

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

Government, Military and Veterans Affairs Committee
February 16, 2012

[LB813 LB869 LB880 LB953]

The Committee on Government, Military and Veterans Affairs met at 1:30 p.m. on Thursday, February 16, 2012, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB869, LB953, LB813, and LB880. Senators present: Bill Avery, Chairperson; Scott Price, Vice Chairperson; Charlie Janssen; Russ Karpisek; Rich Pahls; Les Seiler; Kate Sullivan; and Norm Wallman. Senators absent: None.

SENATOR AVERY: Welcome to the Committee on Government, Military and Veterans Affairs. My name is Bill Avery. I represent District 28 here in Lincoln and I chair the committee. We will be taking up four bills today, and we will take them up in the following order. I believe this is the order posted outside the door: LB869, LB953, LB813, and LB880. Before we start, let me introduce the members of the committee starting with Senator Pahls on the end down here from Millard. Seated next to him is Senator Les Seiler from Hastings. Next to him is Senator Charlie Janssen from Fremont, and seated next to him is the Vice Chair of the committee, Senator Scott Price from Bellevue. On my immediate right is Christy Abraham; she is the legal counsel to the committee. On my left--immediate left--is Senator Russ Karpisek from Wilber, and soon to join us will be Senator Kate Sullivan from Cedar Rapids, and next to her is Senator Norm Wallman from Cortland. The last person on the end down there is Sherry Shaffer; she is the committee clerk. When you--or if you--want to testify for or against any of these bills, we ask that you fill out this testifier form. It is available at the entrance to each...to the room at each end here; and please print clearly your name and other requested information, and give this to the clerk when you arrive at the table to testify. If you have a written copy of your comments, we'd like to have that. You need 12 copies to distribute to all the members of the committee and for our files. If you don't have 12 copies, we will get them for you, and the person who will do that is Catherine Larsen from Omaha, our page. If you have documents that you would like for us to see, we would also need 12 copies, and you can follow the same procedure if you do not have 12 copies. If you are here and you do not wish to testify but you have a strong opinion one way or the other and wish to be recorded for or against any of these bills, there is another form to fill out. We ask that you provide the requested information and that you write clearly. Now the introducers will go first, and they will be followed then by people who support the bill, and then that will be followed by opponents and then neutral testifiers. We ask that you pay attention to the lights system. The lights system, we will be using it. The green light indicates four minutes for testimony followed by the amber light, which is one minute, so you get a total of five minutes. When the red light comes on, we ask that you finish your testimony. If you have a cell phone or any other electronic device that makes noise, we ask that you turn those off so as not to disturb the proceedings. The...if there are credentialed press here, generally we make some exceptions for credentialed press. You may use your laptops, but we ask that others do not; they can be distracting. Now I think that's about all we have, so we will start with

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

Senator Janssen on LB869 and invite him to the table. Welcome.

SENATOR JANSSEN: Thank you. Thank you, Chairman Avery, fellow members of the Government, Military and Veterans Affairs Committee. For the record, my name is Charlie Janssen, C-h-a-r-l-i-e J-a-n-s-s-e-n. I represent District 15 in the Nebraska Legislature, which is Fremont and all of Dodge County including the great city of North Bend, where legal counsel hails from. This issue was...I...(Laughter) There's other people here, too, that hail from there, so I just didn't specifically put you out there. I appear before you to introduce LB869. LB869 would remove amateur boxing and sparring from the jurisdiction of the State Athletic Commissioner. This issue was brought to my attention last year by the president of the Nebraska Amateur Boxing Association, Randy Eckmann, who also happens to be a constituent of mine. He is with us today, and I appreciate him being here to offer his expertise to the committee. Randy explained to me that amateur boxing is more than adequately regulated by USA Boxing. State Athletic Commissioner regulation is now duplicative in the...and unnecessary in Nebraska due to this. USA Boxing provides all of the services and protections that are currently required by the Athletic Commissioner statutes, rules, and regs. References--excuse me. Referees, timekeepers, health professionals, etcetera, are all certified by USA Boxing, and state licensing requirements are usually just an added and unnecessary expense for these persons. We have consulted with the State Athletic Commissioner over the last several months, and I appreciate he and his legal counsel's availability and responsiveness to my questions. It is my conclusion that the comprehensive USA Boxing regulations are more than adequate for amateur boxing in Nebraska. I would not propose this legislation if I thought the safety of amateur boxers was in any way compromised; it is not. USA Boxing oversight provides comprehensive safety protections. Since LB869 calls for the removal of amateur boxing from the commissioner's jurisdiction, it would also change the membership of the Athletic Advisory Committee by removing the amateur boxing member. We are also privileged--or going to be privileged, I hope, while the hearing is open--by a former state athletic commissioner in support of LB869. I look forward to his testimony and appreciate him being here as well for the committee's benefit. Thank you very much, and I would be happy to try to answer any questions you know about--or I would know--about amateur boxing. [LB869]

SENATOR AVERY: Okay, thank you. We just had a bill maybe three or four years ago on mixed martial arts. Would this have any effect on that? I think we just started regulating them. [LB869]

SENATOR JANSSEN: That was prior to myself being here. And yeah, and I believe that's a separate position on the board; it's not combined with the boxing at all, the amateur boxing. [LB869]

SENATOR AVERY: Yeah, I remember that debate because I learned boxing techniques

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

that I never had heard of. [LB869]

SENATOR JANSSEN: Well, you could have... [LB869]

SENATOR AVERY: Fish-hooking, for example. [LB869]

SENATOR JANSSEN: And you could have seen that last night in Omaha. I believe they had an MMA event there last night,... [LB869]

SENATOR AVERY: Yeah. [LB869]

SENATOR JANSSEN: ...and it brought several tourists here. [LB869]

SENATOR AVERY: Any questions from the committee? Don't see any. [LB869]

SENATOR JANSSEN: Thank you. [LB869]

SENATOR AVERY: Proponents? Anyone wish to speak in favor of this bill? Welcome, sir. [LB869]

RANDY ECKMANN: Welcome, thank you. Thank you, Mr. Chair and committee members, for letting me speak today on legislation to have amateur boxing removed from the Athletic Commissioner. My name is... [LB869]

SENATOR AVERY: Excuse me, I meant to say this earlier. When you do arrive at the table, we need you to spell your name clearly for the record. [LB869]

RANDY ECKMANN: Okay, okay. [LB869]

SENATOR AVERY: I didn't say that, but you were probably just about to do it, right? [LB869]

RANDY ECKMANN: Yeah, I was. [LB869]

SENATOR AVERY: All right, thank you. [LB869]

RANDY ECKMANN: (Exhibit 1) My name is Randy Eckmann, R-a-n-d-y E-c-k-m-a-n-n. I am the current president of Nebraska Amateur Boxing and official--means a judge and referee. I've been involved with amateur boxing for 30-plus years. I have a written statement I was going to read, but our chief official could not make it, so he sent me a statement. Instead of reading two statements that were pretty similar, because I...they were pretty much the same, I'm just going to read his statement on his behalf. Members of the Government, Military and Veterans Committee, I regret that I am not able to come

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

Government, Military and Veterans Affairs Committee
February 16, 2012

and speak with you today in regards to the proposed legislation to remove amateur boxing from the State Athletic Commission oversight. First, let me say that I have been involved in some sort of amateur boxing for over 50 years. I currently referee and judge amateur boxing nationally and internationally. I would say I am among the most senior--real old--members of USA Boxing in Nebraska, and so I can speak to this issue. I think it is extremely important for you to understand that amateur boxing and professional boxing are as dissimilar as amateur wrestling and professional "rassling." This bill would not affect oversight of professional boxing. Amateur boxing in the United States is governed by USA Boxing, a sitting member of the United States Olympic Committee. Rules and regulations administered by USA Boxing are universal to all states and must be adhered to regardless of State Athletic Commission oversight. In fact, the current Rulebook for amateur boxing in Nebraska, with the exception of tax wording, says amateur boxing will abide by USA Boxing rules. If someone is out of compliance with a rule or regulation, they are subject to discipline from USA Boxing, and the sanction for the bout can be declared null and void. This means that the sanction holder could be held responsible for any insurance claim that would normally fall under USA Boxing insurance. Oversight by the State Athletic Commission is a duplication and simply unnecessary. I compliment the current State Athletic Commissioner for recognizing this and for supporting this bill. Currently, amateur boxing sanction holders pay 5 percent of the gate and also a yearly club fee to the State Athletic Commission. At most shows, there are less than 200 paying customers and a gate fee of \$8-10. That means the state is receiving \$80-100 and must supply two commissioners at both an hourly fee and mileage. At the end of the day, the state gets no tangible revenue, and in many cases does not even break even. Additionally, a sanction holder must pay \$300 for a sanction, at least \$500 for a ring, \$100 an hour for an ambulance, and rent on the venue. This means most shows barely break even, and amateur boxing survives on volunteers and contributions from businesses. The additional expense of the state athletic oversight may in fact be the deciding factor in whether a show is held, and thus might further limit opportunities for amateur boxing in Nebraska. Amateur boxing is one of the safest and most regulated sports of all Olympic sports. We have to have an ambulance and a doctor in attendance to compete. We have a bunch of officials who have worked boxing at the local, regional, and national level, and who understand their number one job is safety of the boxers. Amateur boxing is a sport that allows those who are not too tall or too large to compete against others who are the same weight and appeals to a small but dedicated group of athletes. Passage of this bill will allow more of the resources to go to the clubs that train and support these athletes and will do nothing to lessen the enforcement of rules, regulations, and safety of the participants. It will shrink government oversight and allow the State Athletic Commission to have more time to oversee events that generate revenue for the state. It will certainly be a better use of their resources. I thank Senator Janssen for bringing this bill forward, and I urge you to listen to those who spend countless hours working with the youth involved in amateur boxing. We would never do anything that would damage the sport we love and see this as a win/win for the state

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

and amateur boxing. Sincerely, Doug Emery. Thank you. [LB869]

SENATOR AVERY: Thank you. Questions from the committee? Senator Wallman. [LB869]

SENATOR WALLMAN: Yeah, thank you. Thank you for coming. Is this hooked up with schools in any way? How young do you start the boxing? [LB869]

RANDY ECKMANN: It... [LB869]

SENATOR WALLMAN: We had boxing when I was in school. [LB869]

RANDY ECKMANN: Right. It's eight years old. It's not a school event. We've held some shows in schools, trying to recruit more kids. [LB869]

SENATOR WALLMAN: Hmm. [LB869]

RANDY ECKMANN: The majority of our athletes are from high-risk neighborhoods and stuff so, you know, it...and they're on a decline in the past several years, and I hate to see that because of the risk factor. [LB869]

SENATOR WALLMAN: Um-hum. Yeah, that's a good sport, I think. [LB869]

RANDY ECKMANN: Yeah. [LB869]

SENATOR WALLMAN: Thank you. [LB869]

SENATOR AVERY: Right now, the State Athletic Commissioner licenses events, boxing events. Would this bill in any way end that practice of licensing events, or would it just take place under the USA Boxing? [LB869]

RANDY ECKMANN: They would be just USA Boxing sanctions. They would no longer sanction the event, so... [LB869]

SENATOR AVERY: So licensing would not be necessary anymore? [LB869]

RANDY ECKMANN: No, just because we get licensed every year through USA Boxing. [LB869]

SENATOR AVERY: Um-hum. [LB869]

RANDY ECKMANN: We pay a fee, registration fees, and that's what...they'll still go to the USA Boxing. [LB869]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR AVERY: So the principal motivation for this is to have only one jurisdiction regulating the sport rather than two? [LB869]

RANDY ECKMANN: Yes, yes. There's only a handful. I don't know what states there are; there's only a handful of states in the whole country that the athletic commission is still involved with amateur boxing, [LB869]

SENATOR AVERY: Um-hum. [LB869]

RANDY ECKMANN: And I think--correct me if I'm wrong--but I think the Athletic Commission...or boxing is the only amateur sport they're involved with. Yeah, I could be wrong on that, but I think that's the only amateur sport in the state of Nebraska. [LB869]

SENATOR AVERY: Yeah, I think they do mixed martial arts and... [LB869]

RANDY ECKMANN: Yeah, well...yeah, and that's come...that's a different bird completely because they're not with USA Boxing. [LB869]

SENATOR AVERY: Wrestling is different, too, yeah? [LB869]

RANDY ECKMANN: Yeah, MMA is completely different. That's a different... [LB869]

SENATOR AVERY: And so professional boxing would be regulated by a federal...? [LB869]

RANDY ECKMANN: Your Athletic Commission still will take care of the professional boxing; this is just the amateur side of it. [LB869]

SENATOR AVERY: Okay. Any other questions? I don't see any. Thank you, sir. [LB869]

