordering states based on a nonpermitted tractor for an agricultural purpose, but I think that will be outweighed by those that are sold within the state. [LB907]

SENATOR KARPISEK: Thank you. And I think that is...the whole rub here is our border bleed for the people along the border that are losing sales. And I don't think it even just is on the border but it cuts further in. I would say I would much rather see us give a tax exemption for repair parts on tractors that I think would go much, much further to help many more farmers and many more dealerships across the state, and I think that that had something like a \$20 million fiscal note on it. I realize that's a huge fiscal note. However, of some of the things that we're looking at this year, I think that's something that we really need to look at and talk about. If we could keep that much business in the state that we feel it would cost us \$20 million in sales tax exemption, that's an awful lot of business being done in the state. I know we've had that bill numerous times but I think that that would greatly help the whole state on equipment dealers more than LB907. But I will support LB907 and I do appreciate all the work that's been done on it. I just want to...I meant to ask Senator Carlson, don't you think, though, that all this extra sales tax being paid could rather be spent on groceries and things that people need at home? [LB907]

SENATOR CARLSON: You may have a point there, but we hope enough comes in that we can buy food as well as tractors. [LB907]

SENATOR KARPISEK: Very good. Thank you, Mr. President. [LB907]

PRESIDENT SHEEHY: Thank you, Senator Karpisek. Senator Carlson. [LB907]

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SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. I appreciate the discussion that's taking place. I do want to respond a little bit further to Senator Louden. Senator Louden, I'd like to address him if he would yield. [LB907]

PRESIDENT SHEEHY: Senator Louden, would you yield to Senator Carlson? [LB907]

SENATOR LOUDEN: Yes, I would. [LB907]

SENATOR CARLSON: Senator Louden, the thought that I had, and I couldn't bring it to the surface, just came. We received a letter, and I won't mention the manufacturer because we don't do commercials in here, but one of the top manufacturers in the country of tractors sent a letter to the committee in full support of this bill and they have no intent of changing the tractors that they now permit with this law. They will continue to permit their full line of equipment, and I think that that is going to happen with the other manufacturers as well. The other thing, I believe that the 100 horsepower is the right level and that's been somewhat substantiated by the director of the tractor testing lab being comfortable with that level. And I think that you mentioned 75 horsepower. I just think that tractors in that amount of horsepower are going to continue to be permitted because there is an advantage to the manufacturer to get that permit and it's not that expensive when you consider how many tractors in that range they probably sell in the state of Nebraska. They're going to want to maintain that sales tax exemption for people in agriculture. You were visiting, so I wanted to get your attention before I went through this. So if you have anything to say to that, feel free. [LB907]

SENATOR LOUDEN: Well, thank you, Senator Carlson, and that's fine if...and I agree that those corporations will probably do that. But the other hand is when we put it in statutes, it's in statutes. Any time they decided not to they could or if some other corporation decided not to. My question I guess would be to you is when you have a 100-horsepower tractor you probably have one with a set of hind wheels on there that's probably about...with 18-inch tires and 38-inch wheels. Now when you get down to about a 75-horsepower tractor, you'd probably have one with a 28-inch wheel and a 13-inch tire. Should that be in part of the mix rather than horsepower? Because as we know and as Senator Price talked about, he had a garden tractor that had 40 horsepower, something like that, and they were usually with wheels not any bigger than a car tire. So is there...do we have to be completely clear on this since we're going to start a whole new system of which tractors are to be tested? Because it used to be you went by horsepower and that's what a tractor was rated at, but since we have these garden tractors nowadays it's quite a lot different story. So that would be my question and as I get a chance to speak a little bit ago will probably discuss it. But with that, I'll return the rest of your time to you. [LB907]

SENATOR CARLSON: Okay. Thank you, Senator. How much time do I have? [LB907]

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PRESIDENT SHEEHY: One minute fifty seconds. [LB907]

SENATOR CARLSON: Okay. Okay. And I would stay with the thought that I think the way the bill is drafted is the right way to have it. I would invite Senator Louden or anyone else in the body here that would be interested, Roger Hoy, the director of the tractor testing lab, is behind the glass and he's here and available for discussion and questions this afternoon. So anyone that has questions, I'd invite you to go out and visit with him because certainly we want to do things that are in the best interest of our farmers, our dealers, and the Tractor Test Lab, and I think that we have a bill that does that. Thank you. [LB907]

PRESIDENT SHEEHY: Thank you, Senator Carlson. Senator Bloomfield. [LB907]

SENATOR BLOOMFIELD: Thank you, Mr. President. A little further answer to Senator Louden's question: Part of the reason behind the 100-horsepower breaking point is that 100 horse and below the test lab does not test for drawbar pull. Over 100 horsepower they test for drawbar pull. That's part of the reason they went with that divide. Another thing this bill does is people that have these tractors now that were sold without the permit years back have basically had a dead horse on their hands because they can't trade them in. A Nebraska dealer won't take them, or if they do take them, they don't give them a lot for them because they're subject to having to buy them back again some point down the line even if they sell them as a used tractor. That goes away under this bill. That two-year exemption is huge to our dealers. It gives you two years, if you buy one of these tractors, to find out if it's going to do what you want it to do, and if you haven't figured it out by then, you haven't been using it enough. Again, I think this is a good bill. It needs to go forward. It takes care of a lot of problems and I will support it. [LB907]

PRESIDENT SHEEHY: Thank you, Senator Bloomfield. Senator Louden. [LB907]

SENATOR LOUDEN: Yes, thank you, Mr. President. And Senator Carlson and I were having a conversation. Would he yield again? [LB907]

PRESIDENT SHEEHY: Senator Carlson, would you yield to Senator Louden? [LB907]

SENATOR CARLSON: Yes, I would. [LB907]

SENATOR LOUDEN: Senator Bloomfield just mentioned that they don't test drawbar horsepower now on tractors under horsepower. Then you're telling me anything under horsepower is just power takeoff horsepower is that...is classified? [LB907]

SENATOR CARLSON: I think so. [LB907]

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SENATOR LOUDEN: Well, I understand that because some of those garden tractors don't have power takeoffs, but I'm wondering somewhere in there if...well, I know I've purchased tractors that have around 50 or 60 horsepower because we use them on haying and running mowing machines and that sort of thing. So that's the reason I'm wondering when did they quit drawbar testing on tractors under 100 horsepower? [LB907]

SENATOR CARLSON: This...the drawbar testing would be those on 100 and over. [LB907]

SENATOR LOUDEN: Yeah, but when did they quit on the ones 100 and under? [LB907]

SENATOR CARLSON: Nineteen ninety-eight, I'm told,... [LB907]

SENATOR LOUDEN: I see. [LB907]

SENATOR CARLSON: ...by board action. [LB907]

SENATOR LOUDEN: Is when, and that's the reason they want this bill set at 100 horsepower then is so they don't have to do drawbar testing on anything smaller than that? [LB907]

SENATOR CARLSON: I think that's part of it. [LB907]

SENATOR LOUDEN: And that's the reason they come out in support of this bill? [LB907]

SENATOR CARLSON: I believe so. [LB907]

SENATOR LOUDEN: Yeah. Okay, thank you, Senator Carlson. Thank you, Mr. President. [LB907]

PRESIDENT SHEEHY: Thank you, Senator Louden. Seeing no additional requests to speak, Senator Carlson, you're recognized to close on LB907. [LB907]

SENATOR CARLSON: Thank you, Mr. President. Thank you for those of you that stood up to testify and ask questions concerning this bill. Again, I believe it is a good bill. I believe it's a step in the right direction for the farmers in Nebraska, it's a right step for the equipment dealers, and I think it's the right decision for the Tractor Test Lab as well, and I would ask for your support on LB907. Thank you, Mr. President. [LB907]

PRESIDENT SHEEHY: Thank you, Senator Carlson. You have heard the closing. The

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question before the body is on the advancement of LB907. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB907]

CLERK: 30 ayes, 0 nays, Mr. President, on the advancement of LB907. [LB907]

PRESIDENT SHEEHY: LB907 advances. Mr. Clerk, items for the record? [LB907]

CLERK: I have two, Mr. President, thank you. New resolutions: Senator Adams, LR450; Senator Pirsch, LR451; both will be laid over. And that's all that I have, Mr. President. (Legislative Journal pages 768-769.) [LR450 LR451]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. We will now proceed to LB863. [LB863]

CLERK: LB863 was a bill originally introduced by Senator Coash. (Read title.) Bill was introduced on January 6 of this year, at that time referred to the Urban Affairs Committee for public hearing. The bill was advanced to General File. I do have an amendment to the bill, Mr. President. [LB863]

PRESIDENT SHEEHY: Thank you, Mr. Clerk. Senator Coash, you're recognized to open on LB863. [LB863]

SENATOR COASH: Thank you, Mr. President. Good afternoon, colleagues. I want to first start by thanking and expressing my gratitude to my fellow senators on the Urban Affairs Committee for not only voting this bill out unanimously but attaching a committee priority to it. Those committee members and those who have signed on to the bill since then have acknowledged that the film industry can provide Nebraska communities with a consistent and proliferating economic advantage, and I thank the body for welcoming this opportunity to enhance our communities, not only by increasing their tax revenue but also by training and retraining the creative and industrial professionals who work in the film and television industry. Let me give you a little background on the statute that LB863 amends. It amends Chapter 80, Section 2700, which is the Local Option Municipal Economic Development Act, also known as LB840. As displayed on the DED Web site, LB840 was passed in 1991 and authorized incorporated cities and villages to collect and appropriate local tax dollars to qualified businesses if approved by the local voters for economic development purposes. To date, 59 communities have voted to create such programs. Currently, statute defines qualified businesses as those which conduct manufacturing, research and development, production of goods and services for interstate commerce, headquartering of businesses, telecommunications, and tourism-related services. LB863 adds to that list the following: the production of films, including feature, independent, and documentary films, commercials and television programs. Among the handouts you should be getting, colleagues, you're going to see a copy of the Ord local option municipal economic development program after which many other communities have modeled their own. In their plan, among the qualifying

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businesses are retail or any other business deemed as qualifying business through future actions by the Legislature. This language means that communities would be able to market this incentive to film companies soon after it is signed into law. Also in your handouts, colleagues, you will notice some information about a film that was shot in Valentine, Nebraska, called The Aviation Cocktail. The film company from Colorado wanted to shoot Nebraska but that was only made possible by their receipt of LB840 funds for which they applied from the Valentine City Council. The council approved the expenditure and the economic development board paid \$5,000 directly to local companies, such as transportation, lodging, and catering providers. These companies then passed along a sizeable discount to the film production company. No money was ever given directly to the production company. It stayed in the community and went directly to the local vendors. This \$5,000 paid to the businesses allowed the Colorado film crew to come to Valentine and they spent nearly \$50,000 right in the community. This is a tenfold return on the \$5,000 investment. This particular incentive structure in Valentine is just one of several ways that local communities can distribute their LB840 funds. The beauty of this incentive is that it gives the local film companies and the local communities the ability to negotiate directly so that the funding structure can be mutually beneficial and cater to the specific needs of both the company and the community. This incentive is not a one-size-fits-all state formula, which can be burdensome for both the state and companies and can lead to administrative and creative burdens which have doomed other states' film incentive programs in the past. By contrast, the type of local film incentives structured in LB863 would be very competitive among those of other states. As of 2011, there are 40 states and Puerto Rico that have some sort of film incentive program typically operated at the state level. By adding film production to the qualified businesses listed under the LB840 funds, Nebraska can place itself among those states but will also stand in a very unique and highly marketable position for the following reasons. By structuring our incentives at the municipal level, we provide both film companies and our communities direct and immediate access to the economic benefits. For example, if the funds are administered through a revolving loan, the funds are spent directly in that community. The film project in Valentine was granted a \$5,000 credit to spend in the community. That \$5,000 investment yielded almost \$50,000 in expenditures by the film right in Valentine. Furthermore, our neighboring states of South Dakota, Iowa, and Kansas currently have no film incentive programs. And because our topography is so similar, Nebraska can attract a vast number of projects that require a Great Plains type of setting. And lastly, film companies appreciate the streamlined and simple structure of the LB840 fund distribution. While each community may distribute according to a formula of their own design, film companies have the opportunity to negotiate directly with city councils and local economic development officers. The administrative hurdles of long applications, minimum in-state expenditures, local hiring requirements, etcetera, can be worked out according to the needs of the film company and the needs of the community. In fact, since the introduction of this bill, colleagues, I have heard from several filmmakers across the country who are looking to film in Nebraska and only with the passage of this

