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Floor Debate  
March 27, 2013

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[LB6 LB57 LB97 LB153A LB263 LB317 LB326 LB495 LB528 LB530A LB546 LB568  
LB577 LB585 LB613 LB624 LB634 LB646 LB649 LB650 LR121]

SENATOR CARLSON PRESIDING

SENATOR CARLSON: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fiftieth day of the One Hundred Third Legislature, First Session. Our chaplain for today is Reverend Matthew Mortensen of Faith Lutheran Church, from Humboldt in Senator Watermeier's district. Please rise.

PASTOR MORTENSEN: (Prayer offered.)

SENATOR CARLSON: Thank you, Reverend Mortensen. I call to order the fiftieth day of the One Hundred Third Legislature, First Session. Senators, please record your presence. Mr. Clerk, please record.

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

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

CLERK: I have no corrections, Mr. President.

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

CLERK: Enrollment and Review reports LB634 and LB530A to Select File. Your Committee on Transportation and Telecommunications, chaired by Senator Dubas, reports LB624, LB649, and LB650 as indefinitely postponed. And I have an amendment to LB6 to be printed by Senator Krist. That's all that I have, Mr. President. (Legislative Journal pages 833-836.) [LB634 LB530A LB624 LB649 LB650 LB6]

SENATOR CARLSON: Thank you, Mr. Clerk. (Doctor of the day introduced.) Mr. Clerk, next item.

CLERK: Mr. President, LB153A by Senator Dubas. (Read title.) [LB153A]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Dubas, you're recognized to open on LB153A. [LB153A]

SENATOR DUBAS: Thank you, Mr. President. Good morning, colleagues. LB153A is simply the expenditure authorization for the Civic and Community Center Funding (sic--Financing) bill. It's pretty simple and straightforward. It just authorizes that money that is in that fund to be expended for the use for the awarding of grants. With that, I

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appreciate a green vote on LB153A. [LB153A]

SENATOR CARLSON: Thank you, Senator Dubas. You've heard the opening on LB153A. Are there senators wishing to speak? Seeing none, Senator Dubas, you're recognized to close. She waives closing. The question is, shall LB153A be adopted...be advanced? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB153A]

CLERK: 35 ayes, 0 nays, Mr. President, on the advancement of LB153A. [LB153A]

SENATOR CARLSON: LB153A does advance. Mr. Clerk, next item. [LB153A]

CLERK: Mr. President, LB528, a bill considered the last few days by the Legislature, offered originally by Senator Howard. (Read title.) Senator Howard has opened on her bill. Committee amendments have been offered by the Health and Human Services Committee. An amendment to those committee amendments by Senator McCoy has been adopted. I do have one additional amendment to the committee amendments, Mr. President, pending at this time. [LB528]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Howard, would you give a brief summary of LB528. [LB528]

SENATOR HOWARD: Thank you, Mr. President. Today we continue to discuss LB528, a bill to allow medical practitioners to use expedited partner therapy as a tool to combat chlamydia and gonorrhea. And just as a reminder, expedited partner therapy is if an individual comes to the doctor, is diagnosed with chlamydia and gonorrhea, and indicates that their partner is unable or unwilling to visit the doctor, and they'll be able to potentially go home with a prescription not only for themselves but also for their partner so that they can both be treated concurrently. This method is predominantly used by obstetricians and gynecologists to prevent chlamydia and gonorrhea for pregnant women and prevent adverse outcomes in babies. Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Howard. Mr. Clerk for an amendment. [LB528]

CLERK: Mr. President, Senator McCoy would move to amend the committee amendment. Senator, I have AM809 in front of me. (Legislative Journal page 831.) [LB528]

SENATOR CARLSON: Senator McCoy, you're recognized to open on AM809. [LB528]

SENATOR MCCOY: Thank you, Mr. President and members. As I talked about yesterday, I very much appreciate and admire Senator Howard's efforts with LB528. As

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it's been I think eloquently articulated, we have a health emergency in regards to STDs; perhaps an epidemic. It's been called an epidemic by Douglas County since 2004. It's shameful and embarrassing that I think this situation exists to the extent that it does today. It shouldn't in a modern society. It certainly shouldn't, I believe, in our state, where we pride ourselves in the quality of life that we have in our state. And I think we are seeking in the only way that we probably can from a public policy angle to address that situation with the underlying bill. This amendment this morning I think is an important piece to this. What you see before you is what was Section 2 of LB304 that Senator Amanda McGill brought to us last year, and it provides immunity from civil liability for medical practitioners who choose to perform expedited partner therapy or who choose not to. I think this is really important because, as we talked about at great length on the floor last year on this bill, there ought to be--and it's been talked about here on this bill as well--there should be no barrier to care; none whatsoever. There should be no fear that a medical practitioner is going to use expedited partner therapy and have a fear that they're going to be sued by a partner for that prescription that they're writing. There should be no barrier to care. This is an epidemic. We've all talked about it's shameful, it's embarrassing. The numbers are horrendous. The risk to unborn children is awful. We ought to be doing everything we can to take care of that problem. I think this amendment seeks to do that. This should provide a peace of mind to a medical practitioner that when they write this prescription when a patient is in their office or in their place of work and gets a prescription, and they also write a prescription for a partner or multiple partners, that there's a peace of mind to that practitioner that they're not going to be sued if something happens. That's the way we take care of an epidemic. I think we have some of the finest medical practitioners anywhere in the world. I really believe that. The standard of care that Nebraskans receive is out of this world. It's extraordinary, whether it's UNMC, all the different facilities that we have across our state. We're very blessed. And I have to admire that we have medical professionals in this state, knowing the Hippocratic oath that they took, that today are out there performing EPT--expedited partner therapy--knowing full well that there could be an occasion where they might be sued, they might be liable. But they do it anyway. And we ought to applaud them for that, members, because they're willing to go out there and take care of patients and their partners now without this bill in place and without AM809 in place, and they do it anyway. Some choose not to and I understand that, and they have that ability to choose not to. But this bill, with AM809 attached, I believe is the best way we take care of an epidemic. It's the best way that our young people and those that aren't young, that are struggling with STDs at such awfully high rates across our state, but especially in Douglas County, can receive the care they need from professionals that all they're caring about is solving this problem, not being sued. I think this amendment is very important. I imagine you're probably going to hear those who are going to stand up and say it's not needed; you know, these people can't be sued. They can. If you read through the underlying amendment, AM605, the committee amendment which becomes the bill, these medical practitioners can still be sued, members, for performing EPT. This immunity amendment which many members stood on the floor

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last year and said we need to have to solve this epidemic I think is just as important today as it was last session. I'm not sure I realized, members, that this was such a problem, this epidemic, last year when we last talked about this bill. But it is. Senator Howard has done a great job, so has Senator Campbell, of articulating just how serious of a problem this is. And guess what? This isn't just a problem with those in poverty. It's just as much a problem with those in affluent areas, from affluent families, low-income families. This is a problem. It's color-blind. It's not specific to gender. It's not specific to race. It is a shameful problem, and medical practitioners shouldn't have any worry in their mind about writing these prescriptions. They should have one thing on their mind and that is providing the best care possible to their patients and to those partners without any fear that, using EPT, they're going to be sued. Because if they worry about that and that's in the back of their mind, are they going to choose to use EPT? And the facts bear out if we don't use EPT, how are we ever going to get a handle on this epidemic? That's why I bring AM809 to the body this morning, and I very much hope that we adopt this to the bill and I will be supporting the bill going forward with AM809 attached, because I believe then we will have put out a piece of legislation that hopefully, finally, addresses the STD problem in our state. Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator McCoy. Members, you've heard the opening on AM809 and the floor is now open for debate. Those wishing to speak include Senators Howard, Price, Hansen, Bloomfield, and Christensen. Senator Howard, you're recognized. [LB528]

SENATOR HOWARD: Thank you, Mr. President. I rise in unfortunate opposition to this amendment. While I really appreciate Senator Beau McCoy's eloquent laying out of the reasons for why we need LB528, I'd like to talk a little bit about the process in this bill. I took the time to work with all of the stakeholders in this bill, including doctors, lawyers, and pharmacists, to ensure that they saw a bill and a committee amendment that worked with them. And the AM605 is a product of that compromise, and so adding AM809 would violate that compromise. And I have to stand to my word and support the compromise that was made between the doctors and the lawyers. Further, at this moment in time, the doctors aren't asking for this amendment. They are not asking to be immune from liability. They feel that AM605 outlines their standard of care for expedited partner therapy and that that would be defensible in a court of law. And I'd like to remind the body that we did have a testifier in the hearing that stated that there have been no cases of adverse outcomes from the use of expedited partner therapy. So I would urge your no vote on AM809. Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Howard. Senator Price, you're recognized. [LB528]

