

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

Floor Debate
March 30, 2012

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SPEAKER FLOOD PRESIDING

SPEAKER FLOOD: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fifty-third day of the One Hundred Second Legislature, Second Session. Our chaplain for today is Pastor Jim McGaffin, Liberty Christian Center in Omaha, Senator Mello's district. Please rise.

PASTOR McGAFFIN: (Prayer offered.)

SPEAKER FLOOD: Thank you. I call to order the fifty-third day of the One Hundred Second Legislature, Second Session. Senators, please record your presence. Members, go ahead and please check in. Mr. Clerk, please record.

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

SPEAKER FLOOD: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I have no corrections, Mr. President.

SPEAKER FLOOD: (Gavel) Thank you. Are there any messages, reports, or announcements?

CLERK: There are; I have a Reference report referring study resolutions, as offered by Senator Wightman, who is Chair of the Reference Committee. Lobby report for this week, Mr. President, to be inserted. And I received a series of reports: Auditor of Public Accounts; Health and Human Services; Parole Board; and the Retirement Systems; those are on file in the Clerk's Office, available for member review. That's all that I have, Mr. President. (Legislative Journal pages 1241-1254.)

SPEAKER FLOOD: Thank you, Mr. Clerk. Members, we'll proceed to the first item on the agenda, Select File appropriations bill, LB1128A [LB1128A]

CLERK: Senator Larson, I have no amendments to LB1128A. [LB1128A]

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SPEAKER FLOOD: Senator Larson, you're recognized for a motion. [LB1128A]

SENATOR LARSON: Mr. President, I move that LB1128A be advanced to E&R for engrossing. [LB1128A]

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye. Those opposed say nay. LB1128A advances. Mr. Clerk, members, we now proceed to Final Reading. Members, please take your seats; all unauthorized personnel please leave the floor. The first bill this morning is LB536 where the first vote is to suspend the at-large reading. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB1128A LB536]

CLERK: 34 ayes, 0 nays, Mr. President, on the motion to dispense with the at-large reading. [LB536]

SPEAKER FLOOD: The at-large reading is dispensed with. Please read the title. [LB536]

CLERK: (Read title of LB536.) [LB536]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB536 pass? All those in favor vote aye; all those opposed vote nay. Record please, Mr. Clerk. [LB536]

CLERK: (Record vote read, Legislative Journal pages 1254-1255.) 40 ayes, 0 nays, 9 excused and not voting, Mr. President. [LB536]

SPEAKER FLOOD: LB536 passes. Mr. Clerk, LB985. [LB536 LB985]

CLERK: (Read LB985 on Final Reading.) [LB985]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB985 pass with the emergency clause attached? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB985]

CLERK: (Record vote read, Legislative Journal pages 1255-1256.) 38 ayes, 0 nays, 3 present and not voting, 8 excused and not voting, Mr. President. [LB985]

SPEAKER FLOOD: LB985 passes with the emergency clause attached. Mr. Clerk, we now proceed to LB985A. [LB985 LB985A]

CLERK: (Read LB985A on Final Reading.) [LB985A]

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SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB985A pass with the emergency clause attached? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB985A]

CLERK: (Record vote read, Legislative Journal page 1256.) 41 ayes, 0 nays, Mr. President, 8 excused and not voting. [LB985A]

SPEAKER FLOOD: LB985A passes with the emergency clause attached. Mr. Clerk, LB310 where the first vote is to dispense with the at-large reading. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB985A LB310]

CLERK: 37 ayes, 0 nays, Mr. President, to dispense with the at-large reading. [LB310]

SPEAKER FLOOD: The at-large reading is dispensed with. Please read the title. [LB310]

CLERK: (Read title of LB310.) [LB310]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB310 pass? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB310]

CLERK: (Record vote read, Legislative Journal page 1257.) 42 ayes, 0 nays, 7 excused and not voting, Mr. President. [LB310]

SPEAKER FLOOD: LB310 passes. Mr. Clerk, we now proceed to LB391 where the first vote is to dispense with the at-large reading. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB310 LB391]

CLERK: 38 ayes, 0 nays, Mr. President, to dispense with the at-large reading. [LB391]

SPEAKER FLOOD: The at-large reading is dispensed with. Please read the title. [LB391]

CLERK: (Read title of LB391.) [LB391]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB391 pass with the emergency clause attached? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB391]

CLERK: (Record vote read, Legislative Journal page 1258.) 43 ayes, 0 nays, 6 excused and not voting, Mr. President. [LB391]

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SPEAKER FLOOD: LB391 passes with the emergency clause attached. Mr. Clerk, we now proceed to LB782 where the first vote is to dispense the at-large reading. All those in favor vote aye, all those opposed vote nay. Mr. Clerk, please record. [LB391 LB782]

CLERK: 40 ayes, 0 nays, Mr. President, to dispense with the at-large reading. [LB782]

SPEAKER FLOOD: The at-large reading is dispensed with. Please read the title. [LB782]

CLERK: (Read title of LB782.) [LB782]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB782 pass? All those in favor vote aye; all those opposed vote nay. Record please, Mr. Clerk. [LB782]

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1259-1260.) Vote is 42 ayes, 0 nays, 1 present and not voting, 6 excused and not voting, Mr. President. [LB782]

SPEAKER FLOOD: LB782 passes. Mr. Clerk, LB810. [LB782 LB810]

ASSISTANT CLERK: (Read LB810 on Final Reading.) [LB810]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB810 pass? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB810]

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1260-1261.) Vote is 43 ayes, 0 nays, 6 excused and not voting. [LB810]

SPEAKER FLOOD: LB810 passes. Mr. Clerk, LB863. [LB810 LB863]

ASSISTANT CLERK: (Read LB863 on Final Reading.) [LB863]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB863 pass? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB863]

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1261.) Vote is 44 ayes, 0 nays, 5 excused and not voting, Mr. President. [LB863]

SPEAKER FLOOD: LB863 passes. Mr. Clerk, LB902. [LB863 LB902]

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ASSISTANT CLERK: (Read LB902 on Final Reading.) [LB902]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB902 pass with the emergency clause attached? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB902]

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1262.) Vote is 44 ayes, 0 nays, 5 excused and not voting, Mr. President. [LB902]

SPEAKER FLOOD: LB902 passes with the emergency clause attached. Mr. Clerk, we will now proceed to LB965 where the first vote is to dispense with the at-large reading. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB902 LB965]

ASSISTANT CLERK: 40 ayes, 0 nays to dispense with the at-large reading, Mr. President. [LB965]

SPEAKER FLOOD: The at-large reading is dispensed with. Please read the title. [LB965]

ASSISTANT CLERK: (Read title of LB965.) [LB965]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB965 pass? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB965]

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1262-1263.) Vote is 43 ayes, 1 nay, 5 excused and not voting. [LB965]

SPEAKER FLOOD: LB965 passes. Mr. Clerk, we now proceed to LB995 where the first vote is to dispense with the at-large reading. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB965 LB995]

ASSISTANT CLERK: 42 ayes, 0 nays to dispense with the at-large reading. [LB995]

SPEAKER FLOOD: The at-large reading is dispensed with. Please read the title. [LB995]

ASSISTANT CLERK: (Read title of LB995.) [LB995]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB995 pass with the emergency clause attached? All those in

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favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB995]

ASSISTANT CLERK: (Record vote read, Legislative Journal page 1264.) Vote is 45 ayes, 0 nays, 4 excused and not voting, Mr. President. [LB995]

SPEAKER FLOOD: LB995 passes with the emergency clause attached. Mr. Clerk, LB1039. [LB995 LB1039]

ASSISTANT CLERK: (Read LB1039 on Final Reading.) [LB1039]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB1039 pass? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB1039]

ASSISTANT CLERK: (Record vote read, Legislative Journal pages 1264-1265.) Vote is 45 ayes, 0 nays, 4 excused and not voting. [LB1039]

SPEAKER FLOOD: LB1039 passes. Mr. Clerk, LB1130 where the first vote is to dispense with the at-large reading. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB1039 LB1130]

ASSISTANT CLERK: 44 ayes, 0 nays to dispense with the at-large reading, Mr. President. [LB1130]

SPEAKER FLOOD: The at-large reading is dispensed with. Please read the title. [LB1130]

ASSISTANT CLERK: (Read title of LB1130.) [LB1130]

SPEAKER FLOOD: All provisions of law relative to procedure having been complied with, the question is, shall LB1130 pass? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record. [LB1130]

CLERK: (Record vote read, Legislative Journal page 1265.) 44 ayes, 1 nay, 4 excused and not voting, Mr. President. [LB1130]

SPEAKER FLOOD: LB1130 passes. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign the following bills: LB536, LB985, LB985A, LB310, LB391, LB782, LB810, LB863, LB902, LB965, LB995, LB1039, and LB1130. Mr. Clerk, we now move to the next item on the agenda, LB821. Before that, any items that you would like to read? [LB1130 LB536 LB985 LB985A LB310 LB391 LB782 LB810 LB863 LB902 LB965 LB995 LB1039 LB821]

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CLERK: I do, thank you, Mr. President. Enrollment and Review reports LB996, LB998, LB1090, LB1090A, and LB1104, all those reported correctly engrossed. (Legislative Journal pages 1266-1267.) [LB996 LB998 LB1090 LB1090A LB1104]

Mr. President, with respect to LB821, Senator Campbell would move to return for specific amendment, AM2677. (Legislative Journal page 1211.) [LB821]

SENATOR LANGEMEIER PRESIDING

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Senator Campbell, you're recognized on your motion to return LB821 to Select File. [LB821]

SENATOR CAMPBELL: Thank you, Mr. President. Colleagues, I would respectfully request that we return to this amendment. It concerns issues raised by the county attorneys regarding information shared with the Inspector General under LB821 as amended on Select. The amendment narrows the information required to be shared, encourages collaboration among the law enforcement and prosecuting attorneys and the Inspector General, prohibits interviews of minors on an ongoing investigation, clarifies that the information gathered by the Inspector General is not public, and allows the Inspector General to inform the Chair of Health and Human Services of the information. Thank you, Mr. President. [LB821]

SENATOR LANGEMEIER: Thank you, Senator Campbell. You have heard the opening on the motion to return LB821 to Select File for a specific amendment. Seeing no lights on, Senator Campbell, you're recognized to close. Senator Campbell waives closing. The question before the body is, shall LB821 return to Select File for a specific amendment? All those in favor vote yea; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk. [LB821]

CLERK: 40 ayes, 0 nays, Mr. President, on the motion to return the bill. [LB821]

SENATOR LANGEMEIER: The bill is returned. Mr. Clerk. [LB821]

CLERK: Senator Campbell would offer the Select File amendment AM2677. [LB821]

SENATOR LANGEMEIER: Senator Campbell, you're recognized to open on AM2677. [LB821]

SENATOR CAMPBELL: Thank you, Mr. President and colleagues. As we have worked through all of the bills in relation to LR37, we have worked with a great number of groups across the state, and one of those groups has been a working group in session from the county attorneys. The county attorneys working group came to me and asked that we have some further clarification, about the information that would go from a

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prosecuting attorney or law enforcement with regard to a criminal investigation. And I want to particularly thank Senator Lathrop, who joined me in these discussions with the county attorneys and with the Ombudsman, Marshall Lux, and we were, I think, extremely diligent in coming forward with the amendment that we think clarifies the language and is suitable for all parties who will be working on these issues. Specifically, the amendment strikes the language requiring law enforcement and prosecuting attorneys from providing the Inspector General with, quote, all records, information, documents, and files, and access to all relevant persons and witnesses, and to all physical evidence, and instead provides that copies of all law enforcement reports which are relevant to the Inspector General's investigation shall be shared. And we had quite a bit of discussion on that issue and I think this is, again, very good language. Secondly, it adds that law enforcement agencies and prosecuting attorneys shall, when requested by the IG, collaborate regarding all other information relevant to the IG investigation. And again, that's extremely important that we establish a good collaborative relationship here. Third, it makes it clear that police reports are not public records and are not subject to discovery by other persons or entities. Next it clarifies that, except as provided for in the act, the confidentiality of law enforcement reports shall be maintained by the Inspector General. It next prohibits the Inspector General from interviewing any minor children already interviewed by law enforcement, a child advocate center, or Child and Family Services in connection with a relevant ongoing investigation by law enforcement. And I'm sure you can all recognize the importance of not putting children through continued interviews when an investigation is ongoing. It allows the IG to disclose information to the Chairperson of the Health and Human Services Committee when such disclosure is necessary to keep the Chair informed of important events, issues, and developments in the child welfare system. This last point was particularly important, I believe, in ensuring that the legislative branch would receive good information in an investigation and that you, as any senator then, could discuss with the Chair of Health and Human Services any questions that you might have and the Chair then would be able to set up a good collaborative conversation, but again the reports would remain confidential. I again want to stress that this has been such a good working effort between Senator Lathrop, myself, the county attorneys working group, and the Ombudsman's Office through Marshall Lux, and I am very appreciative for all the efforts that went into this clarification. Thank you, Mr. President. [LB821 LR37]

SENATOR LANGEMEIER: Thank you, Senator Campbell. You have heard the opening on AM2677 offered to LB821. Senator Krist, you're recognized. [LB821]

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues and Nebraska. I wonder if Senator Lathrop would yield for a question. [LB821]

SENATOR LANGEMEIER: Senator Lathrop, would you yield? [LB821]

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SENATOR LATHROP: Yes, I would. [LB821]

SENATOR KRIST: Because, obviously, you've been involved with this and this is your area of expertise in this area, could you tell me who actually would mediate if the IG would ask for information and law enforcement would say, no, we don't think that's in an area with your jurisdiction? [LB821]

SENATOR LATHROP: I don't have it in front of me, but my recollection of the amendment which I read a couple of days ago, basically, they have to provide the reports. That doesn't require collaboration, it's if they go beyond getting the reports. And here's the thing that I think is built into this amendment and that is sort of our trust in the relationship, a professional relationship, between our Ombudsman's Office and police and prosecuting authorities. What we wanted to do was to make sure, (a) and this...Marshall Lux was involved in this, he said, the most important thing we get without any barriers is the police reports. Then we can be...then we can find out what's going on as the police know what's going on, and beyond that there is the necessity of a balance so that if there is a young child...and this is...we learned this in Judiciary Committee working on juvenile issues. If there is a young, young child that's been sexually assaulted, you have to have someone who is very, very skilled in interviewing them so that they are not suggesting answers and then the young child repeats suggested answers in later interviews. And so that's why we have the collaboration there. I'm confident that our Inspector General or the Ombudsman's Office will be able to cooperate and make sure that we don't interfere with criminal prosecutions but, at the same time, get what we need to make sure that we're on top of policy decisions or information that might affect policy decisions. [LB821]