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bill will they be able to do so. I want to give you two examples. This week I heard from Fremont native Aaron Parks. He's a fifth generation Nebraskan who attended UNL on a Peter Kiewit scholarship and went on to complete a master of fine arts from UCLA film school. He would like to return to Nebraska in October to film a film entitled Simple Kind of Man. The script for the film won the UCLA screenwriters showcase in 2010. The film is about a \$1.5 million project and Mr. Parks plans to spend about \$700,000 of that in Nebraska on catering, lodging, and labor. In addition, he has filmed the first installments of an anthology series exclusively in Omaha. This series will soon be airing on iTunes and Netflix. With the passage of LB863, he plans to market the series to production companies with the stipulation that it is filmed in Nebraska. His ultimate goal is to establish a production company in Nebraska which will focus on television programs for emerging and converging video distribution technologies. Most of the jobs he would create in such a business would be in editing, graphic design, and labor. In addition to Mr. Parks, I have spoken with The Aviation Cocktail producer, Bobby Deline. And since he's successful experience with LB840 funds in Valentine, which I mentioned earlier, he now plans to return to the Sandhills to produce a \$1 million film about "Doc" Middleton. Colleagues, I urge your passage of this bill so that Nebraska can take its rightful place among the states' film incentive projects. You may not know that Nebraska does indeed have a Film Office under the Department of Economic Development. Were this bill to pass, our Film Office would have the means to now draw production companies to our state. Many times a production company looking to film here will call that office and ask, do you have any incentives? When they hear that we do not, the conversation does not go any further. They hang up and now call Colorado. This bill is a small but critically missing piece of our economic development. I urge the body's green vote on this and look forward to answering any questions. Thank you, Mr. President. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Coash. You've heard the opening to LB863. (Visitors introduced.) Mr. Clerk, do you have an amendment on your desk? [LB863]

CLERK: Senator Coash would move to amend with AM2129. (Legislative Journal page 613.) [LB863]

PRESIDENT SHEEHY: Senator Coash, you're recognized to open on AM2129. [LB863]

SENATOR COASH: Thank you, Mr. President. AM2129 serves two purposes. By requiring film companies to register with the Nebraska Film Office, we can now keep track of the films that are produced in our state and of the revenue that they bring into our communities. Second, by requiring the film to credit the state of Nebraska and the community which supplied the funding, we can attract more filmmakers to our state, those who might want to film similar aerial shots, such as the film in Aviation Cocktail, and tourists who are interested in the featured locales. For example, I mentioned the film that they would like to film here, the "Doc" Middleton story. By crediting that, people

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who see that film may decide to come to the Sandhills and see where his life took place and where the film took place. These credits will help Nebraska continue to see returns on its investment on each film long after the completion of the production, and I urge your support of the amendment as well. Thank you, Mr. President. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Coash. You've heard the opening of AM2129 to LB863. Members requesting to speak: Senator Mello, followed by Senator Adams. Senator Mello. [LB863]

SENATOR MELLO: Thank you, Mr. President. Members of the Legislature, I rise in strong support of the underlying piece of legislation, as well as Senator Coash's amendment, AM2129. And first, I would just like to personally thank Senator Coash for continuing the fight on trying to move our state's creative economy forward. This is an issue that a few other senators have worked on in the past as well and Senator Coash has, I think, found a very innovative approach to move this important industry forward in Nebraska. Obviously, through the LB840 process or LB840 funds that local governments can choose to utilize, it's being left up to individual communities to determine whether or not they want to prioritize film development in their community, thus bringing the tourism and ideally, obviously, the sales tax dollars that come with those projects. More than anything else, and I was reading through Senator Coash's amendment to the bill, I think that's, more than anything else, an added bonus to what the original intent of the legislation is, that actually we'll be able to start to quantify what the film industry is doing in the state of Nebraska, which is long overdue in the sense of being able to bring back hopefully further legislation to continue to expand this important industry, not just in our urban centers but across the greater Nebraska areas. With that, I want to thank Senator Coash again for his due diligence, his hard work on working on this legislation over a number of years, and I urge the body to adopt LB863. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Mello. Senator Adams. [LB863]

SENATOR ADAMS: Thank you, Mr. President. Would Senator Coash yield to a question, please? [LB863]

PRESIDENT SHEEHY: Senator Coash, would you yield to Senator Adams? [LB863]

SENATOR COASH: Yes, I will. [LB863]

SENATOR ADAMS: Senator, I have to admit I probably haven't spent as much time looking at the bill and particularly your amendments as I need to, but at first blush one of the things that drew my attention to this, and I want you to respond to, is this. If we look at the eligibility activities currently in law for LB840, I see a common theme. I see money for real estate purchase. I see money for job training. I see money for public improvements. Now as I look at that, what I see is the latitude of a community, after they

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have developed a plan, after it's been approved by the voters, to use their sales tax to encourage activities that it would seem to me have greater public benefit than the film industry and maybe a greater level of permanency, although you could attract a business with LB840 and next year they could be gone. That I will give you. If we're going to incorporate the film industry in here that--I don't understand the industry and maybe that's one of the weaknesses of my argument--that comes in and they're here for two months or three months, that seems to me to be quite a deviation from the way in statute we currently have LB840 set up. Would you respond to that? [LB863]

SENATOR COASH: Yes, I would. Thank you, Senator Adams, for the question. I wouldn't have looked at the LB840 funds had it not been for the Valentine community, who had been reached out to by a film production company and said, hey, we'd like to come into your community and we'd like to hire local caterers and stay in your hotel rooms and get some local labor, and we just need a little bit of support to do it. What the community of Valentine did is they took it back to their economic development people, they took it back to their city council, and they looked at their LB840 program and said, you know, this isn't really a fit but we're going to do it anyway and we're going to do it because we're convinced that this will be a long-term benefit for our community because the production will come; it will be final. They will come, they will spend their money, and they will leave. But that community saw a long-lasting benefit in the tourism piece that is part of LB840 to say, if they come and people learn about Valentine because this is where this film was shot, then we see a long-term economic benefit of people being exposed to our community. And so we're going to...we're going to go ahead and expend these funds. Now some of the council members were admittedly nervous about it and that's why they brought it to my attention and said, you know, we would have felt a lot better had this been codified in statute so we're going to ask you to do that. Does that answer your question, Senator? [LB863]

SENATOR ADAMS: It does, and I certainly applaud those city council members that would have felt better had it been in statute for them to do. I get that. I still struggle a little bit with the permanency, although I do better understand your argument from a tourism basis because now what we're really doing is not necessarily incenting a film industry. Instead, we're advertising Valentine, Nebraska. Now just for sake of argument, and I'll let you respond to this and then I have nothing more, tourism and lodging tax, if the purpose here is to advertise, ultimately to advertise Valentine or any other community with LB840, I guess I still... [LB863]

PRESIDENT SHEEHY: One minute. [LB863]

SENATOR ADAMS: ...come back to the same response: Are we deviating too much from the intention here, Senator? And I don't need any more time if you want to use the rest. [LB863]

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SENATOR COASH: Thank you. And in the remaining time what I'll tell you, Senator Adams, is that the reason we went with the LB840 program is because of the local control. This may not be for every community. I will tell you that the Valentine residents invested \$15,000 of their own funds into this project and so they're already seeing returns on that. It was important to me that this occur at the level where it can receive the most benefit, and there are 59 communities who can reap this benefit. I don't know how many communities will take advantage of it. But the questions that Senator Adams is asking are certainly questions that those local elected officials should be asking, which is do we see a long-term benefit in this? Are we going to use our citizens' tax money to support this? And they'll answer those questions based on the project. They'll answer those questions based on their competing priorities. And if they find that this is a worthwhile project... [LB863]

PRESIDENT SHEEHY: Time, Senator. [LB863]

SENATOR COASH: ...they may choose to do so. Thank you, Mr. President. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Coash. Senator Coash, you are the next one in the queue. Do you want to use it as your time or would you like to close? [LB863]

SENATOR COASH: I will use this time to close on the amendment. Thank you. Colleagues, I appreciate the discussion. Senator Adams asked some great questions and I just want to follow up on my last comments, which were this is a tool and we are always looking for tools to give to local communities so that they can grow their economies, put their people to work, advertise and market their communities. This amendment specifically giving credit to those local communities I think is an appropriate way to do that. Local control is an important element to me and so I wanted to make sure that as part of this bill that local communities could make that decision. I've seen a lot of movie scripts and I will tell you that there are some scripts that go around and there may be communities out there that would look at that and say, you know what, I don't want to be part of this movie; I don't want to have my community tied to the production of this particular film. And I think that's an important question for those communities to ask. In the examples that I've given, reading the script by those local officials was part of their discernment process. They had to decide, are we okay putting our community on the name of this film? And so I thought that was an appropriate way to move forward with this. In closing, I did pass out a letter that I received from...speaking of local control, I did get a letter from Dan Whitney and Dan has reached out to our office and I've worked with him through our Lancaster County Treasurer, Andy Stebbing, and we've been talking about this. And you don't have to take my word for it. This is a guy in the industry who's going to tell you this will work; I want to bring my production company, my projects closer to home and if I can do that through accessing the funds that are illustrated in LB863 then I'm going to do that. And those companies are going to go right to those communities, and there are 59 of them

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and you should have a copy of all those communities, and those companies are going to go and negotiate directly with those communities. And I really see...I'm optimistic about this bill, colleagues. I see competition. I see communities clamoring over the kind of jobs, the kind of investment, and the kind of promotion that can come to their communities. And we're going to start to see competition and I think that's good, and communities are going to start to step up and say, we're okay with this, we want to see that. And other communities will pass and I think that's okay too. And so I'll close on the amendment and ask my colleagues to support AM2129. Thank you, Mr. President. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Coash. You have heard the closing. The question before the body is on the adoption of AM2129 to LB863. All those in favor vote yea; opposed, nay. Record, Mr. Clerk. [LB863]

CLERK: 34 ayes, 0 nays on adoption of Senator Coash's amendment. [LB863]

PRESIDENT SHEEHY: AM2129 is adopted. We will now return to floor discussion on LB863. Members requesting to speak, Senator Nelson and Senator Hansen. Senator Nelson. [LB863]

SENATOR NELSON: Thank you, Mr. President and members of the body. I rise in support of LB863 but I do have some questions for Senator Coash, if he will yield. [LB863]

PRESIDENT SHEEHY: Senator Coash, would you yield to Senator Nelson? [LB863]

SENATOR COASH: Yes, I will. [LB863]