SENATOR PRICE: Thank you, Mr. President and members of the body. I rise in support of this amendment in light of some research. If one were to go to the CDC and research

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the protocol, the manner in which they suggest gonorrhea should be treated, and I encourage everybody to do so, you'll hear, of course, what we've heard already, the challenges with resistant...or resistance to treatment. And as such, as I read their fact sheet, they say that...and I'm going to quote from them. This left only one class of antibiotics, cephalosporins, which include the oral antibiotic cephama... (phonetic), an oral antibiotic--I won't try to stumble over that one--and an injectable antibiotic. And when you research those, just highlight it and then let Google do it for you, you'll come up with the fact sheet for the contraindications for the use of the primary medication recommended by the CDC. And when you go down to the adverse effects and warnings, and that's not even the worst part, that's just the generic warnings that you get, and you go down to the third paragraph, it says when given orally, cephalosporins may cause GI effects, anorexia, vomiting, and diarrhea. I think that's pretty much a problem right there. And there can be other issues with prolonged use of it to include neurotoxicity. That sounds like a pretty bad thing to have and to get because you had a long period. So we've heard the statements and the individuals in this partner therapy, they're going out and they're going to ask for it and they may have multiple partners so they could be reinfecting one another on a long-term basis. So therefore you have a long-term prescription that's being given out. And I didn't hear in the debate other than there would be a phone call, I did not hear where there would be--and guidelines--that talked about a screening process to ensure. Because if you have...if you read the fact sheet some more, if you have any renal challenges, it's contraindicated to use the number one medication recommended by the CDC. So it's problematic. And now we're going to tell doctors, you go ahead and give it out and you don't have a clue of what the medical history is. Hopefully, you've asked for it, and maybe that's covered in guidelines. I haven't heard that said here. But I find that problematic, so I can support AM809. And then in the debate that I've heard so far, I do have one question. I was wondering would Senator Howard yield to it? [LB528]

SENATOR CARLSON: Senator Howard, would you yield? [LB528]

SENATOR HOWARD: Yes, I will. [LB528]

SENATOR PRICE: Thank you very much, Senator Howard. I know this has been an enduring process for you. How does this get paid for? [LB528]

SENATOR HOWARD: There's no fiscal note on the bill. [LB528]

SENATOR PRICE: No, no, no. If we could back that bus up a little bit, how does this get paid for by those who are having to pay for it? Not the...I understand the state doesn't have it but I suspect then...is it the counties that are going to pay for it? [LB528]

SENATOR HOWARD: Well, patients pay for their own prescriptions the same way you and I pay for our own prescriptions and doctor visits. [LB528]

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SENATOR PRICE: So...okay, so the patient...so the...and then the patient. No one gets billed then, so the doctor's time and service is free. [LB528]

SENATOR HOWARD: Well, the doctor didn't spend any time with the partner. They spend time with their patient. [LB528]

SENATOR PRICE: Okay. Great. So now...and if a person doesn't have insurance coverage, how does it get paid? [LB528]

SENATOR HOWARD: I believe the... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR HOWARD: ...the person picking up the prescription would decide how to pay for it, regardless of their insurance status. [LB528]

SENATOR PRICE: So there's no way that...thank you, Mr. President. So there's no way that this would come back on any political subdivision to have to pay this, or the state, if there's no means for the individual to pay for it. [LB528]

SENATOR HOWARD: Not to my knowledge at this point. [LB528]

SENATOR PRICE: So if they don't have the money to pay for it, will it still be dispensed? [LB528]

SENATOR HOWARD: If they can't pay for their prescription, I believe it would be as though you and I couldn't pay for our prescription and we wouldn't be able to get it. [LB528]

SENATOR PRICE: So there could be people out there who need it, have it prescribed to them, and still don't get it; therefore, the cycle continues? [LB528]

SENATOR HOWARD: Sadly, poverty is something that this bill does not rectify. [LB528]

SENATOR PRICE: Okay. And if they don't want to go pick it up, we can't force them to take it, right? [LB528]

SENATOR HOWARD: No. Unfortunately, I'm not able to have this bill force people to take their antibiotic medication. [LB528]

SENATOR PRICE: I don't think that's an unfortunate thing, but I appreciate your candor in answering it. [LB528]

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SENATOR CARLSON: Time. [LB528]

SENATOR PRICE: Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Price and Senator Howard. Senator Hansen, you're recognized. [LB528]

SENATOR HANSEN: Thank you, Mr. President and members of the Legislature. I didn't weigh in on this bill yesterday mainly because I was hoping something like this would come up, and Senator McCoy promised that it would; so I waited until today. I have...I'll just give you a little story about my doctor, and he still calls me kid, so he's an elderly doctor. And he calls all these diseases like this, venereal diseases, and that's what they started out being called years and years ago, and then they went to sexually transmitted diseases, and now sexually transmitted infections, all of which are very serious, and you know, it's life-threatening infections. The doctor's oath is...part of it is, first, do no harm. And how can you treat someone and do no harm without seeing that patient? We've talked about telemedicine in the past, but at least that uses a camera and a doctor can ask the patient questions. But in this bill, it's...with the expedited partner therapy, a doctor is treating two people at the same time: one that he sees and one that he doesn't see. What do we have with unseen patients? We have unknown medical history. We have unknown physical history. We have unknown potential interactions with the drugs. And that's what I fear. I fear the interaction of the drugs that a person may be on for another ailment or a misuse of the drugs, whether they come back or not for a follow-up. I doubt that if a patient goes in and is treated by their partner, that if that person, the second person, whoever comes in to the doctor's office as a follow-up, the doctor doesn't know what the treatment acted like. And that's how we get drug-resistant diseases: We misuse the drug; the drugs aren't taken on time; they aren't taken every day. And that can happen to anybody, whether you're in a doctor's office or not, for sure. One thing I found on the Internet, I Googled something, I can't even remember what it was. I think it was "Do no harm." And there was a worldwide group that came up with a saying, and I think this is their saying across the world, "If we haven't been taught to do no harm, we see no harm in doing harm." And I'm afraid that's what this bill does. If doctors are asked first to do no harm, then why not lawyers? Why not businessmen and why not politicians? I support this amendment fully, and I...and for this reason, even if this amendment would pass, I cannot see how we can, according to the "shall be immune from civil liability from such prescription, provision, or dispensation of or the decision not to prescribe, provide, or dispense such oral antibiotic drugs." I cannot see how we can go from a doctor's oath where they said, first, do no harm, to handing out drugs to a partner of someone who has a sexually transmitted disease. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Hansen. Those still wishing to speak

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include Bloomfield, Cook, Brasch, McCoy, and others. Senator Bloomfield, you're recognized. [LB528]

SENATOR BLOOMFIELD: Thank you, Mr. President. Good morning, colleagues. I took the opportunity to visit with a physician from my district about this process that we're talking about. And he said under no circumstance could he write a prescription without talking to somebody without being in fear of, and probably being guilty of, malpractice. He said even if he talked to him on the phone, he would feel better about it; but that he believed firmly that he would be guilty of malpractice if he wrote any prescription without at least having counsel with the patient. That has been my fear with this bill all along, my primary fear. But I think AM809 helps that. I'm not sure it totally alleviates it. So in order to make the bill a little more palatable to me, I am going to support AM809. I still have serious questions on AM605 and at this point won't vote for it, but I will support AM809. And if Senator McCoy would like a little time, he can have the remainder of mine. [LB528]

SENATOR CARLSON: Thank you, Senator Bloomfield. Senator McCoy, 3:30. [LB528]

SENATOR McCOY: Thank you, Senator Bloomfield. Would Senator Gloor yield to a question, please? [LB528]

SENATOR CARLSON: Senator Gloor, would you yield? [LB528]

SENATOR GLOOR: Certainly. [LB528]

SENATOR McCOY: Thank you, Senator Gloor. And as one who spent your professional career in the healthcare industry, I know you know a great deal...have a great deal of knowledge, I should say, on not only this issue but a lot of things in the medical healthcare field. I wonder...I'm looking at the Centers for Disease Control and Prevention, the toolkit for adoption and implementation of expedited partner therapy, and I wondered, I'm not certain on this and perhaps you could...I asked this question off the mike yesterday, and I wasn't able to get an answer, but I'm figuring you probably know the answer to this. But I'm reading from it. "Traditionally a physician-patient relationship is established when an individual seeks a physician's medical expertise and assistance and the physician knowingly accepts the individual as a patient. Some states clarify that a physician-patient relationship is established only where the physician personally examines the patient. In several states, however, the mere acceptance or initial undertaking of patient treatment by a physician is sufficient to establish a legally recognized relationship from which liability may arise." What...in your experience, Senator Gloor, are we one of those states? Where do we fall in Nebraska in that grouping of how our physician-patient relationship is interpreted? Do you know? [LB528]