RANDY ECKMANN: Thank you again. [LB869]

SENATOR AVERY: Mr. Eckmann, right? [LB869]

RANDY ECKMANN: Yes. [LB869]

SENATOR AVERY: Okay, thank you. Welcome, sir. [LB869]

WALLY JERNIGAN: Thank you, sir. My name is Wally Jernigan, J-e-r-n-i-g-a-n, and I'm the former director of the Athletic Commission. I'm going to hit a couple of the things that Randy got to and probably weren't clear enough to the committee. Professional boxing is regulated by federal law. It's the...it was a problem with promoters,

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

Government, Military and Veterans Affairs Committee
February 16, 2012

unscrupulous promoters and promotions and stuff like that, so there was a federal law passed in 1986, and the commissions have been under that direction ever since and have done a fairly good job. Amateur boxing in the state of Nebraska, for lack of a better term, is a burden on the Athletic Commission for two reasons, number one being that amateur boxing is regulated via USA Boxing at the direction of the United States Olympic Committee. So amateur boxing Rulebook is about that thick, and then the state of Nebraska adopts a regulation that says that they have a few of their own rules and regulations, and then it says in addition to the technical rules for amateur boxing by USA Boxing. So you've got this book here, and then you've got the state here, and then the state unfortunately in the past couple of years has been remiss at regulation when it comes to some of the amateur boxing events in that if you have an event where there are female boxers, you have to have two inspectors. And when those events are put together by the...I hate to say promoter because it's normally by a club or one of the groups. But when they're put together, there's no way of knowing if you're going to have female boxers at that event, so you have to send a male and a female in the event that you have a female weigh-in. USA Boxing has every aspect of amateur boxing covered. They have weight masters, they have clerks, they require physicians, ambulance, and on and on and on and on, and then the state says the same thing. So number one, they're overregulated; they're probably the most regulated entity in state government. I took a real quick survey, I...but for the life of me I can't imagine why, but I had thought that this hearing was tomorrow, so I was kind of dragging my feet a little bit; and when I talked to Randy at noon, I had to go from the gym to home to pick up this to get that to get here. But anyway, I had looked at the survey this morning, and 36 state athletic commissions had responded to a survey that I sent out with one simple question: Do you regulate amateur boxing? Out of the 36 that responded, including four tribal commissions, there were three that regulate amateur boxing. They do not regulate boxing the same as the state of Nebraska does. California turns it over to USA Boxing. Nevada turns it over to USA Boxing; they don't send any inspectors or anybody to regulate the events. Louisiana: Louisiana has a different setup for their commission. Their commission is a private business that's contracted with the state to regulate professional amateur boxing, professional amateur mixed martial arts, and professional "rassling," as we might want to call it. And so to say that they actually regulate the sport? You can't say that. I took a sampling of some numbers when I was still a commissioner and looked at some revenue losses that we had in regulating amateur boxing and just four or five here. Victory Boxing Club, the...we had to have two inspectors because of the question with male/female boxers. We had \$100 per diem, we collected \$15 in athletic tax. We had Emery Boxing Club (sic) here in Lincoln who just sent a letter to you about supporting this legislation. We had two inspectors, \$100 per diem, collected \$26.75 in athletic tax. Now that tax has to be split with the city and state, and then the Department of Revenue gets their piece. [LB869]

SENATOR AVERY: I'm sorry, sir, I'm going to have to stop you. The red light is on.
[LB869]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

WALLY JERNIGAN: Oh, okay, I... [LB869]

SENATOR AVERY: Yeah. [LB869]

WALLY JERNIGAN: I will bring it to a close in that the Athletic Commission/Department of Revenue loses money every time there's an amateur boxing event. Period. Bottom line. No way to get around it. [LB869]

SENATOR AVERY: All right, let me ask you the same question I asked Mr. Eckmann. If we forward this...or if this were to become law, would there be any licensing of amateur events at all in the state of Nebraska? [LB869]

WALLY JERNIGAN: Yes, you would continue to license amateur mixed martial arts. [LB869]

SENATOR AVERY: "Rassling." [LB869]

WALLY JERNIGAN: And professional wrestling, professional boxing, professional mixed martial arts. The only thing that you would be doing would be taking amateur boxing out of the Athletic Commission. [LB869]

SENATOR AVERY: And the safety provisions that are necessary for amateur boxing just as it is for professional boxing, those would all be encompassed in the USA Boxing regulations? [LB869]

WALLY JERNIGAN: USA Boxing, sir. [LB869]

SENATOR AVERY: Yeah. [LB869]

WALLY JERNIGAN: Yes, sir. They...basically, the only thing the Athletic Commission does is go and monitor the scale, fill out the score cards, and that's it--and collect tax on amateur boxing--and that's it, and they lose money. [LB869]

SENATOR AVERY: Okay, but if USA Boxing is the controlling organization,... [LB869]

WALLY JERNIGAN: Yes, sir. [LB869]

SENATOR AVERY: ...do they have a presence in Nebraska? [LB869]

WALLY JERNIGAN: Yes, sir, they most certainly do. [LB869]

SENATOR AVERY: Okay. [LB869]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

WALLY JERNIGAN: Has...Randy is the president of USA Boxing LBC in Nebraska and we're recognized, you know, nationally as a...as, you know, as a boxing... [LB869]

SENATOR AVERY: You understand where I'm going. [LB869]

WALLY JERNIGAN: Yes, sir. Yes, sir. [LB869]

SENATOR AVERY: I mean, I'm concerned that we not lift all safety regulations and they... [LB869]

WALLY JERNIGAN: No, no. That will not happen with this bill. That will not happen. The only thing that you're doing is you're letting the people who should be regulating it regulate it at no cost to the state. [LB869]

SENATOR AVERY: Okay. Questions? [LB869]

WALLY JERNIGAN: And then... [LB869]

SENATOR AVERY: Go ahead. [LB869]

WALLY JERNIGAN: Could I point out one thing? [LB869]

SENATOR AVERY: Sure. [LB869]

WALLY JERNIGAN: On page 1, line 25, someone might want to look at that because you are making mixed martial arts promotions, yeah, only eligible to nonprofit organizations, which is you would take every promoter in the state of Nebraska and the country out and... [LB869]

SENATOR AVERY: You mean on page 2? [LB869]

WALLY JERNIGAN: Yes. [LB869]

SENATOR PRICE: He might...I think he has a different copy. [LB869]

SENATOR AVERY: Oh, do you? [LB869]

WALLY JERNIGAN: I've got the white copy. [LB869]

SENATOR AVERY: At line 25, starts with matches or...yeah. [LB869]

WALLY JERNIGAN: Line 25, it says, "matches or exhibitions to any nonprofit club..."

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

Government, Military and Veterans Affairs Committee
February 16, 2012

[LB869]

SENATOR AVERY: Um-hum. [LB869]

WALLY JERNIGAN: ...and that deals specifically with mixed martial arts. [LB869]

SENATOR AVERY: Okay. [LB869]

WALLY JERNIGAN: And that was...and...something I thought should probably be brought up. [LB869]

SENATOR AVERY: Okay, thank you. Any others? Thank you, Mr. Jernigan. [LB869]

WALLY JERNIGAN: Thank you. And, sir, I'll put together a packet and get it to you to share with the committee on all of these numbers that I made reference to. [LB869]

SENATOR AVERY: Okay, thank you. [LB869]

WALLY JERNIGAN: Thank you very much. [LB869]

SENATOR AVERY: Thank you. Any other proponent testimony? Anyone else wish to testify in favor of LB869? All right, any opponent testimony? Any neutral? Okay, Senator Janssen, you are next. [LB869]

SENATOR JANSSEN: Thank you, Chairman Avery. I'd just like to point out I...kind of what you were getting at with the regulation of that, and I've seen these before, and it's similar to--I don't want to offend anybody--but we have several unregulated, if you will, wrestling things, JC wrestling things that happen in this state all the time that have much less safety precautions. They are granted...they're not hitting each other in those, but it's still... [LB869]

SENATOR AVERY: Um-hum. [LB869]

SENATOR JANSSEN: It's very safe practice and whatnot. So I can kind of see what you were worried about; it's just I don't think you're going to see a, you know, a sparring tournament in each corner of the grounds out here or anything like that, so. [LB869]

SENATOR AVERY: But events would still have to be licensed through the USA Boxing. [LB869]

SENATOR JANSSEN: You're right. Right, and that's...and I think the former commissioner did a great job of, you know, saying that it had to be regulated regardless. [LB869]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR AVERY: Yeah. [LB869]

SENATOR JANSSEN: So they are regulated in that, and I'll take a look at the...that line and page; that's something that wasn't brought to my attention, but I'm hopeful that this--like all of us are--that this would be a consent calendar type of bill, so. [LB869]

SENATOR AVERY: Okay, like all of my bills, right? [LB869]

SENATOR JANSSEN: Right, exactly; that I agree with. [LB869]

SENATOR AVERY: All right. Any more questions for the senator? Thank you. [LB869]

SENATOR JANSSEN: Thank you very much. [LB869]

SENATOR AVERY: All right. [LB869]

SENATOR JANSSEN: And thank you for changing the agenda around for me. [LB869]

SENATOR AVERY: Yeah, I know you need to get out of here. All right, that ends the hearing on LB869. We'll now turn to LB953. Senator Fulton, welcome again. You're getting familiar here. [LB869]

SENATOR FULTON: Oh, I wouldn't go that far. Ready? [LB953]

SENATOR AVERY Yes. [LB953]

SENATOR FULTON: (Exhibit 1) Okay, thank you, Mr. Chairman. Members of the committee, for the record my name is Tony Fulton, T-o-n-y F-u-l-t-o-n, and I represent District 29 at the Legislature. I bring to you LB953. I bring this bill on behalf of the State Treasurer to codify best practices with regard to usage of state fleet cards. As outlined in Section 1 of the bill, a state fleet card is a bank-issued card that is used for fuel and maintenance costs for state vehicles. Presently, over 30 state agencies, such as the Department of Roads, the State Patrol, Game and Parks Commission, and the University of Nebraska, participate in the state fleet card contract, along with 18 political subdivisions. Over the past two years more than 171,000 transactions were processed under the current state fleet contract, amounting to more than \$8 million. LB953 requires transaction information to be well documented by those using fleet cards to ensure accountability from state employees. Section 2 of the bill also establishes a fund for the receipt and distribution of the program rebates. Such rebates would be received and distributed in a centralized fashion by the State Treasurer's Office and would be paid to participating agencies consistent with the contract terms. Rebates paid to the state on behalf of the participating agencies using services under this contract

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

amounted to more than \$75,000. Further testimony regarding the specifics of the state fleet program will be provided by the State Treasurer's Office. I thank the committee for your consideration, and I did pass out for the record this letter of support from the University of Nebraska. I don't believe they'll testify. And I could try to answer questions; otherwise, there will be those to follow who will probably be better suited for that endeavor. [LB953]

SENATOR AVERY: Okay. Thank you, Senator. Questions from the committee? This is a fairly recent program for the University. In 1999? Is it...has it been around much longer than that, or did the University just join? [LB953]

SENATOR FULTON: I'm not positive about how long, but it's...I'm certain it's longer than 1999 for other agencies. [LB953]

SENATOR AVERY: Yeah. [LB953]

SENATOR FULTON: The University I think was fairly recent. Of course, recent depends on one's vantage; 1999... [LB953]

SENATOR AVERY: Yeah, that's recent. [LB953]

SENATOR FULTON: Yeah, so this is...a lot of what's going on; we hope to codify that which is in practice today. [LB953]

SENATOR AVERY: (Exhibit 2) We do have a letter of support from the Department of Administrative Services, and a letter came to me today from the Department of Roads, all in support. I don't see any questions. Thank you. [LB953]

SENATOR FULTON: Okay. Thank you, Mr. Chairman. [LB953]

SENATOR AVERY: All right, proponent testimony. Welcome, Mr. Treasurer. [LB953]

DON STENBERG: (Exhibit 3) Thank you, Mr. Chairman, members of the committee. For the record, my name is Don Stenberg, D-o-n S-t-e-n-b-e-r-g, and I am the State Treasurer. I'd like to begin by thanking Senator Fulton for sponsoring LB953 at my request. State law allows the Treasurer to enter into banking contracts on behalf of the state of Nebraska and, as was mentioned, in 1999 the state contractually established a purchasing card program, and as part of those services the purchasing card provider at that time was also able to offer state fleet card services under that same contract. So the Department of Roads and I believe the University of Nebraska both started operating and administrating a state fleet card program at that time. Now in recent years the Treasurer's Office has executed new banking contracts to obtain better pricing and contract terms for state agencies, and in 2008 the State Treasurer executed a new