SENATOR KRIST: Thank you, Senator, a very thorough discussion. And I would just like to add from my own experience, particularly when you're dealing with children in crisis or special needs children, you do need to have the right skills to talk to them and gather the data. I just wanted to put that on the record and I thank you for that. Thank you, Mr. President. [LB821]

SENATOR LANGEMEIER: Thank you, Senator Krist. Seeing no other lights on, Senator Campbell, you're recognized to close. [LB821]

SENATOR CAMPBELL: Thank you for the good question and, colleagues, once again I want to thank the Health and Human Services Committee for just a stalwart effort through all these months, and this may be my last chance to say thank you to all of you for your good questions and help in all these bills. Thank you, Mr. President. [LB821]

SENATOR LANGEMEIER: Thank you, Senator Campbell. You have heard the closing on AM2677 offered to LB821. All those in favor vote yea; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk. [LB821]

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CLERK: 43 ayes, 0 nays, Mr. President, on the adoption of the Select File amendment. [LB821]

SENATOR LANGEMEIER: AM2677 is adopted. Mr. Clerk. Senator Larson for a motion. [LB821]

SENATOR LARSON: Mr. President, I move LB821 be advanced to E&R for engrossing. [LB821]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB821 does advance. Mr. Clerk, Select File consent calendar. [LB821]

CLERK: Mr. President, the first bill, LB721. Senator Larson, no amendments to the bill. [LB721]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB721]

SENATOR LARSON: Mr. President, I move LB721 be advanced to E&R for engrossing. [LB721]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB721 does advance. Mr. Clerk. [LB721]

CLERK: LB766, Senator, I have no amendments to the bill. [LB766]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB766]

SENATOR LARSON: Mr. President, I move LB766 be advanced to E&R for engrossing. [LB766]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, it does advance. Mr. Clerk. [LB766]

CLERK: LB779, Senator, I have Enrollment and Review amendments. (ER231, Legislative Journal page 1096.) [LB779]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB779]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB779 be adopted. [LB779]

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SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, they are adopted. [LB779]

CLERK: I have nothing further on LB779, Senator. [LB779]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB779]

SENATOR LARSON: Mr. President, I move LB779 be advanced to E&R for engrossing. [LB779]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, it does advance. Mr. Clerk. [LB779]

CLERK: LB719, Senator, there are Enrollment and Review amendments. (ER238, Legislative Journal page 1096.) [LB719]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB719]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB719 be adopted. [LB719]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, they are adopted. Mr. Clerk. [LB719]

CLERK: I have nothing further on LB719. [LB719]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB719]

SENATOR LARSON: Mr. President, I move that LB719 be advanced to E&R for engrossing. [LB719]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB719 does advance. Mr. Clerk. [LB719]

CLERK: LB729, Senator, I have no amendments to the bill. [LB729]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB729]

SENATOR LARSON: Mr. President, I move LB729 be advanced to E&R for engrossing. [LB729]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. LB729 does advance. Mr. Clerk. [LB729]

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CLERK: LB1035, Senator, there are Enrollment and Review amendments. (ER237, Legislative Journal page 1097.) [LB1035]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1035]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1035 be adopted. [LB1035]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, they are adopted. [LB1035]

CLERK: I have nothing further on LB1035, Senator. [LB1035]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1035]

SENATOR LARSON: Mr. President, I move LB1035 be advanced to E&R for engrossing. [LB1035]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB1035 does advance. Mr. Clerk. [LB1035]

CLERK: LB896, Senator, I have E&R amendments pending. (ER234, Legislative Journal page 1097.) [LB896]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB896]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB896 be adopted. [LB896]

SENATOR LANGEMEIER: You've heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, they are adopted. [LB896]

CLERK: I have nothing further on LB896, Senator. [LB896]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB896]

SENATOR LARSON: Mr. President, I move that LB896 be advanced to E&R for engrossing. [LB896]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB896 does advance. Mr. Clerk. [LB896]

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CLERK: LB898, Senator, I have no amendments to the bill. [LB898]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB898]

SENATOR LARSON: Mr. President, I move LB898 be advanced to E&R for engrossing. [LB898]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB898 does advance. Mr. Clerk. [LB898]

CLERK: LB772, Senator, I have no amendments to the bill. [LB772]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB772]

SENATOR LARSON: Mr. President, I move LB772 be advanced to E&R for engrossing. [LB772]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB772 does advance. Mr. Clerk. [LB772]

CLERK: LB823, Senator, there are E&R amendments. (ER235, Legislative Journal page 1097.) [LB823]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB823]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB823 be adopted. [LB823]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. They are adopted. [LB823]

CLERK: I have nothing further on LB823, Senator. [LB823]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB823]

SENATOR LARSON: Mr. President, I move LB823 be advanced to E&R for engrossing. [LB823]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB823 does advance. Mr. Clerk. [LB823]

CLERK: LB761, Senator, no amendments to the bill. [LB761]

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SENATOR LANGEMEIER: Senator Larson for a motion. [LB761]

SENATOR LARSON: Mr. President, I move LB761 be advanced to E&R for engrossing. [LB761]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB761 does advance. Mr. Clerk. [LB761]

CLERK: LB743, Senator, no amendments to the bill. [LB743]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB743]

SENATOR LARSON: Mr. President, I move LB743 be advanced to E&R for engrossing. [LB743]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB743 does advance. Mr. Clerk. [LB743]

CLERK: LB742, Senator, there are Enrollment and Review amendments. (ER239, Legislative Journal page 1097.) [LB742]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB742]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB742 be adopted. [LB742]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, they are adopted. [LB742]

CLERK: I have nothing further on that bill, Senator. [LB742]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB742]

SENATOR LARSON: Mr. President, I move LB742 be advanced to E&R for engrossing. [LB742]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it, LB742 does advance. Mr. Clerk. [LB742]

CLERK: Mr. President, LB1049. Senator Bloomfield would move to amend the bill with AM2645. (Legislative Journal page 1238.) [LB1049]

SENATOR LANGEMEIER: Senator Bloomfield, you're recognized to open on AM2645.

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[LB1049]

SENATOR BLOOMFIELD: Thank you, Mr. President. Good morning, colleagues. I have a handout, copies will be here directly. I'm going to go ahead and open without it. I will explain that to you when it gets here. I also...among that handout is an e-mail from Senator Cornett supporting my amendment. This is not a forced e-mail. We had an agreement after I said I would not hold her bill up and that will be covered later when the handout is prepared. I introduced AM2645 with no desire to damage the important part of LB1049 which involves manhole covers and sewer grates. I've tried to reach some agreement with the folks in the lobby, but they're not willing to even discuss the portion of the bill that deals with copper. I suggested the good folks that do business on a regular basis with scrap buyers be exempted from the delay in payment. Most of us who sell copper and other materials on a regular basis have an ID card similar to what you see on the handout that will be circulated. Exempting these people would not be an issue, but the powers in the lobby would not consider it. I ask what benefit would be gained from mailing the check since we already have to be fingerprinted and have our driver's license copied when we sell copper. There was no clear answer. I shared this attempt to compromise with Senator Cornett and told her that I would not jeopardize her manhole cover bill for the sake of my amendment though it was obvious that those in the lobby would. It was after I shared this information with Senator Cornett and assured her I would do nothing to destroy her bill that she suggested the e-mail that you got on your machine and that I would love to have circulated about now. The delayed mailing of payment does very little, if anything, to prevent theft. It merely causes further inconvenience to honest, hardworking people trying to make an honest dollar. And without benefit of my handout, I still ask for your favorable consideration on this amendment. Again, this was not under duress that Senator Cornett did this. It was her suggestion after I said I would not damage her bill. Thank you. [LB1049]

SENATOR LANGEMEIER: Thank you, Senator Bloomfield. You have heard the opening on AM2645. The floor is open for discussion. Those wishing to speak, we have Senator Campbell, Larson, and Smith. Senator Campbell, you're recognized. [LB1049]

SENATOR CAMPBELL: Thank you, Mr. President. And again, good morning, colleagues. I have to stand and raise a concern about the amendment and will give Senator Bloomfield a chance to further discuss. And the reason for my concern is that I served on the Lincoln Electric System administrative board and one of our great concerns, and we also have a letter, I think, from the rural electrification association. One of our great concerns has been the theft of copper and the selling of that from our facilities, certainly in the Lincoln area but apparently all across the state. And I continue to have a concern about what this amendment would do with regard to people who want fast cash and selling of the copper. And with that, I would yield the rest of my time to Senator Bloomfield if he wishes to continue discussing this. [LB1049]

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SENATOR LANGEMEIER: Senator Bloomfield, 4 minutes. [LB1049]

SENATOR BLOOMFIELD: Thank you, Senator Campbell. I was involved in other things and I missed most of what you said, Would you give me a very brief... [LB1049]

SENATOR CAMPBELL: Mr. President, is that okay? Senator Bloomfield, my concern comes from the selling of copper, as I sat on the Lincoln Electric service board and that was a huge issue for us, people stealing it and getting quick cash. [LB1049]

SENATOR BLOOMFIELD: Okay. The people that I asked to be exempted are not those people. People stealing it, it's against the law to steal it. Why do we punish the innocent for what the thieves are doing? If Senator Lambert drove 90 miles an hour here this morning and got caught, we're not going to tell Senator Larson he can't drive for three days. That's what we're doing with this. Thank you. [LB1049]

SENATOR LANGEMEIER: Thank you, Senator Bloomfield and Senator Campbell. Senator Larson, you're recognized. [LB1049]

SENATOR LARSON: Thank you, Senator Langemeier. I've had, actually, a number of rural electric associations in my district contact me, urging me to oppose Senator Bloomfield's amendment, feeling that this is...this part really does do a lot to slow copper theft. Obviously, I think the rural electric associations across rural Nebraska have a problem with copper theft, as do, you know, farmers that are building new pivots and things of that nature. So I guess I might have some questions for Senator Bloomfield as we move forward. And to say that, you know, this is unnecessary, I think you can think of a lot of things in our government that are unnecessary. You know tractor testing is covered under the UCC, but we still mandate tractor testing in the state of Nebraska. But if they lie in their marketing materials, anybody could still prosecute them and sue them under the UCC. So to use that, that this is, you know, just unnecessary, I don't know if that's the case. I think Senator Campbell raised a very valid point; we have to protect our local, in my case, the REAs, in her case Lincoln Electric System, from copper theft, and this was put in the bill for a reason. And I think I'll have a hard time supporting Senator Bloomfield's amendment, especially after what the Nebraska...or my rural electric associations have said to me in how important this is to them. So with that, I'll listen to what Senator Bloomfield has to say a little bit more, but I'll have a hard time supporting AM2645. [LB1049]

SENATOR LANGEMEIER: Thank you, Senator Larson. Senator Smith, you are recognized. [LB1049]

SENATOR SMITH: Thank you, Mr. President. And good morning, colleagues. Senator Bloomfield, I think we have kind of a kindred spirit when it comes to wanting to minimize regulation on businesses, and I do think it's oftentimes burdensome on businesses to

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have some of the regulations that we have. And so I certainly understand what you're saying, and I'm going to come back around here in just a moment and ask you a question, but I stand up on this particular bill because I do have concerns about copper theft. I finished up last year 27 years in the electric and gas utility business. And in the latter part of my career, I experienced, you know, the problems with copper theft. And I read the reports and the stories about the burned pair of tennis shoes that would be found at a substation or the burned clothing that would be left at a substation, knowing that that thief was likely in a burn unit somewhere and maybe not going to survive. Now, I know that that's a thief and they shouldn't have been there to begin with, but anything we can do as a deterrent to these thieves I think is a good thing. I also know that from the side of the utilities and the businesses that the theft of copper increases their cost of doing business. For utilities, that gets passed on to the ratepayers. So it is a serious, serious problem. And there are fatalities that occur as a result of those thefts that occur. So I'm seeing both sides of this. And Senator Bloomfield had handed out and described to me what he does to assure that he is the person, that he is an identifiable dealer in that transaction. But I'm not certain that what you shared with me is a common practice in the industry. Now, step through with me one more time how you transact your business and then tell me, is this just between you and this particular company that's on this ID card or is this common throughout? Would...? [LB1049]

SENATOR LANGEMEIER: Senator Bloomfield, would you yield to a question? [LB1049]

SENATOR BLOOMFIELD: Yes, I would. I can speak only to Alter Scrap, where I go with 90 percent of my stuff. This is a card that they give to anyone that sells to them on a regular basis. If you sell increased volume to them, you get a little better price than the guy that just walks in off the street. You give them this card, they scan it through; it identifies who you are and at what rate you will be paid for all the product. I can't say what other steel companies or scrap iron yards do. Alter does this on a regular basis. [LB1049]

SENATOR SMITH: Thank you, Senator Bloomfield. And I understand that you are doing everything you can to make certain that your transaction is legitimate and aboveboard. I'm concerned that there may be others out there that do not have as good of a program in place as what you're describing here. And from what I understand, this really comes down to a small waiting period of time, which could be a deterrent to those that are wanting that cash up-front in that transaction as opposed to delaying a little bit of time in receiving that money or that payment for the recycling product by check. Is that correct, Senator Bloomfield? [LB1049]

SENATOR BLOOMFIELD: Well, I...I would suggest to you that, knowing the demographic, how Nebraska lays, that anybody that is wanting to get the instant cash would simply take their stolen copper, if that's what they're dealing with, to Council Bluffs, where they don't have this. This, again, does nothing but punish the good guy.