SENATOR GLOOR: I don't know, Senator McCoy. It's a good question, certainly a

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pretty straightforward question, but I do not know where it fits in that sort of broad, broad scope of interactions between doctors and patients. And some of that obviously carries over to other healthcare providers in hospitals and the patients they care for and what happens with the knowledge or information they have about the care of those patients. But I'm sorry I can't give you a specific answer. [LB528]

SENATOR McCOY: I understand, and thank you, Senator Gloor. And perhaps I'll be able to get an answer to that. And that goes back, members, to the overarching reason why I've introduced AM809. I don't want there to be any barrier to care; none whatsoever. And we have eight states currently. AM809 is patterned... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR McCOY: Thank you, Mr. President. AM809 is patterned most closely after the immunity provision in the statute in the state of Illinois, which was put in place in 2010. And you can find that statute by looking at the CDC's toolkit that I just described. A lot of states, members, have put in immunity provisions just for this reason, and Illinois is one of those states that has a very, very high STD rate. They put this immunity provision in place to protect medical practitioners. I think it's a good thing and ought to be supported to fight this epidemic. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator McCoy. Senator Cook, you're recognized. [LB528]

SENATOR COOK: Thank you, Mr. President. Good morning, colleagues. I wanted to speak on this amendment in opposition to AM809 to AM605, the committee's amendment, for one reason, and also offer a preamble or a public service announcement for another conversation that we're going to have on the floor. I was very encouraged to hear Senator McCoy say that he wanted no barriers to care. And that is one of my overarching motivations here in my service in the Legislature is that we make certain that people of all ages, backgrounds, physical locations across the state, have access to care. Unfortunately, right now, that is simply not the case. It's not the case if you have a chronic illness like diabetes or hypertension. It's not the case when you have an acute situation like...we hope an acute situation that won't repeat itself over and over again, in the case of an STI and gonorrhea and chlamydia. We have an established fact here that I think is at this point widely accepted. I was part of several working groups working on the issue of, at the time they were still calling them STDs, and STIs when the epidemic was identified primarily in zip codes in the north Omaha area, but also in central Omaha and west Omaha, among teenagers and those who, shall we say, choose to date teenagers. May I have a gavel, Mr. President? (Gavel) Thank you. So as I said, I'm very encouraged and rise in opposition to...encouraged that people are talking about access to care and really wanting to treat these STIs and eliminate them, eliminate them from being reinfected and pregnant mothers and in young people,

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potentially taking their fertility and potentially, you know, robbing them of an opportunity to start a family later on in life when they're more stable. So I would also like to offer a public service announcement for a conversation that we'll be having as a body for Medicaid expansion. LB577 is a bill that is going to be coming out of the Health and Human Services Committee and it is related to us opting into Medicaid expansion, something that is facing opposition in our state. But as we said, we don't want barriers to care. We don't want barriers to care, whether it's for STIs, gonorrhea, or chlamydia we don't want it. And what we have discovered, another fact, another set of facts, is that access to care is often...there's a barrier to care due to time schedules. Contrary to popular belief, people are working. There is such a thing as the working poor. There aren't people kind of lying about watching television all day. There are people who have work schedules that do not allow them necessarily to access care during the times that the limited providers would be able to offer that care to them. There's also a barrier of transportation. This state has very little in the way of public transportation that's reliable on a 24-hour schedule or on a schedule that would coordinate with work schedules to get to an appointment or to access a pharmacy or any other drug outlet. We've talked about the fact that there is an issue of poverty and an issue of poverty that is growing in certain parts of this state at an alarming rate, at a rate which has not been seen in this state. So as the... [LB528 LB577]

SENATOR CARLSON: One minute. [LB528]

SENATOR COOK: As this bill's sponsor said earlier, it is unfortunate that with LB528, with the committee amendment, we do not have an opportunity to eliminate poverty or address it in any substantive way. But what we do have with this bill and with the committee amendment is an opportunity to address an epidemic in a part of our state that has been severely unaddressed in recent years, I would say for at least the last five to seven years. I would ask you, please, to vote no on AM809 to AM605, and to advance LB528 with the committee amendment. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Cook. Senator Brasch, you're recognized. [LB528]

SENATOR BRASCH: Thank you, Mr. President, and good morning, colleagues. I rise in support of AM809 to AM605. First, I wanted to thank certain individuals yesterday after our morning session who did e-mail and contact me and provide me with some valuable links to CDC protocol, and also I was able to obtain a copy of the legal policy toolkit for adoption and implementation of expedited partner therapy, which has been brought to the forefront this morning. The one thing why AM809 is important that in this toolkit itself it mentions that there is a law, apparently, that, you know, based on the review that the physician is no longer making the direct contact with the patient, that whether the effectiveness of the treatment, should things be followed or not followed, all of the medication taken per instructions, that there is liability. And it says in here that even

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though, you know, it had been mentioned earlier that cases have not been reported, in this toolkit it says that a lack of reported judicial decisions, however, does not mean that liability claims have not arisen or that they have not been settled out of court. And that's right in that toolkit. It also talks about questions are raised about the potential liability because they asked whether the EPT, the expedited therapy, does constitute appropriate standard of care. And looking at the need for liability protections has been something that many states, you know, have in place on different levels that we need to look at, that we cannot just bypass. And, you know, in some circumstances a physician may be liable where the partner contracts an STD from the physician's patient, especially when the properly instructed patient does not properly give these materials to their partner or an explanation. And the patient does need to inform and the partner needs to be better informed most of all on preventing the transmission. And those are factors that have been shown to have been lesser or is not as greatly effective when it is not administered by the physician or healthcare professional directly. So I do want to rise in support of AM809 to AM605, and the remaining balance of my time I'll give to Senator McCoy. [LB528]

SENATOR CARLSON: Senator McCoy, would you yield? I'm sorry. Senator McCoy, you have 1:20. [LB528]

SENATOR McCOY: Thank you, Mr. President, and thank you, Senator Brasch. I'm going to read some additional information from the CDC toolkit on expedited partner therapy that I think is pertinent to the discussion this morning on AM809. And again, this toolkit is readily available on-line. I didn't hand it out because of its length but you can all find it on your computers if you'd wish to read it. [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR McCOY: Thank you, Mr. President. And I'd like to read, "The practice of EPT raises questions as to whether a healthcare practitioner may be liable for harms incurred by the sex partners of index patients. Thus, practitioners' liability concerns related to partner injuries may impede the practice of EPT in some jurisdictions. To address these concerns, several states have included specific language on liability in legislation that authorizes EPT." I think it's a barrier to care if we're not advancing AM809. It's an epidemic. We've all talked about that. I'm not sure I understand why there's a level of opposition to this amendment. Why would we want a medical practitioner to have any doubt in their mind, which it clearly says in the CDC toolkit that that's been an issue across different parts of the country, which are why eight states have instituted some form of immunity... [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR McCOY: Thank you. [LB528]

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SENATOR CARLSON: Thank you, Senator McCoy and Senator Brasch. (Visitors introduced.) Senator McCoy, you're recognized on your time. [LB528]

SENATOR McCOY: Thank you, Mr. President. And I'll continue where I left off. The eight states that have put in provisions for immunity for medical practitioners, if you look at maps that have been handed out by Senator Howard on the floor here, coincidentally or not coincidentally in my judgment, are the eight states, largely, with the exception of I think of one, where the STD rates are the highest, where they do have epidemic levels of STIs in their states and in their communities. Chicago, and Illinois being chief among them, that's what AM809 is patterned after. I don't think we're talking about whether or not we believe this is epidemic, whether this ought to be addressed. I don't think you hear anybody up here saying that there's a problem with expedited partner therapy being part of the solution. I'm very simply saying, in AM809, that medical practitioners ought to not be worried, have any doubt in their mind, any shred of doubt, that writing a prescription for someone they haven't seen and they don't know their medical history, that they're going to be sued in some way for that. Because if there is that doubt in their mind, I don't know why those medical professionals would choose to do this. Now obviously some do, and I applaud them for that. But that shouldn't be a worry of theirs. I still am not sure, and I asked Senator Gloor, and I asked Senator Campbell yesterday, perhaps someone knows here on the floor that would be willing to address it, where we fall in Nebraska as to how we define a patient-provider relationship, because I think that's an important component of this issue. You know, Senator Council, last year in discussion on this very same underlying bill, which was LB304, with the provision of AM809 in the bill at that time, Senator Council said if we don't advance the bill with immunity for medical practitioners in the bill, we are complicit in this epidemic. I'll repeat that. Senator Council said we would be complicit in this epidemic as a Legislature if we don't make certain sure that there is no barrier to care in regards to worries about liability for medical practitioners. I think that, you know...and I'll continue to go through the CDC toolkit because it's 29 pages long, and there are multiple places that talk about states that have realized that there are barriers to care for medical practitioners if immunity provisions are not part of the equation to fight the epidemic and the scourge that are STIs across the country, and particularly here in Nebraska where we have an embarrassingly high rate. If other states have come to that conclusion and it's worked for them, clearly, and the maps that Senator Bloomfield handed out yesterday will show that some of the states, members, that have enacted immunity provisions are the states that the STI rates are going down the fastest. Is there a correlation? I don't know. I can't prove one. [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR McCOY: Thank you, Mr. President. I can't prove a correlation, members. But why wouldn't we try that? Why wouldn't that be part of the equation? Do we really want