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

purchasing card contract and transitioned that business to a new provider. At that point, the new provider could not provide fleet card services, and so that was separated and remained under the original contractor. In 2010 the Treasurer's Office executed a new agreement with the fleet card provider that for the first time provided for the potential for rebates under that program. Now the state agencies operating under the state fleet card contract are now eligible to earn rebates based on the net annual charge volume, average transaction size, and how quickly a vendor receives payment, and it's that...the issue of dealing with those rebates and getting them back to the agencies that basically earn them is part of the motivation for this legislation, as well as putting in statute the practices that have developed so that we have clear legislative authority to continue with the program. Receiving fleet card rebates will enable state agencies to offset some of their fuel and maintenance expenses for their vehicles. The proposed language in LB953 is modeled on existing state purchasing card legislation that is already on the books, except for the program administration and specific requirements related to a travel card program. In addition to allowing agencies to receive contract rebates, LB953 will establish program administration duties, outline acceptable use of fleet cards, and require accountability by cardholders and vendors accepting these cards for payment. Both program administrators--that is the Department of Roads and the University of Nebraska--have done an excellent job developing and maintaining these programs, and I would like to offer for the record...and some of these are already in the record, I guess, but I will offer the four that I have. I'd like to offer records from the Nebraska Department of Roads, the Nebraska Department of Administrative Services, the Nebraska Game and Parks Commission, and the Omaha Public Power District supporting this legislation, and that was the handout that we had. And as the Chairman mentioned, the University of Nebraska, the other program administrator, also supports this legislation. So with that, that's my presentation. I'd be happy to answer questions. [LB953]

SENATOR AVERY: Thank you. Am I to understand that when we started this program in 1999, that we were doing it outside statutory authority? [LB953]

DON STENBERG: I don't know exactly. There is a state purchasing card statute that's been on the books for quite some time. I don't know if that was in place in 1999 or if that was put in shortly after the program was initiated, but there is a state purchasing card statute that's been on the books for a number of years, and I think previous treasurers have operated the travel card as best they could under that statute. It's kind of like putting a square peg in a round hole, but it kind of got along. [LB953]

SENATOR AVERY: Um-hum. [LB953]

DON STENBERG: And then when we had the opportunity for rebates under the newest contract, we needed a mechanism to get that money back to the state agencies, and it just seemed like a good time to get a statute that specifically fits travel cards rather than twisting one around that sort of works but doesn't quite fit. [LB953]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR AVERY: Yeah. And this does fix the rebate problem too? [LB953]

DON STENBERG: It does, yes. [LB953]

SENATOR AVERY: Yeah, okay. Questions? Senator Sullivan? [LB953]

SENATOR SULLIVAN: Thank you, Senator Avery. Thank you, Mr. Stenberg. And just to clarify that a little bit further, so the rebates are given right now, it's just that the statute doesn't clarify or allow distribution of those. [LB953]

DON STENBERG: And that's exactly right, and by the way that brings an excellent point. Two of the letters that were submitted recommend that the emergency clause be added so that the rebates we're now holding in the Treasurer's Office can be distributed to the state agencies under this legislation. I would support that request for an emergency clause so that we can distribute... [LB953]

SENATOR AVERY: It's not part of the green copy, though, is it? [LB953]

DON STENBERG: It is not, no; it's not part of the green copy. [LB953]

SENATOR AVERY: Yeah, okay. [LB953]

SENATOR SULLIVAN: So then the rebates right now, they flow back in but they flow into the General Fund? [LB953]

DON STENBERG: Well, see, that's the question. The...that would be the decision I'd have to make in the absence of legislation, and generally that could be done. But then you have the situation where if you've got a federally funded agency, the feds have these problems about they want part of their money back, and it gets somewhat complicated. [LB953]

SENATOR SULLIVAN: So the easiest thing is to just allow it to flow back to the agency that originated it? [LB953]

DON STENBERG: That earned it, exactly right, and then that takes care of all those issues. [LB953]

SENATOR SULLIVAN: Or the earner. I see; okay, thank you. [LB953]

DON STENBERG: Very good. [LB953]

SENATOR AVERY: Any more questions from the committee? Sorry, I was...had a side

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

conversation going. [LB953]

DON STENBERG: Okay. [LB953]

SENATOR AVERY: I don't see any, thank you. [LB953]

DON STENBERG: Great. Thank you very much, Senator. Thank you, committee members. [LB953]

SENATOR AVERY: Any other proponent testimony? Seeing none, any opponent testimony? Neutral testimony? Senator Fulton does not wish to close. All right, that ends the hearing on LB953. We'll now move to LB813, Senator Karpisek. We've dispensed with two in 40 minutes, so... [LB953]

SENATOR KARPISEK: So this one will take double. Thank you, Senator Avery, fellow members of the Military, Government and Veterans Affairs Committee. For the record, my name is Russ Karpisek, R-u-s-s K-a-r-p-i-s-e-k, and I represent the 32nd Legislative District. LB813 intends to remove a layer of cumbersome bureaucracy without limiting local controls or protections whatsoever. Currently, cities and counties to some extent have the power to pass ordinances to set building regulations within their jurisdictions. They also have the power to require permits for building construction, remodeling, and major repairs to carry authority to inspect these permitted projects to assure their completion is up to code and according to ordinance. Most people would agree these powers better our communities greatly in terms of uniformity and safety. Recently, however, some cities have begun to force the additional requirement of licensure for certain professions, mainly general contractors at this point, and more are considering such measures. Many professions, such as general contractors, are mobile professions, meaning that companies large and small do business in numerous cities. If, for example, every city in the Omaha metro area decided to license contractors, a carpenter could have to obtain ten licenses for the cities with Douglas and Sarpy County. While this may not be a major issue for Vrana Construction or ABC Seamless Roofing, companies that have hundreds of employees, a sole proprietor would be simply overwhelmed with paperwork and fees and governmental red tape. There will be several people behind me to share the reasoning on why licensing should be only at a state level, but I think it's safe to say that we have given cities plenty of avenues to ensure the safety of their residents through current permitting and ordinance powers. I will say that I realize that this Legislature has taken a lot of money away from cities and counties, and they're trying to find ways to make some of that money back. I don't think that trying to set up fees for people trying to come in and do business is the right way to do it. If we're going to do that, I think we should have a statewide license and go that way. But as I've said before, we have inspectors, we have ordinances to follow, and just because you put in some sort of a licensure that someone has to come get to do business in your city does not...I don't think it has anything do with the quality. I think it

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

Government, Military and Veterans Affairs Committee
February 16, 2012

has to do with trying to make money, which I do not fault them for, but I think it's very hard for business to do. And again, as I said it's mainly contractors at this point, and this bill is broad enough that it would bring other people in. I would be willing to talk about just contractors. But I think, as we'll hear, that it doesn't matter, that people will still be against this bill that are against this bill. And while we're doing this, where does it stop? Do the lawyers have to get licensed to practice in each town? In each county? Do professors, if they leave their classroom? I just made that one up, Senator Avery. (Laughter) [LB813]

SENATOR AVERY: I was looking around. [LB813]

SENATOR KARPISEK: But I think you can see where I'm going. You know, even in small towns--like where I'm from--in a county, if you'd have to be licensed in each town in the county--which most contractors of course do work all over the county or separate counties--it could really add up to a lot of money, and I don't think that it's in the best interest of...we're not after safety here. So I'd be glad to try to answer any questions; otherwise, again there will be others behind me. [LB813]

SENATOR AVERY: Okay, let me ask you, why do you exempt plumbers and air conditioning? [LB813]

SENATOR KARPISEK: They are already exempted by state code. [LB813]

SENATOR AVERY: Do you have any idea why? [LB813]

SENATOR KARPISEK: I do not, but maybe someone behind me will. [LB813]

SENATOR AVERY: Would lobbyists, maybe? [LB813]

TOM JIZBA: Well, they're licensed. [LB813]

SENATOR KARPISEK: Well, I think they're state licensed. [LB813]

SENATOR AVERY: Are they? Okay. Senator Sullivan? [LB813]

SENATOR SULLIVAN: Thank you, Senator Avery. Thank you, Senator Karpisek. Do you have any sense on how...first of all, if this is happening a lot in a lot of different professions, and how widespread is it across the state? [LB813]

SENATOR KARPISEK: Well, I think it's just kind of started in the Omaha metro area and I think just on contractors right now, but obviously it's a little different for Lincoln, I think. There's only Lincoln, maybe the outlying Denton area, Cortland, that sort of thing, but if you think about the Omaha area where you have Blair and La Vista and I won't

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

Government, Military and Veterans Affairs Committee
February 16, 2012

even...can't name them all off, it could really add up, so it has started. It hasn't started a lot, I don't think, but this is kind of to head it off, to start a discussion on it before it gets too rampant. [LB813]

SENATOR SULLIVAN: Thank you. [LB813]

SENATOR AVERY: Any other questions? Very quiet committee today. [LB813]

SENATOR KARPISEK: (Laugh) I'll tell you why later. [LB813]

SENATOR AVERY: All right, thank you. [LB813]

SENATOR KARPISEK: Thank you. [LB813]

SENATOR AVERY: Proponent testimony? Good afternoon, sir. Welcome. [LB813]

JOHN CHATELAIN: (Exhibit 1) Good afternoon, Senator Avery. My name is John Chatelain. I'm an attorney in Omaha, Nebraska. I've practiced law for about 32 years. My wife and I are also owners of multiple investment properties in Omaha, and I'm currently serving as president of the Metro Omaha Property Owners Association. We're concerned about this because... [LB813]

SENATOR AVERY: Could you spell your name for the record, please? [LB813]

JOHN CHATELAIN: Yes. John, J-o-h-n; Chatelain, C-h-a-t-e-l-a-i-n. Our association is concerned about this because we're concerned that the cost of repairing and maintaining and improving our properties will skyrocket if all of these licenses are required. On August 16, the city of Omaha passed the contractor licensing ordinance which takes effect, I believe, March 1 or somewhere close to that. Bellevue and Council Bluffs have already adopted similar ordinances. It is our understanding that La Vista and Papillion and Lincoln are also considering adopting like ordinances. The Omaha license requires that you must pass a test for the type of license that you are obtaining. There's about five different levels of construction work that are going to be included in the test. There is a \$1 million insurance policy for a Class A or a Class B license; \$500,000 for a Class C license; a \$300,000 insurance for a Class D or E license. You must also provide a bond to the city of \$10,000. You have to pay an application fee: \$300 for a Class A or a Class B license; \$200 for a C; and \$100 for a D and E. Your license would only be good for three years. You would have to renew it, requiring nine hours of continuing education and three classes from the city permits and inspection division and a renewal fee based on the level of license that you would have. Working without a license would subject you to a penalty of four times the regular fee for becoming licensed, and that would be \$1,200 if it was Class A or B and four times the regular fee plus possible criminal prosecution. Because of substantial resistance in the city of

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

Government, Military and Veterans Affairs Committee
February 16, 2012

Omaha, this matter was laid over a number of times. A group of different associations like our association, the North Omaha Contractors Association, the Omaha Chamber of Commerce, the Nebraska Owners and Occupier...Owners of Commercial Property participated, and we got some improvement to the ordinance, but it's still what we feel very bad legislation. Councilman Chris Jarrem observed when the city council was passing this that 100 percent of his constituents were against it and that he knew of no one who was supposedly to be protected by the ordinance asking for it. Now this doesn't just apply to multistory office buildings, and it doesn't just apply to building homes. It also applies to really routine, regular types of work that a homeowner would have to have done like reroofing, residing, building a deck, building a fence, hanging a door, replacing a window. Those people that the homeowner would call to do that work would have to be licensed under the ordinance. Requiring heavy examinations, insurance, bonding, application fees, and continuing education for these types of routine construction things we feel is overkill. The cost of repairing and improving your residence will definitely increase if you are limited to hiring just licensed contractors. Everyone will be affected by this. Not just contractors, but people that own investment property like myself and also people that own just their own home, they will be restricted on who they can hire. And we agree that the city has the right to determine how properties are maintained. They can have code enforcement, they can have permits, they have the right to control how some work is being...how the work is done, that it be up to code, but they shouldn't have the right to control who does the work because this would be monopolistic for a city to say that, you know, you can do the work but someone else cannot. If an occupation is in need of becoming licensed, we feel that it should be statewide. We certainly aren't consenting that contractors must be licensed, but if it must be done, it should be done statewide for uniformity. Each city... [LB813]

SENATOR AVERY: I'm glad you said that because that was going to be my first question. Your red light is on, so... [LB813]

JOHN CHATELAIN: Does that mean I quit? [LB813]

SENATOR AVERY: That means you quit. [LB813]

JOHN CHATELAIN: Or does that mean I have another minute? [LB813]

SENATOR AVERY: That means you quit. But I'm sure, being a skilled lawyer, that you will find in the questioning period that you will be able to work those points in. (Laughter) [LB813]