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And they say you need a receipt, possibly? Well, if you happen to be a scrap dealer, you go buy a motor, an electric motor, and tear it apart. The motor is worth roughly 15 cents a pound. If you spend the time to disassemble the motor, take the copper out, the copper is worth \$3 a pound. You have no receipt for copper. You have a receipt for an electric motor, maybe a welder, you have no receipt for the copper you're trying to sell. [LB1049]

SENATOR SMITH: All right. Thank you, Senator Bloomfield. And once again, I do stand with some concerns on AM2645; I support LB1049. And I want Senator Bloomfield to understand I certainly understand where you're coming from on this. And I do agree that burdensome regulations is a problem... [LB1049]

SENATOR LANGEMEIER: Time. [LB1049]

SENATOR SMITH: ...on businesses. Thank you. [LB1049]

SENATOR LANGEMEIER: Thank you, Senator Smith, Senator Bloomfield. Seeing no other lights on, Senator Bloomfield, you're recognized to close on AM2645. [LB1049]

SENATOR BLOOMFIELD: Thank you, Mr. President and colleagues. Again, I don't wish to do any harm to the important part of the bill, which is the manhole covers. I understand theft is a problem. I don't see where this does anything to deter it. They already have our thumbprint, they have my driver's license, they have my address, without the little ID card. That...anybody that sells copper gets thumbprinted, has their driver's license copied before they get paid. The pretense of mailing the check...that mailing the check later helps identify you, it's a myth. And again, Senator Cornett's e-mail is not forced. That was offered after I told her I would not jeopardize the rest of the bill. Thank you. [LB1049]

SENATOR LANGEMEIER: Thank you, Senator Bloomfield. You have heard the closing on AM2645. The question before the body is, shall AM2645 be adopted to LB1049? All those in favor vote yea; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk. [LB1049]

CLERK: 1 aye, 20 nays on the amendment, Mr. President. [LB1049]

SENATOR LANGEMEIER: The amendment is not adopted. [LB1049]

CLERK: I have nothing further on the bill, Mr. President. [LB1049]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Senator Larson for a motion. [LB1049]

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SENATOR LARSON: Mr. President, I move LB1049 be advanced to E&R for engrossing. [LB1049]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1049 does advance. (Visitors and doctor of the day introduced.) Returning with consent calendar, Mr. Clerk. [LB1049]

CLERK: LB398, Senator. I have E&R amendments, first of all. (ER236, Legislative Journal page 1097.) [LB398]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB398]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB398 be adopted. [LB398]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB398]

CLERK: I have nothing further on the bill. [LB398]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB398]

SENATOR LARSON: Mr. President, I move LB398 be advanced to E&R for engrossing. [LB398]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB398 does advance. Mr. Clerk. [LB398]

CLERK: LB1101, Senator. I have Enrollment and Review amendments. (ER240, Legislative Journal page 1101.) [LB1101]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1101]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1101 be adopted. [LB1101]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB1101]

CLERK: I have nothing further on LB1101, Senator. [LB1101]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1101]

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SENATOR LARSON: Mr. President, I move that LB1101 be advanced to E&R for engrossing. [LB1101]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1101 does advance. Mr. Clerk. [LB1101]

CLERK: LB1042, Senator. There are no amendments to the bill. [LB1042]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1042]

SENATOR LARSON: Mr. President, I move LB1042 be advanced to E&R for engrossing. [LB1042]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1042 does advance. Mr. Clerk. [LB1042]

CLERK: LB788, Senator. I have Enrollment and Review amendments. (ER241, Legislative Journal page 1101.) [LB788]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB788]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB788 be adopted. [LB788]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB788]

CLERK: I have nothing further on LB788, Senator. [LB788]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB788]

SENATOR LARSON: Mr. President, I move LB788 be advanced to E&R for engrossing. [LB788]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB788 does advance. Mr. Clerk. [LB788]

CLERK: LB1062, Senator. There are Enrollment and Review amendments pending. (ER242, Legislative Journal page 1101.) [LB1062]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1062]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB1062 be

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adopted. [LB1062]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. Mr. Clerk. [LB1062]

CLERK: LB1030, Mr. President. I'm sorry, excuse me, LB1062. I have nothing further pending on LB1062. [LB1062]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1062]

SENATOR LARSON: Mr. President, I move LB1062 be advanced to E&R for engrossing. [LB1062]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1062 does advance. Mr. Clerk. [LB1062]

CLERK: LB1030, Mr. President. I have no amendments to the bill. [LB1030]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1030]

SENATOR LARSON: Mr. President, I move LB1030 be advanced to E&R for engrossing. [LB1030]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1030 does advance. Mr. Clerk. [LB1030]

CLERK: LB795, Senator. I have no amendments to the bill. [LB795]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB795]

SENATOR LARSON: Mr. President, I move LB795 be advanced to E&R for engrossing. [LB795]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB795 does advance. Mr. Clerk. [LB795]

CLERK: LB880, Senator. I have Enrollment and Review amendments. (ER244, Legislative Journal page 1102.) [LB880]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB880]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB880 be adopted. [LB880]

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SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. The amendment is adopted. Mr. Clerk. [LB880]

CLERK: I have nothing further on LB880. [LB880]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB880]

SENATOR LARSON: Mr. President, I move LB880 be advanced to E&R for engrossing. [LB880]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB880 does advance. Mr. Clerk. [LB880]

CLERK: LB1116, Senator. No amendments to the bill. [LB1116]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1116]

SENATOR LARSON: Mr. President, I move LB1116 be advanced to E&R for engrossing. [LB1116]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1116 does advance. Mr. Clerk. [LB1116]

CLERK: Mr. President, LB1141. I have no amendments to the bill. [LB1141]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1141]

SENATOR LARSON: Mr. President, I move LB1141 be advanced to E&R for engrossing. [LB1141]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1141 does advance. Mr. Clerk. [LB1141]

CLERK: LB819, Senator. There are Enrollment and Review amendments. (ER243, Legislative Journal page 1103.) [LB819]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB819]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB819 be adopted. [LB819]

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SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. The amendments are adopted. [LB819]

CLERK: I have nothing further on LB819, Senator. [LB819]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB819]

SENATOR LARSON: Mr. President, I move that LB819 be advanced to E&R for engrossing. [LB819]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB819 does advance. Mr. Clerk. [LB819]

CLERK: LB869, Senator. I have no amendments to the bill. [LB869]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB869]

SENATOR LARSON: Mr. President, I move that LB869 be advanced to E&R for engrossing. [LB869]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB869 does advance. Mr. Clerk. [LB869]

CLERK: LB1122, Mr. President. No E&Rs. Senator Karpisek would move to amend the bill with AM2666. [LB1122]

SENATOR LANGEMEIER: Senator Karpisek, you are recognized to open on AM2666. [LB1122]

SENATOR KARPISEK: Mr. President, I would like to pull that amendment, please. [LB1122]

SENATOR LANGEMEIER: Without objection, it is withdrawn. Mr. Clerk. [LB1122]

CLERK: Mr. President, Senator Karpisek would move to amend, AM2697. (Legislative Journal page 1269.) [LB1122]

SENATOR LANGEMEIER: Senator Karpisek, you are recognized to open on AM2697. [LB1122]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. Replacing that amendment that I just pulled, this amendment would state, "give full and deliberate consideration to the role of home health services from private duty nurses in meeting

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the needs of a disabled family member or disabled person." This is the bill that at first had said, I guess in my own words, would give home health nurses more of a step up when it comes to any budget cuts. And I don't think that anybody should have any more of a leg up than anyone else in the system. And I think by going at it this way, I hope that this addresses Senator Bloomfield's...that it's okay with him. But I would yield the rest of my time to Senator Bloomfield. [LB1122]

SENATOR LANGEMEIER: Senator Bloomfield, 8 minutes 57 seconds. [LB1122]

SENATOR BLOOMFIELD: Thank you, Mr. President. Thank you, Senator. I have no problem with this amendment. Let's move forward. Thank you. [LB1122]

SENATOR LANGEMEIER: Thank you, Senator Bloomfield and Senator Karpisek. You have heard the opening on AM2697 offered to LB1122. The floor is now open for discussion. Senator Gloor, you're recognized. [LB1122]

SENATOR GLOOR: Thank you, Mr. President. I'll be very brief. I was a "no vote" because of some concerns I had about this bill when it advanced out of committee. I think AM2697 takes care of the concerns that I have, and I would encourage the support of AM2697 and LB1122. Thank you, Mr. President. [LB1122]

SENATOR LANGEMEIER: Thank you, Senator Gloor. Seeing no other lights on, Senator Karpisek, you are recognized to close. Senator Karpisek waives closing. The question before the body is, shall AM2697 be adopted to LB1122? All those in favor vote yea; all those opposed vote nay. Have all those voted that wish to? Record, Mr. Clerk. [LB1122]

CLERK: 27 ayes, 0 nays, Mr. President, on the adoption of Senator Karpisek's amendment. [LB1122]

SENATOR LANGEMEIER: AM2697 is adopted. Mr. Clerk. [LB1122]

CLERK: I have nothing further on the bill, Mr. President. [LB1122]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1122]

SENATOR LARSON: Mr. President, I move LB1122 be advanced to E&R for engrossing. [LB1122]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1122 does advance. Mr. Clerk. [LB1122]

CLERK: LB1077, Senator. There are E&R amendments pending. (ER245, Legislative

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Journal page 1104.) [LB1077]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1077]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1077 be adopted. [LB1077]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB1077]

CLERK: I have nothing further on LB1077. [LB1077]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1077]

SENATOR LARSON: Mr. President, I move LB1077 be advanced to E&R for engrossing. [LB1077]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1077 does advance. Mr. Clerk. [LB1077]

CLERK: LB1083, Senator. I have no amendments to the bill. [LB1083]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1083]

SENATOR LARSON: Mr. President, I move LB1083 be advanced to E&R for engrossing. [LB1083]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1083 does advance. Mr. Clerk. [LB1083]

CLERK: LB734, Mr. President. I have no amendments to the bill, Senator. [LB734]

SENATOR LANGEMEIER: Thank you. Senator Larson for a motion. [LB734]

SENATOR LARSON: Mr. President, I move LB734 be advanced to E&R for engrossing. [LB734]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB734 does advance. Mr. Clerk. [LB734]

CLERK: LB737, Senator. I have no amendments to the bill. [LB737]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB737]

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SENATOR LARSON: Mr. President, I move that LB737 be advanced to E&R for engrossing. [LB737]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB737 does advance. Mr. Clerk. [LB737]

CLERK: LB768, Senator. I have no amendments to the bill. [LB768]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB768]

SENATOR LARSON: Mr. President, I move LB768 be advanced to E&R for engrossing. [LB768]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB768 does advance. Mr. Clerk. [LB768]

CLERK: LB805, Senator. I have no amendments to the bill. [LB805]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB805]

SENATOR LARSON: Mr. President, I move LB805 be advanced to E&R for engrossing. [LB805]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB805 does advance. Mr. Clerk. [LB805]

CLERK: LB881, Senator. I have no amendments to the bill. [LB881]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB881]

SENATOR LARSON: Mr. President, I move LB881 be advanced to E&R for engrossing. [LB881]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB881 does advance. Mr. Clerk. [LB881]

CLERK: LB941, Senator. I have no amendments to the bill. [LB941]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB941]

SENATOR LARSON: Mr. President, I move LB941 be advanced to E&R for engrossing. [LB941]

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SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB941 does advance. Mr. Clerk. [LB941]

CLERK: LB1148, Senator. I have no amendments to the bill. [LB1148]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1148]

SENATOR LARSON: Mr. President, I move LB1148 be advanced to E&R for engrossing. [LB1148]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1148 does advance. Mr. Clerk. [LB1148]

CLERK: LB740, Senator. There are Enrollment and Review amendments. (ER246, Legislative Journal page 1105.) [LB740]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB740]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB740 be adopted. [LB740]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. Mr. Clerk. Senator Larson for a motion. [LB740]

SENATOR LARSON: Mr. President, I move LB740 be advanced to E&R for engrossing. [LB740]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB740 does advance. Mr. Clerk. [LB740]

CLERK: Mr. President, LB851. I have no amendments to the bill. [LB851]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB851]

SENATOR LARSON: Mr. President, I move that LB851 be advanced to E&R for engrossing. [LB851]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB851 does advance. Mr. Clerk. [LB851]

CLERK: LB1106, Senator. I have no amendments to the bill. [LB1106]

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SENATOR LANGEMEIER: Senator Larson for a motion. [LB1106]

SENATOR LARSON: Mr. President, I move that LB1106 be advanced to E&R for engrossing. [LB1106]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1106 does advance. Mr. Clerk. [LB1106]

CLERK: LB1026, Senator. There are Enrollment and Review amendments pending. (ER247, Legislative Journal page 1105.) [LB1026]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1026]

SENATOR LARSON: Mr. President, I move that the E&R amendments to LB1026 be adopted. [LB1026]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB1026]

CLERK: I have nothing further, Mr. President. [LB1026]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1026]

SENATOR LARSON: Mr. President, I move that LB1026 be advanced to E&R for engrossing. [LB1026]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1026 does advance. Mr. Clerk. [LB1026]

CLERK: LB1140, Senator. There are Enrollment and Review amendments. (ER249, Legislative Journal page 1105.) [LB1140]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1140]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1140 be adopted. [LB1140]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB1140]

CLERK: I have nothing further on LB1140, Senator. [LB1140]

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SENATOR LANGEMEIER: Senator Larson for a motion. [LB1140]

SENATOR LARSON: Mr. President, I move that LB1140 be advanced to E&R for engrossing. [LB1140]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1140 does advance. Mr. Clerk. [LB1140]

CLERK: LB936, Senator. There are Enrollment and Review amendments. (ER248, Legislative Journal page 1105.) [LB936]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB936]

SENATOR LARSON: Mr. President, I move the E&R amendments to be LB936 be adopted. [LB936]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB936]

CLERK: I have nothing further on LB936. [LB936]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB936]

SENATOR LARSON: Mr. President, I move that LB936 be advanced to E&R for engrossing. [LB936]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB936 does advance. (Visitors introduced.) Mr. Clerk. [LB936]

CLERK: LB897, Senator. I have no amendments to the bill. [LB897]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB897]

SENATOR LARSON: Mr. President, I move that LB897 be advanced to E&R for engrossing. [LB897]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB897 does advance. Mr. Clerk. [LB897]

CLERK: LB822, Senator. I have no amendments to the bill. [LB822]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB822]

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SENATOR LARSON: Mr. President, I move LB822 be advanced to E&R for engrossing. [LB822]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB822 does advance. Mr. Clerk. [LB822]

CLERK: LB1038, Senator. I have Enrollment and Review amendments pending. (ER251, Legislative Journal page 1105.) [LB1038]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1038]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1038 be adopted. [LB1038]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB1038]

CLERK: I have nothing further on LB1038, Senator. [LB1038]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1038]

SENATOR LARSON: Mr. President, I move that LB1038 be advanced to E&R for engrossing. [LB1038]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1038 does advance. Mr. Clerk. [LB1038]

CLERK: LB1005. There are Enrollment and Review amendments pending. (ER250, Legislative Journal page 1105.) [LB1005]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1005]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1005 be adopted. [LB1005]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. Mr. Clerk. [LB1005]

CLERK: I have nothing further on LB1005, Mr. President. [LB1005]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1005]

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SENATOR LARSON: Mr. President, I move that LB1005 be advanced to E&R for engrossing. [LB1005]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1005 does advance. Mr. Clerk. [LB1005]

CLERK: LB997, Senator. There are Enrollment and Review amendments pending. (ER259, Legislative Journal page 1105.) [LB997]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB997]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB997 be adopted. [LB997]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB997]