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to fix this epidemic or not? If we do, adopt AM809. Have there be no worry from a healthcare professional that when they write that prescription for a partner they haven't seen to take care of an epidemic, that they can have peace of mind when they go to sleep that night, that they did something for this problem and that they're not going to have to worry about being sued. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator McCoy. Senators still wishing to speak include Kintner, Christensen, Harms, Price, Howard, and others. Senator Kintner, you're recognized. [LB528]

SENATOR KINTNER: Well, thank you, Mr. President and members of the body. You know, when we got into this whole discussion...well, I've got to tell you, I've learned more about STDs than I ever thought I would want to know. You know, I don't travel in that pack. I've never had any contact personally with STDs. And, you know, when I heard about expedited partner therapy, I'm thinking, hey, this might be pretty good. Maybe with a little soft music on, we'll get these promiscuous people talking to each other; maybe some hot oil, maybe some back rubs or something, and maybe we'll get these promiscuous people to commit to each other--something good for the state and good for themselves. Boy, was I wrong. So I found out that, boy, this expedited couples therapy is nothing like I thought it was. Silly me. So I'm going to ask Senator Howard a question or two if she'll yield. [LB528]

SENATOR CARLSON: Senator Howard, would you yield? [LB528]

SENATOR HOWARD: Yes, I will. [LB528]

SENATOR KINTNER: Can you explain what this expedited couples therapy is? Kind of take us through when somebody comes in with an STD and the entire process, so everyone can understand it. [LB528]

SENATOR HOWARD: Sure. Thank you, Senator Kintner. And if I may, I'll use the example from my opening on Monday, which was a few days ago. So if...I'll give you a scenario where it would most likely be used. And since OB/GYNs are the dominant practitioner utilizing this method of prevention, I'll use the example of a pregnant mother in her first trimester. So if the practitioner diagnoses the pregnant woman with chlamydia, and she indicates that her partner is unable or unwilling to come into the doctor for treatment, the doctor will have her call her partner in the room to get a name for the prescription and ask about any allergies the partner may have. She will then go home with a prescription for herself and one for her partner, and the two of them will be treated concurrently. If we consider the reverse, she has two options. She'll go home with her prescription alone and she can take the entire script and run the risk that her partner will reinfect her before she gives birth, at which point her baby will be born with severe health risks. Her second option is to take her own script home if we don't have

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expedited partner therapy, and split it with her partner, so that neither partner receives the strength needed to kill the bacteria. So I do feel that this bill is our opportunity to help this mother and this child and this partner live their lives disease-free. [LB528]

SENATOR KINTNER: Okay. Let me give you a scenario. A person comes, let's say a young man comes in, 17 years old, has had sex with three people over a weekend. I don't know how long it takes for this stuff to incubate, but he figures out at some point that something is not right. Comes in and finds out he's got chlamydia, I guess; then what happens at that point? [LB528]

SENATOR HOWARD: If he indicates that his partner is unable or unwilling to come in, then he can call the partner... [LB528]

SENATOR KINTNER: Partners, if it's partners, if he's got three partners. [LB528]

SENATOR HOWARD: Oh. If he indicates that...if he knows that all three of them are unwilling to come in, and I believe he would have to confirm that because you would have to know your partner pretty well to know that they're not able to come in. And what's great actually about expedited partner therapy is that it has shown a remarkable increase in partner notification, which is something that we weren't seeing before, in that, you know, you may have chlamydia but you're not telling your partner. But with expedited partner therapy, because they can get treated for it, they do notify their partner. So if he is able to...if he believes that his partners are unable or unwilling to come to the doctor, he has their phone number, he calls them in the room, he gets their name, their allergies, he can bring them a prescription and all four of them would be healed from the disease. [LB528]

SENATOR KINTNER: Thank you, Senator Howard. I understand it much better; hopefully, people watching at home have a little better understanding too. And I would yield the remainder of my time to Senator McCoy. [LB528]

SENATOR CARLSON: Thank you, Senator Kintner and Senator Howard. Senator McCoy, 1 minute. [LB528]

SENATOR MCCOY: Thank you, Mr. President. I'll make this brief. You know, it was discussed earlier that there was a compromise reached by the parties, the stakeholders involved in this. Well, I know there's always a lot of discussions that go on as legislation gets advanced. I would like to hear what the nature of that compromise was, because it's my understanding that the trial attorneys wanted to make sure that, having this language, there was zero immunity not only for breach of privileged communications for prescribing but zero immunity altogether. I don't think that's addressing an epidemic, members. I think that's trying to make sure we can sue medical practitioners. I think that's a problem. I'd like to hear more about what this compromise was that was struck

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on this legislation because I don't think it addresses the epidemic at all. Thank you.  
[LB528]

SENATOR CARLSON: Thank you, Senator McCoy. Senator Christensen, you're recognized. [LB528]

SENATOR CHRISTENSEN: Thank you, Mr. President. Why, if this is so important, do you want to place a doctor at risk? I'm hearing the supporters of this bill stand up and say that they want to leave their doctors liable. They want to make sure that they can be blamed for trying to help the problem they say they're after. Where's the common sense in this thing? Why do you want someone to stick their neck out and help you, and then stab them in the back? Think about what you're doing here. If you really believe in this bill and that this bill is going to help solve the case, don't kill the messenger, the doctor, or the person that's helping you. Why? This is just so hard to believe that you want to stand up and say we need help on an issue, we need help to take care of a crisis, and at the same point we want to make sure we can sue you and blame you and put your license at risk. As I was yesterday on this bill, I'm befuddled at this whole bill, what it is standing for, what are we trying to do with this bill. Again, nobody has pointed out to me anything new that this is going to do to cure the problem, because every one of the people infected can go to the doctor and get the medicine. I do not see a thing that this bill is doing, because we have no barriers to care now. Earlier, a senator was talking about the barriers to care and the things we got to do. All we've got to do is go see the doctor. Is there anybody physically holding them back, tying them up, preventing them to go get care? Then I hear that, well, my partner won't get the medicine as fast, but yet they still got to go fill the prescription. If they don't care enough to go to the doctor, why do they care enough to go fill the prescription? There is no common sense in the argument supporting this bill. Just sit back and listen to what they're saying. We want to get a prescription for our partner who can go get it themselves, so we have medication at the same time. But yet they can't because they've both got to fill it independently. And really, a partner that won't go to the doctor will fill a prescription? I doubt it. And why? Again, I'll state it again as I did yesterday, why would you want them as a partner? This sounds to me like a bill to promote promiscuity. Get the drug, go have fun, do whatever you want, don't worry about the consequences, just go. Again I'll ask you, do we have no control? I heard just a little bit ago, if you don't take the drugs at the same time...  
[LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR CHRISTENSEN: Thank you, Mr. President...then they'll reinfect you. Really? Are we that stupid that we know that we've got a disease from this person, we're treating ourselves, and we're going to go sleep with them again and reinfect ourselves? That is stupid, folks. That's saying you have no control, you're an animal that just has an instinct. Think about this. I do not understand the logic behind this, the argument that I'm

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going to get reinfected by the partner that I'm supposed to be getting the stuff for that won't take it anyway. Wow. I didn't realize human beings had zero control, zero responsibility... [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR CHRISTENSEN: Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Christensen. Senator Harms, you're recognized. [LB528]

SENATOR HARMS: Thank you, Mr. President and colleagues. Senator Howard, would you yield, please? [LB528]

SENATOR CARLSON: Senator Howard, would you yield? [LB528]