JOHN CHATELAIN: Well, it... [LB813]

SENATOR AVERY: Everybody is held to the same standard. [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

JOHN CHATELAIN: Okay, I'll quit but would certainly be open to further questions if you have any. [LB813]

SENATOR AVERY: Yeah, thank you. Your last statement was going to be my question, that is right now I presume there is no licensing for contractors, right? [LB813]

JOHN CHATELAIN: No, there's no licensing for general contractors, carpenters and repairmen, and that type of thing. [LB813]

SENATOR AVERY: Um-hum. [LB813]

JOHN CHATELAIN: There is licensing statewide for electricians, plumbers, and other types of people. For instance, I'm a lawyer; my license to practice law comes from the state of Nebraska. I can practice law in Omaha, Falls City, McCook, Scottsbluff, Kearney; I don't have to get a separate license to go to each of those cities. Imagine if I had to get a separate license for each of those places. It would be maddening; it would be a very steep impediment to doing business in the state. And also there's an opportunity here, I think, for cronyism. You know, if the local boys like you, if you butter them up, they may overlook some of your shortcomings. But if you're from out of town...let's say you're from Fremont and you want to do work in Omaha and you don't take the time to buddy up with them, then they may revoke your license or may, you know, prevent you from getting it. So for a number of reasons, this should not be local based, it should be statewide. And it has nothing to do with whether the work is done right or safely or up to code; it has to do with who does the work. Under the city ordinance, there is a huge advantage for large companies. If I have a company of 50 people, I can have the license, and all of my employees don't have to have the license. I could sit in the office and dispatch my employees out into the field. They may do very lousy, substandard work, but it's licensed. The one guy who's running a business, self-employed, is going to find this very burdensome to having to get a license, particularly if it can go on in numerous cities that he does business in, so there's a real advantage to the large firm here. And each town will probably have separate licensing requirements if this goes forward. Now there may be some reciprocity where Omaha may give deference to someone who is already licensed in Bellevue, but there will be separate requirements, and so it's going to be very difficult for statewide licensing to come about through cities, if that is desirable. [LB813]

SENATOR AVERY: Well, would you then...what would be your position on a statewide licensing statute? [LB813]

JOHN CHATELAIN: Well, I don't think the case has been made for statewide licensing of contractors. There are so many different kinds of contractors. There's the contractor that builds the 40-story office building, possibly that person should be licensed. There is the new home contractor that does the complete job, possibly that person should be

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

Government, Military and Veterans Affairs Committee
February 16, 2012

licensed. Should someone who is only...he's the only person in his company and he owns a pickup truck and a box of tools and he does maybe 20 hours's worth of work for widow ladies in the neighborhood. Should that person have to be licensed? I would say no, and so even on a statewide level I think that would not be appropriate. It would be overkill, but certainly statewide licensing would be preferable to having each town adopt a separate licensing scheme. [LB813]

SENATOR AVERY: Um-hum, I can see that. But what's to protect the consumer from the fly-by-night roofer that comes in and says, hey, you know, I'll do your roof for \$10,000, and they slap shoddy material on and don't put it on right and the first rain comes, you get leakage and you go to look for the person, nowhere to be found? Wouldn't licensing help protect the consumer? [LB813]

JOHN CHATELAIN: What protects the consumer from buying a car that is not, you know...or what protects the consumer from electing a representative... [LB813]

SENATOR AVERY: Well, we have standards on those kind of manufacturing. [LB813]

JOHN CHATELAIN: But they're statewide, aren't they? [LB813]

SENATOR AVERY: Well, no, they're federal. [LB813]

JOHN CHATELAIN: Right, so the person that engages in contract obviously needs to be careful who they do business with. And you still have code enforcement, and you still have requirements as to how the work is done, but we don't need them for who does the work, at least not locally. [LB813]

SENATOR AVERY: And if you're going to have standards for how the work is done, then who does the work has to know what those standards are, and they have to be held accountable for meeting those standards. Without licensing, how do you do it? [LB813]

JOHN CHATELAIN: How have we done it before now? [LB813]

SENATOR AVERY: We haven't, that's the point, that's the point. [LB813]

JOHN CHATELAIN: I don't know. [LB813]

SENATOR AVERY: Senator Sullivan. [LB813]

SENATOR SULLIVAN: Thank you, Senator Avery. Thank you. Now clarify for me, has this ordinance taken effect? [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

JOHN CHATELAIN: It has been adopted and it takes effect March 1, I believe, but I could be corrected on that. [LB813]

TOM JIZBA: That's correct, yes. [LB813]

SENATOR SULLIVAN: Okay. [LB813]

SENATOR AVERY: But wait for your turn, sir. [LB813]

SENATOR SULLIVAN: And you mentioned a test that these individuals or entities would have to take. So who's...who would be administering all of this and providing oversight? [LB813]

JOHN CHATELAIN: I think the test is...the city of Omaha has granted a franchise to the ICC to administer the test, and so the test would be administered through the ICC and... [LB813]

SENATOR AVERY: ICC, that's the Interstate Commerce Commission? [LB813]

JOHN CHATELAIN: I don't know who that is exactly. [LB813]

SENATOR AVERY: I think it is. [LB813]

SENATOR SULLIVAN: Hmm, okay. [LB813]

JOHN CHATELAIN: One of our members has tried to schedule the exam and has been told that there's such a backlog that he isn't going to be able to take the test; he'll be put on a waiting list. [LB813]

SENATOR SULLIVAN: And then who provides...under the ordinance, who provides the oversight to make sure these people are getting licensed? [LB813]

JOHN CHATELAIN: That would be the city of Omaha or the city of Bellevue or the city of Council Bluffs or whoever it is. [LB813]

SENATOR SULLIVAN: Hmm. Okay, thank you. [LB813]

SENATOR AVERY: Any other questions from the committee? Thank you, sir. [LB813]

JOHN CHATELAIN: Thank you. [LB813]

SENATOR AVERY: Chatelain, right? [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

JOHN CHATELAIN: Chatelain. [LB813]

SENATOR AVERY: Chatelain; Chatelain, thank you. All right, additional proponent testimony. Welcome, now it's your turn. [LB813]

TOM JIZBA: Okay. I'm sorry, I had to bite my tongue. [LB813]

SENATOR AVERY: That's all right. [LB813]

TOM JIZBA: My name is Tom Jizba, J-i-z-b-a. I am a board member of the Metro Omaha Property Owners Association, but I'm really here as a licensed professional civil structural engineer in the state of Nebraska, state of Iowa, and the state of Colorado. There's really two things going on, two dynamics. One is at the city of Omaha level for the licensing of general contractors; they don't say that, but it is essentially general contractors and any other contractors below that level. But the other one really is licensing at the local versus state levels. Let me respond to you at a statewide level. I am a professional civil structural engineer licensed by the states of Nebraska, Iowa, and Colorado. As such, I am free to practice my profession across local jurisdictions without restraint. If local jurisdictions are allowed to impose credentialing requirements, there is a strong possibility that my business will be interrupted by the need to respond to these local regulations. In so doing, it will reduce my ability to respond to customer needs; that will undoubtedly require me to raise my fees. Apply this burden across multiple disciplines and you have a real disruption and impact to our statewide economy. Local credentialing is an unwarranted burden, in my opinion, on the private sector. From this perspective, I strongly recommend that you consider placing a high priority on LB813. Much of what John said I would just repeat, so I keep that short. Now on the contracting side of things that the city of Omaha, city of Bellevue, Council Bluffs on the other side of the river have already begun to enact, quite a few of the jobs that I do, I refer my customers, who are homeowners, commercial building owners, manufacturing concerns, I refer them to contractors to perform the building repairs or renovation that my recommendations produce, and the last thing I want to do is have to track who is licensed and who is not licensed. I refer contractors based on my knowledge of their ability to perform within their discipline-specific areas of trade. Whether it be a...someone who sides homes or someone who performs steel erection or fabrication, if I had to begin to worry about where they were licensed and what capabilities, again my business would bog down. So I'll leave you with this. The building renovation and repair process within the state of Nebraska is already protected by the permitting process at the local level, the mechanical, electrical, plumbing licensing at the state level, including elevators, and also by the architectural and engineering licensing at the state board level. That is more than enough to ensure that by and large construction and renovation and repair in the state of Nebraska is a quality product. That doesn't prevent that local issue where a roofing contractor is fly-by-night. That's going to happen no matter what business you're in. So at this point, contractor licensing as defined by the city of Omaha

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

only serves, in my opinion, to confuse the property owner, limit the competition, and increase the cost and time needed to do the work. Thank you. [LB813]

SENATOR AVERY: Thank you. Thank you, and you stayed right within your five minutes. [LB813]

TOM JIZBA: Any questions? [LB813]

SENATOR AVERY: Good. Questions from the committee? Don't see any, thank you. [LB813]

TOM JIZBA: Okay, thank you. [LB813]

SENATOR AVERY: Any other proponent testimony? How many others are planning to testify? All right. Proponent? Any opponent testimony? Okay. [LB813]

PAUL KIMMONS: Good afternoon. [LB813]

SENATOR AVERY: Good afternoon. [LB813]

PAUL KIMMONS: My name is Paul Kimmons. I'm an architect. My name is spelled P-a-u-l K-i-m-m-o-n-s. I'm currently licensed to practice in Nebraska and Iowa, and I've got, of course, certificates to practice in both places. I have built a bank, for instance, in--or I designed a bank and it was built in--Wayne, Nebraska. There was no problem with the city of Wayne. I didn't have to fill out any form or follow some rule that they have set up. It seems like this is the way to go with the contractors' profession. You know, Omaha has been mentioned. I live in Omaha, and what we have is a really a very serious situation there because we have like six little communities in the Omaha metropolitan area. You've got Ralston, La Vista, Papillion, Elkhorn and Omaha and Council Bluffs, and each one of them could...will probably have a licensing requirement, and in that licensing requirement will be six levels of licensing. So now you have 36 different levels of things you have to fill out just if you want to work in our town, and each one of them has different requirements. It's crazy because like due to the economy, a contractor might slide over into remodeling because there's no houses being built, and the remodeling guy might slide over into handyman work, but he can't unless he's got that permit. So in order to take care of that, he has to get all six permits, and then he's got to get six different subdivisions. So he's got to get 36 permits and all these million-dollar things and all these...it's just a crazy situation. And if you think about spreading that all over the state, you've got an insane thing going on; you can't have that. So the only answer really is to go to a statewide certification process for the contracting professionals. There's no other answer; you've got to put a stop to this. It's just a moneymaking racket which is not going to work, but thank you. [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR AVERY: Thank you. Question; you've woke the committee up. Senator Wallman? [LB813]

SENATOR WALLMAN: Thank you, Chairman Avery. Yeah, thank you, Paul, for coming. I guess I've never had any trouble with contractors, but I've already had trouble with architects. (Laughter) So if I build a building and if there's a flaw in your architectural drawings, whether it be for handicapped-accessible or whatever, do you pick that up as a firm or does the contractor? [LB813]

PAUL KIMMONS: Well, that's why I have insurance, liability insurance for errors in omission, and that picks up any problem that you have. Now if a contractor made a mistake, the attorney...the insurance company will go after him, too, so it will be both of us. [LB813]

SENATOR WALLMAN: It wasn't your firm but, I mean, it was a...it was an Omaha outfit. Thank you. [LB813]

SENATOR AVERY: Senator Sullivan? [LB813]

PAUL KIMMONS: I've never been sued yet. [LB813]

SENATOR SULLIVAN: Thank you, Senator Avery, and thank you for your testimony. I don't know if you followed what I assume was public discussion in the city of Omaha with leading up to the passing of this ordinance, but do you know if they cited any problems as the reasoning behind why they enacted this? [LB813]

PAUL KIMMONS: Well, I was involved in it and we almost won; it was 5-4 against us. We fought it hard from...in the TV stations and on the ads. And we don't know exactly why some people voted against it at the city council level, but we think it's people that were already convinced that everything needs to be sort of licensed because that's their background, and I don't think they really understood the seriousness of the problem as it was voted in. [LB813]

SENATOR SULLIVAN: And so do you recall if they identified that there...you know this obviously was brought forward, you said maybe just to make money, but surely it had...there were problems that they cited as... [LB813]

PAUL KIMMONS: Hmm. Well, one problem was that people have brought forward...belong to the union. And if they belonged to the union and had a lot of people involved and they...and only one person in the union had to get their certificate but every one of us individual guys had to pay the price to get that certificate, imagine what happens when you get the low bidder. It's always a union guy because they only had one permit. Now all these other people spent thousands of dollars and they can't get the

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

Government, Military and Veterans Affairs Committee
February 16, 2012

low bid, so it's a...it's been mentioned before: Big companies have a great advantage to get the low bid and take the business. [LB813]