CLERK: I have nothing further, Mr. President. [LB997]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB997]

SENATOR LARSON: Mr. President, I move that LB997 be advanced to E&R for engrossing. [LB997]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB997 does advance. Mr. Clerk. [LB997]

CLERK: LB899. There are Enrollment and Review amendments. (ER252, Legislative Journal page 1105.) [LB899]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB899]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB899 be adopted. [LB899]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB899]

CLERK: I have nothing further on LB899. [LB899]

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SENATOR LANGEMEIER: Senator Larson for a motion. [LB899]

SENATOR LARSON: Mr. President, I move that LB899 be advanced to E&R for engrossing. [LB899]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB899 does advance. Mr. Clerk. [LB899]

CLERK: LB722, Senator. I have Enrollment and Review amendments. (ER253, Legislative Journal page 1108.) [LB722]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB722]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB722 be adopted. [LB722]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. Mr. Clerk. [LB722]

CLERK: I have nothing further on LB722. [LB722]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB722]

SENATOR LARSON: Mr. President, I move LB722 be advanced to E&R for engrossing. [LB722]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB722 does advance. Mr. Clerk. [LB722]

CLERK: LB865, Senator. I have no amendments to the bill. [LB865]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB865]

SENATOR LARSON: Mr. President, I move that LB865 be advanced to E&R for engrossing. [LB865]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB865 does advance. Mr. Clerk. [LB865]

CLERK: LB1051, Senator. There are Enrollment and Review amendments. (ER254, Legislative Journal page 1108.) [LB1051]

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SENATOR LANGEMEIER: Senator Larson for a motion. [LB1051]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1051 be adopted. [LB1051]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB1051]

CLERK: I have nothing further on LB1051. [LB1051]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1051]

SENATOR LARSON: Mr. President, I move that LB1051 be advanced to E&R for engrossing. [LB1051]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1051 does advance. Mr. Clerk. [LB1051]

CLERK: LB1121, Senator. I have no amendments to the bill. [LB1121]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1121]

SENATOR LARSON: Mr. President, I move that LB1121 be advanced to E&R for engrossing. [LB1121]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1121 does advance. Mr. Clerk. [LB1121]

CLERK: LB1126. There are Enrollment and Review amendments. (ER255, Legislative Journal page 1108.) [LB1126]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1126]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1126 be adopted. [LB1126]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. The amendments are adopted. [LB1126]

CLERK: I have nothing further on the bill, Mr. President. [LB1126]

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SENATOR LANGEMEIER: Senator Larson for a motion. [LB1126]

SENATOR LARSON: Mr. President, I move that LB1126 be advanced to E&R for engrossing. [LB1126]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1126 does advance. Mr. Clerk. [LB1126]

CLERK: LB738. I have E&R amendments, Senator. (ER256, Legislative Journal page 1108.) [LB738]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB738]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB738 be adopted. [LB738]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. [LB738]

CLERK: I have nothing further on LB738, Mr. President. [LB738]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB738]

SENATOR LARSON: Mr. President, I move LB738 be advanced to E&R for engrossing. [LB738]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB738 does advance. Mr. Clerk. [LB738]

CLERK: LB1087. There are E&R amendments, Senator. (ER257, Legislative Journal page 1108.) [LB1087]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1087]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1087 be adopted. [LB1087]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1087 does advance. Mr. Clerk. Oh, excuse me, the amendments are adopted. [LB1087]

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CLERK: I... [LB1087]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1087]

SENATOR LARSON: Mr. President, I move that LB1087 be advanced to E&R for engrossing. [LB1087]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1087 now does advance. Mr. Clerk. [LB1087]

CLERK: LB1087A, Mr. President. I have no amendments to the bill. [LB1087A]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1087A]

SENATOR LARSON: Mr. President, I move that LB1087A be advanced to E&R for engrossing. [LB1087A]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1087A does advance. Mr. Clerk. [LB1087A]

CLERK: LB1054. There are Enrollment and Review amendments, Mr. President. (ER258, Legislative Journal page 1109.) [LB1054]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1054]

SENATOR LARSON: Mr. President, I move the E&R amendments to LB1054 be adopted. [LB1054]

SENATOR LANGEMEIER: You have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. They are adopted. Mr. Clerk. [LB1054]

CLERK: I have nothing further on LB1054, Mr. President. [LB1054]

SENATOR LANGEMEIER: Senator Larson for a motion. [LB1054]

SENATOR LARSON: Mr. President, I move that LB1054 be advanced to E&R for engrossing. [LB1054]

SENATOR LANGEMEIER: All those in favor say aye. All those opposed say nay. The ayes have it. LB1054 does advance. Mr. Clerk. [LB1054]

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CLERK: LB1054A, Senator. I have no amendments to the bill. [LB1054A]

SENATOR LANGEMEIER: Senator Larson, you are recognized for a motion. [LB1054A]

SENATOR LARSON: Mr. President, I move LB1054A be advanced to E&R for engrossing. [LB1054A]

SENATOR LANGEMEIER: Members, you have heard the motion. All those in favor say aye. All those opposed say nay. The ayes have it. LB1054A does advance. We now move to General File, 2012 senator priority bills, Hadley division. Mr. Clerk, LB825. [LB1054A LB825]

CLERK: LB825, Mr. President, is a bill by Senator Dubas. (Read title.) It was introduced on January 5 of this year, referred to Health and Human Services Committee for public hearing. The bill was advanced to General File. I do have committee amendments, Mr. President. (AM2163, Legislative Journal page 667.) [LB825]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Senator Dubas, you are recognized to open on LB825. [LB825]

SENATOR DUBAS: Thank you, Mr. President. And good morning, colleagues. I'm not going to speak to my bill, because the committee amendment actually becomes the bill and it is significantly different than what I originally introduced. So what I'd like to do with my opening is just try to lay the background as to why I introduced the bill. And then we'll get into a discussion of what it looks like now after Senator Campbell's introduction. And I would like to thank the HHS Committee, Senator Conrad, and Senator Cook for all of their work, also AARP, Appleseed, and HHS workers and clients who have shared their stories with us. And Senator Conrad conducted an interim study last year with the HHS Committee, looking at ACCESSNebraska. In 2008, the Department of Health and... [LB825]

SENATOR LANGEMEIER: (Gavel) [LB825]

SENATOR DUBAS: ...Human Services began the implementation of a new program called ACCESSNebraska. The intention was to streamline and modernize the application process that people would go through to apply for public benefits, such as aid to the elderly, Kids Connection, and aid to the disabled. And it would seem to make sense to take advantage of what technology has to offer us. But unfortunately, the process that has been implemented has had anything but a smooth transition. The stated purpose for ACCESSNebraska is to make economic-assistance service delivery the best it can be for the people in Nebraska, increase accessibility, increase responsiveness, maintain accuracy, and increase efficiency. Unfortunately, I think we've

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fallen short of those mission statements. This program moved from actual face-to-face appointments with dedicated caseworkers to establishing call centers across the state, with kiosks available, and an on-line application process. Privatization of core DHHS functions come with a high price tag. And ACCESSNebraska is walking down the same path that we traveled regarding the changes made in the child welfare arena. And for whatever reason, we have not looked at the pitfalls other states have encountered and learned from their mistakes as they moved towards this type of a process. I think there's at least three or four other states who went to this automated application process and have since come back to a more hybrid method where they incorporate the use of technology along with the use of actual live bodies and face-to-face contact. I think the fact that the department has not looked at and learned from the mistakes made in other states is what has brought us here today with LB825. The costs of ACCESSNebraska have been unfairly placed upon our most needy citizens and upon our community centers in the form of inaccurate denials of benefits; long, long wait times; and sky-high phone bills for those making the calls. One elderly constituent wrote to me that her only phone was a prepaid wireless cell phone, and she had actually ran out of her minutes while on hold waiting to be taken care of when she was reapplying for benefits. The very real problems encountered by those working at the call centers and the customers they serve seem to stem from the fact that there are no longer dedicated caseworkers who know their clients and are able to help determine their needs. Now there is a great deal of confusion, as people who call in for assistance rarely talk to the same person twice, are given misinformation, are put on hold for lengthy amounts of time. One person we spoke with called in at her appointed time--she was sent a letter, told to call in at this date, at this time--and was put on hold for over an hour. And we are waiting longer than in the past for the determination of assistance. They are having to submit the required information multiple times because it is either not being entered into the database or simply can't be found. For those of us who use computers on a daily basis, this is our normal way of doing business. But one of the major stumbling blocks to the implementation of ACCESS is that the population of people we are seeking to serve either just do not have access to a computer or do not have a lot of computer skills. We have all experienced making calls where you navigate through a series of menu options, where you're told to press a variety of numbers for a variety of services that you're seeking. If you're lucky, you might actually get to talk to a live person at the end of that. But if you're anything like me, those menu options can become quite confusing, and you're trying to determine which one of those numbers best fits what I'm trying to seek. And then if you mess up, you've got to start all over again. And so there's no difference with this menu option. And, again, if you're not familiar with the jargon or the process, it becomes very intimidating. The same holds true for the on-line process. While it was touted to be quick and easy, again, for those who are not familiar with computers, this is not the case. I'm hearing from people who are...even from people who are very comfortable with computers and understand computer applications, who are still having difficulty navigating the on-line process. One that's supposed to take...we're told it's supposed to take around 40 minutes is taking much longer than

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that. And, again, if you don't have a computer and you're having to go to a library or a senior center or something like that, there's a little bit of apprehension about putting your very personal financial information on a computer. That doesn't...even though it's a secure site, it causes some anxiety. Other states, as I mentioned before, have retreated from ACCESS-like systems and are now implementing more of a hybrid model where there is a combination of using the technology. We're not looking at totally throwing this whole system out but creating a process where you can use the technology but also keep personal interaction in place. There are simply just some things that can't be replaced by a computer. And having dedicated caseworkers or people familiar with the process, who could help their customers navigate the system, is really a key to, I think, making ACCESSNebraska a successful program. So not only are we hearing from individuals who are encountering reoccurring problems, we're also hearing from businesses, such as nursing homes. Again, these are professionals, these are people who understand how to apply for services. But because of delays that they're encountering as they're helping their individual residents either renew their benefits or apply for different benefits with ACCESSNebraska, our local nursing homes and providers are running into some very serious cash flow problems. I've had an experience right in my own district where a county-owned facility had to go to their county board to get some funds to help them meet payroll and other expenses because they were so far behind in collecting their reimbursements and payments for their customers. So this is, like I said, it's not just individuals who are encountering problems. This is putting actual businesses...in dealing with cash flow issues and creating problems for them. I even heard from a funeral home who were hearing from individuals who had set up burial trusts. And through the ACCESSNebraska application process, HHS workers were including the revocable part of this trust as an asset, thus making them ineligible for assistance. So these are people who are nearing life's end, they're making plans, they're running out of assets, oftentimes in nursing homes. And this is the first time funeral homes have ever been contacted with something that people are doing to try to be responsible for their future causing problems for them. So I hope this is explaining to you just how across the board and widespread this problem is. These aren't isolated incidents. We're hearing from employees who are frustrated by their inability to help callers, longtime employees who were also...tried to warn the department about the potential problems that they saw moving forward with this type of a process. Training and mentoring was developed, but... [LB825]

SENATOR CARLSON PRESIDING

SENATOR CARLSON: One minute. [LB825]

SENATOR DUBAS: ...my understanding is, is it's somewhat sporadic and not really being followed through on. Universal caseload workers are expected to respond to clients from across the state, with no previous contact and limited knowledge of their communities or resources available in their areas. Because of new workers, who are

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trying to get up to speed on the process while dealing with clients, we are experiencing a lot of mistakes and misinformation. We're losing experienced staff. I've heard call centers can work...but staff has told me that these call centers can work, but we just need to put the proper people and training in place. The fiscal note, which we can talk about a little later...the department is saying they've saved over \$9 million through ACCESSNebraska. I think we should take some of that savings and reinvest it to make a process that works for everybody. This bill as amended will... [LB825]

SENATOR CARLSON: Time. [LB825]

SENATOR DUBAS: ...put the human factor back in place. Thank you. [LB825]

SENATOR CARLSON: Thank you, Senator Dubas. As the Clerk mentioned, there are committee amendments. Senator Campbell, as Chair of the Health and Human Services Committee, you're recognized to open on AM2163. [LB825]

SENATOR CAMPBELL: Thank you, Mr. President. And good morning, colleagues. The committee amendment combines portions of LB825, as Senator Dubas has introduced, and LB1016, which had been introduced by Senator Conrad. The intent of the amendment is to provide improvements to the services provided by ACCESSNebraska but still give the department flexibility to help contain costs. Section 1 defines the "client," "community-based organization," "economic assistance programs," and "existing local offices." Section 2 requires the department to staff existing local offices with caseworkers for in-person assistance to clients and, secondly, instead of establishing 25 new offices to be staffed 40 hours a weeks by 3 staff, as was provided in the original bill. Section 2(3) gives the department guidelines to determine the appropriate number of staff needed at each existing local office. Section 2(4) requires caseworkers at local offices to help clients complete assistance and renewal applications, screen clients for program eligibility, and interview clients, determine program eligibility, and answer questions. Section 2(5) requires call centers to take appointments for in-person interviews upon request of the client. Section 3 requires caseworkers to be available to assist claims; a dedicated caseworker shall be assigned upon the request of a client with chronic physical or mental disorders, the elderly that require continued care, and complex cases. Section 4 redefines the duties of a community support specialist to include to act as a liaison between the department and the community-based organization, to facilitate client assistance, train the community-based organizations on how to help clients, and respond to client problems. Section 5 requires the department to enter into contracts allowing community-based organizations to be satellite offices for department caseworkers, receive compensation to be provided to those community-based organizations, and gives guidelines for the department to determine the appropriate number of contracts needed to assist clients. And last, Section 6 gives reporting guidelines and deadlines to the department for carrying out this act. Colleagues, I want to note that, for the Health and Human Services

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Committee, we held a hearing this summer under Senator Conrad's interim study, and we heard heartrending stories about what all the delays and the process was causing. And then with the bill's introduction this year we, obviously, had two other hearings with extensive testimony. And from my observation, from last summer to the hearings early this year, we had not made much progress in the improvements. And that is why this bill is so necessary for citizens all across the state of Nebraska. Thank you, Mr. President. [LB825 LB1016]

SENATOR CARLSON: Thank you, Senator Campbell. Mr. Clerk, for an amendment. [LB825]

CLERK: Senator Cook would move to amend the committee amendments with AM2561. (Legislative Journal page 1197.) [LB825]