SENATOR NELSON: Thank you, Senator. You may recall that we had a bill before the Legislature perhaps three or four years ago. I know that Senator Conrad was involved and I was. Were you involved at that time? [LB863]

SENATOR COASH: That was before my tenure here. [LB863]

SENATOR NELSON: I'm sorry? [LB863]

SENATOR COASH: That was before my tenure here, Senator. [LB863]

SENATOR NELSON: That was. All right. [LB863]

SENATOR COASH: Yeah. [LB863]

SENATOR NELSON: Okay. Well, it, as with a lot of other incentive bills earlier that

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didn't get advanced, and that involved state incentives. I was looking here, reading through some material, and the World-Herald had an editorial which ended: These modest incentives might not be an offer movie producers can't refuse, but Senator Coash has come up with a practical proposal that deserves consideration. Bearing in mind that a lot of other states, as I recall the time three or four years ago there must have been 30 states that offered incentives, how do the incentives that the cities can offer here stack up against what are being offered at some of these other states? Do you have any information on that? I mean we can do this but is it going to be enough to attract someone to come to Nebraska rather than Indiana or Florida or Texas? [LB863]

SENATOR COASH: Thank you, Senator Nelson. I'm happy to respond to that. The first answer would be, Senator, that this is going to put us at a larger advantage, in my mind, over those states who have state-based programs. The state-based programs, and Senator Conrad tried this, I tried an approach my second year here and neither one of those approaches worked and that's because of the level of, for lack of a better term, bureaucracy that goes along with a state-based program. This allows the locals to directly communicate and negotiate with these production companies. To answer your question about will this work, I would point you to the committee statement. And during the hearing we had Alexander Payne come down and Alexander Payne just won an Oscar a few weeks ago and he's looking at films across the state and he said in the committee hearing this will work and it will work for my production company and I'll use this, if I can, to bring whatever production I can to Nebraska. And he's got credibility behind his name. One of the things, and I'll turn the rest of the time back to you, Senator, that is unique about Nebraska is that we've got states around us that don't do this. So if you have a production that requires a plainlike setting, the Great Plains, you only got a few states that you can do that in. And if you're a production that wants to do that, you're going to come to Nebraska. You're not going to go to South Dakota or Kansas or Wyoming, because they don't offer anything, and I think that's going to put us at an advantage and I think that's why the timing is great for this particular bill. [LB863]

SENATOR NELSON: Thank you, Senator Coash. I call to mind that there was a movie a number of years ago called Sea of Grass, Seas (sic) of Grass maybe. Should have been filmed in the Sandhills but it wasn't. It was filmed up in one of the Dakotas. It was a wonderful movie as far as that goes, and I think there was another one the same situation. I would point out that Alexander Payne, who grew up in Omaha and still has contacts there, probably has more incentive to look at Nebraska regardless of what we offer here, but if he thinks this is going to help him and it might help others who are interested in filming here in the Great Plains where Nebraska is an ideal spot, why, then I think it's worthwhile trying and I do support the bill. Thank you, Senator. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Nelson. Senator Hansen. [LB863]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. I would

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like to ask the Senator to yield, if he would. [LB863]

PRESIDENT SHEEHY: Senator Coash, would you yield to Senator Hansen? [LB863]

SENATOR COASH: Yes. [LB863]

SENATOR HANSEN: Senator, are you active in the Lincoln theater? [LB863]

SENATOR COASH: Just in the Legislature, which is pretty close. (Laughter) [LB863]

SENATOR HANSEN: I've seen you act and I know you are an actor. Would this bill be beneficial to Lincoln or maybe even Lincoln County? [LB863]

SENATOR COASH: Lincoln, no; Lincoln County, yes. And the only reason I say that is the city of Lincoln does not have an LB840 program. [LB863]

SENATOR HANSEN: Okay, very good. We have a leg up on you there then. If you get into the film business, which I'm sure you will someday, would you want to go by one name like Colby or maybe even Coash to go along with Coash, a real-life senator, or Colby, pet detective, something like that? Would you want the one name or you want the whole name? We've got to make a story here so... [LB863]

SENATOR COASH: Senator, I'm going to go with the name my parents gave me and stick with Colby Coash. [LB863]

SENATOR HANSEN: Okay. Thank you. I think this is a good resolution to this. This is the third time and I think the third time is the charm on this where a local community makes a decision their LB840 funds that they're already collecting, if a film industry comes to them or they go to a film industry, it doesn't matter either way, but I think this is a great resolution to a problem that's been reoccurring and I think it will help the state and hopefully help Lincoln County, where in Lancaster County this is the tallest building but in Lincoln County it's the elevator. Thank you, Mr. President. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Hansen. Senator Council. [LB863]

SENATOR COUNCIL: Thank you, Mr. President. I don't know how to follow Senator Hansen. I rise in strong support of LB863 and I applaud my colleague, Senator Coash, for his persistence in this regard, his work in the films that he has starred in, and I know that they are all familiar names to you. You've watched them all. But I rise in strong support because the points that Senator Coash made regarding the likelihood of films being produced here in the state of Nebraska would be greatly enhanced with LB863. All we have to do is look at the committee statement and the people who testified. I think we ignore the number of major people in the film industry who are natives of

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Nebraska and who are now involved not only on the star side of the camera but on the production and direction side. And I have spoken directly on a number of occasions to one of the proponents of LB863, Mr. John Beasley, a world-renowned film and TV actor who is also engaged in theater production and has the rights to produce and present on film the story of Marlin Briscoe, the first African-American quarterback in the NFL, a native of Omaha, someone who he wants to film the movie about in the state of Nebraska. And not to say he wouldn't do everything within his power without LB863 to film that production in Nebraska, LB863 provides added incentive, enables him to encourage others to invest because their dollars go further when they have these types of incentives available to them, and has preliminarily identified the Dana College campus as the location for filming. So not only will he be bringing that production and all of the employees but will be making use of an institution that unfortunately fell upon hard times and has been vacant for the last couple of years. So with LB863, I think it takes us a long way to finally seeing the production of the Marlin Briscoe story filmed right here in his home state, Nebraska. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Council. Members requesting to speak on LB863, we have Senator Price, followed by Senator Pirsch. Senator Price. [LB863]

SENATOR PRICE: Thank you, Mr. President, members. I rise in strong support of LB863 and I would tell you that as a young man, it was a program like this that gave me a couple of jobs in the summertime working on the local set of some movies that came through town. And what a lot of people don't know is how expensive it is to put on a movie and how to produce that movie and that doing it on set in, let's say, in California is much more expensive than doing it on the road. It's actually cheaper for many production companies to come out, to go on location, not easier but definitely less expensive. And I think that this bill will go a long way to showing the industry to come to Nebraska and film here in Nebraska. And now Senator Coash will have something to do in the interim then and work on some great movies himself. But it is things like this that gave me a job and gave me something to do and gave me a dream to chase, and I think we should do that for our Nebraska citizens too. So I'm in strong support of LB863. Thank you. [LB863]

PRESIDENT SHEEHY: Thank you, Senator Price. Senator Pirsch. [LB863]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. I wonder if Senator Coash might yield to a quick question or two. [LB863]

PRESIDENT SHEEHY: Senator Coash, would you yield to Senator Pirsch? [LB863]

SENATOR COASH: Yes. [LB863]

SENATOR PIRSCH: Thank you, Senator Coash. And so essentially then it would

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be...the decision would be made on the local level whether it's in the economic best advantage of the municipality, right? This is on a municipal level, correct? [LB863]

SENATOR COASH: That's right. It could be a city council or maybe a county board, but it would be at that level where they would make the decision on a case-by-case basis whether or not they want to invest in a particular production. [LB863]

SENATOR PIRSCH: Okay. And that's what my question was about, is whether or not this would be a project by project or whether there would be a resolution/ordinance passed that would just have blanket criteria and that if you were to...that would have a duration of a period of time such that you didn't have to review each case on an individual basis. And so with respect to the way this is set up is each locality will probably be approached by a project and then will have the ability then to look at each project and come up with a unique recipe or structure that makes sense to the locality based on that project. [LB863]

SENATOR COASH: That's right, Senator Pirsch. It's the community is going to ask its questions and they're going to have specific needs that they have to see met in order to move forward, and same with the production company. Production companies are to come into these communities and every one is going to have a different need. The example I gave earlier, they had a need for catering service and lodging. Another production company may have a need for ground in order to film their scenes. So it's going to be on a case-by-case basis and that's what makes this work. It's not a one size fits all. It's production to community, case by case, and every community is going to decide if that makes sense for them, and maybe one won't but the next one will. [LB863]

SENATOR PIRSCH: With respect to the idea that kind of was asked, that you're kind of breaking new ground with the introduction of this, does the existing statute allow for tourism to be a type of activity that localities can now use those funds for? [LB863]

SENATOR COASH: Yes, tourism is one of the allowable expenses for these funds, so yes. [LB863]

SENATOR PIRSCH: So do you feel that fits, dovetails then closely into that kind of type of category? [LB863]

SENATOR COASH: I think in Nebraska it's going to fit very well, Senator. I don't think we're going to see film companies locate in Nebraska on a permanent basis but they're going to come to Nebraska because Nebraska will have something to offer that states around us don't. [LB863]

SENATOR PIRSCH: Okay. So you think because of the structure, the project-by-project basis, that there will be a greater accountability addressing on this local

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project-by-project basis as opposed to on a state level. [LB863]

SENATOR COASH: I do, Senator. [LB863]

SENATOR PIRSCH: Okay. Thank you. I'll yield the balance of my time to Senator Coash, if he chooses to accept it. [LB863]

PRESIDENT SHEEHY: Senator Coash, you have 1 minute 30 seconds and there are no other names in the queue. Senator Coash waives. Seeing no additional requests to speak, Senator Coash, you're recognized to close on LB863. [LB863]

SENATOR COASH: Thank you, Mr. President, and thank you to my colleagues for their support and their questions. Senator Price said something which I want to repeat, which is participating in this for many people is chasing a dream, and unfortunately what we see is those in our state that have talent that want to chase this dream find themselves chasing this dream right out of our state. This may bring some of those folks back and it may become a proving ground for those folks who want to hone their craft and hone their skill and make Nebraska one of those places where these projects can take place. As Senator Hansen and a few others have mentioned, I have participated in some of these films in the past on a very low budget level, and I want to tell you in closing what I've learned. Producing a film is expensive. And one of the largest expenses of film production is labor. And labor equals jobs and so I would urge the body's support of LB863 for those reasons. The filmmakers that we've talked about just in response to some of the other questions, those three filmmakers that we've mentioned, two of them who came to the committee hearing, they certainly have ties to Nebraska and they certainly have incentive to come to Nebraska, but they don't get to make the final call. What they have to do is they have to go back and convince their investors that there's a better reason to come here than someplace else. And what we're doing with LB863 is just giving them that reason, that push over the hill that will say, yeah, Nebraska is the place we want to move forward with in this project. And so with that I will close, Mr. President, and ask the body to support LB863. [LB863]

SPEAKER FLOOD PRESIDING

SPEAKER FLOOD: Thank you, Senator Coash. Members, the question for the body is, shall LB863 advance to E&R Initial? All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Mr. Clerk, please record. [LB863]

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB863. [LB863]

SPEAKER FLOOD: LB863 advances to E&R Initial. Mr. Clerk, any items? [LB863]

CLERK: I do, Mr. President. Amendment: Senator Heidemann to LB950. Senator

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Nordquist offers LR452; it's a study resolution that will be referred to the Reference Committee. And Enrollment and Review reports they've examined and report LB916 to Select File with Enrollment and Review amendments attached. That's all that I have, Mr. President. (Legislative Journal pages 769-773.) [LB950 LR452 LB916]