SENATOR SULLIVAN: Thank you. [LB813]

SENATOR AVERY: Any other questions? Don't see any. Thank you, sir, for your testimony. [LB813]

PAUL KIMMONS: Thank you. [LB813]

SENATOR AVERY: Any other proponents? Welcome, sir. [LB813]

DOUG LANE: Thank you. My name is Doug Lane, D-o-u-g; last name is Lane, L-a-n-e. I've been in the business since about '84; it was general remodeling. I have built three new houses as well and helped other contractors build new houses. It's a little bit fluid operation. I've worked for other contractors, commercial and residential over the years. I also hold a real estate license and a Nebraska restricted-use pesticide license for termite control primarily. Real...I know it's been said a dozen times already that local licensing disproportionately harms small contractors, and all the reasons have been stated; I guess I won't go into that. Many small contractors change the type of work that they do as one area of work slows down or an opportunity presents itself that would likely change the type of licensing you would need. Everything I can see right now on my horizon is residential remodeling, but I may build another house at some point or a commercial opportunity may present itself, both of which I have done already. The bonding requirement, to me that is just something that the city puts out there so they can say they require bonding; sounds good to the general public but in fact does not protect the homeowner at all. And if I was to reroof your house and tear the roof off and it rains overnight and I didn't, you know, have it covered and just everything went really bad, let's just say, does the city collect then? Or at what point does the city collect on that \$10,000? I don't, you know, I'm not sure. So it's a very inexpensive bond, I will say that, because if you're not harmed, you can't collect on an insurance policy is my understanding, so...insurance limits, you know, that's between you and your contractor. If you're having a roof or a new deck or an addition or a commercial project, how much insurance is required is based on the project. If you're having a storm door installed or a new window, you know, you could probably cover that yourself, I think, you know. That's for the homeowner to decide, and most people are...you know, homeowners are fairly intelligent. My...I talked to my electrician. He has a state license, but he is required to register in every city, and each employee is required to register in a number of the cities in the metropolitan--Omaha metropolitan--area. He said it takes a lot of time and effort and of course there is a fee with each registration and, you know, it makes him think twice about hiring anybody new, just for the hassle of the cost of then the paperwork he has to do, so...you had mentioned why our...why is plumbing and HVAC, why are they exempt from this? I would say the plumbing union is probably a pretty good answer for

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

Government, Military and Veterans Affairs Committee
February 16, 2012

that. The most problems I have had as far as protecting the general public are from licensed individuals...plumbing. And I obtained my restricted-use pesticide license because I was being ripped off, I guess, for--that's the only way I can say it, is ripped off--for...by a licensed pesticide applicator, and I caught him red-handed. And when I told him that the Department of Agriculture was on their way, he loaded up his truck and was gone pretty fast and never asked for payment, so...and... [LB813]

SENATOR AVERY: So that was...that's a good example of needing a license or a certificate, right? [LB813]

DOUG LANE: No, that's...(laughter)...he is licensed or the guy he works for is licensed, you know? That doesn't...my advice, if any one of you needs some home repairs or a new roof or whatever and you don't know anybody, first of all, ask friends and family for references, if they know somebody, and get a recommendation. And if you can't find anybody that way, call your local lumber yard that deals with contractors primarily--not necessarily your franchise lumberyards so much--and get some names from them from...they'll know who has been in for years doing roofing or siding or windows. That would be my suggestion, and again get references. You can...we have a Better Business Bureau. You know, this licensing does not warrant that if "Joe Licensor" puts on your roof and it goes bad, the city will be there to serve you. That is not the case at all, so...and we're not really asking for anything from the state of Nebraska. We just want a right to work. I just want to work. I don't want anything for free; I want to work. I get up in the morning and I work, and I've been in business for that long because I do what I say I'm going to do. [LB813]

SENATOR AVERY: Are you in the metro area? [LB813]

DOUG LANE: Yes. [LB813]

SENATOR AVERY: Yeah. [LB813]

DOUG LANE: Omaha, and I built... [LB813]

SENATOR AVERY: I was going to take your name and call you up for a project at my house maybe. [LB813]

DOUG LANE: Okay. And I built my primary residence on a vacant lot that I bought in an established neighborhood. I bought two more--well, one vacant lot which I had divided into two--and built two more right on 83rd and Maple Street in Omaha; those are rentals. But under Omaha's ordinance I could have built the first house, but I couldn't build the second house for, I think, just five years or something; I don't know. [LB813]

SENATOR AVERY: Yeah. Your red light is on. [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

DOUG LANE: Okay, sorry. [LB813]

SENATOR AVERY: Okay. [LB813]

DOUG LANE: Any questions, I guess. [LB813]

SENATOR AVERY: Questions from the committee? All right, now do you...if you were faced with a state licensing requirement, would you be okay with that? [LB813]

DOUG LANE: Well, I'm not advocating for a state license, but I would say it would certainly be better than the other option of... [LB813]

SENATOR AVERY: Yeah. [LB813]

DOUG LANE: I have a license for Bellevue. I got that several years ago for a roof I was required to get and haven't done a job down there since but have continued to pay, you know, the fees and bonding and stuff, so... [LB813]

SENATOR AVERY: Are those fees excessive fees? [LB813]

DOUG LANE: It's just a pain really. And the bonding? To tell you the truth, for Bellevue, for the Class D license that I received, it's like \$50 a year, and I knew...and I went in knowing this has got to be the cheapest insurance policy I've ever gotten because they're never going to have to pay out. Because under what circumstances does the city of Omaha collect \$10,000--or Bellevue--collect \$10,000? I can't think of one, so. I mean, if I tear your roof off and water comes in and it catches fire and everybody inside dies and the whole thing goes south, does the city collect \$10,000 then? I wouldn't think so, but I don't know. I have a...I think it's important to get liability insurance from your contractor, but a bond payable to the city is...that's a, you know, I don't know what that is. It just sounds good, I think, so. [LB813]

SENATOR AVERY: All right. Questions? Thank you, sir. [LB813]

DOUG LANE: Any other questions? Thank you. All right, thank you. One question, one more thing? [LB813]

SENATOR AVERY: Um-hum. [LB813]

DOUG LANE: I would...on the boxing, I did participate in amateur and professional boxing, and I...(Laughter) [LB813]

SENATOR AVERY: Oh, I'm sorry; you can't...I can't take any of that. That's over.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

[LB813]

DOUG LANE: And I...anything...okay, I'm a proponent of that. [LB813]

SENATOR AVERY: We'll talk after the session. [LB813]

DOUG LANE: Okay, thank you. [LB813]

SENATOR AVERY: Any other proponent testimony? Good afternoon, sir. [LB813]

BYRON ABLER: Hi. Senator Avery and the committee, thanks for allowing me to speak. My name is Byron Abler, and it's B-y-r-o-n A-b-l-e-r, and I'm a realtor in Omaha. I've been a realtor for ten years with the same company of Deeb Realty, and I've worked with a builder from Lincoln and other...just a contractor that does do-it-yourself work and such, and I'm here to represent those guys. As a builder coming from Lincoln and now he has to get licensed in Omaha and then with other cities talking about it, this guy, he does amazing work, and what's happening is these guys are being priced out of the business just...it's been mentioned before. And I'm not here to speak against licensing. Licensing does the job it's set out to do but only at the state level that...if the city is allowed to go forward with this, it's going to hurt the small-shop businesses as tends to happen in this situation. And if the licensing has to happen in this situation, it should definitely happen at the state level. You know, Omaha is--the metro area--is close enough to all of these small little towns around, and my builders in Lincoln--or actually in Eagle--my small guy, he--that does small jobs--he is in Yutan, so they're right in that situation where they're going to get caught up in this. They're already paying wheel tax if they come to Omaha and work, and it's just kind of a...it's a money grab on Omaha's part, and in most people's eyes that's all it is. And it...you know, I understand in this economy that that's what's happened, but it's also going to hurt investors that are trying to help build down areas in our city that are buying properties, fixing them up, and putting them back on the market. I myself have bought two hurting properties and put them back on the market. I surround myself with only the best. I can't be giving out contacts to people I work with and saying, hey, this plumber is great, this electrician is great if they don't do great work, and it...I just...I'm in that situation where I have to have those good contacts, and I have surrounded myself with good people over the years, so it's a situation where...let's get it at the state level if it's needed. We already have the home inspectors, and if people are doing shoddy work, they're weeded out of this business. Make no mistake about it, they will not last. And if somebody puts on a bad roof, hey, that word spreads pretty fast in this city. Omaha is a small town when you get down to it. So I guess with that, I will close and ask for any questions. [LB813]

SENATOR AVERY: Thank you for your testimony. Any questions from...? Okay, don't see any. [LB813]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

BYRON ABLER: All right. [LB813]

SENATOR AVERY: Thank you. [LB813]

BYRON ABLER: You're welcome. Thanks. [LB813]

SENATOR AVERY: Any other proponents? Welcome, sir. [LB813]

GARY FERGUSON: Well, thank you, thank you. Just a few things. My name is Gary Ferguson, G-a-r-y F-e-r-g-u-s-o-n. I am from Omaha, and I'm a property owner and also a member of the Property Owners Association of Omaha. But what I'd like to just bring up...I'm not opposed to licensing; I will say that. If licensing is necessary, I would say that it needs to be on a state level, not by the community, city, town, whatever it might be. It does place an extra burden on the contractors as such. But things that were mentioned here earlier which I think were not really discussed or touched upon, one of which is permits and safety. I don't know if it was you, Senator Avery, or the lady here, but they were asking about who is the one that's going to protect the consumer. It is the duty of the permits and inspection area of the city to make sure that the work is done correctly and properly; permits are issued for that reason. It's not only just to get the idea, oh, you're doing the work, we get to collect a few dollars, we come out and look at it. The idea is to make sure that the work is done properly, up to code, and those that are here from Omaha will probably remember that maybe eight to ten years ago on Halloween, we had a horrendous snow storm, and it basically shut the city down. Trees were down all over the place, power was out, snow up the kazoo. It was a mess, total mess, total chaos, and as a result other communities, other states heard about this, so they all came rushing in. They were going to help us out. You talk about shoddy work. I would almost bet that every one of the persons that complained about the shoddy work that may have been done for rebuilding, reroofing, anything along that line, there was no permit. There's probably no one that came out from the city to make sure that the work was done properly. And of course the people, the contractors that came in, they said, oh, yeah, I can do that. I'll do it in a couple days, cheap fees. Oh yeah, wonderful. It sounds good, but was it done correctly? No, it was not, and this is where it all started. And if I remember it correctly, the city council brought this up. They said all this shoddy work was done at that time, and I think that's what originated it. In my mind, it's up to the city, where there are permits and inspections. That's what they're there for, to make sure that the public is served properly, that the work is done correctly, and that licensing would not necessarily be a necessity. But again, licensing will assure that the contractors are knowledgeable of the work that they're doing. If that's necessary, fine. I'm fine with that, but it should be on a state level. That's what I have to say. Thank you. [LB813]

SENATOR AVERY: Yeah. Okay, thank you, sir. Any questions for Mr. Ferguson?
Senator Wallman. [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR WALLMAN: Thank you, Chairman Avery. Thanks for coming down to Lincoln. So do you think...does Omaha have a registry for contractors then? No? Do you know? [LB813]

GARY FERGUSON: I don't believe they do. [LB813]

SENATOR WALLMAN: Okay, thanks. [LB813]

SENATOR AVERY: Any other questions? Thank you, Mr. Ferguson. [LB813]

GARY FERGUSON: You bet. [LB813]

SENATOR AVERY: Additional proponent testimony? Okay. Good afternoon. [LB813]

JEREMY ASPEN: Hello, sir. Senators, Senator Avery, thank you for having me here. I just wanted to touch on something I think that's been missing, certainly... [LB813]

SENATOR AVERY: Let us have your...spell your name for us. [LB813]

JEREMY ASPEN: Sorry about that; I know better. [LB813]

SENATOR AVERY: Okay. [LB813]

JEREMY ASPEN: Jeremy Aspen, J-e-r-e-m-y A-s-p-e-n. I am a resident of Omaha, 662 South 84th Street, and I think what the--yeah, and I'll get this to you in a second--the opponents of this bill will come after, of course, is going to be the health and safety of the community. And I'll be really brief. I think it's important to consider that licensing, it can actually confuse things a little bit, and I'll use my own license as an example. It...with the...with a license, I think all too often the consumers will be drawn into believing that they therefore deserve a sort of a reputation. The licensing, it doesn't offer any sort of protection in terms of reputation or the quality of the work, and in the instance of my license--I hold a real estate license, and I can legally go after a business where I would buy and sell property and put together contracts; perfectly legitimate, good business--I'd leave that to the professionals because as it turns out I have no idea how to do that. We're a property management company, so it's not in my day-to-day business. But on the flip side, we have sales agents who I would say probably should not be doing property management. It is doing an enormous injustice to their clients. They are licensed to do management, but it really does...it is to the detriment of the client, so I would throw that out there. And also, just things to consider, there are other licenses. You have to carry a concealed...for instance, I would have to take my gun off to drive down to Lincoln because it really does matter which police officer pulls you over in what jurisdiction as to whether or not there will be some...a penalty for it. The city of