SENATOR CARLSON: Senator Cook, you're recognized to open on AM2561. [LB825]

SENATOR COOK: Thank you, Mr. President. And good morning, colleagues. I rise as the introducer of AM2561, which incorporates some of the components of my bill LB1041, the HHS Delivery Improvement and Efficiency Act. This is a bill that I introduced to provide legislative oversight of the ACCESSNebraska public benefit system. This legislation will improve the delivery of our public benefits and relieve much of the bureaucratic burden on our HHS employees. I want to thank Senator Dubas for allowing me to bring this friendly amendment to her very thoughtful and well-directed legislation, LB825. I wholeheartedly support the underlying legislation. I introduced LB1041 in response to a critical need in our state. When the policy decision was made to change the public benefit application and renewal process to a phone- and Internet-based system, it was for the express purpose of taking advantage of technological advancements to simplify and streamline access to public benefits. Thanks to the investigation by Senator Danielle Conrad and her office through LR306, we are aware that there are unintended consequences related to this transition. AM2561 addresses these unintended consequences of adoption of these technologies. This amendment will accomplish this by relieving administrative burden on the call center workers by streamlining the application and renewal process for public benefits. This amendment will not increase eligibility for any public benefit program. Rather, adoption of this amendment will simply make it easier for an overly burdened ACCESSNebraska system to more efficiently meet the needs of Nebraska families. Here is what this proposed amendment will accomplish, simplifying documentation of the requirements for public benefit programs. It requires the sharing of client information across the various public benefit programs so that client information verified in one program can be used to update eligibility information in another program. It coordinates and simplifies public benefit renewals by requiring simultaneous renewals among various programs to the greatest extent possible. Also it simplifies renewals by allowing cases closed within the previous 30 days to be reopened without having to start the

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process all over again with a new application. The legislative fiscal note for the underlying bill indicated that there would be an indeterminable cost for increasing eligibility. The green copy of the bill sought to extend eligibility time periods to the longest periods allowed by federal law and align the various programs for the most streamlined process. This provision extending eligibility is not included in AM2561. According to the legislative fiscal note for LB1041, "Simplification of the application and renewal process may result in saving staff time and could result in the reduction of FTE." Again, a thank-you to Senator Dubas for entertaining this amendment, AM2561. I sincerely appreciate your thoughtful consideration of support for the amendment to LB825. Thank you. [LB825 LB1041 LR306]

SENATOR CARLSON: Thank you, Senator Cook. Members, you've heard the opening on LB825; the committee amendment, AM2163; and AM2561, the amendment to the committee amendments. The floor is now open for debate. (Visitors introduced.) Senator Howard, you're recognized. [LB825]

SENATOR HOWARD: Thank you, Mr. President and members of the body. Some months ago I attended a meeting at the North Omaha Community Center. Scot Adams was also at the meeting and heard the same concerns that I did. People with the greatest need were receiving the least amount of service. Seniors with no computer skills, or even no computer, were faced with completing an on-line application. People who went to an office to apply were not allowed to talk to a case manager in person but were told to use the phone. Those who had applied for assistance were sent a letter and told to call at a certain time, 10:00 in the morning, for example, and either were not able to reach a person or were put on hold for an extended period of time. ACCESSNebraska has in reality become "No Access Nebraska." And even though Scot Adams heard the very same concerns, frustrations, and hardships that I did that snowy day last November, he was the only person to testify in opposition. This certainly begs the question of why. Why does Nebraska Health and Human Services wish to maintain a system fraught with problems and blatantly deny Nebraska citizens access to services? The only answer can be that to deny services is to curtail costs. It's hard enough for a senior in Nebraska to ask, but it's demoralizing for that individual to be turned away. Senator Dubas made the point that despite warnings from experienced staff, the department chose to implement this system without a pilot program to work out problems. The department continually harms children, families, and services by not listening to community input, choosing instead to follow their own agenda. This bill will help the department to do the work they should be doing and to put the "human" back in our Health and Human Services Department. Thank you. [LB825]

SENATOR CARLSON: Thank you, Senator Howard. Senator Karpisek, you're recognized. [LB825]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. I just hit

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my light; that's fast service. Thank you. Which is exactly what we're talking about here today. I was called into the Saline County Commissioners hearing over the interim. And I wasn't real sure why I was being called in, but they wanted to talk about something. And it was ACCESSNebraska. And did I get an earful. And as I left, I told them I deserved it, or someone deserved it, as being their representative. We've got a SCAT bus, Saline County Area Transit in Saline County, that take people to doctors' appointments, those sort of things so people can stay in their homes. They also take my grandma from assisted living, very nice service. Used to be able to call over to Western and get on the bus. Well, not anymore. You have to call this 800 number, hopefully have it answered, hopefully get on. It's so hard to do; how can these people do that? It's just...it's a good idea, but it's not working. Maybe in 20 or 30 years it might be better when everybody is more used to computers. And...but when you're over 90 years old and trying to call and leave messages and these sort of things, folks, it's not working. We had a lady go into the hospital. She was not going to make it. Her husband called for a ride. Said that he couldn't get a ride because it wasn't for him; it wasn't his emergency. So the VA officer ended up taking him to the hospital to see his wife before she passed away. That's not what we want to do in this, the whole reason we're here. I was very disappointed to hear all the stories at that meeting. And I left a little lighter that day, because they got a few pounds of flesh. And, again, I don't blame them. I support the amendments; I support the bill very, very much. Thank you very much for bringing them. And let's get this back so we can help our people. I don't know how this works so much in the metro area, but I can tell you in rural areas it's very important that these people can get access to all of these things. Thank you, Mr. President. [LB825]

SENATOR CARLSON: Thank you, Senator Karpisek. Senator Krist, you're recognized. [LB825]

SENATOR KRIST: Thank you, Mr. President. Good morning, Nebraska and colleagues. I'll be very, very brief. We need to restore the human being on the other end of the phone where it's required. That is a customer service issue. It is a service that many of our elders have paid into, in taxes, and by giving service to this state for years. If we forget about that population, if they cannot reach services, then we are denying them services. And that, in essence, is wrong. I agree, the system needs to move forward. We need to look towards computers. These folks up here in the balcony probably know more about computers than we do. But we have a part of our community, a part of our responsibility, that cannot handle the ACCESSNebraska as it has been set up today, so we need to restore some of those services. Think about it hard. Put yourself in the lady...or gentleman's position that Senator Karpisek just talked about. We need to restore that essential service or part of that essential service that we have denied those citizens. Thank you. [LB825]

SENATOR CARLSON: Thank you, Senator Krist. Senator Ken Haar, you're recognized. [LB825]

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SENATOR HAAR: Mr. President, members of the body, I'd like to stand and thank Senator Dubas for this bill. This theme of making service so difficult that you discourage people runs in other places and is something we need to tackle next year perhaps. The food stamp application for Nebraska is 28 pages long. One of the questions on there is: Do you own an airplane? People have to get signed on to the computer, and if they don't finish it--like they've got little kids who they're working with at the library or something--they have to start from the beginning. And I think that we have to look at all these different places where instead of encouraging people to use the kinds of services that we all pay for and that they have paid for, that we have to make them friendly to the people that need them. Thank you very much. [LB825]

SENATOR CARLSON: Thank you, Senator Haar. Are there other senators wishing to speak? Seeing none, Senator Cook, you're recognized to close on AM2561. [LB825]

SENATOR COOK: Thank you, Mr. President. And thank you again, colleagues. I'd like to reinforce that this amendment will not increase eligibility. The green copy from which the fiscal note was originally developed and dated January 31, these are the things that are not included in AM2561. The second point under that first paragraph, asset limits are not included. The fourth point, attestation for the SNAP program to the greatest extent permitted by federal law, that's not in. Six, the use of the longest eligibility time period allowed under federal law, that is no longer in. And the other point, use of outside databases to the greatest extent possible, those are no longer included in AM2561. The legislative fiscal note, I've talked about that. Another point I do want to make you aware of in that fiscal note, though, is that the simplification of the application process--which is what this proposes to do--the simplification of the application and renewal process could result in saving staff time and the possible reduction of FTE. So again thank you very much for your consideration. I would ask you to advance AM2561 to the committee amendment, AM2163, and then vote green on the LB825. Thank you, Mr. President. [LB825]

SENATOR CARLSON: Thank you, Senator Cook. Members, you've heard the closing. The question is, shall AM2561 be adopted? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB825]

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of Senator Cook's amendment to the committee amendments. [LB825]

SENATOR CARLSON: AM2561 is adopted. We return to discussion on the bill and the underlying amendment. Are there senators wishing to speak? Seeing none, Senator Campbell, you're recognized to close on AM2163. [LB825]

SENATOR CAMPBELL: Thank you, Mr. President and colleagues. I'll be very brief. I

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want to emphasize that I knew this was a statewide problem when I walked into a county officials meeting in Kearney and gave my report on Health and Human Services and the transportation, because I had some thoughts about that, and the first two questions were on ACCESSNebraska and how constituents, counties all across the state were having difficulty accessing ACCESSNebraska. Would very much appreciate your support on this amendment and the underlying bill. Thank you, Mr. President. [LB825]

SENATOR CARLSON: Thank you, Senator Campbell. Members, you've heard the closing. The question is, shall AM2163 be adopted to LB825? All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB825]

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of LB825...or on adoption of committee amendments. Excuse me, sorry. [LB825]

SENATOR CARLSON: AM2163 is adopted. We return to discussion on LB825. Are there senators wishing to speak? Seeing none, Senator Dubas, you're recognized to close on LB825. [LB825]

SENATOR DUBAS: Thank you very much, Mr. President. And thank you, colleagues, for your attention this morning. LB825 is a bill that is...it's...it truly is needed, as Senator Campbell has pointed out. I mean, I have stacks of e-mails from people--individuals, businesses, workers--who have explained what the issues are and what the problems are and even ideas that they think could fix it. And the overriding idea that could fix it is we need live people that we can talk to who will help navigate this system. I passed out a map of where the offices are located. And this bill will simply, I think, improve the service in those offices. It gives the department the flexibility to determine what needs those offices have. And I think probably the part of this bill that I like the most is the partnering with community-based organizations, because these places, like senior centers, are being used right now. Unfortunately, the people that work there just don't have the training or the adequate resources to really be able to do what we need them to do. So here's a great opportunity for the state to partner with our local agencies, our local communities in helping make a more consumer-, customer-friendly service to help them access the things that they need. So we're not doing away with ACCESSNebraska; there are some really good components as far as using technology and the call-in centers and those types of things. But we're just putting that human connection back in it. And, again, with the community-based organization component, I think, allows us to support the efforts that are going on in our local communities and, at the end, serve the people that we represent here. So I appreciate your support on LB825. Thank you. [LB825]

SENATOR CARLSON: Thank you, Senator Dubas. Members, you've heard the closing. The question is, shall LB825 be advanced to E&R Initial? All those in favor vote yea; all

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opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB825]

CLERK: 25 ayes, 0 nays on the advancement of LB825. [LB825]

SENATOR CARLSON: LB825 does advance. Speaker Flood for an announcement. [LB825]

SPEAKER FLOOD: Thank you, Mr. President. Members, good morning. Wanted to give you an idea as to where I think we should be going on today's agenda. We have had, albeit difficult at times this week, a productive week. And I want to say, first of all, I appreciate that and especially the late nights. The plan today, given the movement or the pending movement of LB825A, would be to go till noon today or resolution of LB653, whichever is sooner. So, again, today we will, I guarantee you, we will be done at noon or before if the Legislature wants to resolve LB653 one way or the other. Thank you very much for your work this week.

SENATOR CARLSON: Thank you, Speaker Flood. Mr. Clerk, next item. [LB825A]

CLERK: LB825A, by Senator Dubas. (Read title.) [LB825A]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Dubas, you're recognized to open on LB825A. [LB825A]

SENATOR DUBAS: Thank you very much, Mr. President. I appreciate the votes for LB825. Now it's, as with everything else that we've done here, now it's time to talk about the money. And I know that we all have our priority issues and the things that we want to see funded in this particular session, but I truly do believe this is an important bill. It needs to be done, and I hope I can get your support on the funding. The bill as amended requires the Department of Health and Human Services to staff local offices that were already in existence. And, as I said, I passed that map out to you. The bill allows the department the flexibility to determine the hours in the office, how often they're open, how many caseworkers need to be there to assist with the applications. It does require them to employ a minimum of eight community support specialists. Those would be the people who would go out and help the community-based organizations. And it would allow the department to contract with these community-based organizations so that...you know, every area could be a little bit different as to the needs, so it sets up a contracting procedure that the department can work on with the local agencies to allow caseworkers to help these community-based organizations. In the fiscal note, we're assuming that 8 community support workers, 36 social service workers, 18 case aides, and 6 supervisors would fulfill the requirements provided for in this bill, with a cost of around \$3 million. But \$1.6 million of that would come from General Funds; the rest would come from federal matching dollars. So I'm making my case to you, as you look through not only to support this A bill right now but as you start

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to look through all of the bills we're going to have to make decisions on, that you'll move this towards the top of the list as something that we as a state really should fund. We've got very real problems out there. We've given our support to the child welfare bills because of the problems we're encountering. And we're seeing the exact same things with people who are dealing with ACCESSNebraska. So I would appreciate your green vote on this A bill as well as into the future as we make the decisions on all of our bills. Thank you. [LB825A LB825]

SENATOR CARLSON: Thank you, Senator Dubas. Members, you've heard the opening on LB825A. The floor is now open for debate. Are there senators wishing to speak? Senator Price, you're recognized. [LB825A]

SENATOR PRICE: Thank you very much, Mr. President, members. Would Senator Dubas yield to questions, please? [LB825A]

SENATOR CARLSON: Senator Dubas, would you yield? [LB825A]

SENATOR DUBAS: Yes, I will. [LB825A]

SENATOR PRICE: Thank you very much, Senator Dubas. Just wondering, as I looked at this map I didn't see a total number of these centers that we're going to staff. I mean, I can count the ones in rural Nebraska a little easier, but when we start getting into eastern Nebraska, Douglas County, they kind of stand on top...how many total offices is that? [LB825A]

SENATOR DUBAS: I believe there's 27. [LB825A]

SENATOR PRICE: So we're going to have 27 offices and we're going to have eight people in each office, minimum? [LB825A]

SENATOR DUBAS: No. The department would be able to assess the needs of each one of those offices. So where there's higher needs, they would probably put more resources there. Where there's lesser needs...so they'll enter into contracts with the community-based organizations as to what their needs are. So, no, we're not looking at putting this number of people in each one of the offices. [LB825A]

SENATOR PRICE: Okay, great. And so do we have a rough order of magnitude of the number of people we're trying to put in there? [LB825A]