SENATOR HOWARD: (Inaudible) I will. [LB528]

SENATOR HARMS: First of all, Senator Howard, thank you very much for bringing this bill forward. I think it's been a pretty good discussion all along the line. Last year, when this bill was introduced, I didn't support it; and to be frank with you, I'm still struggling with it. So what I'd like to have is just kind of a friendly conversation with you, if we could, to kind of get a better feel for some things, and then let you know kind of where I'm coming from. First of all, Senator Howard, I don't know if it's because of my age, I don't know if it's because of where I come from, I don't know if it's because I'm a grandfather, but I have some real problems and let's just walk through these. I want to start first with parent notification. I believe very deeply as a father if I had a son or a daughter who had a sexual disease, that I have the right and I should have the opportunity to be notified that he or she has this disease. I think I should have the opportunity and the right as a parent to make sure that my son or daughter gets the correct treatment. In your bill we have no parental notification. That's my first problem. Okay, could we talk just a little bit about that and then we'll have some further conversations on some other things I'd like to visit with you about. So if you could answer that for me, I would appreciate that. [LB528]

SENATOR HOWARD: Sure. Thank you, Senator Harms. Since 1972, Nebraska has not required notification of parents when minors receive examination or treatment for STDs. I have had the good fortune of speaking with you off the mike and getting to know you as a person, Senator Harms. And I know that you are probably just the best of fathers and I believe that. But unfortunately, not every person has a parent who is actively involved and engaged in their life, and the concern about public health and the concern about disease is that you want to have it treated as quickly and expeditiously as possible. And while some parents are already involved and I believe that your children,

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if they had, had a disease, they would have had you be involved in the decisionmaking for their treatment; but not every parent is as involved. And the Nebraska statutes reflect that our goal as a state is to prevent disease and that is probably a noble goal. [LB528]

SENATOR HARMS: Thank you, Sara...Senator Howard. The next question that I have, and I'd like to have a little bit of a conversation with you this morning about the liability factor. I brought this up when Senator Kintner had brought an amendment forward in regard to the liability question. When an individual goes in to see the doctor, male or female, and how do we know, for example, that the sex...other partner is not a teenager, under age? Where does the liability lie there? And then secondly, the issue with a doctor providing a prescription and a drug that, quite honestly, has not had any discussion, honest discussion, evaluation, and maybe this person that passed on this disease may have... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR HARMS: Thank you, Mr. President...may have other kinds of issues, health issues, that we are unable to get to come to grips with and to treat. That bothers me. To me there seems to be some issues in there that address this issue of liability. I'm not talking about liability to kill this bill. I'm talking about the honest fact that I think there's a problem there. And I'd like to have a little bit better clarification from you. When you had the discussion with attorneys, were you talking with one attorney, two attorneys, or were you talking with an association that represents attorneys? I'd like a little bit better understanding about just exactly how that took place. We may not finish this, so I popped my light back on and we'll come back to this. So if you could try to answer that, I'd appreciate it. [LB528]

SENATOR HOWARD: Certainly. I'd love to speak to the compromise. And actually there was no room in the Capitol when we did this, and so we had to meet in the Warner Chamber, which made for a great backdrop. I brought in... [LB528]

SENATOR CARLSON: Time. Thank you, Senator Harms and Senator Howard. Senator Price, you're recognized. [LB528]

SENATOR PRICE: Thank you, Mr. President and members of the body. I'm going to return back to the line of reasoning that addresses the amendment that we're discussing now, the amendment that is driving a lot of floor discussion amongst the professionals who deal with this, and that is the immunity, because a doctor prescribes a medication. And so there's some pretty strong indications in literature of the contraindications and the adverse effects from the prescription of the medication that the CDC recommends. Now one of the oral challenges is, when one of the medications doesn't work, they try to find another one, either in that family or they'll change over. If you've ever taken like a tetracycline or something like that, there are different classes of drugs and different

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ways they go about doing things. I'm reading from WebMD and I'm reading along the interactions of a certain doxycycline--pardon me if I butchered that one--but the issue with this is they may interact with other drugs and some of them are like blood thinners such as warfarin and other drugs. They could also mess with other...and be contraindicated for other things. But here's an interesting thing. It says, although most antibiotics probably do not affect hormonal birth control, such as pills, the patch, or ring, some antibiotics may decrease their effectiveness. This could cause pregnancy. Okay. So we see there are some things to be concerned about and in no longer recommending one of the medications for gonorrhea that the CDC has out there, they talk about failure. Okay, so now let's play the scenario out. A partner goes in, partner gets medication to give to their partner who has never been seen by the physician, and the medication doesn't work. Now we've only furthered the resistance of the strain. We're not getting any solution. There will be reinfection, because we don't have a relationship between that physician and that patient. So it can be problematic there. And when the medication argument...one of the big issues, one of the most common side effects that can be for people is colitis. And this can be a very debilitating situation. So here we have the very common issue if you have renal challenges. It can actually cause neuro problems. A lot of gastrointestinal issues here. Would Senator Gloor yield to a question? [LB528]

SENATOR CARLSON: Senator Gloor, would you yield? [LB528]

SENATOR GLOOR: You bet. [LB528]

SENATOR PRICE: Thank you very much, Senator Gloor. As another person on the floor who...or as a person who's been responsible for a medical facility, would you...did your facility carry liability insurance for...in case there was an issue that arose because of treatment in your facility? [LB528]

SENATOR GLOOR: Yes, we did. [LB528]

SENATOR PRICE: Okay. And do you suppose that if you didn't carry coverage, liability coverage, it would have been problematic for your business case? [LB528]

SENATOR GLOOR: Absolutely. [LB528]

SENATOR PRICE: Okay. And did you have within your medical facility a protocol, standard operating procedures that were important for getting that coverage? [LB528]

SENATOR GLOOR: Well, it wasn't important for getting coverage but we certainly had procedures in place in a variety of areas. [LB528]

SENATOR CARLSON: One minute. [LB528]

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SENATOR PRICE: And would you say that you had those procedures and protocols in place to protect your facility? [LB528]

SENATOR GLOOR: Actually I would say we had those in place to protect our patients first, and then our facility. [LB528]

SENATOR PRICE: But it did have a net effect of protecting your facility. And if you didn't have any type of protocol in place or way of dealing with things and how...your standard operating procedures, you would have been open to more liability. [LB528]

SENATOR GLOOR: That seems reasonable. [LB528]

SENATOR PRICE: Okay, thank you very much, Senator Gloor. Well, there we have it, folks, from a person who sits in the body, who had the cause to watch over this, that their facility wouldn't let you do certain things because of the exposure to liability. Now we're asking these same people, as Senator Christensen articulated, we're asking them, give it out but don't worry if your patient gets sick, your patient has ulcerative colitis, has a neurological... [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR PRICE: Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Price and Senator Gloor. Senator Nelson, you're recognized. [LB528]

SENATOR NELSON: Thank you, Mr. President, members of the body. I haven't spoken to this issue before. I have real reservations about the bill. I've communicated that to Senator Howard. But I do stand here in support of AM809, absolving physicians, pharmacists from liability if they do act out of the goodness of their heart and trying to protect someone. I'd like to ask Senator Howard some questions if she will yield. [LB528]

SENATOR CARLSON: Senator Howard, would you yield? [LB528]

SENATOR HOWARD: Yes, sir, I will. [LB528]

SENATOR NELSON: Thank you, Senator Howard. I think in answer to another senator's question you said that you had worked diligently with all the parties to bring consensus in working on this bill. Is that correct? [LB528]

SENATOR HOWARD: Yes, sir, I tried to. [LB528]

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SENATOR NELSON: Who were those stakeholders, the parties that you worked with? [LB528]

SENATOR HOWARD: The three parties who felt that they had the most invested in expedited partner therapy was the Nebraska Medical Association, the Nebraska Pharmacists Association, and the Nebraska Association of Trial Attorneys. [LB528]

SENATOR NELSON: All right. So we have the association of pharmacists, the Nebraska Medical Association, and the doctors. Did you speak with individual doctors or pharmacists, or were they represented by parties? [LB528]

SENATOR HOWARD: I actually did both. In my capacity in working at a health clinic myself, I speak to practitioners and pharmacists on a daily basis when I'm not in Lincoln. And then I also spoke to doctors in my district who wanted expedited partner therapy, as well as the Medical Association, the pharmacists, and the trial lawyers. [LB528]

SENATOR NELSON: All right. These, the doctors and the pharmacists, are voluntary associations, are they not? There's nothing mandatory about this. Let me ask you this directly: How can the few parties that you've talked with bind all the other members of the association? [LB528]