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

Government, Military and Veterans Affairs Committee
February 16, 2012

Fremont has brought up licensing, and I understand these aren't professional licenses, but it is licensing and the point is that there's confusion. They want to make it so that you have an occupancy license. Well, then of course when we go to rent places in Fremont, we're going to have to make sure that the tenant has an occupancy license, and it makes it a little more cumbersome. And I'll wrap it up with this. I was this close to testifying as neutral. My business is large enough where we will probably benefit from a licensing law like this, but as a member of the community, I don't think it's fair to force that sort of a burden on us, the citizens of Omaha, so...the EPA, for instance, they came out with laws here not too long ago. Our business exploded because it just makes it a "little bit" more complicated for the business owner. Bottom line is I'm opposed to this, and I'd please urge you to vote to...or I'm for this and I'd urge you to please push this through to the floor. [LB813]

SENATOR AVERY: Thank you, thank you. I thought maybe you were getting ahead of me here. [LB813]

JEREMY ASPEN: Yeah, I...didn't reconcile. [LB813]

SENATOR AVERY: Yeah. [LB813]

JEREMY ASPEN: And of course I'd be happy to answer any questions if there are any. [LB813]

SENATOR AVERY: All right. Questions from the committee? I don't see any. Thank you, Mr. Aspen. [LB813]

JEREMY ASPEN: Thank you. [LB813]

SENATOR AVERY: Any other proponent testimony? All right, we'll move to opponents. Anyone wish to testify in opposition? Good afternoon. [LB813]

GARY KRUMLAND: Senator Avery, members of the committee, my name is Gary Krumland; it's G-a-r-y K-r-u-m-l-a-nd, representing the League of Nebraska Municipalities, appearing in opposition to LB813. First of all, I want to mention that I strongly disagree with the idea that licensing an occupation is just a moneymaking racket or a money grab. One of the fundamental powers that a city has responsibilities is called the police power. This is generally defined as the authority to protect the health, safety, and welfare of its citizens, and it's a basis for zoning, for building codes, and it's also the basis for licensing professions and occupations to protect the citizens. Generally, as you've I guess heard that the...this is done to make sure that people who are professing to be a part of the profession are qualified, to stop fly-by-night operations, to prevent scams, those sorts of things. And it's not just contractors, and it's not just a brand-new sort of thing in Omaha. In preparation for the hearing, I pulled the

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

Government, Military and Veterans Affairs Committee
February 16, 2012

municipal codes of four cities--Kearney, Grand Island, North Platte, and Scottsbluff--just to get a sample, and these are just some of the occupations that they do regulate: pawnbrokers, tattoo artists, body piercing, food service workers, junk dealers, auctioneers, contractors, electricians, door-to-door peddlers, gas fitters, street food vendors, and sexually-oriented businesses. If LB813 would pass, the city would no longer have authority to regulate any of those businesses. So it's not just contractors; it's a whole series of occupations the city has chosen to regulate in to protect the citizens. And the cities, I mean, it's probably the level this should be done because a city that feels they need to do something can pass an ordinance. If the city doesn't need to do it, then they don't have to. And as you even heard here, it's probably the easiest for a group of people to affect the city council that direct...with more direct than maybe some of the higher levels of government, and so that's probably the appropriate level to do that. There...this bill may be putting into jeopardy some state regulations. For example, Section 69-201 to 210 is state regulation of pawnbrokers, but the way the state regulates pawnbrokers is...it says if someone wants to get into the business of pawnbroking, they have to go to the city or village to get a license. There's no exception in LB813 for that, so the question is: Does LB813 preempt that? There is exception for just those plumbers and the air conditioners. There's other things where cities can't license this to people to do businesses, and so it's not just a contractor business. It's a whole series of regulations that the local governments get involved with to protect their citizens, and I think LB813 puts that in jeopardy, so. [LB813]

GARY KRUMLAND: [LB813]

SENATOR AVERY: Thank you, Mr. Krumland. You then would find statewide licensing to be acceptable? [LB813]

GARY KRUMLAND: Well, I...the problem with statewide licensing is it might be in places that don't feel they don't need licenses, and I guess the question is: Is the state going to enforce it? Do they have people there to do it? Cities would have police officers, inspectors, and they can decide what the proper level of licensing would be. [LB813]

SENATOR AVERY: I can see your concern about the effect this might have on other areas of public safety and... [LB813]

GARY KRUMLAND: Um-hum. Health, safety, and welfare is the term. [LB813]

SENATOR AVERY: Yeah, safety and welfare of the citizens, but let me ask you this. What...how would respond to what we have heard here, that it...this is an unfair ordinance to small contractors who might want to do business in La Vista, also in Omaha and maybe in Bellevue and maybe Elkhorn--that was part of Omaha now; I'm sorry if you're from Elkhorn--but what do you say to that, if they have to get a license in

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

all those places? [LB813]

GARY KRUMLAND: Yeah, I would hope that the...I mean, if they...I guess the answer would be yes, but I would hope that the cities would work together to offer reciprocity and that sort of thing so somebody could do that. [LB813]

SENATOR AVERY: Well, what do you think if we were to amend this to require reciprocity? [LB813]

GARY KRUMLAND: I don't know. I'd have to talk to the city. I mean, that would be better than the bill itself, but I'd have to check with the cities to see, especially if they'd had the same... [LB813]

SENATOR AVERY: But the wording as it is right now does affect these other statutes--or other ordinances. [LB813]

GARY KRUMLAND: Yeah, and the problem, I guess, the concern about reciprocity is if one had a stricter standard, and then maybe if the stricter standard might be the way to go. [LB813]

SENATOR AVERY: Um-hum, um-hum. Questions from the committee? Don't see any, thank you. [LB813]

GARY KRUMLAND: Um-hum. [LB813]

SENATOR AVERY: Any other opponent testimony? We're still on LB813, thank you, Senator Karpisek. Welcome. [LB813]

JAMES HARPER: Hi, thank you. My name is James Harper, J-a-m-e-s H-a-r-p-e-r, and my address is 4203 Springview Drive, Grand Island, Nebraska, and I'm a retired building official and plans examiner. I work for the cities of Hastings and Omaha, and I'm here to oppose this bill. Traditionally, cities have had the need to maintain and regulate buildings through licensing and permitting to provide for public safety. You can't inspect your way to compliance; I have learned that in the 30 years that I've done that. You can inspect, but you can't do everything, and I think we should probably try to give this a chance to work before we shoot it down. I think licensing is something new to Nebraska in this area, certainly for building contractors. It is done in a lot of places, it's not new, and it does work. Specifically what came to my mind though when I was listening, we talked about roofing a little bit, and if you've ever been around a permit department or building department after a hail storm or a big hail storm, it is a huge task. And when I was in Hastings, we had a provision at least that said you had to register to do work in the city, and we were inundated by contractors from Florida and Texas--same thing has happened in Omaha when they've had hail storms--and at least

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

Government, Military and Veterans Affairs Committee
February 16, 2012

it gave us the ability to get a name and a location, and I think this bill would even prohibit doing something as simple as that, so. Roofing is a big deal, by the way. There's probably more complaints on roofing than anything else you get in a building department, maybe short of fences. [LB813]

SENATOR AVERY: It's probably because so many people get in and out of that business. [LB813]

JAMES HARPER: Yeah. One day, they may be a pastry chef, and the storm comes through, and the next day they're a roofing contractor. [LB813]

SENATOR AVERY: Yeah. [LB813]

JAMES HARPER: And there is a lot to putting on a roof. We took hundreds, if not thousands, of calls when I was with the city of Omaha on installing ice barriers on roofs. That's something that some communities in Nebraska are required by code to have; some communities are not required. We're right in a border area where that's needed; it's a big item. And there's flame spread, exposures; it's not just shingle roofs. I mean, there's shakes, there's metal. There's a lot to roofing, so I think it's probably a good argument that you do need to be qualified to do roofing. [LB813]

SENATOR AVERY: Yeah, I have some personal experiences. [LB813]

SENATOR PRICE: We've got questions. [LB813]

JAMES HARPER: Yeah, I'm done. [LB813]

SENATOR AVERY: Senator Sullivan. [LB813]

SENATOR SULLIVAN: Thank you, Senator Avery. In your experience in Hastings, do they have an ordinance like this? [LB813]

JAMES HARPER: When I was working there--and I haven't been there for like seven years--but there was a provision that said if you were out of town, you did have to register and make the building department aware that you were at least in town. Now that may have changed, but at least at the time...and we had a list--I don't know--it was four, five pages long of roofing contractors that were up from Texas doing work in the city, and I...Jay Davis can talk way more than I can about the city of Omaha, but they've experienced the same, I know. [LB813]

SENATOR AVERY: I think Senator Price was next. [LB813]

SENATOR PRICE: Thank you for coming to testify, sir. [LB813]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

JAMES HARPER: Sure. [LB813]

SENATOR PRICE: Let's...since you have the city work, I'll ask you the question. What is the advantage of that bonding issue that was brought up? I mean, if there's damage done on a home, how does a homeowner collect on that bond? [LB813]

JAMES HARPER: I'm not a big proponent of bonding. It probably keeps you honest, but the bonds that are being required are really token bonds, it seems to me. This is more about education and training of the installer. [LB813]

SENATOR PRICE: Well, though, I don't have a problem with that, but my question is: Who is being protected? If you don't have anything at risk but you're pulling a bond out, I just...I'm going to make that a question I ask throughout the rest of this hearing. [LB813]

JAMES HARPER: It's a great question. I don't know the answer to that, and when we were talking I was part of the initial discussions on licensing contractors in Omaha. That's one of the questions that I did raise, is: Who are you indeed protecting? [LB813]

SENATOR PRICE: The bonders; okay, thank you. [LB813]

JAMES HARPER: Yeah, and Jay Davis can answer that probably way better than I can. By the way, I'm representing only myself; I'm not representing anybody else. [LB813]

SENATOR AVERY: Okay. Senator Wallman? [LB813]

SENATOR WALLMAN: Thank you, Chairman Avery. Yeah, thanks for coming. Do you think the cities and villages--some of the small towns don't have building inspectors, but most counties do--so do you think they're just shirking their responsibility? [LB813]

JAMES HARPER: Right. I think that resources are so scant that as far as inspecting work--that's what I'm understanding you to say--I think resources are so scant that they're doing probably the best they can given what they have. But are they probably doing the job that they're being tasked with? Probably not. [LB813]

SENATOR WALLMAN: I know in this county, it's something else, so that's all I'll say. Thank you. [LB813]

SENATOR AVERY: Any other questions? Senator Seiler. [LB813]

SENATOR SEILER: Senator Avery, thank you. Good afternoon, Jim. [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

JAMES HARPER: Good to see you. [LB813]

SENATOR SEILER: Did we collect a fee from...at Hastings for the contractors when they registered with you? [LB813]

JAMES HARPER: No, no. We just wanted to know that they were there. [LB813]

SENATOR SEILER: Names, address, telephone numbers. [LB813]

JAMES HARPER: Names, addresses, and it took a lot of time to do that, but at least...because you get a lot of calls. People who call, they're...they don't like...the contractor doesn't know how to do a valley flashing or the width or how to do a roof cricket, I mean. And you get calls and it...you know, you'll kill two or three hours going up to talk to a homeowner about just one project, so. But no, there weren't any fees. [LB813]

SENATOR SEILER: That was my memory, but I couldn't be sure. [LB813]

JAMES HARPER: Yeah, that's right. [LB813]

SENATOR SEILER: Thank you; thank you, Jim. [LB813]

JAMES HARPER: Um-hum. [LB813]

SENATOR AVERY: Thank you, Mr. Harper. [LB813]

JAMES HARPER: Sure. [LB813]

SENATOR AVERY: Any other opponent testimony? Welcome, sir. [LB813]