SPEAKER FLOOD: Thank you, Mr. Clerk. Members, we now proceed to the next item on the agenda, LB1130. Mr. Clerk. [LB1130]

CLERK: LB1130 is a bill by Senator Coash relating to the Nebraska Liquor Control Act. (Read title.) The bill was introduced on January 19 of this year, referred to the General Affairs Committee for public hearing, advanced to General File. At this time I have no amendments, Mr. President. [LB1130]

SPEAKER FLOOD: Thank you, Mr. Clerk. Senator Coash, as the introducer of LB1130, you're recognized to open on the same. [LB1130]

SENATOR COASH: Thank you, Mr. President and thank you, again, colleagues. I appreciate your support on the last bill. We'll just keep it going through this one. I first want to thank Senator Karpisek and the fellow members on the General Affairs Committee for putting a priority tag on LB1130, and also thank the eleven cosponsors of this bill. LB1130 authorizes local governing bodies, at their choosing, to designate and regulate portions of their communities as entertainment districts. Within such an entertainment district would be a space to use as a common area shared and accessed by abutting retail shops, restaurants, and bars. The area would have limited pedestrian accessibility and would be closed to vehicular traffic when in use. Each of the liquor license holders abutting the common areas would have to carry an entertainment district license, which is a new license that LB1130 creates. And they would have to carry this license in order to allow the serving and consumption of their alcohol in the common area. To obtain their entertainment district license, a bar or restaurant owner must be a current retail microbrewery, or microdistillery liquor license holder. The application would be filed with the Liquor Control Commission and an additional \$300 fee would be paid to the local governing body. This bill contains provisions to promote the safety and the well-being in the common areas, business owners, and patrons. And here are some of the key measures. The local governing body may regulate an entertainment district by city ordinance and also may revoke an entertainment district designation if they find that it is a threat to the health, safety, or welfare of the public. Alcohol may only be served in the common areas during hours authorized for sale and only while food service is available in such common areas. Each liquor license holder must serve drinks for the common area patrons in cups that prominently display their logo in order to hold them accountable for responsible service. And finally, if an entertainment district license holder violates any rules related to the entertainment district license, he or she may lose his or her retail license, craft brewery, or microdistillery license. I brought this bill to give local governing bodies the option to attract development, special events, and tourists to

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their communities. Entertainment districts are what growing, progressive cities are doing to promote their area and events, court out-of-community visitors, and provide entertainment options for their citizens. I've talked with many people my age, older, and younger. But those that are younger tell me that we continue to see an outward migration of young people coming...we continue to see an outward migration of young people to communities with more vibrant entertainment options. No doubt, places like Kansas City and San Antonio come up frequently in my discussions of what kind of places draw young people. I've come to learn that there are a handful of communities and developments that would like to use this option as a tool to develop new areas. If you look at the committee statement, you will notice that several communities are seeking to develop entertainment districts, including Lincoln, Omaha, and La Vista. While it is possible current areas could qualify for a district such as this, it is more likely that this would be taken into consideration when building a new development. I thank you for the opportunity to introduce LB1130 and I ask for your favorable consideration. Thank you, Mr. President. [LB1130]

SPEAKER FLOOD: Thank you, Senator Coash. There are no committee amendments. There are no lights on. Senator Coash, you are...you'll be recognized in a second. Senator Avery. [LB1130]

SENATOR AVERY: Thank you, Mr. President. Sorry, I was late getting my light on, but I was looking at this bill over the weekend and I thought what a great opportunity for some field research. (Laughter) So I loaded my car and took my wife and we went down to Kansas City for the weekend and we spent some time in the Power and Light District. And I got a close-up view of what Senator Coash is proposing and I am an enthusiastic supporter. I was a supporter before. Now, I'm an enthusiastic supporter. I got to see something like a half million square feet of retail space devoted to these entertainment districts. They have limited access. IDs are required. You may not leave the premises with alcohol in your hand. It's an enclosed common area where alcohol may be served in the common area and you can move from place to place within that enclosed area. It is, as Senator Coash indicated, closed to vehicular traffic. Nebraska would be competitive with districts like this. This is a vibrant area. I saw hundreds, literally hundreds of young people in one of these enclosed areas. I think they have more than that. But it is a place where you have more than 50 restaurants, bars, and other retail. It is a good idea. I think it is particularly well-suited to the Haymarket and to the arena area here in Lincoln. I suspect that it would be easily adapted to the CenturyLink and TD Ameritrade facilities up in Omaha. This is a good bill. I intend to support it and I hope you will too. Thank you. [LB1130]

SPEAKER FLOOD: Thank you, Senator Avery. Senator Council, you are recognized. [LB1130]

SENATOR COUNCIL: Thank you, Mr. President and I will be brief. I, too, rise in strong

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support of LB1130. I am intimately familiar with the Kansas Power and Light area in Kansas City and what it has done to revitalize that area of Kansas City. I am also enthusiastic about the opportunity to utilize LB1130 to spur development in north Omaha, the North Omaha Village Zone plan, which is a comprehensive master plan for the redevelopment of north Omaha that's been approved by the Omaha City Council, includes development of a cultural arts and entertainment district under LB1130. This area would be one of the kinds of areas that would be ripe for development and utilization of the benefits afforded by having an entertainment district designation. So with that, again, I would urge my colleagues support of and advancement of LB1130. [LB1130]

SENATOR KRIST PRESIDING

SENATOR KRIST: Thank you, Senator Council. Senator Nelson, you're recognized. [LB1130]

SENATOR NELSON: Thank you, Mr. President. I'd like to ask a question or two of Senator Coash. [LB1130]

SENATOR KRIST: Senator Coash, will you yield to a question from Senator Nelson? [LB1130]

SENATOR COASH: Yes. [LB1130]

SENATOR NELSON: Thank you, Senator. I haven't had the pleasure of getting down to Kansas City. I've heard of the Kansas City Power and Light district, so I'm just not familiar with it. But I note on your bill summary here that you say, physical barriers are still required to control access and prevent liquor from leaving the commons area, in other words, on to the public sidewalk. Would you explain how you're going to keep this off of the public sidewalk? What kind of barrier is created, and did I hear you say something about the street being closed off to vehicular traffic? Those are the two questions I have. [LB1130]

SENATOR COASH: Okay. Thank you, Senator Nelson. To answer that question I will tell you that what we've got in LB1130 are guidelines for the municipalities who might designate this area as an entertainment district. And so, if the city of Lincoln, for example, wanted to designate this area, they would have to say, well, we have to designate an area that is closed to vehicular traffic. We would be against the statute if we designated an area where you could drive through. So that would maybe answer that question. With regard to the barriers, that's another boundary that the cities would have to follow to say, are there barriers to access where you could open and close it to patrons in a way that you could control the access to it. And so those are the guidelines put in front of the city because the first step in this bill is that the city has to say, here's

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the square footage that we want to designate as this area, does it meet these requirements? [LB1130]

SENATOR NELSON: Well, if the Haymarket became an entertainment district, how would that work down there? Are you going to have streets closed off? People are going to be on the sidewalks, aren't they? How else are you going to move between one store or one bar to another? [LB1130]

SENATOR COASH: Senator Nelson, I don't...since you brought up the Haymarket, I don't think that this would probably work in the current Haymarket as it is currently done. [LB1130]

SENATOR NELSON: I see. All right. [LB1130]

SENATOR COASH: But they are working on a new development behind there tied to the new arena that may decide to develop it in a way where they could restrict the access, restrict the vehicular traffic in a way that would comply with these requirements. [LB1130]

SENATOR NELSON: Then I assume you couldn't here in Lincoln, on O Street, you couldn't designate either the north or the south side of O Street as an entertainment district for the benefit of some of the students that spend long hours there. [LB1130]

SENATOR COASH: Senator Nelson, that question has come up quite a bit because I think we do have some people who would think that would be a good idea. In the case of Lincoln, I'll tell you that won't work because O Street is a federal highway and they wouldn't be able to do that on that particular highway. And they're not going to be able to do it from the business to the street without spending a lot of money and I don't see that happening. [LB1130]

SENATOR NELSON: All right. All right. Thank you very much for answers to those questions. Thank you, Mr. President. [LB1130]

SENATOR KRIST: Thank you, Senator Nelson and Senator Coash. Senator Hansen, you are recognized. [LB1130]

SENATOR HANSEN: Thank you, Mr. President. I have a couple of questions for Senator Coash if he would yield. [LB1130]

SENATOR KRIST: Senator Coash, will you yield? [LB1130]

SENATOR COASH: Yes. [LB1130]

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SENATOR HANSEN: Thank you for that enthusiastic yes. (Laughter) Does this run contrary to any open container laws that we have now? I mean, I know it's a new regulation, but I can't quite figure out the scope of this. As Senator Avery said he went to Kansas City and walked for blocks and blocks, and it's an open container situation, I assume. How big an area are you talking about? [LB1130]

SENATOR COASH: Well, Senator Hansen, this could be...and I'm not really good with dimensions, but it could be an area a quarter size of a city block. It could be much smaller. And with regards to the open container, what this bill does is allows for a common area that may be outdoors drawn as a place where a license holder can legally serve alcohol. And so, you might think of it as a way to draw a big outdoor area that has the extension of the current license holders on to that area so whatever rules and regulations go with the license holder within the building that they may own, it transfers into the common area as well. [LB1130]

SENATOR HANSEN: So they would be outside so I assume then, then smoking in public would not...it wouldn't be within this? I mean, they could smoke outside and drink outside and within a certain area. Is that area fenced off then? [LB1130]

SENATOR COASH: It would have to be closed to vehicular traffic, yes. [LB1130]

SENATOR HANSEN: Do you think of the Haymarket and the Pinnacle Bank Arena as being a family-friendly place? Are there going to be areas where families not...that they can't stay together like Mom's going to have to go in and have a beer, and then Dad, and keep the kids out. Is this area going to be family friendly or not? [LB1130]

SENATOR COASH: I believe, absolutely, it's going to be a family-friendly atmosphere, Senator Hansen. The idea behind an entertainment district is that you put the rules and regulations in place at the local level to be able to define when you want to do this. And to give you an example, you know, in this bill I thought it was important to make sure that the only time you could utilize this area is when there's food served, so I do see it as a family-friendly approach. [LB1130]

SENATOR HANSEN: Okay. I think I would differ in that regard. I'm a longtime member of the board on NEBRASKAland Days and we try to have family-friendly events too. But occasionally during rodeo dances and concert dances, that there's an area that's fenced out and, you know, children are not allowed, so. It's one or the other, but I do want to say that if you do this, just don't fence me in. (Laughter) Thank you. [LB1130]

SENATOR KRIST: Thank you, Senator Coash and Senator Hansen. The Chair recognizes Senator Wallman. [LB1130]

SENATOR WALLMAN: Good afternoon, Mr. President and members of the body.