SENATOR DUBAS: No, I do not. Again, it would be...the department would do an assessment of what... [LB825A]

SENATOR PRICE: Okay. [LB825A]

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SENATOR DUBAS: ...those needs would be. [LB825A]

SENATOR PRICE: And they're not full time; they could be...the office has to be open those hours, but every position won't be an FTE, correct? [LB825A]

SENATOR DUBAS: Correct. And, again, these are offices that are already open. The call centers are set up; they have staff there. Now we're just looking at what really are the caseloads of those individual offices, how much more live people do they need to actually help the customers as they come in. So the department is going to be able to make that evaluation. [LB825A]

SENATOR PRICE: Okay, great. So...and to follow up on that, then, we really don't know...we don't have a prescribed, shall we say, call-volume-to-person ratio set up, so if they're getting...or for the need. So it's all basically...there's no baseline or no limitation. So, in other words, if I'm looking out here, and I'm looking again at the office in Lincoln County, their needs could be completely different than the ones in Holt or Dawes or the others. So...but, again, we don't really see any type of...we don't want to get too prescriptive; then we can't meet things. But, by the same token, we really don't know if we're going to say how we're going to allocate hours to the needs. [LB825A]

SENATOR DUBAS: Not at this point, but, again, the department will be able to evaluate that. And then, again, that's where this community-based component comes in and how do we utilize those community-based organizations to help, rather than putting staff in those places. [LB825A]

SENATOR PRICE: Okay. And can you...finally, you may have said this, but I was looking at the map. How does the fiscal note look now as compared to before, with the changes we had amended in? [LB825A]

SENATOR DUBAS: Well, my original fiscal note, which sought to actually create new offices, was about \$3.8 million. And again, that was split pretty much half and half between General Funds and matching funds. And I'm not remembering exactly what Senator Conrad's was. But we tried to scale it back as much as possible by combining the two bills and keep it right at around that \$3 million mark. [LB825A]

SENATOR PRICE: So we're still looking at a \$3 million fiscal note to get this done? [LB825A]

SENATOR DUBAS: But right now with the fiscal note we're looking at, it would be \$1.6 million of General Funds; the rest would be... [LB825A]

SENATOR PRICE: Okay. [LB825A]

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SENATOR DUBAS: ...federal match dollars. [LB825A]

SENATOR PRICE: Okay, \$1.6 million. And then, just to make sure, you know, we spent a lot of time this session talking about the department contracting out with private entities to do things. Will the work we've done before protect us from, let's say, less-than-ironclad contracts being let and...? [LB825A]

SENATOR DUBAS: Well, we certainly hope so. And, I mean, the contracts that would be worked out between the department and the local agencies would be probably significantly less, dollarwise, than what we're talking about through the child welfare. [LB825A]

SENATOR CARLSON: One minute. [LB825A]

SENATOR DUBAS: And we'll also have a report that the department will have to make to the Legislature, so that we're going to be able to... [LB825A]

SENATOR PRICE: So we have some oversight going... [LB825A]

SENATOR DUBAS: We're going to have some oversight there, yes. [LB825A]

SENATOR PRICE: But also are we...do we expose ourselves...if they say, we need more money because we said we're going to man them, or do they have to live within this budgetary constraint? [LB825A]

SENATOR DUBAS: My intention is that they...we're giving them the flexibility. This is where we're at, and I would like to keep it there. [LB825A]

SENATOR PRICE: Thank you very much, Senator Dubas. Thank you, Mr. President. [LB825A]

SENATOR CARLSON: Thank you, Senator Price and Senator Dubas. Are there other senators wishing to speak? Seeing none, Senator Dubas, you're recognized to close on LB825A. Senator Dubas waives closing. The question is, shall LB825A be advanced to E&R Initial? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB825A]

CLERK: 31 ayes, 0 nays, Mr. President, on the advancement of LB825A. [LB825A]

SENATOR CARLSON: LB825A does advance. Mr. Clerk, next item. [LB825A]

CLERK: LB872 is a bill by Senator Hadley relating to revenue and taxation. (Read title.)

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Introduced on January 6, referred to the Revenue Committee, advanced to General File. There are Revenue Committee amendments, Mr. President. (AM2317, Legislative Journal page 938.) [LB872]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Hadley, you're recognized to open on LB872. [LB872]

SENATOR HADLEY: Mr. President, members of the body, good morning. We're getting ready for a nice weekend. We've had a tough week. We'll end up with a fairly simple bill here. Mr. Speaker, members of the body, I have the pleasure of explaining LB872 this morning. LB872 is a bill that sounds complicated and looks complicated, but it really does one thing: it changes the income tax law in Nebraska so that the sale of services and intangible products are treated just like tangible products. That's all. It treats how we tax income on the sale of intangible products, for example, software, and services, for example, senior care, the same way that we tax income on the sale of cars, clothes, and food. In order to understand why the bill is important, a little history in tax policy background is helpful. When a company sells a product or a service in one state, there is no question the income from that sale is taxed in the state where the product comes from. If I have a car dealership in Nebraska and I sell a car in Nebraska, I pay tax on my profit in Nebraska. When products are manufactured in one state and then sold in other states, we now have a question: Where do we pay income tax on our profit, in the state where the company is located or in the state where the sale is made? So, for example, what happens when the company is Cabela's and the product is a fishing pole? The law is very clear. The income from the sale of the fishing pole is taxed in the state where the buyer is. So Cabela's sells \$10,000 worth of fishing poles in Iowa, then Cabela's will pay tax on the income in Iowa. The law has been pretty straightforward since the mid-1980s, and Nebraska was a leader in clarifying the law at that time. If you were sitting in this body in 1987, you would have passed the income tax sourcing bill on tangible products. We were a leader. Now is the chance that Nebraska will be a leader in intangibles and services, the sourcing of income. When the law was clarified in the 1980s for fishing poles, we weren't really thinking about technology or intangibles, things like subscriptions, licenses, franchises, or services. So we have a different law for these intangible products and services where we pay tax on their profits. Let's take a start-up technology company from Innovation Campus that sells cloud computing. If the company only sells in and to Nebraskans, it's no problem. All the income from those sales will be taxed in Nebraska. However, as the company expands, as we want it to do, now we have to figure out where we tax the profits from the cloud services when they provide services to customers in other states. Unfortunately, the law is not the same as it is for fishing poles. Instead, because the sale of cloud computing is not a tangible product like a fishing pole, profit from the sale of the cloud computing is treated differently. What we do for cloud computing sales is to make the company pay tax on its profits in the state where the cost of performance of the computing is the greatest, not "over half," but where it is "the greatest," the majority. That is, if most of the cost to

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perform the cloud computing is in Nebraska, then all of the sales are taxed in Nebraska. That makes complete sense if all states have the same tax system. The reason it makes sense is because income from all sales will be taxed in one state, and only in one state, and all the income will be taxed somewhere. All profits will be taxed in Nebraska, or no sales will be taxed in Nebraska, all or nothing, depending on where the cost of performance is. But since there will be some states where the cost of performance is greatest, all the profit will be taxed in that state, ultimately good tax policy. Things worked just fine until some state tax gurus thought that treating fishing poles and cloud computing differently didn't make sense. They don't like the idea that companies could sell a lot of services or cloud computing in their states and their states wouldn't see any tax benefit from the profits made in their states. They thought that if the sale was made in a state, they should get the income from the sale, whether it was a fishing pole or cloud computing. So the tax laws changed in several states. This change is referred to as a move to "market-based sourcing." That means that the profit from the sale of cloud computing is sourced, or apportioned, to the state where the customer is located. Over the past decade a little less than a dozen states moved to this market-based sourcing model. In all, there are 18 states that either have no corporate income tax or a tax based on this market-based sourcing rule. While the change sounded very innocent, there were some very big unintended consequences that occur in the states that didn't change their policy and were still operating under the all-or-nothing cost-of-performance tax policy. I handed out a map, and I just want to highlight...if you'll look at the map, you see Nebraska is a red state, which means it's a cost-of-performance state; Iowa is a green state, which means it's a market state. Later on we will talk how important that is. Let me give you an example to illustrate the unintended consequences. Let's say that I sell cloud computing; I am located in Nebraska, but I sell all my cloud computing to people living in Iowa. Nebraska is a cost-of-performance state, as I mentioned. Nebraska says that if you sell cloud computing you have to pay tax where you created it. Iowa is a market-based state. Iowa says that you have to pay tax where the customer is. So in this scenario the company will pay tax on all its sales in Nebraska and will have to pay tax on all its sales in Iowa. So it would end up having to pay tax on 200 percent of its profits. That sort of result, in fact, is happening today on a smaller scale. There are companies located in Nebraska who owe tax on more than 100 percent of their profits because Nebraska taxes where the services are located, and several other states have started taxing where the customer is who buys the service. Thus, these states, if they are Nebraska companies with the majority of their costs--their payroll, their employees, their buildings, leases, and production--in Nebraska, they could pay tax on all their sales nationally in Nebraska as well as pay tax in other states on profits from sales in those states. Ultimately, if I sell in more than one state that is a market-based state, then I am subject to a double tax. The unintended consequences become quite clear quickly. I can choose to not grow and only sell my services in Nebraska, or I can make sure that I move the majority of my costs somewhere else so that I don't have the majority of my cost of performance in Nebraska, or I could make sure that I don't start a business in Nebraska so I don't run

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into the problem in the first place. None of these alternatives are good for Nebraska; all of them say don't grow here and move somewhere else. Ultimately, over time, every state will move to a market-based sourcing. They will have to in order to compete and for tax fairness. But the states that move to market sourcing early have an advantage. The advantage is not the additional tax revenue, as that will be available whenever the tax law is changed. The advantage is that technology companies and service companies, exactly the companies that Nebraska is trying to attract, will be able to grow in the states that move early. Early adoption creates the incentive to stay and invest in the state or to move to the state. There is a lot more I could explain about the details of the bill, and I'm happy to do so, either on or off the mike, either today or between today and Select File. The bottom line is that LB872 moves Nebraska in the direction that all states will ultimately be moving in tax policy. If we pass the bill, we will pass it early enough that we will serve as an incentive for companies and businesses to grow and expand here. Some of you have had the opportunity to visit with a few of the start-up companies in the Lincoln Haymarket. If you did, you heard them tell us how technology start-ups, like every new company, has to keep track of every dollar it spends and that when the tax liability is substantially greater in one state than another, they have no choice but to relocate at least a majority of their services elsewhere to avoid the tax in Nebraska. That doesn't mean that they leave, but it means that they have to limit their growth here. They also said they want to stay here and grow here and that LB872 will help them do that. I urge you to advance LB872 to Select File. I believe this is one of the really significant tax policy issues we've had in the last few years. And it's a very important tax policy issue for the state of Nebraska and the companies we have in Nebraska and the companies we want in Nebraska. Thank you, Mr. President. [LB872]

SENATOR CARLSON: Thank you, Senator Hadley. As the Clerk mentioned, there are committee amendments. Senator Hadley, as Vice Chair of the Revenue Committee, you're recognized to open on AM2317. Oh, excuse me. Senator Louden, you're recognized to open on AM2317. [LB872]

SENATOR LOUDEN: Thank you, Mr. President. And you will notice I'm a lot better looking than Hadley. (Laughter) The Revenue Committee amendment, AM2317, to LB872 rewrites the bill while retaining its essence. It makes the following ten substantive changes. First, it delays the bill's operative date from one year, which was...to 2014, where it was, instead of the 2013. It defines a new term, "communications company," and sets for a separate sourcing rule that applies only to a communications company, that sales, other than sales of tangible personal property, of a communications company are sourced to Nebraska if the income-producing activity is performed in Nebraska, or if the income-producing activity is performed both in and outside Nebraska and a greater proportion of the income-producing activity is performed in Nebraska than in any other state, based on costs of performance. The rational basis for providing a different sourcing rule for a communications company is to continue the tax policy of Nebraska that enhances the deployment of broadband in rural and underserved areas of

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Nebraska. Number 3, it redefines "intangible property" to mean "all personal property which is not tangible personal property," including "patents, copyrights, trademarks...technical know-how," but not money. It eliminates the definition of merchant discount. It redefines sales to include net gains from marketable securities held for investments. Number 6, it rewrites the market-based sourcing rules for sales of services and intangible personal property by: (a) stating that the market-based sourcing rules do not apply to a communications company; (b) eliminating language saying that sales of a service are derived from a buyer within Nebraska if the service relates to tangible personal property delivered directly or indirectly to customers in Nebraska or if the service is provided to a location within Nebraska; and (c) adding language saying that for sales of a service, if the buyer uses a service within and without Nebraska, the sales are apportioned between the use in Nebraska in proportion to the use of service in Nebraska and the other states. Interest, dividends, investment income, and other net gains from transactions in intangible assets held in connection with a treasury function, other than net gains from the sale or redemption of marketable securities, are sourced to Nebraska to the extent that (a) such income is included in taxable income, and (b) the investment, management, and recordkeeping activities associated with the corporate investments occur in Nebraska. Eight, the location of a borrower in Nebraska is presumed to be the borrower's billing address. And 9, gross receipts from the lease or leasing of tangible personal property are sourced to Nebraska to the extent the property is located in Nebraska. Similarly, gross receipts from the sale, lease, or licensing of real property are sourced to Nebraska if the real property is located in Nebraska. And 10, for purposes of the catchall sourcing rule, a rule of interpretation requires sales, other than sales of tangible personal property not otherwise specifically addressed, to be sourced so as to fairly represent the extent of the taxpayer's business activity in Nebraska. I would urge you to adopt the Revenue Committee amendment. Thank you, Mr. President. [LB872]

SENATOR CARLSON: Thank you, Senator Loudon, for introducing AM2317 as Vice Chair of the Revenue Committee. Members, you've heard the openings. The floor is now open for debate. There are senators wishing to speak: Senator Burke Harr, Janssen, Nelson, Wallman, and Hadley. Senator Burke Harr, you're recognized. [LB872]

SENATOR HARR: Thank you, Mr. President. Members of the body, I guess I'm pretty open to this concept; I'm just not quite...not quite there yet. Would Senator Hadley yield to some questions? [LB872]

SENATOR CARLSON: Senator Hadley, would you yield? [LB872]

SENATOR HADLEY: Yes, I would. [LB872]

SENATOR HARR: Thank you, Senator Hadley. We are in a tough budget time and I'm

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always a little leery when we go out on a ledge and try a new form of revenue collection that hasn't been tried and proven to a large degree. Now this you show...you gave us a handout and you show 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 states, maybe 12 have done it this way. Is that correct? [LB872]