JEFF SINNETT: Good afternoon, Chairman, committee members. My name is Jeff Sinnett, J-e-f-f S-i-n-n-e-t-t, and I'm the chief building official with the city of La Vista, past president of the NCOA, which is Nebraska Code Officials Association, and I am on the ICC Region IV Board of Directors. Today, I'm here on behalf of the city of La Vista in opposition to this bill. I'll try and keep this short and simple. We believe this bill restricts the ability of cities to require any person who conducts business as a contractor...I believe in the need to be licensed for contractors to be able to pull permits. I heard the discussion about big companies. Granted, they may have an advantage, but they offer training and classes to employees on code compliance. I've been an inspector for 24 years. I've seen plenty of shoddy workmanship. It was brought up about the pickup truck gentleman, and I believe the pickup truck guy, as anybody that can pick up a hammer and drives a pickup truck, have to come to my office saying they were a contractor. As such, we oppose LB813. I thank you for your time and consideration this afternoon, and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

I'll take any questions. [LB813]

SENATOR AVERY: Thank you. Mr. Sinnett, right? [LB813]

JEFF SINNETT: Correct. [LB813]

SENATOR AVERY: Questions for Mr. Sinnett? Senator Sullivan. [LB813]

SENATOR SULLIVAN: Thank you, Senator Avery. So La Vista has the ordinance right now? [LB813]

JEFF SINNETT: Well, we have a contractor license, and we have...if you have a Lincoln or Omaha or Fremont, anybody that does third-party testing, we kind of reciprocate with them. [LB813]

SENATOR SULLIVAN: Oh, so you have some reciprocity there? [LB813]

JEFF SINNETT: Right. [LB813]

SENATOR SULLIVAN: Okay, thank you. [LB813]

SENATOR AVERY: Senator Price? [LB813]

SENATOR PRICE: Is there a...what's the filing fee for that, even if they have reciprocity? [LB813]

JEFF SINNETT: Plumbing and mechanical licenses are \$15; a general contractor, \$75. [LB813]

SENATOR PRICE: And is that an annual renew or per effort? [LB813]

JEFF SINNETT: That's annual renewal. [LB813]

SENATOR PRICE: All right, thank you. [LB813]

SENATOR AVERY: I don't see any more questions. Thank you. Any other opponent testimony? Any other people wishing to testify, raise your hand. Okay. [LB813]

JAY DAVIS: Good afternoon, Senator Avery and members of the committee. I'm the 600-pound gorilla in the room. I apologize. My name is Jay Davis. I am superintendent of permits and inspection and the assistant planning director with the city of Omaha. [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR AVERY: D-a-v-i-s? [LB813]

JAY DAVIS: I'm sorry, thank you. J-a-y D-a-v-i-s. I believe...I pretty much just threw my notes out the window. I listened to what everybody said. We concur. We are against the bill for a number of reasons including the fact we believe this limits all of our license and occupation fees in the city of Omaha. But I'm going to come back around and address a couple of things--more importantly, directly at the contractor licensing. I've been with the city for 15 years. I spent the last 12 as a chief building inspector and recently became the superintendent. Prior to that, my area of expertise was in architecture, so I've been around the business for an awful long time. What I found out when I came to the city was I wanted to make a difference in how a couple of things happened: how the codes worked and how the community was protected with the codes. The codes are very complex. The building inspectors in the city of Omaha, for example, will have to leave the office with knowledge of seven books every day when they go out into the field. That covers everything from structural practices to ADA and fair housing accessibility issues. That's what we have to do every day. The contractors and the ICC, I need to explain this to you. The ICC is what is known as the International Code Council. I might also add that I am also representing the Nebraska Conference--or Nebraska Code Officials Association. They changed their name, and I'm not used to it yet. But we all oppose it for probably much the same reason. We feel that the bill itself takes away a lot of our rights as far as permitting and licensing, but back to where I was going with the ICC. The International Code Council is a group that wrote the codes that we use in Omaha, Lincoln, Bellevue, Council Bluffs. We use those codes. They come out in a three-year cycle. Currently, we're on three different years across the county of Douglas, Washington, and Sarpy not because we want to be, but because the code process is somewhat cumbersome. We've spent a lot of time trying to work ourselves back into where we are all equal. The contractor licensing came to us last year--well actually, two years ago--from the home builders, not the union contractors. I need to dispel that rumor. It was the home builders who came to us and said, we want to license contractors. Now I could probably give you a variety of personal reasons why I think that happened, but the point is they came to us, they got wheels under it, and we moved forward with it. We did a couple of things. Bellevue and Council Bluffs had already required the ICC testing. It's a national contractor test. We did tailor it a little bit to our jurisdictions to take out seismic requirements because that's something we don't think our contractors need to work with, but that was taken out of the test. The test was tailored to Bellevue, Council Bluffs, and Omaha. What we're doing in Omaha is that we have a reciprocity with Bellevue and Council Bluffs if you've tested under the ICC regulations. Now, I might add, at one time we came back with a proposal to add a grandfather provision. That was removed by members of council, and that I cannot control. That being said, we're trying to work cross-jurisdictionally. We have been trying to get this accomplished for a number of years because licensing or no licensing, we always heard, well, they let me do this in Bellevue, but they don't let me do this in Omaha, when in fact we were probably on two different versions of the code and

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

Government, Military and Veterans Affairs Committee
February 16, 2012

caused that to happen just by virtue of the language. So with that being said, we went to the testing process. We went to a three-year license renewal. You break it down, \$300 is \$100 a year for a type A or type B contractor, but really not much more than doing the cost of business. Well, I disagree the smaller person may be hurt; that's why the smaller person only pays \$100 over three years or \$33.33 roughly, so we did that for that reason. Our job was not to hurt the small contractor. In fact, we would like to help the small contractor. An unintended consequence of this is that in our industry right now, in the construction industry in particular, the bidding process has become so convoluted that a contractor trying to make a good living can't because he's being outbid by whether somebody in his own community...or in the case of Omaha, because we are the big dog, unfortunately, we have a lot of outside influence from contractors from other parts of the country. And quite honestly, I'm not sure how they make a living to send the crews in here from New Jersey to do the work that they do because they were underbidding our local contractors who are much more efficient. Roofing contractors, that's a whole different story. That's half of our life. We deal with them on a daily basis. They blow into town, they do a bad roofing job, and then you cannot find them. Let's talk about the bond for one quick second before I run out of time. The bond process is actually from our law department. We've talked about it, we've beat it up, we know that Bellevue has pulled it out; they still don't want to do it. The bond is simply to...if the city gets drawn into--this is how it's been explained to me--if the city gets drawn into a lawsuit, that \$10,000 bond is pulled to cover the cost of the legal team. It really, as far as I understand, has nothing to do with the protection of citizens or any money that they would get from an unscrupulous contractor in the end. So wrapping it up, I thank you for your time. I apologize for spending so much of your time on something that at face value seems relatively simple. But obviously, I stirred a hornet's nest up in the...I rewrote the ordinance seven times, actually, to try to appease those that we could, including Mr. Chatelain's group, so that we could make it equitable for everybody involved, so thank you. [LB813]

SENATOR AVERY: Well, thank you for clearing up the question of the bond. [LB813]

JAY DAVIS: You're welcome. [LB813]

SENATOR AVERY: Thank you. Senator Wallman? [LB813]

SENATOR WALLMAN: Thank you, Chairman Avery. Yes, you brought up about, you know, the codes. [LB813]

JAY DAVIS: Yes. [LB813]

SENATOR WALLMAN: Now you revisit them every three years? [LB813]

JAY DAVIS: We've actually...in Omaha, we revisit every six years. [LB813]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR WALLMAN: Every six. [LB813]

JAY DAVIS: That's kind of caused us some issues because the smaller communities go every three; the state law requires every three. [LB813]

SENATOR WALLMAN: Yeah, I think that's a problem. [LB813]

JAY DAVIS: It's a huge problem, and actually going six years is a huge problem. Currently, one of my tasks is to change how we do that process. [LB813]

SENATOR WALLMAN: Um-hum. [LB813]

JAY DAVIS: I don't know necessarily if we want to go to a three-year process, but we're going to review all three series of codes before we make that decision. [LB813]

SENATOR WALLMAN: Maybe five. (Laugh) Thank you. [LB813]

JAY DAVIS: You're welcome. [LB813]

SENATOR AVERY: Senator Price. [LB813]

SENATOR PRICE: Thank you, Chairman Avery. Thank you for coming down, Mr. Davis, and clearing up the bond issue too. [LB813]

JAY DAVIS: Sure. [LB813]

SENATOR PRICE: The other question I--just throwing it out there--is we've heard that if you're a trace person under one house, one job, or one business,... [LB813]

JAY DAVIS: Um-hum. [LB813]

SENATOR PRICE: ...you'd only have to have one license for the entire business? And each individual personal...the license is for the business actually, not the individual performing the work? [LB813]

JAY DAVIS: That is correct, and I'll try to explain that an easy way. [LB813]

SENATOR PRICE: Well, I... [LB813]

JAY DAVIS: It's a difficult process. We felt that if we were...I mean, if you really want to accuse the city of having a money grab, if I licensed every subcontractor out there in the construction industry--whether it's a roofing contractor, a drywall installer, steel stud

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

Government, Military and Veterans Affairs Committee
February 16, 2012

framer, you name it--that works strictly on the building portion of it, I would have an awful lot of contractors, and I don't think that's where we intended this to go. [LB813]

SENATOR PRICE: Right. [LB813]

JAY DAVIS: The intent was that if something goes wrong on a project, we want one single person to go back to. On commercial projects, that's generally not a problem for us. If it's Vrana, Hawkins, Kiewit, whoever, we know we go to that superintendent, we go to the project manager, then we go up the line to the project engineer, so we know who we're dealing with. We don't always know that on home builders. We don't always know that on residential remodelers who may fly in and out of town as well, go to the home show, pick up a bunch of business, and pretty soon they're on their way. So in essence we're trying to protect the consumer by having one point of contact to go to rather than seven or eight on the job. [LB813]

SENATOR PRICE: But does that mean then that someone who was like...so we heard from people who are property managers. [LB813]

JAY DAVIS: Um-hum. [LB813]

SENATOR PRICE: Could a property management company pull one license, and then they're done? [LB813]

JAY DAVIS: They could, for the building side of it only... [LB813]

SENATOR PRICE: Right. [LB813]

JAY DAVIS: ...keeping in mind that yeah, the plumbing, electrical, and mechanical are separate. [LB813]

SENATOR PRICE: Yeah, outside of the norm, okay. [LB813]

JAY DAVIS: Okay, yes. [LB813]

SENATOR PRICE: So any one individual can...could they group together as a consortium and say, we're the small carpentry or small home consortium of fixer-uppers, you-fix-its, and pull one ticket? Could a consortium get...put together and do it? [LB813]

JAY DAVIS: Um-hum. I guess they could. The way the law is written allows that. [LB813]

SENATOR PRICE: Like an association. [LB813]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office
Government, Military and Veterans Affairs Committee
February 16, 2012

JAY DAVIS: Yes, yes. [LB813]

SENATOR PRICE: Oh, great. Thank you. [LB813]

JAY DAVIS: Um-hum. [LB813]

SENATOR AVERY: Any other questions? I don't see any. Thank you very much. [LB813]

JAY DAVIS: Thank you for your time. [LB813]

SENATOR AVERY: Additional opponent testimony? Welcome, sir. [LB813]

JOHN BACHMAN: Good afternoon. Senator Avery, members of the committee, my name is John Bachman, J-o-h-n B-a-c-h-m-a-n. I'm an attorney in Omaha. I'm a member and I'm also here on behalf of the Eastern Nebraska Development Council, the Metropolitan Omaha Builders Association, Professional Home Builders of Greater Omaha, and Nebraska Association of Commercial Property Owners. All of those entities were involved in the creation of the Omaha contractor ordinance. We worked with the city representatives and the city council over approximately a two-year period of time to come up with a workable and acceptable contractor licensing ordinance. When this ordinance is finally implemented by the city, the ordinance will enhance the quality of construction in the Omaha zoning jurisdiction. There are a number of carve-outs in that ordinance that permit ordinary and routine repairs which do not require permits and owners who do their own work. We believe that municipal entities should have the right to require licenses for activities within their jurisdiction that they believe is important to the municipality. The city of Bellevue has had a contracting licensing ordinance for approximately two years, and it has worked for the city and its affected contractors. Our organizations that I identified are strongly opposed to LB813. Thank you. [LB813]

SENATOR AVERY: Thank you. Any questions for Mr. Bachman? Thank you, sir. [LB813]

JOHN BACHMAN: Thank you. [LB813]

SENATOR AVERY: I was wondering when we were going to hear from the Home Builders. All right, any more opposition testimony? Any neutral testimony? Senator Karpisek. [LB813]

SENATOR KARPISEK: Thank you, Senator Avery and committee, for your attention on this. It is a...it is more of a bill than face value shows. Senator Avery, you asked about what protects people from fly-by-night or subpar contractors. Those people usually don't pull a permit anyway. Is this going to make them pull a permit? No. They're going to