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Would Senator Karpisek yield to a question? Oop, I guess he's gone. [LB1130]

SENATOR KRIST: Senator Karpisek, will you yield to a question? I don't think he's here, Senator. [LB1130]

SENATOR WALLMAN: Okay. Thank you. I'm on the line to Senator Hansen too. I have some concerns. It sounds good. We have street dances in our small communities, I guess, you'd call them entertainer districts, for one evening, and it does bring in a lot of revenue. But is it overload to the police department? Senator Coash, would you yield? [LB1130]

SENATOR COASH: Yes, I will. [LB1130]

SENATOR WALLMAN: Would you feel it overload the police departments in local entities? [LB1130]

SENATOR COASH: Senator, there may be some need for the police departments to be aware of this and that's why in this bill we put the authority to do so at the local level. So if Lincoln wants to do that, then they need to listen to the Lincoln Police Department and say, what kind of rules and regulations should we put in place to make this safe? And so, I think that those law enforcement questions will certainly be answered at that local level with the input of the local law enforcement. [LB1130]

SENATOR WALLMAN: Thank you. And I will support this bill and I think it's okay. Thank you, Mr. President. [LB1130]

SENATOR KRIST: Thank you, Senator Coash for yielding and thank you, Senator Wallman. Next in the queue, Senator Wightman, you are recognized. [LB1130]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I do have a couple of questions I would ask Senator Coash, if he would yield. [LB1130]

SENATOR KRIST: Senator Coash, will you yield? [LB1130]

SENATOR COASH: Yes. [LB1130]

SENATOR WIGHTMAN: Senator Coash, I know a lot of villages and smaller towns, some of them cities of the second-class and the first-class, have beer gardens from time to time on a special event. Can you tell me how that differs? Do they fit under 12 Special Designated License rather than under this? [LB1130]

SENATOR COASH: Yes, Senator Wightman. It's a good thing I've been in General Affairs for four years, I've learned a lot about the different kinds of licenses. And what

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you're describing with special events where you might have a beer garden, or Senator Hansen mentioned the rodeo, or street dances, Senator Wallman mentioned, those are typically one-time events and so what vendors of those events do is they go to the Liquor Control...their city, and then to the Liquor Control Commission and get what's called a Special Designated License which has a very specific start and end date, usually a day. And so they're able to serve during that event only. This bill does not affect their ability to do that. These are really two separate types of licenses. [LB1130]

SENATOR WIGHTMAN: Thank you, Senator Coash. One other question. With regard to the entertainment district license, is that a permanent license that would extend for a year or whatever the licensing period is? [LB1130]

SENATOR COASH: Senator Wightman, this would be the same. It would be on annual basis so the...you have to have a current license to get this, so this won't be...you'll have a current license to serve and then you'll get like an additional license on top of that called an entertainment district license. Those will both go one year. And what I will say, if it's okay, Senator, because I think this will answer some other questions, is that the local...the local governing body can revoke that entertainment license at anytime. If things get out of hand and the local governing body thinks that this is not in the communities best interest, the local governing body can say, you know what, we're just going to go back to the way it was. So I...and that was important to me to have that because I want local communities to be able to police and take care of their own communities as they see fit. Thank you. [LB1130]

SENATOR WIGHTMAN: So if you held this type of...this entertainment district license, it isn't a necessity that you would operate that every day. You could use it for special events or whatever, is that right? [LB1130]

SENATOR COASH: That's correct, Senator Wightman. And the local governing body could also say, you know what, we're going to allow for this entertainment district license but we're going not to allow you to exercise it on Sundays, or we're not going to allow you to exercise it past 10 p.m., or we're not going to allow it when there's a family-friendly event that we don't...that we decide that's not a good idea. And so all of those local control issues can be put into the rules and regulations and the ordinances that the local governing body can put once...if they decide to adopt an area, as an entertainment district. [LB1130]

SENATOR WIGHTMAN: Thank you. One other question with regard to a question asked by Senator Nelson, you indicated that probably the Haymarket would not qualify for this type of license. Are there areas in Lincoln that you could see qualifying for the special entertainment license? [LB1130]

SENATOR COASH: Senator Wightman, I think that these licenses, if they come to

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fruition, will come out of those communities that are starting a new development from ground up so that they can design and...architecturally design areas to build a common area rather than trying to retrofit one that's already there. And so we might see one of this nature near our new arena. There is a development in La Vista that came forth and said, we may decide to do something like this and we appreciate the opportunity to take advantage of this. I don't...I think this will best fit a new development. I'm not sure if it would work as well to retro what's already there. [LB1130]

SENATOR WIGHTMAN: Thank you, Senator Coash. Thank you, Mr. President. [LB1130]

SENATOR KRIST: Thank you, Senator Coash and Senator Wightman. The Chair recognizes Senator Christensen. [LB1130]

SENATOR CHRISTENSEN: Thank you, Mr. President. Would Senator Coash yield, please? [LB1130]

SENATOR KRIST: Senator Coash, will you yield? [LB1130]

SENATOR COASH: Yes. [LB1130]

SENATOR CHRISTENSEN: You said you didn't think the Haymarket area could be shut off and utilized as (inaudible) ground up. Is it possible that they could block off alleys that connect multiples so they can come in and out the back that way there, or you just don't see that's feasible? [LB1130]

SENATOR COASH: Senator Christensen, I would...if the area that a city wanted to utilize this needs to also function for vehicular traffic, I don't see that...them deciding to take the leap into an entertainment district. So if the area...if it's an alley, for example, if it's really important to the business owners in that alley or to the city for transportation purposes to keep that open, it's probably not going to work as well as if they can plan for it in their development process. [LB1130]

SENATOR CHRISTENSEN: Do you have an idea of somebody that might be willing to build an area like this? [LB1130]

SENATOR COASH: Yes, Senator Christensen. If you look at the...if you look at the committee statement, we had several developers who have projects here in Lincoln, La Vista, Omaha, that as they work on their plans they may design this in the hopes that at some point the city may grant them an entertainment district license so that they can enhance those opportunities for entertainment. [LB1130]

SENATOR CHRISTENSEN: Because, you know, I've seen the Kansas City one before.

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Been down there and things and I didn't know if that was what you're hoping that comes in or if this could just be done between two or three bars or something that are close together, could utilize the alley or closing of a street or something that way. [LB1130]

SENATOR COASH: Usually, Senator Christensen, these districts...and we wouldn't be the first state to do this by the way. There are a lot of states that have this kind of license. We modeled this after the best parts of several states. And usually what happens with these is, they become part of a larger plan in a larger development area. And so, while you might have a small development like this, I think cities are going to be more apt to use this as they plan ahead for bigger projects. [LB1130]

SENATOR CHRISTENSEN: And if you'd like my time, I'll yield it to you. [LB1130]

SENATOR KRIST: There's nobody else in the queue. [LB1130]

SENATOR COASH: I'll waive his time. [LB1130]

SENATOR KRIST: Waived. Seeing no one else in the queue, Senator Coash, you are recognized to close on LB1130. [LB1130]

SENATOR COASH: Thank you, Mr. President. Thank you, colleagues, for the good discussion. I appreciate the opportunity to further explain the tenets in this bill. In my closing what I would say to you, colleagues, is that LB1130 doesn't mean we're going to have any entertainment districts anywhere in the state. All it does is give developers and communities an opportunity to work together and to say, in the long-term vision, for what we see as a development area, we think putting this into place might attract young people, it might give us one more option for entertainment, and it might help us sustain the growth that we're trying to do. I will tell you that LB1130 is not going to make or break any current or future development. This is not something that developers absolutely have to have to continue their development. But I will tell you that what LB1130 will do is give them one more option, one more opportunity to structure their development to work with their local municipalities to say, we're going to work together to enhance the entertainment options for our community and we want to have this as an option. And so with that, Mr. President, I will close and urge the body's advancement of LB1130. Thank you. [LB1130]

SENATOR KRIST: Thank you, Senator Coash. The question is the advancement of LB1130 to E&R for initial. All those in favor vote aye; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk. [LB1130]

CLERK: 29 ayes, 1 nay, Mr. President, on the advancement of LB1130. [LB1130]

SENATOR KRIST: LB1130 advances. Mr. Clerk, we'll proceed to the next item on

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General File, LB965. [LB1130 LB965]

CLERK: Mr. President, LB965 is a bill by Senator Pahls. (Read title.) Introduced on January 11 of this year, referred to the Banking, Commerce and Insurance Committee, advanced to General File. I do have committee amendments. I'm sorry, I do not have committee amendments. [LB965]

SENATOR KRIST: Senator Pahls, you are recognized to open on LB965. [LB965]

SENATOR PAHLS: Thank you, Mr. President and members of the body. LB965 was introduced at the request of the director of the Department of Banking and Finance. The bill would amend and update three sets of consumer finance laws under the jurisdiction of the department. That would be the Nebraska Installment Act, the Residential Mortgage Licensing Act, and the Nebraska Installment Loan Act. The first part of the bill applies to the Nebraska Installment Sales Act. This act governs transaction which a buyer acquires goods or services pursuant to a contract that permits payment over time. Companies which purchase these contracts from the seller of the goods or service are known as installment sales. Sales companies are required to be licensed with the department. As an example, automobile financing companies such as GMAC or Ford Motor Credit Company are licensed in Nebraska. The licensing process is the subject of these amendments. LB965 would transition the current manual licensing process for installment sale companies into the electronic Nationwide Mortgage Licensing System and Registry, called the NMLSR that was established in 2013...that will be in 2013. The registry is a nationwide licensing and information sharing service developed by the state regulators and the mortgage industry which allows entities and individuals to complete one application and submit it to any state that is a member of this system. The system maintains licensing, testing, and disciplinary records. Regulators have instant access to information posted on any licensee or applicant which benefits both our licensing and enforcement functions. The department believes that the licensing process when (inaudible) sales companies should be transitioned onto the registration primarily because most of our licensees operate on a regional or nationwide basis and would benefit from the efficiencies of this registry. LB965 proposes various amendments to the Residential Mortgage License Act in response to rules released in 2011 by United States Department of Housing and Urban Development relating to mortgage bankers and mortgage loan originators. These federal rules will be enforced by the Consumer Finance Protection Bureau in accordance with the Dodd-Frank Act. The 2011 HUD rules makes substantial revisions to the exemptions from licensing provisions. The current exemptions for attorneys have been expanded to provide that attorneys representing clients in legal matters may negotiate residential mortgage terms as part of that legal representation. The exemption for individuals has been expanded to include money purchased mortgage transactions, provided that the individual does not repetitively or habitually provide such financing. LB965 further proposes new exemptions for government entities. The Nebraska Investment Financial

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Authority...employees of the government or NIFA, who act as mortgage loan originators, loan processors, or underwrites in accordance with their official duties, and certain nonprofit organizations and specified employees of these organizations. LB965 proposes several amendments that are not HUD-based. There's a new section that would authorize the department to issue emergency orders to suspend, limit, or restrict the licenses of any mortgage banker, or mortgage loan originator without notice or hearing upon the occurrence of specific events such as failing to increase the amount of a bond, failing to comply with conditions of the license, having its license suspended or revoked in the state for fraud, or refusing to permit a regulatory examination. The amendments in this bill would provide for more efficient regulations of the Nebraska Installment Sales Act and the Nebraska Mortgage Licensing Act or our Department of Banking and Finance. I urge the advancement of LB965. [LB965]

SENATOR KRIST: You have heard the opening on LB965. Members wishing to speak: Senator Fulton, you are recognized. [LB965]

SENATOR FULTON: Thank you, Mr. President and members of the body. Just reading through this last night, I noticed that there are...there was opposition to the bill and I wonder if Senator Pahls would yield. [LB965]

SENATOR KRIST: Senator Pahls, will you yield for a question? [LB965]

SENATOR PAHLS: Yes. Yes, I would. [LB965]

SENATOR FULTON: What was the opposition? It looked like Senators Christensen and Langemeier were opposed, and I'll probably ask Senator Christensen here in a little bit, but I mean, I'm reading through the bill, I don't have a full comprehension of the subject matter but I think I know what it does. Can you give some comment as to why there was opposition to the bill? [LB965]