SENATOR HADLEY: That's correct. [LB872]

SENATOR HARR: All right. And some states have the year they're enacted and some don't. [LB872]

SENATOR HADLEY: Uh-huh. [LB872]

SENATOR HARR: Why do some have the year they're enacted and some don't? Let's start with that. [LB872]

SENATOR HADLEY: The ones that do not have the years were earlier. The reason the years were put in there to show you the movement of states recently. [LB872]

SENATOR HARR: Okay. [LB872]

SENATOR HADLEY: And not to take your time, but you could add Arizona to the green. On February 22, 2012, their governor signed into law their market sourcing bill. [LB872]

SENATOR HARR: Okay. That's great. So let's talk about the states who have done it then. This...I looked at the fiscal note and we have a very, very large fiscal note for this type of change. Can you explain why the fiscal...I was listening, I didn't hear why the fiscal note is so large. [LB872]

SENATOR HADLEY: I think there will be other people to speak to it but I'll give you my best shot. This was a very difficult fiscal note for the Revenue Department to come up with because there's a lot of unknowns and I think they took a very conservative view. To give you some example, Arizona's fiscal note was \$3 million total and Arizona is, what, about ten times our size, so it was the complicated nature. Most states have found, and I could give you a list of those states, that actually as time went on their revenue increased because the firms that were not paying income tax in their state are now paying income tax. [LB872]

SENATOR HARR: And I'd love to see that list because I haven't seen that yet, and I think it would be valuable for the debate. So I wish you would introduce that. [LB872]

SENATOR HADLEY: Okay. [LB872]

SENATOR HARR: Now Arizona has a different type economy than Nebraska. You'd

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agree with me? [LB872]

SENATOR HADLEY: I don't believe so. [LB872]

SENATOR HARR: You think they're ag based, agrarian based? [LB872]

SENATOR HADLEY: Yes. I think you would be surprised what the ag base is in Arizona. [LB872]

SENATOR HARR: All right. I go and visit Arizona quite a bit and I...you would agree with me that they have a lot more tourism than Nebraska too. [LB872]

SENATOR HADLEY: Oh, I would guess that, yes. [LB872]

SENATOR HARR: Okay. I would argue it's different. Now Iowa would be more analogous to Nebraska, correct? [LB872]

SENATOR HADLEY: That's correct. [LB872]

SENATOR HARR: And what has their results been by doing this? [LB872]

SENATOR HADLEY: That's interesting you asked because they just...Kentucky Fried Chicken v. the State of Iowa just went to the Supreme Court. In November of last year it was decided...the Supreme Court chose not to hear the Iowa law and Iowa is now taxing all the franchisors for their profit that they earn in Iowa. Kentucky Fried Chicken is now having to pay income tax on their profits in Iowa from their franchisees to the franchisors. [LB872]

SENATOR HARR: Okay. And I guess my question is which Supreme, U.S. Supreme Court, Nebraska Supreme Court, Iowa Supreme Court, which Supreme Court? [LB872]

SENATOR HADLEY: The Iowa case was heard and went to the Iowa Supreme Court,... [LB872]

SENATOR HARR: Okay. [LB872]

SENATOR HADLEY: ...then went to the U.S. Supreme Court, and the U.S. Supreme Court didn't...would not hear the case so the ruling of the Iowa Supreme Court held which said that Iowa could tax the franchisor in Iowa. [LB872]

SENATOR HARR: It went from the Iowa Supreme Court to the U.S. Supreme Court? [LB872]

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SENATOR HADLEY: That is my understanding. It could have gone from a district court. I'm sorry, I'm not a lawyer, I didn't... [LB872]

SENATOR CARLSON: One minute. [LB872]

SENATOR HADLEY: ...I didn't catch... [LB872]

SENATOR HARR: Okay. [LB872]

SENATOR HADLEY: All I know is that the Supreme Court decided not to hear the case,... [LB872]

SENATOR HARR: Okay. [LB872]

SENATOR HADLEY: ...so the law stood. [LB872]

SENATOR HARR: Thank you. And I guess the question: Has Iowa's revenue increased by changing? [LB872]

SENATOR HADLEY: I do not have exact figures so...I believe it has but I do not have exact figures. [LB872]

SENATOR HARR: Okay. Ladies and gentlemen, this is...it's...you heard the conservative, we took it conservative and it loses \$6 million. Well, the question, if that means it's conservative...and it's difficult. It's a difficult question. We don't have the answer. We don't know whether this will make money or lose money. We have states that have done it and we don't have the results of those states, if they made or lost money. It's very important we have this information before we make such a huge decision on our state's future and the economy of our state and how much we collect. I see that there's going to be...that the Multistate Tax Commission is working to look at this further. That's important. I think maybe we should see... [LB872]

SENATOR CARLSON: Time. [LB872]

SENATOR HARR: ...what they do. Thank you. [LB872]

SENATOR CARLSON: Thank you, Senator Harr. (Visitors introduced.) Returning to debate, Senator Janssen, you're recognized. [LB872]

SENATOR JANSSEN: Thank you, Mr. President, members. Would Senator Hadley yield to some questions? [LB872]

SENATOR CARLSON: Senator Hadley, would you yield? [LB872]

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SENATOR HADLEY: Yes. [LB872]

SENATOR JANSSEN: Thank you, Senator Hadley. And you've done an excellent job, on your opening, in confusing me, which is not hard to do, talking about different taxes. So I just wanted to get some or try to gain some clarification on what we're going after here and give you an analogy here and just see how this would be taxed. Let's say somebody owns maybe a software or a computer programming firm and they sell consulting services. And this individual they would send down to, say, Florida to sell a block of hours for consulting. Maybe it's a set amount, maybe \$5,000 is what they're going to charge, this company will charge. So this person goes down, performs their services. The Omaha-based company sends a bill, \$5,000. They remit the bill, payment is done, this person is paid. Where does the tax dollars go on that income? [LB872]

SENATOR HADLEY: Senator Janssen, if you look at the map, Florida is a green state, which means they are a market-source-based state. Florida would say you, the company, owes income tax on that, the profit on that \$5,000. Nebraska is a cost-of-performance. If that company has a majority of their costs in Nebraska, Nebraska would say they owe 100 percent of the profit on that \$5,000. So the company would be double taxed. [LB872]

SENATOR JANSSEN: So if we change this then, if we change it, we go with your bill, in this case Florida would say we're taxing it down here. But we would say, okay, they're taxing it, but in this case Florida doesn't have an income tax, I don't believe. [LB872]

SENATOR HADLEY: That's right. So that's correct, Florida, but I do believe that they have some type of corporate taxes that this applies to, Senator Janssen. [LB872]

SENATOR JANSSEN: Okay. [LB872]

SENATOR HADLEY: And what happens is that Nebraska would not collect tax on that \$5,000 if we go to market sourcing. But if there was a company from Florida that was coming to Nebraska to perform consulting services, Nebraska would say you owe our income taxes on that percentage of your income in Nebraska. [LB872]

SENATOR JANSSEN: And I agree with that and I could see that. Thank you, Senator Hadley. I could see how it would be very tough to come up with a fiscal note on this, not knowing how many people come back and forth. I have an industry where we send people out and we have ran through some taxing nightmares with various states and had to go through some clarification on those. I think this will make it easier for us and businesses in Nebraska that perform in these types of markets, and I guess I will be supportive of this bill. I do want to hear some more questions and answers on it. I liked listening to what Senator Harr was talking about. And if for no other reason, I was

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talking to Senator Schilz, he said it looks like the rest of the Big 10 schools are doing it this way, so that was some reasoning for him too. So with that, I'll yield my time. [LB872]

SENATOR CARLSON: Thank you, Senator Janssen and Senator Hadley. (Visitors introduced.) Returning to debate, Senator Nelson, you're recognized. [LB872]

SENATOR NELSON: Thank you, Mr. President and colleagues. Good morning. I've designated LB872 as my priority bill and I want to thank Senator Hadley for bringing this and I think he did a good job this morning of kind of giving you an example of how this bill works in connection with the various states in those that have adopted a similar type of taxing arrangement. This bill will encourage job growth and investment in Nebraska and it's a step toward modernizing our tax system. LB872 would provide for market-based sourcing of sales from intangibles and services, not tangibles, and would move Nebraska away from the current cost-of-performance tax system. A market-based system removes disincentives to grow jobs and prevents businesses from being double taxed. I've spoken with several executives in Nebraska and in Omaha and their general concern is that our current cost-of-performance system encourage them to expand their companies outside of Nebraska. They do this by either hiring workers at their satellite locations in other states or they actually move their Nebraska employees to those locations outside of Nebraska. Instead of discouraging job growth in our state, let's encourage it. Now more than ever we know that our state needs jobs and we need growing businesses to stay in Nebraska and hire our own residents. Other states have changed to market-based systems because they tax businesses based on the amount of services they sell rather than the size of their costs. Nebraska, to successfully compete with these other states, needs to create a healthy environment for job growth and we will do this if we pass LB872. This bill is supported by the State Chamber, the Omaha Chamber, the Lincoln Chamber, a coalition of existing businesses with a strong presence in Nebraska, including First Data Resources, Home Instead, TD Ameritrade, and start-up companies, technology companies like Huddle. Some of you have visited Huddle here in Lincoln, a company that started a program to analyze sports plays and that sells it to the NFL and Division I teams. And also Nebraska Global, a growing company, they have expressed their concerns, as they grow, about the problem with taxation completely here in Nebraska plus paying taxes in other states. Other companies are communications companies, including cable, telephone, and broadcasters, that is with the committee amendment. Only one company opposed the bill at the hearing, that was AT&T, and it now supports the bill as a result of the amendments. So I urge you to support LB872. This bill makes sense. It helps all Nebraskans. It will help modernize our tax code. I'll gladly answer any questions that you may have. Thank you. Thank you, Mr. President. [LB872]

SENATOR CARLSON: Thank you, Senator Nelson. Senator Wallman, you're recognized. [LB872]

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SENATOR WALLMAN: Good morning, Mr. President, members of the body. It does seem like a panacea, but until we get a national tax code in place I'd like to ask Senator Nelson a question, if he would yield. [LB872]

SENATOR CARLSON: Senator Nelson, would you yield? [LB872]

SENATOR NELSON: Yes, Senator Wallman. [LB872]

SENATOR WALLMAN: Thank you, Senator. Do you see...foresee any problems with enacting this kind of legislation? [LB872]

SENATOR NELSON: The only problem I see is what has been discussed by Senator Harr, the initial cost here, and that is because we don't know a lot about, right now, about how much we will be able to bring in from taxes on states...or companies in other states that are now doing business here, and that's because they haven't filed tax returns in the state of Nebraska. It's going to take the Department of Revenue just a little time, and that's why we put this off to a later date as far as the effective date of the bill, to organize and start finding out who's doing business here. We believe there are about 800 different companies, franchisers, for instance, that are doing business here in the state of Nebraska that are not paying any taxes. So we're going to have an initial loss of revenue. Maine, which is about the same size as we are, adopted this and their estimate was that they'd lose maybe \$1 million in the first year, certainly within the second year, I mean, and that might be a little more appropriate. But our Department of Revenue is being very conservative and with the higher amount. Regardless of that, the experience of other states that have adopted this is that they have an initial loss and then things stabilize and they start to increase and get a negative for...or, rather, it balances out; they start to get income. But they are also helping their companies in...homegrown companies in their state then, keep them in there and help them, encourage them to grow and get taxes from them as well. That's the long answer but will that answer your question? [LB872]

SENATOR WALLMAN: Yeah, thank you, Senator. That answers somewhat my question but it also really...it bothers me that we put state against state. You know, until we get a uniform, national sales tax, income tax code, we're going to be putting state against state. And so I hope this is a good bill. Thank you, Mr. President. [LB872]

SENATOR CARLSON: Thank you, Senator Wallman and Senator Nelson. Senator Hadley, you're recognized. [LB872]

SENATOR HADLEY: Yes, I would like to follow up on some of the questions Senator Harr had and some other points. As Senator Nelson so aptly put it, when the amendment...when the fiscal note comes out on the amendment, it is being moved out one year because the Department of Revenue said there would have to be an

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education process and a training process before they could implement this, because this is a very significant change in tax policy. The fiscal impact on the second year, they estimate, will be about \$2.1 million, but this is only an estimate of the taxes that would be lost from companies in Nebraska. They have no ability to determine the taxes that will be collected from Nebraska because, for example, Kentucky Fried Chicken, their corporate headquarters that franchises the Kentucky Fried Chickens are not paying taxes in Nebraska on their share of their income derived from KFC franchises in Nebraska. That is not in the fiscal note. As was also stated, Maine, very similar to Nebraska, their first-year fiscal note was about \$1 million. California, Illinois, and Alabama, there was an increase in their state tax revenue when they passed these types of laws. Let me bring this down to some examples that might make it easier as far as jobs and such as that, and I'll use Omaha because Omaha is easy to use because if you go across the river you're in Council Bluffs. In Council Bluffs they tax service, intangible income differently than we do in Omaha. Omaha Steaks is in Omaha, great company. I looked it up. They have their processing plants, their freezing plants, their telephone, their corporate headquarters are all in Omaha. But guess what. They sell in 27 different states. They are selling a tangible product so their income is going to be sourced to each of those 27 states and Nebraska will not tax them, only on the income that basically is earned in Nebraska. Another company in Omaha that's extremely successful that testified at the hearing is Home Instead. I'm sure you've all heard of Home Instead. They have franchises in all 50 states, the department...the District of Columbia, and about 15 foreign countries. Right now Home Instead pays 100 percent of their income, franchise income, is taxed in Nebraska. Across the river in Iowa there are a number of Home Instead franchises in Iowa. Iowa says to Home Instead, you owe us income tax on that proportionate share of your income that is earned in Iowa. If Home Instead moves eight miles across the river to Council Bluffs, they wipe out 100 percent of their income tax in Nebraska and they would just only pay the income tax in Iowa on the franchises in Iowa. That's what we mean about this is an economic development tool. There is absolutely no incentive for a company that has intangibles or services to grow their company in Nebraska and go beyond the majority of their costs, because it's a cost-of-performance state. Once you go past the majority of the costs in Nebraska, let's say you have 25 percent of your costs in Nebraska and 27 percent in Iowa, Nebraska wouldn't tax you at all. If you expanded in Nebraska and suddenly had 28 percent of your costs in Nebraska and 27 in Iowa and the rest in other states, Nebraska suddenly shows up... [LB872]

SENATOR CARLSON: One minute. [LB872]