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

Government, Military and Veterans Affairs Committee
February 16, 2012

come in, they're still going to do things without a permit, and they're going to be gone. Will it force more people underground and not do the right thing? It possibly could if the cost happens that way. Let's please not try to put up a smokescreen that this is not a moneymaking issue. I didn't say a money grab, I didn't say any of those things, but the timing of this to go along with what we did last year in the Legislature, it's obvious what it is. Now we can say that it's for protection of people, which is fine. I'll go along with the state licensing if that's the way we want to go. Or if they are going to do reciprocal licensing, that's great. But is it going to be across the state? Is it going to be in the metro? Where's it going to be? What rules are they going to follow? Are they going to follow the state of Omaha or the state of Nebraska? I did mean the state of Omaha, if you didn't catch that, Senator Avery. (Laughter) [LB813]

SENATOR AVERY: I was not going to react. [LB813]

SENATOR KARPISEK: Okay. Look, we've still got codes. They make the codes. The people that come in and don't do the codes, they've pulled the permit. If it's not done right, it's still not done right, and if you have someone to go back on, you do. If you don't, you don't. There's still going to be people out there that don't do the right thing. If they want to register people, great. I like that idea. Register them for free. If this isn't a moneymaking deal, register them then. Don't have a fee involved; we'll see where that discussion goes. There are many, many other things that we worry about--shop mechanics doing shoddy jobs, you name it. There are many different people out that do jobs that we worry about if they're doing a good job for the constituents. Many of the things that...in one of the handouts from Lincoln, it says there are state things also that go along with this. The food, they do have food vendors or food inspectors in Lincoln. I did not...this bill was not intended to take any of that out, and I'd be more than willing to sit down and try to work on that. But we have state inspection. I don't think the state told Lincoln and Omaha they had to do their own. I don't know that, but I would guess that they volunteered to do their own. Almost all of these would go back and have some sort of a vendor permit through the state. They're worried about sidewalk vendor permits, taxicab driver's licenses--Senator Avery, you know there's not many of those--pawn broker permits. Again, some of these things that a lot of them the state already does. If we're really worried about the customer--Senator Price, you asked--then I think everyone would be, have to be permitted. We're worried about doing a good job for the customer, then I think everyone should be...have to have it. Everyone has to have a...every lawyer has to have their license, every real estate person. If this is the way we're going, I wonder where we're going to stop. With that, I'd be glad to take any other questions or ways that we could try to bring this bill closer together. [LB813]

SENATOR AVERY: And you're willing to work with us on that? [LB813]

SENATOR KARPISEK: Absolutely, but I don't think it's right for someone to have to get ten different licenses maybe that work in the metro and maybe all different... [LB813]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR AVERY: This seems to be a metro problem more than it is anywhere else. [LB813]

SENATOR KARPISEK: It seems to be, but I'll bet you as soon as people kind of hear about it...and hey, I was a mayor for 12 years, and if we would have gotten our budgets cut, we'd be looking all over to find money, and I do not discredit them for that, and I...this isn't all this is, but I think it does go toward trying to make some money. [LB813]

SENATOR AVERY: Any questions from the committee? [LB813]

SENATOR KARPISEK: Thank you. [LB813]

SENATOR AVERY: Thank you, Senator Karpisek. That ends the hearing on LB813. Thank you all for coming. We'll now move to Senator Pahls's LB880. [LB813]

SENATOR PRICE: Way to go, Rich. [LB813]

SENATOR AVERY: Mr. Lane? [LB813]

DOUG LANE: Yeah. [LB813]

SENATOR AVERY: Are you going to leave? I want to talk to you about boxing. [LB813]

DOUG LANE: Okay. How much more...? [LB813]

SENATOR AVERY: Ten or fifteen minutes. [LB813]

SENATOR PAHLS: No, this will be at least an hour. I want my due time. [LB813]

SENATOR KARPISEK: We might get our money's worth if you show him the good points about... [LB813]

SENATOR AVERY: (Exhibits 2-3) All right. Okay. Just before we start, I want to read into the record two letters of opposition to that last bill: one from the State Board of Engineers and Architects and one from the city of Lincoln. Thank you, let's go. [LB813]

SENATOR PAHLS: Thank you, Mr. Chairman. I'll make sure I'm going to be as long as slow, get my money's worth. (Laughter) [LB880]

SENATOR SEILER: You're on our time now. [LB880]

SENATOR SULLIVAN: We have a short memory with you. (Laughter) [LB880]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR PAHLS: (Exhibit 1) My name is Rich Pahls, P-a-h-l-s. I represent District 31. Now what I've really done, I've handed out my testimony. I'm just going to paraphrase some of the parts of it because I do know that we have lots of things in our lives to do. Just to give you an idea of what I'm trying to do with this bill is to, what I feel, bring us up to date with technology and keeping of records in the state of Nebraska, and I'm just going to tell you why this all came about. You remember last year when we went through trying...we were reducing agencies and reducing manpower or person power. Well, I'm on the Exec Board, and one of the heads of one of the agencies came in front of the committee--Exec Committee--and we actually were cutting some of their staff, and he said, well, that was going to hurt. I said, well, explain to me what you mean by it's going to hurt. And he said, well, this is what happens. This person, she's very important to us because in that particular agency, there was a lot of this (crumples paper) illegitimately. But what they said is that we...so much of our recordkeeping, we do it on...it's on computer. But to get it in to be housed in where the records are stored, they need to be microfiched. This is a problem. Everything was on computer; they had to bring it from computer to paper, and they had to do it in a certain way so then they could be sent and microfiched. And I said, why don't you just send them the disk and do that? Well, statute, at least the way their statute is written, you can't do that. And so then I had my staff start investigating and found out that there are some agencies, there actually is a reader where you...you know, the...reads it for you, then you go to this stage; you skip the paper stage. Some agencies don't even have any idea what this is about. Had no idea, just because they were...this is the way we used to do it. So basically what this bill does is sort of has the agencies get in contact with the record management office and try to develop some ways of doing or keeping the records. That's basically all it does. It doesn't say you must do it but hopefully that they'll start looking. Well, we've done it this way because of statute. We've done it to them. We said, you need to have this copy, it needs to be paper or etcetera. And so hopefully this will get them talking to each other and saying, we can make changes. [LB880]

SENATOR AVERY: And save money. [LB880]

SENATOR PAHLS: And save money and time. I'm telling you this person, that's what caught my attention. And I did have my staff...he went all over and talked to a number of agencies, and he went to the building, I think down on K Street that we've already talked about and I think is getting pretty full. And I will end my testimony. I do think I have somebody who will support this, yes. [LB880]

SENATOR AVERY: Can you spell consent? [LB880]

SENATOR PAHLS: It should be. Or if nothing else, even if it doesn't become law, hopefully this will have bought some attention. [LB880]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR AVERY: Attention to it, yeah. Senator Price? [LB880]

SENATOR PRICE: Thank you, Chairman Avery and Senator Pahls. [LB880]

SENATOR PAHLS: Yes. [LB880]

SENATOR PRICE: Just today I had a discussion in discussing another bill we have out there for helping the assessors in recording of deeds. On the other bill we have, we were talking about this, and it turns out that--as I was told--that the Press Association went and spent some money and bought the technology and went out, and they took some small papers in the state, they put it all through this OCR--optical code readers, right?-- and now all these papers are all digitized and put on microfiche. They can take it...and now it's sitting there not being used. And the Press Association offered it up to different agencies, and they haven't taken them up on it yet, so the technology exists in our state right now to do this. And to take an electronic file, to convert it, all you're doing when you take paper and you do that is you're converting it into an electronic file. And we don't need the paper; we can just take that electronic file and dump it out, and then it'd go right into the microfiche. But anyway, I'm so in agreement, and I wanted to get that on the record so that the Press Association has the ability to offer it to the state and particularly all these assessor's offices with all their records that they have. [LB880]

SENATOR AVERY: You finally had a good idea. [LB880]

SENATOR PAHLS: Well, and not only that; let's just let me add to that. There are some agencies use some machine--I don't know what it is--in Lancaster County. They utilize it, so I mean there are some of them that are doing it, and some probably, they just, you know, that's the way it...we've done it. [LB880]

SENATOR AVERY: Senator Seiler has a question. [LB880]

SENATOR PAHLS: Yes. [LB880]

SENATOR SEILER: Thank you, Senator Avery. I didn't see a fiscal note where you were going to buy a multiple-page scanner and start in on that building. [LB880]

SENATOR PAHLS: Well, I think... [LB880]

SENATOR AVERY: It's zero. [LB880]

SENATOR PAHLS: Yeah, it is zero. There's nothing; there's nothing here. [LB880]

SENATOR SEILER: No, but I mean why not put it in to buy a multiple scanner and minimum-wage person, and you'd have that building in about four years empty? [LB880]

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

Government, Military and Veterans Affairs Committee
February 16, 2012

SENATOR PRICE: Because there would be a fiscal note, and it would be dead. [LB880]

SENATOR PAHLS: Yeah. I thank you. I do think I have a proponent. [LB880]

SENATOR AVERY: Okay. Proponent testimony? Is this a staff person? (Laughter) From your office? [LB880]

SENATOR PAHLS: I was going to make some comment, but I'm not. [LB880]

COLLEEN BYELICK: Okay. [LB880]

SENATOR AVERY: Welcome. [LB880]

COLLEEN BYELICK: Thank you. Good afternoon. My name is Colleen Byelick, C-o-l-l-e-e-n B-y-e-l-i-c-k, general counsel for the Secretary of State's Office. As you all probably know, the Secretary of State is the State Records Administrator, and we'd just like to indicate our support for the bill and just give you some information about our records management program and specifically electronic records management. We think that records management is extremely important and especially in the context of we're dealing with so many public records, and so we're excited that Senator Pahls has even taken an interest in the subject because it's not something that's talked about very often. Our records management division provides several services. We do records retention, schedule services. We do...we have the records center storage facility on K Street, we do document imaging services, we do microfilm services, and we also provide guidelines and resources for state agencies to help them manage their records--state and local agencies. Our records center storage that I mentioned has about 70,000 boxes of paper records, but we also offer document imaging/scanning services, and we scan about 6 million documents a year. I think the point of LB880 was sort of the how. How are we sort of storing and managing these records, paper versus electronic? And we do advise state agencies about these types of things. There are different factors that are involved in determining what medium, if you want to call it, is appropriate. For example, how many individuals need to use that record, what is the life cycle of that record, how often is that record accessed, and things like that, and so we don't necessarily...we can't necessarily say that it's always more cost-effective to scan that record because there is a cost involved with doing that as well. But we do have the ability to do that, and there are the guidelines and processes in place to do that today. There is a durable medium rule in regulation that establishes the foundation for an electronic system that is durable, and so it basically sets forth the basic requirements that that system has to meet. And there's also guidelines to help agencies determine if their systems are durable or not, so this is sort of the foundation for helping agencies convert their records from paper to electronic. Also, the OCIO has purchased a statewide or obtained a statewide enterprise content management system, and so

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

Government, Military and Veterans Affairs Committee
February 16, 2012

instead of having multiple state agencies do their own ECM system, there is a system that the OCIO is now offering. And we're working with OCIO and helping them develop sort of the records management functions for that system and also working with state agencies to sort of promote that system and the use of that system across the state. So we believe right now that, you know, we are trying to give advice about cost-effective and modern, you know, methods of records retention, and we just are excited that Senator Pahls is bringing this issue up and bringing it to the forefront. Is there any questions I can answer? [LB880]

SENATOR AVERY: Thank you, Ms. Byelick. Thank you much. Question from Senator Sullivan. [LB880]

SENATOR SULLIVAN: Thank you. Well, based on what you've just said, then I'm wondering does this legislation hold you to any higher standard than what you're already doing? [LB880]

COLLEEN BYELICK: I mean, I think we feel like we're already doing this. I think this...there are parts of this legislation though that are directed specifically to the agencies, and I think maybe that's where Senator Pahls is trying to get at with this bill. But, you know, we feel like the tools and the system is already in place for agencies to move to sort of electronic records management. But obviously the agency has to make that decision, and that's going to be...you know, there's going to be a cost-benefit analysis involved with that. [LB880]

SENATOR SULLIVAN: Um-hum. Okay, thank you. [LB880]

SENATOR AVERY: Any other questions? Thank you. Any more proponent testimony? Any opponent? Neutral? Senator? [LB880]

SENATOR PAHLS: Right, and I do want to clarify that. I think there's one department, they are doing their job. They're saying, we have these things, they're just agencies, just because of the makeup of the agency. And that was just brought to light to me as when the guy said, hey, you're hurting me because you're taking away somebody. And you guess what? They're using the new form now, so thank you. [LB880]

SENATOR AVERY: Thank you. Any more questions? All right, that ends the hearing on LB880 and the hearings for today. Thank you for all your hard work this week. [LB880]