SENATOR PAHLS: As I can recall, and as staff has informed me, there was no opposition to the bill. They did not vote. [LB965]

SENATOR FULTON: Well, my committee statement indicates they voted nay. [LB965]

SENATOR PAHLS: Oh, okay, I see what you're saying. I thought you said opposition to the bill. You're saying the senators... [LB965]

SENATOR FULTON: Yeah, right, when it came out of committee. [LB965]

SENATOR PAHLS: One of them told me and I think you need to ask either one of those senators...one of them told me that the...there were no proponents from the banking industry, that's one reason why they did not. Another told me that because it dealt with

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the federal government and they had somewhat of a reaction to the falling federal guidelines, I think, particularly the Dodd-Frank. [LB965]

SENATOR FULTON: Okay. Fair enough. Thank you, Senator. Would Senator...if Senator Christensen is available, I would ask him to yield, but Mr. President, I don't know that I spy said senator. I just...there's a rationale as to why someone votes no on these things and it looks to me like we're making some changes...a number of changes, some of which may occur at the federal level that necessitates our action. That's why I don't react favorably to that either. But to that end, I'd ask Senator Christensen, if he might yield to a question. [LB965]

SENATOR KRIST: Senator Christensen, would like to yield for a question? [LB965]

SENATOR CHRISTENSEN: Yes. [LB965]

SENATOR FULTON: Senator, can you explain your no vote? [LB965]

SENATOR CHRISTENSEN: A couple different reasons. One, I don't like all the mandates we're getting constantly from the federal government, and I talked to the department about this too. I just feel like they're putting too much stuff into one bill and trying to explain it very short, quick, instead of getting in depth and making sure that we fully understand everything that's being presented. Where you see there, I believe, no proponents to it, if I remember right, I didn't look. But they're...you know, I just didn't know if was well enough explained like it should be for as many changes we're doing. I'm always skeptical of the federal government and that was the reason I voted like I did. [LB965]

SENATOR FULTON: Okay. Was there any...is there any issue of substance in any of the sections? I mean, the statement is broken into sections, so there are sections within the bill that have to do with certain subject matter and you can go to the bill and get the same thing, but are there any...is there any other substance that you have concern with? [LB965]

SENATOR CHRISTENSEN: Oh, not necessarily. I, to be honest with you, I totally trust their department. I can't say that they've ever misguided us, but I've asked them, you know, would you bring a little less in a bill, bring more bills, and break it down so we have more time to digest the bill, have further explanations further, and bring in somebody in from the banking industry, too, to see how it affects them. Or we could invite them, but you know how it is during bill introduction time. You run around introducing bills of your own and trying to take care of them, not looking at other bills until you're right there at committee. [LB965]

SENATOR FULTON: All right. I'll...I won't conduct this any further on the microphone. I'll

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continue reading and listening and thank you, Mr. President. [LB965]

SENATOR KRIST: One minute. Seeing no one else in the queue, Senator Pahls, you are recognized to close on LB965. [LB965]

SENATOR PAHLS: Yes, between now and Select File, if you would read the bill, it's actually broken down to three different sections and what we're doing is trying to, again, follow the guidelines. Some of those are from the federal department, but some of these are actually good. I will just point out that allowing attorneys to deal with their clients, the first time around it wasn't. As you look through this, there are some significant factors that help the people of the state of Nebraska. We're dealing with loan originators. We're making sure that they are held accountable. There are...there actually is an awful lot of good information in this bill. Like I say, there's three sections, and some of them we're making changes as we go along as we probably will for the next several...or you will, for the next several years. Again, I will be more than willing to talk with you off the floor or anybody from the Department of Banking. And just to give you an idea, this year instead of putting it into one bill, the Department of Banking brought three different bills to us, instead of one large bill. So in my estimation, this year they did break the bills down. Thank you. [LB965]

SENATOR KRIST: Thank you, Senator Pahls. The question, colleagues, is the advancement of LB965 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk. [LB965]

CLERK: 28 ayes, 0 nays, Mr. President, on the advancement of LB965. [LB965]

SENATOR KRIST: The bill advances. Back to General File, the next on the list, LR373CA. [LB965 LR373CA]

CLERK: Mr. President, Constitutional Amendment, 373, is a proposal by Senator Lautenbaugh. (Read title.) The resolution was introduced on January 10 of this year, referred to the Executive Board for purposes of a public hearing, advanced to General File. There are committee amendments, Mr. President. (AM1948, Legislative Journal page 540.) [LR373CA]

SENATOR ADAMS PRESIDING

SENATOR ADAMS: Senator Lautenbaugh, you're recognized to open on the bill. [LR373CA]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. I've kind of been puzzling over how I was going to open on this as I don't have any information that you don't already have. I think we all know our thoughts about this. My

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initial constitutional amendment proposed to raise our salary to \$33,000 a year. There's a committee amendment coming that takes that down a bit, and it's a committee amendment I'll let Senator Wightman introduce, I believe, and I'll be speaking in support of that as well. Again, I don't think I have anything to say that you don't already know and hasn't already been said in different ways and covered elsewhere, but this is important, I believe. And, as you know, our salary at \$12,000 was last set in 1988, so just adjusting for inflation would take this into the mid '20s. That's not a gain. That's keeping pace with inflation. And I've received e-mails on this. We all do on various topics. I read the on-line comments when this is covered in the media and that's always a mistake, but I do it just the same. And I don't think there have been what I would consider to be thoughtful objections made to this, at least in the public comments I've seen. Again, this is presented as some dramatic percentage of a pay increase, but it leaves aside the issue that it's not been adjusted since 1988. And we're talking about the real value of money here. A dollar from 1988 is not worth the same as a dollar in 2012. And, again, with the committee amendment, which I believe we'll hear about in a moment, I think this is a wise move. I think it's a justified move, and I think it just makes a nod to the economic reality of the effect of inflation over the past 24 years. I'll listen to the opening on the committee amendment, and I would urge your support on this constitutional amendment as it goes forward. [LR373CA]

SENATOR ADAMS: Thank you, Senator Lautenbaugh. As the Clerk stated, there are amendments from the Exec Board, and Senator Wightman, as Chair, you are recognized to open on that amendment. [LR373CA]

SENATOR WIGHTMAN: Thank you, Mr. President and members of the body. The Executive committee amendment does just one thing, reduces the salary that was provided. I think Senator Lautenbaugh said \$33,000. I think his original bill was \$32,000, but it may be \$33,000. At any rate, that was amended in the committee amendment to \$22,500 per year. The consideration that was at least partially considered in the Executive committee was the fact that the figure we had for inflation, if we looked at the consumer price index, I believe it was, and that was in one of the statewide newspapers, adjusted from 1988 when this was passed, would have led us to a \$22,900, which we decided we'd be better off just under that figure than over that figure. And as a result, the committee amendment provides for \$22,500. Consideration was given to change of the date. The effective date, however, was finally left at 2013 to become effective. So that is the committee amendment. Again, I urge your support of the committee amendment and the underlying resolution. Thank you. [LR373CA]

SENATOR ADAMS: Thank you, Senator Wightman. Senators wishing to speak on the committee amendment: Senator Christensen, you're recognized. [LR373CA]

SENATOR CHRISTENSEN: Thank you, Mr. President. I support the bill, but I'll be honest, I've said all along, the bill doesn't do enough. No one can run for the Legislature

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and make \$12,000 or even \$22,500 as it's amended. My disappointment comes in that we leave the representation of the middle class out of the situation. Unless you have a private business that you can work around, or an employer that's willing to be that flexible, you can't run. You can't make enough. And it's really sad when you think about it that we're going to turn the direction of the state of Nebraska over to the rich and retired. That's not what I believe the state of Nebraska stands for. You know, it's easy for me to get up here and state this because this is exactly how I campaigned six years ago. My district does a great job of asking questions and informs. Constantly, they ask, do you support term limits? I said, yes, but I didn't know if I supported an eight-year limit. They asked me if I believed \$12,000 was enough, and if I thought we got good people. Yes, I believe we get good people at \$12,000, but do we get the representation that is good for the state of Nebraska. I really believe the middle class can't serve because of the limits that's placed upon this. You know, many people don't understand the time it takes in serving. I lost a business over it. I sold the business, it's very true. But the fact is, because I couldn't put the time into it and serve down here like I wanted to serve, be in contact with my people, forced me out of a very profitable business. And I'll never be able to overcome that. I wouldn't put myself in the rich category. I'm not retired yet. I may be tired, but the fact is, you know, we don't have as much representation like we should from the middle class. And it's sad, in my book. And I hope people think about this. I hope this gets passed. I support the bill as it is. I support the amendment. I can support it any direction because I think whoever follows me deserves to make more than \$12,000. And I was one of them when in Exec Board we had an amendment trying to make it not start for two more years and it failed. And then it came out this way, and you know what, I supported both of them. I'm not here necessarily just trying to up my salary. That's not the care that I have. A care that I have is people following me have the opportunity to try and break even down here. People don't understand. I can maintain two households. I drive 322 miles one way and I go home every weekend to see my family. So I just want it on the record what occurs and why I voted for this. I strongly support this and think we just need to move forward with it. Thank you. [LR373CA]

SENATOR ADAMS: Thank you, Senator Christensen. There are no other senators in the queue. Senator Wightman, you're recognized to close on the committee amendment. Senator Wightman waives his opportunity to close. The question is, shall the committee amendments to LR373CA be adopted? All those in favor vote aye; all those opposed vote nay. Senator Lautenbaugh. [LR373CA]

SENATOR LAUTENBAUGH: I request a call of the house. [LR373CA]

SENATOR ADAMS: I'm sorry. Senator Wightman. [LR373CA]

SENATOR WIGHTMAN: That's the same thing I said. I request a call of the house.  
(Laugh) [LR373CA]

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SENATOR ADAMS: There's been a request to place the house under call. All those in favor vote aye, and opposed, nay. Record, Mr. Clerk. [LR373CA]

CLERK: 29 ayes, 0 nays, Mr. President on the motion to place the house under call. [LR373CA]

SENATOR ADAMS: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber. Record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Louden and Senator Heidemann, would you please check in. Senator Wightman, would you accept call-ins or a roll call vote? [LR373CA]

SENATOR WIGHTMAN: We'll just have call-in. [LR373CA]

SENATOR ADAMS: Mr. Clerk. The question is, shall the committee amendment be adopted? [LR373CA]

CLERK: Senator Hadley voting yes. Senator Nordquist voting yes. Senator Dubas voting yes. Senator Krist voting yes. Senator Pirsch voting yes. [LR373CA]

SENATOR ADAMS: Record, Mr. Clerk. [LR373CA]

CLERK: 26 ayes, 0 nays, to adopt the committee amendments, Mr. President. [LR373CA]

SENATOR ADAMS: The committee amendments are adopted and the house is no longer under call. Speaker Flood, you're recognized. [LR373CA]

SPEAKER FLOOD: Thank you, Mr. President and members. You know, in my role as Speaker, one of the jobs that I have that's unique to my office is to stand up for the institution. And I'm in the best position possible to vote to raise the pay because it will never affect me. I understand that. I recognize it. A couple of years ago, I worked with the Secretary of State's Office and you as my colleagues and asked that it be taken off the ballot because it was a terrible time. There will never be a good time for this. What I'm asking you to do today is when you consider this bill, this resolution, don't think about your situation. Think about the Legislature. Think about the Legislature as an institution. Think about the people in your community that would be outstanding members of the Legislature, but for whatever reason, maybe it's the point in their life, or their income, they don't do it. Twenty-two thousand five hundred doesn't make someone a career politician. It addresses the issue of some of our members working night jobs to keep the wheels running in their household. The people of your district believe in you, they sent you here. And they want you to do the best job you can. And they understand