SENATOR HADLEY: ...and says, we will tax you 100 percent in Nebraska. So you go from 0 to 100 percent by expanding your business in Nebraska. Does that make sense from a tax policy standpoint? I don't think it does. I'm sure the arguments in 1987, when they were talking about taxing tangible products, the same arguments, the same viewpoints were brought up there because we made the exact same change that we're

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making right now: Do we change the sourcing of tangible sales in 1987 from a cost-of-performance to a sales market basis in 1987? Thank you, Mr. President. [LB872]

SENATOR CARLSON: Thank you, Senator Hadley. Members still wishing to speak include Senators Wightman, Smith, and Schumacher. Senator Wightman, you're recognized. [LB872]

SENATOR WIGHTMAN: Thank you, Mr. President. Members of the body, I do have a question or two that I would ask of Senator Hadley later, but I do want to compliment him for something he said in response to a question by Mr....or Senator Burke Harr earlier. And I've noticed that one of the most common lead-ins to an opinion in this body is, well, I'm not a lawyer but. We hear that often. I heard Senator Hadley a moment ago, in response to a question by Senator Harr, say, I'm sorry I'm not a lawyer but...and I do believe, in the eyes of lawyers, that's the proper lead-in. With that having been said, I do believe I can support this. I, too, have many of the same problems that Senator Harr, Senator Wallman expressed and that is we are kind of going into this not knowing exactly what it's going to do. It's my understanding, Senator Hadley, that the committee amendment would lessen the amount of the fiscal note. Is that your understanding? [LB872]

SENATOR CARLSON: Senator Hadley, would you yield? [LB872]

SENATOR HADLEY: Senator Wightman, yes. There would be no fiscal note next year because the Revenue Department says they need a year to implement it, so it will not have a green sheet impact next year. And secondly, it will lower it a little because of the amendment, taking telecoms and making some of those changes. But it's still going to be about \$2.1 million. But again, and I'll say it quickly, this is only determined on the costs that we're going to...what we're going to lose in Nebraska. It does not factor in what McDonald's Corporation, for example, might pay in income tax in Nebraska because of their numerous franchises. [LB872]

SENATOR WIGHTMAN: And McDonald's is only one. I assume there are others that might be in the same boat. Is that correct? [LB872]

SENATOR HADLEY: That's correct. If you go up and down the fast foods, the...just all of the franchised industries, and also some of the cloud computing that are located in other states that are doing business in Nebraska. They would end up having to start paying some of their tax on their share of their profits in Nebraska. [LB872]

SENATOR WIGHTMAN: Now I think the fiscal note indicated, and they said they had a very difficult time determining this, used either a 60 or a 40 percent factor that it would be offset, and I can't remember whether the 60 percent was the offset or 40 percent was

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the offset. [LB872]

SENATOR HADLEY: I believe that is correct, Senator Wightman. And I want to thank both our...the Department of Revenue and our Fiscal staff because this, it is difficult, it's difficult to get this because you don't have the...you can't go to a McDonald's Corporation and say, what percentage of your revenue was earned selling franchises or from franchisors, franchisees in Nebraska? So it really was a very difficult fiscal note and I want to compliment the Fiscal Office and the Revenue Department. [LB872]

SENATOR WIGHTMAN: Well, thank you, Senator Hadley. It does seem to me that this is the better tax policy, better than what we have right now, and hopefully more states will go to it if we pass it, maybe not because we pass it but because that seems to be the growing trend. So with this, even though I do have concerns about the fiscal note, I would intend to vote for the LB872 and AM2317. Thank you, Mr. President. [LB872]

SENATOR CARLSON: Thank you, Senator Wightman and Senator Hadley. Senator Smith, you're recognized. [LB872]

SENATOR SMITH: Thank you, Mr. President, and good morning again, colleagues. I stand in strong support of AM2317 and also the underlying bill, LB872. I do thank Senator Hadley for taking the leadership in bringing forward this bill. I think it's a real forward, progressive approach to addressing some of our tax policies that would encourage economic activity and job growth. And I thank Senator Nelson also for prioritizing this bill. I appreciate both senators' leadership on this. And then just a summary, and I believe it's already been covered, but my understanding, in very simple terms, is that the downside that's reflected in the current fiscal note is that moving from a single sales greater-cost approach to the market approach is going to have an immediate downside on the fiscal note. But as we move from General File to Select File and that fiscal note is revised, we will see, and it would be reflected in there, some of these additional revenues that Senator Hadley has been talking about that we would be picking up. These other nontangible services that would be taxed are currently not reflected in the fiscal note. And then, of course, the bonus in all of this would be the job growth and the economic activity that would be generated from moving to this approach. So once again, I thank the senators for their support on this and I do urge the support of LB872 and the underlying amendment, AM2317. Once again, this, Senators, is not a wild bet. This has been studied, it's been implemented by other states, and it's a good bill. Thank you. [LB872]

SENATOR CARLSON: Thank you, Senator Smith. Senator Schumacher, you're recognized. [LB872]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. I think Senator Hadley has done a real fine job in explaining a fairly difficult proposition. We

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have taxed tangibles, things, stuff you can hold in your hand or see, the way this bill proposes, for 20 years or so. The idea of intangibles that you could sell across state lines, services, things you couldn't feel in your hand, a processing of data, things of that nature wasn't a big deal when this concept was laid down for the tangible world. In the tangible world, you needed a big factory. Factories are hard to move. Intangible services are generated generally in big office buildings where you can move stuff back and forth fairly easily. So businesses that want to grow usually don't want to pay taxes, and what they will do is they won't grow to that 51 percent level in Nebraska or they may reduce themselves from that 51 percent level in Nebraska and grow somewhere else. Where I came down and ended up voting for this bill to advance out of the Revenue Committee was, short-term, because we're a low-population state, we don't consume a lot of services here in proportion to the rest of some of the big-population states, we're probably going to lose some corporate tax revenue. But on the other side of the coin, if those businesses choose to locate here, employ people here, churn the economy here with employment dollars, we're probably going to pick that up so the loss is not going to be nearly as dramatic and may actually come out ahead when opposed to the situation of whether or not we would drive their growth out of state. So on balance, after weighing this back and forth--and for me it was very much a damned if you do, damned if you don't situation--I think this is...passing this LB872 with the AM2317 is a good deal. Thank you. [LB872]

SENATOR CARLSON: Thank you, Senator Schumacher. There are no other senators wishing to speak. Senator Louden, you're recognized to close on AM2317. [LB872]

SENATOR LOUDEN: Thank you, Mr. President and members of the body. We've had a very good discussion on LB872 and the committee amendment, which became the bill, and I want to thank you all for that discussion. It allows the department time to locate companies and businesses that don't pay taxes in Nebraska by setting the date into the future in January '14, and it adds a rule of construction or a catchall provision that requires sales, other than the sale of tangible property, of business activity in Nebraska and, in so doing, that it would...if we do find such activity, well, they will do so in a...they will tax it in a manner that would fairly represent the activity associated with our state. I believe that LB872 is an important bill and it will...it benefits many Nebraska businesses. I would encourage the body to adopt the committee amendment. Thank you, Mr. President. [LB872]

SENATOR CARLSON: Thank you, Senator Louden. Members, you've heard the closing on the amendment. The question is, shall AM2317 be adopted to LB872? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB872]

CLERK: 32 ayes, 0 nays on adoption of committee amendments. [LB872]

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SENATOR CARLSON: AM2317 is adopted. We return to discussion of LB872. Senator Burke Harr, you're recognized. [LB872]

SENATOR HARR: Thank you, Mr. President. Members of the body, I've been listening intently to the debate and I've been outside the glass listening, and I really want to support this but there are just, in my mind, too many unknowns at this point. We are taking a big risk; high risk, high reward, also bad reward, meaning we could lose a lot of money. We are on the financial edge right now and if anyone tells you they know what this tax is going to do, if it's going to raise money for our General Fund more or less than we collect now, they're probably not telling you the full truth because I don't think anybody does know. We...this definitely helps domestic companies in Nebraska, I don't deny that, but at some point, whether we like it or not, we have to pay taxes. And now it would be great to tax out-of-states, that's the best way to do it, those...the companies that aren't here, tax them the most. That doesn't hurt anybody. But that's not a reality. There is a commission, Multistate Commission, that's meeting this summer and, ladies and gentlemen, these are the geniuses. These are the people who work in this day in and day out. We are jack-of-all-trades, masters of none. Why the rush this year to do this? We can wait a year, see what that task force says, and then react appropriately. We could be...we are playing a game of Russian roulette here because we don't know what we're doing. We're guessing. Now it's a somewhat educated guess right now and that somewhat educated guess has a large fiscal note. Thanks to the amendment, it's going to shrink, we think. I haven't seen anything yet but I'm going to trust what others are saying, that it will shrink. But at the end of the day, when all is said and done, we have no idea how much LB872 is going to cost the state. We could come out ahead. We could come out way ahead. Some states have; some states haven't when they made this switch. The ideal would be every state collected their sales tax in the same manner and there would be consistency across the board, but we aren't there today and we have to live in the reality. You know, you fight with the war you have...the army you have. I appreciate Senator Hadley for bringing this bill. It's a great discussion to have and I think we need to have the discussion and we need to think about this complex issue. But I'm not sure if we have all the information we need to make the decision we need at this time. Thank you. [LB872]

SENATOR CARLSON: Thank you, Senator Harr. There are no other senators wishing to speak. Senator Hadley, you're recognized to close on LB872. [LB872]

SENATOR HADLEY: Mr. President, thank you for the opportunity to close. If you were sitting here in 1987, as I said earlier, I'm sure you heard the same arguments--we don't know how this is going to impact us. What are we going to do? We're going to be a leader in changing how we tax tangible sales. We could still be using a cost-of-performance tangible sale...for tangible sales in Nebraska. Of course, we may not have Behlen, we may not have Omaha Steaks, we may not have any of those companies because they certainly wouldn't be here if we were using a cost of

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performance right now in physical, tangible products. I'm sorry, they wouldn't. So now is the time to make this change. A couple of things: The fiscal note, a lot has been said about the fiscal note. I have been informed that the Fiscal Office and the Revenue Department did try to take into account their best estimate of what the income we might get in, but it is an estimate. But like all fiscal notes, some things aren't included, rightly so. If you have companies that decide not to expand in Nebraska or leave Nebraska because of the way we tax services and intangibles, that is a loss, a big loss. Every one of those employees spend money in Nebraska. The company spends money in Nebraska. Folks, if you want a 100 percent thing, we just sit on this until 49 other states do it and we've lost most of our service and intangible companies. We can do that. Or we can take...I think there's some risk but I don't think there's a huge amount of risk. I think I would...I've talked to some of these companies, and economic business decision making says they are not going to expand in Nebraska. They'll show you the figures. Why should I expand in Nebraska and go from paying no taxes in Nebraska to paying 100 percent in Nebraska, when I can go across the border to Iowa and I change that? I'm not going to guarantee where the fiscal note...the fiscal note is the fiscal note. I'm not arguing at all about the fiscal note. They are what they are. I just don't want Senator Heidemann beating on me. That's why I say that. But I do agree with that, they are what they are. But from a tax policy standpoint, getting ahead of the curve, becoming a leader, keeping the companies that we want to have, the last figures I saw, service industries, I believe our service and intangible industries are 65 to 70 percent of the economy now. This is where it's growing. This...making tax changes for manufacturing companies is not where it's growing. It is in this kind of business. I think this is a good bill. It helps Nebraska companies. It encourages them to grow and expand in Nebraska. It opens up another source of revenue because those companies that are not paying taxes in Nebraska will now start paying taxes in Nebraska. So I think it is a good tax policy bill. I would encourage you to vote green. I would be happy to meet with anyone between now and Select to talk more about it, but I do believe this is a good tax policy. A last thing, they talked about the multitax compact. We are not a member of that,... [LB872]

SENATOR CARLSON: One minute. [LB872]

SENATOR HADLEY: ...but they do audit those states that are part of the market sourcing and this mirrors what other market-sourcing states use. So if we want to be competitive, now is the time to make the change. Thank you, Mr. President. With that, I encourage a green vote. [LB872]

SENATOR CARLSON: Thank you, Senator Hadley. Members, you've heard the closing on LB872. Senator Pirsch, for what purpose do you rise? [LB872]

SENATOR PIRSCH: A record vote I would request. [LB872]

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SENATOR CARLSON: There's been a request, Mr. Clerk, for a record vote. Members, the question is, shall LB872 be advanced to E&R Initial? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB872]

CLERK: (Record vote read, Legislative Journal pages 1272-1273.) 29 ayes, 0 nays on the advancement, Mr. President. [LB872]

SENATOR CARLSON: LB872 does advance. Mr. Clerk, next item. [LB872]

CLERK: Mr. President, with respect to LB653, Senator Christensen would ask unanimous consent to bracket the bill until April 12, 2012. [LB653]

SENATOR CARLSON: Without objection, so ordered. Speaker Flood for an announcement. [LB653]

SPEAKER FLOOD: Mr. President, members, good morning. Thank you. This has been a long week. I appreciate everybody's work. We've accomplished more than I had even hoped for at the beginning of the week, thanks in large part to your willingness to work into the night. With that, we're going to go ahead and adjourn and be back in action on Monday morning at 10:00. Thank you again.

SENATOR CARLSON: Thank you, Speaker Flood. Mr. Clerk.

CLERK: I have items, Mr. President, thank you. Enrollment and Review reports they've examined and reviewed LB1058, LB1001, LB972, LB804, LB1115, LB1020, LB1113, LB745, LB998A,... [LB1058 LB1001 LB972 LB804 LB1115 LB1020 LB1113 LB745 LB998A]

SENATOR CARLSON: (Gavel)

CLERK: ...and LB1161, those all to Select File, some having Enrollment and Review amendments. Bills read on Final Reading were presented to the Governor at 9:07. (Re: LB536, LB985, LB985A, LB310, LB391, LB782, LB810, LB863, LB902, LB965, LB995, LB1039, LB1130.) General Affairs offers a confirmation report. Amendments to be printed: Senator Brasch to LB1155; Senator Christensen, LB653. Resolution, LR614, Senator Mello; that will be laid over. Name adds: Senators Janssen and Schilz to LB804; Senators Price and Smith to LB872. (Legislative Journal pages 1273-1280.) [LB1161 LB536 LB985 LB985A LB310 LB391 LB782 LB810 LB863 LB902 LB965 LB995 LB1039 LB1130 LB1155 LB653 LR614 LB804 LB872]

And, Mr. President, a priority motion: Senator Smith would move to adjourn the body until Monday morning, April 2, at 10:00 a.m.

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SENATOR CARLSON: Members, you've heard the motion. All in favor say aye.
Opposed, nay. We are adjourned until Monday morning at 10:00 a.m.