SENATOR HOWARD: I guess I would try to reiterate that expedited partner therapy is not a mandate. Practitioners don't have to use it but they would have the opportunity to use it if LB528 was able to pass. [LB528]

SENATOR NELSON: But if you're a doctor and you're under the Hippocratic oath, the pharmacists have their oath, and you really have reservations about this, you'd like to help someone out but you know that you stand a very good possibility of being sued if something goes wrong, isn't that going to be a barrier? Are they willing to go ahead without being absolved of liability for taking this type of action for people in need? [LB528]

SENATOR HOWARD: I would argue that there are some practitioners who are currently using this model without any of the standard of care outlined in this bill. I think this bill creates a safety measure. It outlines what practitioners need to do in order to meet the guidelines for the CDC and use expedited partner therapy, and the doctors' association agreed with me that they felt that AM605 to LB528 outlined the standard of care well enough for them to feel that it would be defensible in a court of law. However, I would reiterate that there have been no cases of expedited partner therapy causing adverse outcomes in any states... [LB528]

SENATOR NELSON: Thank you. Is there a written agreement between all of the

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parties? [LB528]

SENATOR HOWARD: No, sir, there is not. [LB528]

SENATOR NELSON: All right. So it's an oral, it's an understanding. It's perhaps a handshake. Let me tell you on the basis of 40 years in the practice of law, there are hungry attorneys. There are people looking for business and they're not going to be bound by any oral agreement or any understanding with the Trial Attorneys or the Medical Association. I hate to say this, but if they see money there, if they see something that they can gain for their client who they feel has been wronged, they're going to go ahead and sue, whatever the understanding is. And I think it's inconceivable... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR NELSON: ...if we're going to go forward with a bill like this, that we don't have protection for doctors and pharmacists. Otherwise, Senator Cook talks about barriers. We are creating I think a big barrier. There are those who are willing to help but they're not going to risk their profession or increase their liability fees by going ahead with something like this. So I support this. I support Senator McCoy in putting in this absolution of liability, this protection for doctors and pharmacists. Granted, there are many who are not going to go ahead in any way and I wouldn't blame them for doing that, but there would be a few. And let me ask you about the health centers. Are those doctors protected in any way? That's where many people are coming, I think, to get these prescriptions for their partners. [LB528]

SENATOR HOWARD: Just as Senator Gloor spoke to federally qualified health centers have insurance for their health center, just the same as any other health clinic or hospital. [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR NELSON: Thank you, Senator Howard. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Nelson and Senator Howard. Senator Schumacher, you're recognized. [LB528]

SENATOR SCHUMACHER: Call the question. [LB528]

SENATOR CARLSON: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? There has been a request for a call of the house. All those in favor vote yea; all opposed vote nay. Record, Mr. Clerk. [LB528]

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CLERK: 31 ayes, 0 nays, Mr. President, to place the house under call. [LB528]

SENATOR CARLSON: Thank you, Mr. Clerk. The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Burke Harr, Senator Cook, Senator Pirsch, Senator Lathrop, Senator Dubas, Senator Larson, Senator Chambers, the house is under call. Senator Pirsch, the house is under call. Senator Lautenbaugh, the house is under call. Senator Schumacher. [LB528]

SENATOR SCHUMACHER: Proceed without Senator Pirsch. Oh, there he is. [LB528]

SENATOR CARLSON: Senator Schumacher, would you accept call-ins? [LB528]

SENATOR SCHUMACHER: Yes. And we can do a machine vote. [LB528]

SENATOR CARLSON: We've had the machine vote. Call-ins are accepted. [LB528]

CLERK: Senator Larson voting yes. Senator Dubas voting yes. [LB528]

SENATOR CARLSON: Record, Mr. Clerk. [LB528]

CLERK: 26 ayes, 8 nays, Mr. President, on the motion to cease debate. [LB528]

SENATOR CARLSON: Thank you, Mr. Clerk. Debate does cease. Senator McCoy...and we raise the call. Senator McCoy, you're recognized to close on AM809. [LB528]

SENATOR McCOY: Thank you, Mr. President and members. Well, clearly the body must feel that we have had full and fair debate on what I believe to be a substantive issue on this bill. That's the will of the body; I don't agree, but I am 1 of 49. I think this amendment is critically important to this issue. We provide immunity in a number of places in statute whether it be for treatment of minors in the area of sexually transmitted diseases; we provide immunity to healthcare medical practitioners. We provide immunity for volunteers in free health clinics. We provide immunity to school nurses in prescribing Tylenol to students. We provide immunity to volunteer fire departments and emergency responders. And why? Because we have recognized in the Legislature that they are providing a public good. That if you get in a car accident on the highway that that volunteer fireman or that emergency responder comes up on that accident, when it might be you or it might be me or it might be someone we love, someone we care about, that they take care of them without worrying about being sued. I don't see this any different. I want to read from the testimony that David Buntain provided to the Health and Human Services Committee on LB304 when we talked about...we were

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before this committee last year in support of LB992 which was the bill the committee considered last year. At that time, Dr. Filipi, who was our president indicated his support and for the reasons that you've already heard. At that time, we expressed two concerns. One was that LB992 did not include any provision for immunity which is a common provision that other states have provided. We think the practitioner should be able to make that decision without having to be afraid of the liability that would attach. Now that was a different piece of legislation. But this amendment puts back into place what that bill had so I think it's applicable. I'd further like to read from...well, and first I go back to a letter of support, I might add, that the Nebraska Medical Association provided on March 1 to Health and Human Services Committee, March 1 of this year, in reference to LB528. One of the lines from that letter said: physicians should be viewed as integral to curbing STDs and should not be viewed as violating a standard of care for prescribing or not prescribing in these instances. Physicians and medical practitioners are integral, they're the front lines of this, members, the front lines of this epidemic, this problem. I guess I'd leave you with the thought that I have four young kids, soon to be five, you know, and I was sitting there last night thinking about this, knowing we would be on this topic this morning. Thankfully, my kids aren't old enough yet to have to worry about STIs in this situation. I don't lay awake at night worrying about that, thankfully. There will come that day. Some of you have gone through that with your kids, perhaps, or grand kids. But, members, I sat there last night and I thought with my kids if they were in this position and they didn't want to come tell us as parents, but they went to a medical practitioner either as a patient or as a partner, would I want that medical practitioner... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR McCOY: ...thank you, Mr. President; would I want that medical practitioner to have any doubt in the back of their mind about treating my children because they're worried about being sued? They're my kids. They're your kids; they're your grand kids; they're our constituents. We want to fix this problem. We don't want to put up a barrier to care. That's why I have AM809. I want to see this problem be solved. And the only way to solve it is to make sure medical practitioners aren't worried, that they're worried about fixing the problem, the epidemic. That's why AM809 is here before you this morning and I would ask your vote to advance it. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator McCoy. Members, you've heard the closing on AM809 to AM605, the question is, shall AM809 be adopted? All those in favor vote yea; all opposed vote nay. There's been a request for a record vote. Have all voted who wish to vote? Senator McCoy? [LB528]

SENATOR McCOY: Mr. President, I would request a roll call vote, please, in reverse order. [LB528]

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SENATOR CARLSON: There has been a request for a roll call vote in reverse order. Please proceed, Mr. Clerk. [LB528]

CLERK: (Roll call vote taken.) 15 ayes, 27 nays, Mr. President, on the amendment. [LB528]

SENATOR CARLSON: AM809 is not adopted. We return to the debate on AM605 and LB528. Mr. Clerk, items for the record. [LB528]

CLERK: Thank you, Mr. President. Revenue Committee will meet in Exec Session now; Revenue Committee in Executive Session, Room 2022 immediately. Education Committee chaired by Senator Sullivan reports LB495, LB546 to General File with amendments. Senator Gloor offers LR121, that resolution will be laid over at this time. That's all that I have, Mr. President, thank you. [LB495 LB546 LR121]

SENATOR CARLSON: Thank you, Mr. Clerk. Senators wishing to speak include: Bloomfield, McCoy, Christensen, Price, and Chambers. Senator Bloomfield, you're recognized. [LB528]

SENATOR BLOOMFIELD: Thank you, Mr. President. And I'd like to ask Senator Campbell a couple of questions if I could. [LB528]

SENATOR CARLSON: Senator Campbell, would you yield? [LB528]

SENATOR CAMPBELL: Yes. [LB528]

SENATOR BLOOMFIELD: Thank you, Senator Campbell. AM605 becomes the bill. We have heard repeatedly that the doctor is going pick up the phone after he prescribes medicine to the patient and call the partner. Where in the bill does it say that or where in your amendment does it say that? [LB528]