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that for some of you, that means you're away from your home for four to six months a year. And they want you focused on the issues and I think we are, even those folks that work two jobs. But this place belongs to people in retirement. It belongs to people that are in their twenties. It belongs to people that are 35 with kids, and 45. But, ultimately, it belongs to the people. And to have the people represented, you have to keep up with the salary. And \$22,500 is not going to blow anybody over, but it's going to make it a little easier for someone else to serve in 5 years, in 10 years, in 15 years. And if you read the comments sometimes in the newspaper about the Legislature, it's hard to get up in the morning and go to work. But when I come to work, I know that I have 48 people that serve and sit in these seats and vote and talk on these microphones. They're here for the right reasons. They care about this place. They care about Nebraska and they may disagree on the individual bills, and we may have debate from time to time that is emotional and heated and makes it hard to come to work, but I know at the end of the day, and I've known this since the minute that I got in here, that every one of you care about the state and want to see it prosper and grow. And we want to keep that going. And I think \$22,500 is a legitimate change that should be respected by the people of this state. County commissioners have salaries higher than ours and they live in their communities. And I don't begrudge them for that, and you don't see it on the front page of the paper. I don't think we should have a cost of living increase and that's not in here. I don't think we should have health insurance. That's not in here. We want to be citizen legislators. I like to say that the best part of being a citizen Legislature is when you go to the grocery store, you live in your hometown, you go back to your hometown, there's a new issue in every aisle. How many of you had that experience when you go up and down the halls at the grocery store? That's what we have here. We have a good thing in this Unicameral and it's worth protecting and it's worth recognizing the fact that a legislative pay increase makes sense. I'm going to vote for this. I appreciate Senator Lautenbaugh putting it in, and I think it's right for the people of this state, and I think it's right for the Legislature as an institution. Please support LR373CA. [LR373CA]

SENATOR ADAMS: Thank you, Speaker Flood. The Chair recognizes Senator Hansen. [LR373CA]

SENATOR HANSEN: Thank you, Mr. President. This bill we're talking about today now, this constitutional amendment, is about choices. It's about a choice in pay. Last week we talked about a choice of extending the terms. We had the choices to run. It was a choice. We either run, don't run, but we knew what we were running for. Eight years is the best case scenario, \$12,000 a year was the pay. Senator Christensen said either retired or rich. Well, you can be middle class and retired too, Senator. So I think that's a class that I put myself into. I've worked my whole life and now it's time to serve the state, give a little back. And it has been a...it's been a hard job. It's not that it's a hard job but I miss what's going on at home. There's people died. I've missed their funerals. There's kids been playing basketball and volleyball and I've missed those games.

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Missed birthday parties. You do serve the state when you're down here. Some people don't think that. Some people think that we're overpaid the way it is now. But we have to make choices. My choice to come down here and go home on the weekends was a choice I made between my wife and I. I go home every weekend too. And when I get home I pay the bills and I become, in football terms, a four-stringer. My son knows that I'm a four-stringer. I'm...I know the job. I know what has to be done and I know what to do but I'm seldom called on. But when I'm called on, I'm there to help. We need to make choices and the people will make a choice if this passes this body. I think the \$22,500 pay scale is just about right. I think it's a good alternative from what Senator Lautenbaugh started out with and what we're getting now. I would caution you, though, that if we make this choice to put both of these constitutional amendments on the ballot, I'm...I have a feeling that neither one will pass. We'll have one more shot at the extension of term limits, especially the term limits will affect us because I don't think that cycle has gone through...it has not completed a full cycle. There are members here that still are in the first cycle, they're still doing the will of the people. The will of the people matter in these two constitutional amendments and I don't think you can separate them because they're going to be on the ballot at the same time. Senator Carlson has vote counting and I think maybe we can get them on a primary vote...primary ballot and then a general election ballot. But they're still going to be done within the same year. As far as this constitutional amendment from Senator Lautenbaugh, I think the price is right. I think we need to go ahead and pass this, but just be ready to make the choice. Thank you. [LR373CA]

SENATOR ADAMS: Thank you, Senator Hansen. The Chair recognizes Senator Krist. [LR373CA]

SENATOR KRIST: Thank you, Mr. President. Good afternoon, Nebraska and colleagues. Shortly after I was appointed in this body, we...like almost a week to the day, we convened for a special session to discuss the budget. And for those of you who weren't around at that point, it was a time of extreme cut, and the Speaker and others showed great leadership in making sure, for technical reasons, that we pulled off...off the agenda which was...or off the possibility of this pay raise being voted on in 2009. We couldn't have afforded it then. It was a tough time. As the Speaker said, I don't think we could ever look at a time that is perfect in space where we could give ourselves a pay raise. But I do think that in echoing some of what Senator Hansen and the Speaker said, I am very privileged to be a young man, retired with a 20-year retirement from the United States Air Force. Very proud of that. And able to carry on a second job, and able to be here with all of you and serving this great state. I think that's the category of person that we all fit into if you look around the room. Lawyers who get paid too much and can take time off. I'm kidding. Wives, who are here because their husbands support them. Husbands are here because their wives support them in some way, or people who can be here because they can afford to be here. I don't think \$22,500 is going to open up a whole flood of people that can afford to be here, plus or minus our

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categories. But I do think this. I think the pressure of being here, if you take this job serious, is extreme. You have all had those comments as you were going in and out of church. You've all had those comments going in and out of the restaurants. You've taken those phone calls. You've read that e-mail. One of the worst things I think that's ever happened in terms of communication with people like us is e-mail because there's no face. People can say anything they want to say. Anybody who thinks that this job is not pressure packed, and demands your attention in terms of being on edge, on time, on target, never saying the wrong thing on this mike like none of us have ever done, especially me in the last few days, (laugh) it is not an easy occupation, an easy point of service, and that's why we're here. I speak in favor of LR373CA because I think that as we make this decision, and remember, it's been 20 years since this decision was made, 20 years ago. Before that it was \$4,800, and it was a long time before that adjustment was made. Cost of living increases should not be applied to the service position and this is what this is, it is a service position. It's a way for us to give back, but there has to be some form of compensation that broadens the base on the kind of people who are here. The diversity that we will see, I think, just with that \$10,000 jump will be incredible. Let's vote green on LR373CA and carry it through. I think it's the right thing to do. It's the right thing for Nebraska. [LR373CA]

SENATOR ADAMS: Thank you, Senator Krist. The Chair recognizes Senator Harms. [LR373CA]

SENATOR HARMS: Thank you, Mr. President and colleagues. I've given this LR373CA a lot of thought. I've been in the Legislature now going on six years, about to term out, two more years. And as I think about the experience that I've had and the sacrifice that my wife and I have had to make, we drive 425 miles one way. Six and a half, seven hours. If the weather is bad, it might be ten or eleven hours but we understood that when we came. We understood that that was something that we were willing to do, and which we have done. And now I'm beginning to talk to people in my community saying, oh, two more years goes by really quickly. It's now time for us to think about someone coming and replacing me as your senator to represent the 48th Legislative District. And I can tell you that when they start asking about the salary and all these sort of things, they start to walk away. And I think it's time that we addressed the issue. For me, I'm one of those individuals who senator...well, a senator referred to, as Senator Christensen referred to as retired, I'm retired and tired. So it would make no difference for me. I have an adequate income. I can afford to do what I'm doing, but I'm telling you, colleagues, it takes courage for us to stand up and it takes courage for us to make this decision for the future of this body. We need to have younger people. We need to have the middle class here. We need to have individuals like that of the very legislation that we're passing and it has major impacts on them, whether it's their children in school, whether it's the tax structure that we're dealing with, whatever it might be. They need to be a part of this discussion, and in many cases, they're not. And quite frankly, they can't afford to be here. So as you mull this over in your own mind, if you're running for

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reelection, I can see the process taking place in your mind, do I want to do this, don't I want to do this. As I said, it takes courage and I think you have to do what's right, not for you, but what's right for this body in the future. So I hope that I can encourage you to have that kind of courage to step up and support LR373CA that Senator Lautenbaugh has brought forward. I appreciate what he's doing. I think he's absolutely right, and I think the amount that we're on now and we're recommending is about the right amount that we should have. So I thank you, Mr. President. [LR373CA]

SENATOR ADAMS: Thank you, Senator Harms. The Chair recognizes Senator Bloomfield. [LR373CA]

SENATOR BLOOMFIELD: Thank you, Mr. President. Colleagues, I stand in opposition to this and it's not just because I'm up for reelection. I took this job two years ago knowing full-well it paid the massive amount of \$12,000 a year. I look around at our budget. We're still talking about not being able to fund children's programs; we're not being able to fund schools; and we're looking at voting ourselves a half a million dollar increase. I still see a problem with that. So I will be a red vote on this and I would ask each one of you as you're pondering this through, how much longer will you serve at \$22,500 than you're willing to serve at \$12,000? Thank you. [LR373CA]

SENATOR ADAMS: Thank you, Senator Bloomfield. Senator Schumacher, you're recognized. [LR373CA]

SENATOR SCHUMACHER: Thank you, Mr. President and members of the body. It's said that the constitution is the people's document. If it's the people's document, they should be allowed to change it. There's two mechanisms in this state generally used for changing the constitution. One, is this body puts it on the ballot and the people vote an idea up or down. The other mechanism is that the people petition to change the constitution. To accomplish that, you need to gather about 115,000 signatures. Didn't use to be that way. Used to be about half that and then in the 1990s, some call it sleight of hand, the amount of signatures needed went from about 55,000 to 110,000-115,000 signatures. Then three, four years ago, the Legislature disabled the petition process by eliminating pay by the signature. Functionally, that doubled the cost of the people bringing a measure to be voted on by petition. Putting the cost of a constitutional amendment just for the petition circulation at about \$750,000 and above the reach of most genuine movements. It has to be an extremely popular movement for people to spend \$750,000, and then maybe another \$500,000 for an enabling piece of legislation. So we have a situation in this state where 55 to 60 percent of the people may want to change the constitution on a particular issue, but they have only the petition process to look to because this body will not put the issue on the ballot. So this particular issue, even though I may vote against it at the ballot box, I think the people should have the ability to vote on. Let the people vote. They will, chances are, turn it down. But, nevertheless, on this issue, the only functional way to have the people given the pen to

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edit their document, is by this body putting it out there, just as the only functional issue awaiting for them to have access on such issues as hunting and fishing, is having this body put it out there. So this is not so much in my mind about a salary increase as it is about letting the people have access to their document to say, yes, or no. And that's the way it should be. Thank you, Mr. President. [LR373CA]

SPEAKER FLOOD PRESIDING

SPEAKER FLOOD: Thank you, Senator Schumacher. Senator Wightman. [LR373CA]

SENATOR WIGHTMAN: Thank you, Mr. President and members of the body. I've listened to the debate. There's been good debate, I think, on this issue. I know that one side pretty much takes the position that, well, we were elected to serve at this compensation figure of \$12,000, and that we should leave it the same because we knew what we were getting at that time. I think on that basis we would never have a change. I agree with Senator Schumacher that if you wait for the people to put this on the ballot, it's not going to happen. There's nobody going to go out and get 115,000 signatures just to make sure that the Legislature draws more compensation. I think that's a pretty clear answer. So then we get down to, how do we broaden the appeal of serving. And I don't think that you're going to get a big number of people that will serve even at \$22,500, but I do think that you make it at least affordable to more people that they could look at, perhaps, seeking a seat in the Legislature. And it seems to me that we...and I think Senator Flood said it best, that we need to look out for the integrity of this body. If we're going to leave the salary at \$12,000, I think we could assume that we might be able to serve forever. Probably not, there will always be people to run but we are...we're certainly eliminating a major part of the populace of this state who could ever afford to run. And certainly most of them are probably younger people. A lot of older people are not even interested in serving because of the fact that they would rather spend the time with their family, and I can understand that. But if we're going to really open it up so that everybody has a fair shot at running, I think the salary has got to be increased and I, for that reason, would urge you to support LR373CA. It seems to me that that puts everybody on a little more of a level playing field. They're never all going to be on a level playing field. Senator Harms says he is in retirement. He didn't say he was wealthy. He may be, but I think most of us would certainly say that we don't quite meet the wealthy classification, but a number of us are somewhat retired. So again, just as a matter of fairness, it seems to be important that we do pass LR373CA, give the electorate a chance to vote on it. Thank you, Mr. President. [LR373CA]

SPEAKER FLOOD: Thank you, Senator Wightman. Senator Pahls, you're recognized. [LR373CA]

SENATOR PAHLS: Mr. President and members of the body. You know this does sound good when the Speaker stood up and spoke about, think of the future. I agree. I think if I

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would have thought about the future I would never have even entered my profession if I was thinking solely of the money. But what I want to do is have us think a little bit because I do internally get irritated sometimes when people stand up and say, we ought to do this, we ought to do this, we ought to do this. Well, let's just do a little bit of reviewing here. In 2006 it was proposed to the people to raise the salary, I think, to \$21,000 with a COLA. The no votes were 100...not to give us...I'm figuring about 40,000 difference between the no and the yes votes. Well, then what I did is, I analyzed where the voting was coming from. You know, in the urban areas, to be honest with you, it will pass overwhelmingly. It was not killed in the urban areas. So then for those of you who are for this, that I encourage you to go back and talk to your constituents because there were areas of the state that this went down, and the areas of the state where it went up. Analyze what happened in 2006, then come back to me and say, we need to do this. Check your area out and figure...wonder why. I did. There's certain areas that moved it up, certain areas moved it down. Thank you. [LR373CA]

SPEAKER FLOOD: Thank you, Senator Pahls. Senator Karpisek, you're recognized. [LR373CA]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. There's not a whole lot more that can be said. I do think that anyone that comes here doesn't realize the amount of time that it's going to take, the amount of commitment that it's going to take. I thought I knew. I absolutely thought I knew. I had no clue. Doesn't mean that I don't want to do it anymore. I absolutely love being here, but it does make it very tough. It makes it very hard to be back home. It keeps you away from the kids. It keeps you away from a job. And I know a lot of people say, well, then don't do it. Well, sometimes we do things because we want to do them. However, I do think that it would help to get more people here, more in the prime of their lives. They're fighting right now to stay afloat. I remember one senator saying that it was laughable that anyone would even notice a two cent difference in sales tax...gas tax. My response was, it was laughable to think that because that person was so out of touch with the reality because it didn't affect him at all, but I think it affects a lot of Nebraskans and a lot of us in here that drive a lot of miles. The COLA thing would have been nice. It would have gotten past this but I think that's why it got voted down last time. A lot of people that I heard did not like the COLA part because they want to vote on it every time. And I don't blame them. We know that this isn't a place to come and get rich. We all knew that but I did not think it would be a place to come and get poor or stay poor either. And it does make it tough. I think we should send this out, let people vote on it, one way or another. And right there is where I was really going all along because I've always stood up and said, let the people vote. But how many times do we hold things in here because we can't let the people vote. My God, they might do something that we don't want them to. So I just want everyone to remember when you were saying on this, let's let the people vote, I'm not going to let you forget that because there are other things that people should be able to get to vote on. We all know what it is. It's gambling. It's all sorts of other things

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that we don't want to hear from them on. So, I agree, let's let the people vote up or down, try to make a good case for it, try to educate people on what really goes on here, do the best job that we can, which I know that we all do. But when I hear let the people vote, I'm going to keep saying that. Thank you, Mr. President. [LR373CA]

SPEAKER FLOOD: Thank you, Senator Karpisek. Senator Brasch, you're recognized. [LR373CA]

SENATOR BRASCH: Thank you, Mr. President. We are all here because we want to leave this world a little better than we found it. And when I swore to serve our district, to serve our state, I knew that I would be making a financial sacrifice and it was going to be a matter of just adjusting my sales to the winds and the economy. And I could have been very neutral on this and that was my thought, but after listening to much deliberation here and much debate, to make it better for the other senators that come forward, I don't know when this will come up again on the floor, but I will vote in favor of LR373CA to leave the institution better than we found it. I did want to share a quick e-mail from a former constituent as I glanced on my computer screen and it says, yes, you deserve a pay raise. Even though I'm a tightwad, you deserve a pay raise. I agree with Senator Krist, who just spoke, and all the other ones in support. So, senators, Nebraska is watching today, they are listening and there are those who are in favor of this. Thank you, Mr. President and thank you, colleagues. [LR373CA]

SPEAKER FLOOD: Thank you, Senator Brasch. Senator Smith, you're recognized. [LR373CA]

SENATOR SMITH: Thank you, Mr. President and good afternoon, colleagues. I just want to stand up and speak on this for a moment and kind of share the way I'm thinking. Honestly, I am really torn on this particular piece of legislation that's before us. The arguments are very compelling, and like many of you that have spoken here, my eyes were wide open when I went into running for this office. And like those of you that have spoken, it has been a great sacrifice but also it has been a great privilege. And that's why we run for this office is to represent this great state. I see a great, great need to attract and retain great candidates for this office and in future legislators. We need to ensure that we have a spirit of service throughout our communities, and I think that's...that's something that our education system is fortunately helping to teach our children. We need to have employer support and it's great to know a lot of my colleagues here that are employed outside of the Legislature, that they do have their employer's support to be in this office. And pay is certainly a great concern. You know, the increase that we're talking about is really quite nominal. It's not very much. So with regard to that, I'm leaning towards supporting the bill, but then I'm going to have to tell you also that I have some concerns and it's not the voter perception. I think we're all quite bold in standing up here and doing what we believe is the best thing for the state. So I don't think that that's what the issue is. I do have a concern that we have a strongly

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difficult economic situation in the state. Fortunate for this state, it's not as bad as the country is, and my concern is to whether this is the right time to ask the voters to consider this raise. So as I'm speaking to you, I really don't know how I'm going to vote on this at this moment in time. But I think those are the same things that are...same issues that are going through all of our minds. So I thank you very much, Mr. President. [LR373CA]

SPEAKER FLOOD: Thank you, Senator Smith. Senator Fischer, you're recognized. [LR373CA]

SENATOR FISCHER: Thank you, Mr. President and members of the body. If you look at your committee statement, you will see that I was one of three members of the Executive Board who did not vote to advance this constitutional amendment. I also did not vote to advance the one on term limits. I agree with Senator Hansen. All of us knew what we were doing when we ran for this office, when we filed to run. This is a citizen Legislature. I'm proud of that fact that we have that here in Nebraska. When I travel the state, the citizens in this state are also proud of the fact that we're citizen legislators. We are not career politicians. We are not being paid to be here year-round, and we don't plan to make careers out of this and stay forever. That's a benefit that we have in Nebraska and those are the reasons that I stand in opposition. Thank you. [LR373CA]

SPEAKER FLOOD: Thank you, Senator Fischer. There are no more lights on. Senator Lautenbaugh, you're recognized to close on LR373CA. [LR373CA]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body, friends all. And thank you for the discussion this afternoon on this. I purposely left my opening very sparse, uncharacteristically sparse, some might say. I had a bill in Government Committee earlier this year where I was the only proponent and I made the joke, well, I like to work alone. And that's true, but sometimes there comes a point where I need 24 of you to agree with me, and this is one of those times. There's no lobbyist on this. There's no one making the case from outside the glass that this is the right thing to do, and I'm uncomfortable when we talk about sacrifice because there are others who do more, others who give more, certainly. Our lives aren't on the line here, just our economic well-being. But there will never be a right time for this, and I think the comments that were made earlier were dead on. If we're actually going to wait for a petition initiative to change this, we will never change it. It won't happen that way. And I believe one of the things we're supposed to do here is actually be leaders, not just in the body but when we go back to our districts. And we're supposed to stand up and not always just say, well, I don't think my district is with this so I'm not going to be with it either. Sometimes you have to say, here's the information you don't have, here's what's involved. A 60-day session does not mean we're here in January and February. A 90-day session does not mean we go home at the end of March. If there are misperceptions out there, and there are, we can either duck them and feed into them, or

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we can be leaders. And there are always going to be some who say, this is horrible, how could you do this, how could you vote for this? That's true no matter what, if it's even remotely controversial there's always going to be detractors and naysayers and constituents who don't want you to do it. But none of you, I don't believe, actually thinks that \$12,000 is the proper salary for this body. I just don't believe that. And we can all say we came into this with our eyes open. I mean, I was around politics for years. I recruited people to run for this job, for years. I had no idea what was actually involved, the time, the money, the time away from home, etcetera, the special sessions, which are becoming less special because we have one every year. We just call them extra sessions now. We need to explain that to people. If you're getting grief on this, you just stand up and explain, this is the right thing to do. We are adjusting for inflation. The last time around there was a COLA in there. You can call this the unCOLA. We're just picking another amount, adjusting for inflation from the last time. That's all we're doing with the amendment here. And I would urge you to support this. And again, I don't think any of us can defend the \$12,000. I certainly can't, and I won't, or I wouldn't have brought this in the first place. I would urge you to vote green. I thank you all for your comments on this this afternoon, more eloquent than my own certainly. And I would ask you to, again, vote green. Thank you, Mr. President. [LR373CA]

SPEAKER FLOOD: Thank you, Senator Lautenbaugh. Members, you've heard the closing to LR373CA. All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Senator Lautenbaugh, for what purpose do you rise? [LR373CA]

SENATOR LAUTENBAUGH: Roll call vote. [LR373CA]

SPEAKER FLOOD: A roll call vote has been requested in regular order. Mr. Clerk. [LR373CA]

CLERK: (Roll call vote taken.) 28 ayes, 9 nays, Mr. President, on the advancement of LR373CA. [LR373CA]

SPEAKER FLOOD: LR373CA advances to E&R Initial. I raise the call. There was no call. Mr. Clerk. [LR373CA]

CLERK: Mr. President, items, new A bills. Senator Campbell offers LB820A. Senator Campbell offers LB821A. And LB1160A by Senator Campbell. (Read LB820A, LB821A, and LB1160A by title for the first time.) Committee on Transportation reports LB833 to General File; LB740 to General File with amendments; LB930 to General File with amendments. Those signed by Senator Fischer as Chair. Senator Krist, an amendment to LB998 to be printed; Senator Wallman to LB1090; and Senator Karpisek to LB824. Name add, Mr. President: Senator Mello would like to add his name to LB983. (Legislative Journal pages 774-777.) [LB820A LB821A LB1160A LB833 LB740 LB930

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LB998 LB1090 LB824 LB983]

Mr. President, the priority motion. Senator Ashford would move to adjourn the body until Tuesday morning, March 6, at 9 a.m.

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. We are adjourned. (Gavel)