SENATOR CAMPBELL: I don't think it says in the amendment that it...that will happen. [LB528]

SENATOR BLOOMFIELD: Okay. [LB528]

SENATOR CAMPBELL: I think... [LB528]

SENATOR BLOOMFIELD: Could I ask Senator Howard a question? [LB528]

SENATOR CARLSON: Senator Howard, would you yield? [LB528]

SENATOR HOWARD: Yes, I will. [LB528]

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SENATOR BLOOMFIELD: Senator Howard, in your original bill, where does it say that the doctor will call? [LB528]

SENATOR HOWARD: The phone call is in the CDC recommended guidance, it's not in the legislation. [LB528]

SENATOR BLOOMFIELD: Which is not binding on anything we're doing here. [LB528]

SENATOR HOWARD: No, until HHS considers the CDC guidance, it would not be binding. [LB528]

SENATOR BLOOMFIELD: Thank you. I'd like to go back to Senator Campbell, if I can. I think she is waiting to ask and answer me here. [LB528]

SENATOR CAMPBELL: Well, I think what you're seeing here is a standard of care, Senator Bloomfield, that all doctors would look at and follow. And I think that's why it's in the guidelines and not in the amendment. [LB528]

SENATOR BLOOMFIELD: Senator Campbell, when we have asked, over the last four or five years, the Health and Human Services Department to do something, from what I saw in the two years I served on your committee, it didn't always happen real fast. I'm hesitant to think that they're going to rush to get this done. And, furthermore, there's nothing telling them they have to do it; we say they may do it. I have real problems with this. I think we're trying to pass an amendment to a bill here that doesn't have any teeth when it comes to Health and Human Services Department or to actually solving the problem. I think we're passing a paper tiger here. The doctors that I've talked to feel that they can't do anything with it without the liability that we just shot down, without the liability protection. Thank you, Senator Campbell, I don't have any further questions. But I think we're headed off on a wrong path on this one. I guess I'd yield any more time that I have to Senator Brasch if she can use it. [LB528]

SENATOR CARLSON: Thank you, Bloomfield. Senator Brasch, 2 minutes. [LB528]

SENATOR BRASCH: Thank you, Senator Bloomfield. And I do believe you have raised some important questions here. And as I looked through the toolkit, the policy legal standards, I'm quite surprised. I read through last year's transcript, all of the very strong arguments that provide immunity for the healthcare providers were just argued last year, but struck down by those same people this year. But my question to Senator Howard is, in this toolkit there is recommendations...or considerations. And one of the considerations here, it says for...to change the legality of or to further support the implementation of EPT, there are several bullet points: one is, has the Attorney General or comparable official issued an opinion about EPT's legality in our state? [LB528]

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SENATOR CARLSON: Senator Howard, would you yield? [LB528]

SENATOR HOWARD: I will yield, but, Senator Brasch, could you repeat the question for me? [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR BRASCH: It's from the toolkit here, it says: has the Attorney General or comparable official issued an opinion about EPT's legality? [LB528]

SENATOR HOWARD: Is this the 2006 toolkit? [LB528]

SENATOR BRASCH: It was the one that your staff provided me a link for. [LB528]

SENATOR HOWARD: Great. No, our Attorney General has not spoken out in any way regarding expedited partner therapy. [LB528]

SENATOR BRASCH: Perhaps this would be something we would want to consider. And then the other...the question that Senator Campbell brought up was the standard of care. And one of the key things in civil liability and in medical practice here in this toolkit outlines that when the custom of practice is not the standard of care in a particular state for a healthcare practitioner...and there is liability there. And it seems that we are changing our standard of care. [LB528]

SENATOR CARLSON: Time. Thank you, Senator Brasch and Senator Howard. Senator Christensen, you're recognized. [LB528]

SENATOR CHRISTENSEN: Thank you, Mr. President. Would Senator Howard yield to a question? [LB528]

SENATOR CARLSON: Senator Howard, would you yield? [LB528]

SENATOR HOWARD: Yes, sir, I will. [LB528]

SENATOR CHRISTENSEN: Senator Howard, are you a parent? [LB528]

SENATOR HOWARD: No, sir, I'm not. [LB528]

SENATOR CHRISTENSEN: If you was a parent and your child was raped, would you want to be notified? [LB528]

SENATOR HOWARD: Yes, sir, I would. [LB528]

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SENATOR CHRISTENSEN: In this bill we could literally have a...an underaged child getting benefits that was raped, statutory rape. And we're not protecting that because we don't give parental notice. So I guess I struggle with your belief in what this bill does. Am I looking at this bill wrong; does this bill not allow an underaged person to get this? Say the male is 20 and you got a 17-year-old, or you could go down and do a 19- and 17-year-old which is statutory rape and you're taking benefits out; the parents aren't notified, so the parents can't do anything about it. So we're allowing rape to go on. That's why I didn't like not having the original amendment. And is that what you agree with in this bill? [LB528]

SENATOR HOWARD: I agree that expedited partner therapy can stem the tide of disease regardless of age. [LB528]

SENATOR CHRISTENSEN: So we'll turn our eyes to get partner benefits to those underage that were statutorily raped? [LB528]

SENATOR HOWARD: In regards to rape and violent crimes, the CDC doesn't recommend that expedited partner therapy be used in any way. [LB528]

SENATOR CHRISTENSEN: To underage? [LB528]

SENATOR HOWARD: Regardless of age, it's not appropriate for rape, domestic violence, or violent crimes. [LB528]

SENATOR CHRISTENSEN: Okay. Thank you, Senator Howard. Colleagues, do you understand the problem we have? When you guys voted down Monday the parental notification, you're allowing statutory rape which is illegal in this state and we're now condoning it. Statutory rape, you vote for this bill in its current form you're saying statutory rape is okay. I'm offended, folks. I'm a father of young kids. I'm a grandfather. And I would want to be notified if this was going on. And we sit here, this body is prepared to vote to pass this with the ability of statutory rape. That's a condoning of an action that is illegal by law. I will ask for a record vote all the way through here, folks, because I believe if you can vote for statutory rape to be okay, to get partner benefits, then you need to be on the record. There is a major flaw here. You're trying to solve an issue looking for a problem because every one of them that have a disease can go to the doctor. And it's not like you can go in, get the medications and take it right to your partner, they got to go fill the prescription. There's nothing expedited about this. So I just sit here. I'm stunned, folks, absolutely stunned that you could vote to approve statutory rape... [LB528]

SENATOR CARLSON: One minute. [LB528]

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SENATOR CHRISTENSEN: ...turn your eye to it, thank you, Mr. President, that we would just allow this to go forward. Parental notification is super important when it's underaged. I guess I'll just leave you with that thought. If that's the direction you want to vote, I just believe the state of Nebraska and everyone deserves to know it. Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Christensen. Senator Price, you're recognized. [LB528]

SENATOR PRICE: Thank you, Mr. President, members of the body. With the rejection of the previous amendment, I guess as we speak here on the floor we're making a record. And as we know in many litigations that have gone on, the intent and the voice of the Legislature has been considered in those findings, whatever they arrived at. And we have said here to physicians, you are liable, you can be sued, that doesn't mean you will be, but you can be, and that is our intent as a Legislature that you should be liable. Again, so when they look at this, it is the intent of this body that a well-meaning physician who...who...because if the amendment of AM605 happens, never has contact with the patient and that patient has renal condition...remember now, we're not just talking about this being available to a subset of individuals who are otherwise healthy. We don't know, so if we have...in Omaha and in the state of Nebraska we are renowned for our transplant capabilities, our medical capabilities. So be advised, if you are a physician and you don't know the condition, you don't know that your patient may have a renal condition, may have a gastrointestinal issue, what medications they are taking, what contraindications are there, what interactions there might be, you can be sued. If an irregular arrhythmia is detected, if anybody out there has ever taken one of these medications due to this act and they develop an irregular heartbeat, or a loved one passes to renal failure, maybe doesn't even pass, you can have renal failure without passing, and you took this, there could be a case made and you can be taken to court because that is the will of this legislative body. And I think it's important because those who were so adamant and worked so hard to defeat the previous bill, defeated it because they want to maintain liability; simple, straightforward, no questions asked. It isn't about helping people, it's about maintaining liability. And so now physicians, nurse practitioners, all those called out in AM605 who can prescribe this without ever seeing the patient, be advised, that is the intent and the plausible outcome if someone should fall ill because they took a medication you prescribed having never seen them. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Price. Senators wishing to speak include: Chambers, Schumacher, Karpisek, Christensen, Murante. Senator Chambers, you're recognized. [LB528]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I never heard so much claptrap in my life while on this floor. For my seat mate, Senator Price, to have the

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audacity to say this bill is not about helping people, but to maintain liability, is insane. For Senator Christensen to say that if you vote for this bill you're voting for statutory rape is outlandish, it is outrageous, it is preposterous, and it makes no sense whatsoever, but it does come from him. You all want to play rough? Then we'll play rough. I'm interested in people who are facing a problem and I have nothing but respect for those women and men who are trying to address this problem, and for people to stand on this floor because they lost a vote to attribute favoring statutory rape is totally beneath even him. And for Senator Price to say we're not interested in helping people? I am, Senator Price, you don't know how to read my mind. You probably think I don't have a mind at all. But I'm going to tell you all what I did. I looked at all those gun bills. I looked at the bills where people are afraid of the U.N. taking their children, taking their property, and I made a list before the vote of the people who are against this bill. They're not trying to do anything in terms of saving people from liability. They want to put a poison pill in the bill to kill it. Here are the names I wrote: Hansen, Bloomfield, Kintner, Johnson, Larson, Brasch, Christensen, Janssen, Murante. That's the list that I wrote. And check the way they voted. There are cliques; there are cliques in this body. And you all may be afraid to call it what it is, but I'm not. And he's going to say that I don't want to help somebody and I'm going to let that pass; and he's going to say I'm voting for statutory rape. He rambles. And when I say "he," now I'm talking about Senator Christensen. He rambles. Talking about... "are you a parent?" "You want to know if your child was raped." What kind of craziness is that? It's the craziness that comes from a disturbed, disordered mind. That's what it is. And the rest of you can sit here and let it wash over you and then grumble out in the hall or at some other place. But I believe when people say something directed at me, I'm going to deal with that person right then and there. There was a fighter named Floyd Patterson, heavyweight champion of the world; another fighter named Sugar Ray Robinson, middleweight champion of the world, and the promoters wanted to get a fight between these two individuals. The maximum weight, if you're going to fight as a middleweight, is 160 pounds; heavyweight, no limit. So when the promoters came to Sugar Ray Robinson, who has been declared pound for pound, as they expressed, as the best fighter in the world, he said, I'm not going to fight a heavyweight champion of the world. Then they mentioned the amounts of money. And Sugar Ray Robinson began to smile. He said, you know what, the more you talk about that money, the more Floyd Patterson looks to me like Tom Thumb. And that's the way I live my life. I don't care how big somebody is; I don't care how tough somebody is; I don't care how silly somebody is. We are adults and some of you approach life differently from the way that I approach it. But I'm on this floor. [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR CHAMBERS: I was elected by people to come here. And they knew what they were getting when they sent me here. I didn't come here to win friends. I didn't come here to swallow spit. I didn't come here to listen to nonsense and let it pass.

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Senator Price was right about one thing, there is a record that we're making. And when people read the record and hear the discussions and make a comparison, they'll see the people who don't care about helping anybody; they'll see those who try to put a poison pill in the bill to kill it. And then you can review their record on other things. See, I'm a member of the Judiciary Committee. I have a chance to read the kind of legislation, proposed legislation, they bring. And I have a chance to listen to them and listen to those who support them. So I have a very strong opinion and attitude. And how many times have I said on this floor, everybody can use this mike. I'm not the only one. And I hope now we get down to business. [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR CHAMBERS: Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Chambers. Senator Schumacher, you're recognized. [LB528]

SENATOR SCHUMACHER: Thank you, Mr. Chairman, members of the body. Focusing on what we're really talking about here is something that is well established. There's an epidemic of these diseases. Nebraska leads near the top of the pack in these diseases. There is a general thought in the medical community that this tool should be added to their tool chest as one of the many ways to try to attack this epidemic that affects many of our communities and is of great concern. And it's not going to go away, has not gone away on our present treatments, our present ways of approaching it, and additional tools are needed. I checked with the Internet though; I found something interesting. It says, and this is from the FDA, that something is contradicted in persons with a history of hypersensitivity to any component of the treatment including 2-phenoxyethanol, formaldehyde, neomycin, streptomycin, and polymyxin B. The treatment should not be given if anaphylaxis or anaphylactic shock occurs within 24 hours. Neomycin, streptomycin, polymyxin B, 2-phenoxyethanol and formaldehyde are used in the production of this. Although purification procedures eliminate measurable amounts of the substances, traces may remain present. Although no relationship between the procedure and GBS has been established, GBS has been temporarily related to administration of the treatment. Prior to the treatment, all known precautions should be taken to prevent adverse reactions. This includes a review of the patient's history with respect to possible sensitivity. Healthcare providers should question the patient, parent, or guardian about reactions to this treatment. Appropriate agents should be available to control immediate allergic reactions. Healthcare providers should obtain the previous immunization history and inquire about the current health status of the party. For those of you old enough to remember it, community centers, gymnasiums, churches were filled with community members lined up to get a shot to treat an epidemic. It was very harmful to the population. What I just read you was about the Salk vaccine. This is a medical question to be left to medical professionals. We are not doctors. An election to

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the Legislature does not give us an MD. Yes, they may if they act outside the normal range of standards of care be subject to suit; they're subject to suit every day when they go to work on any number of drugs and procedures that they use. What's different about this? This is a medical issue; this is an additional tool for the tool chest and, hopefully in the long run, responsibly used by the medical community, will result in a healthier society, a safer society for all of us, and a society in which common sense governs over fear, governs over political demagoguery, governs over the forces of darkness. Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Schumacher. Senator Karpisek, you're recognized. [LB528]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. First I'd like to make it clear, I heard as Senator Christensen was speaking someone said, well, he's your partner. I want to make it clear that Senator Christensen is not my partner. He doesn't want to be my partner any more than I want to be his. And I think we want to get that straight in any way, shape, or form. I do not think what Senator Christensen said about this being a vote for statutory rape. I don't know if that's some sort of scare tactic or where he pulled that one out of. I couldn't disagree more. If there's rape, it should be reported. I think it will be reported. I think that is not a very good argument. However, I will agree with him on the record vote. Good. Record vote...let's record vote everything, every day, every vote. And if I had my way, I'd get rid of the "not voting" because if you got elected to come here to not vote, you could do that from home. I don't understand. So I am more than happy to have each and every one of my votes to go down. And if you'd like to publish them in my hometown papers, please do, I'll pay the bill. What I don't like is what we're doing. Are we or are we not fixing a bill or are we on a filibuster, what are we? I think you all know I'm honest up-front and I will tell you, Speaker Flood used to get really upset with me when I would stand up and say, I'm filibustering this bill. Well, I want people to know what I'm doing and I will be there, I will let you know, and if you don't like it I'm sorry, but that's what I'm going to do. I don't know where we're at right now. And I don't blame anyone for bringing amendments trying to fix bills; we've done it in the past, we'll do it in the future, and that's great. And if you think you can fix a bill to your liking, more power to you. Let's do it together. Let's try to get to the bottom of it. I hope that we can get every vote public and put it out there. And I would like to yield the rest of my time to Senator Conrad. [LB528]

SENATOR CARLSON: Thank you, Senator Karpisek. Senator Conrad, 2 minutes and 50 seconds. [LB528]

SENATOR CONRAD: Very good. Thank you, Mr. President. And thank you to my partner, seatmate, Senator Karpisek, for the time. I appreciate it. I have yet to speak on this topic. I've been trying to help Senator Howard and others work the floor on this to the best of my ability and I do want to clarify the record in a couple of points. Number

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one, I think Senator Christensen and those who hold the position that this in some way is a vote of acceptance towards statutory rape, that demonstrates a clear and gross misunderstanding and misstatement when it comes to what statutory rape is and the statutory framework that governs it. So I suggest before they make those claims, they go and review the record and the law so that they have a better and clearer and more accurate understanding of what they're talking about. And finally, I will chalk up Senator Christensen's speech to political theater. It's an attempt after suffering some losses to delay the debate, to continue the debate, to extend the debate and to draw people in, to say things that are more and more outrageous in an attempt to really bait the proponents. And that's fine, there's a little political theater in this body, that's part of the process. But it reminds me of something that you learn in law school, law school 101. If you have the facts, you pound on the facts; if you have the law you pound on the law; if you don't have either, you pound on the table. We've heard the pounding on the table, Senators. It's time to move forward with good legislation whose time has come to address a considerable and serious public health issue in our state. And I commend Senator Howard for her thoughtful and tenacious work in doing the hard work with all of the relevant parties before she got to General File. [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR CONRAD: That's being dividends, it shows in the support of the votes that are following this bill, and she is to be commended, particularly as a freshman senator. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Conrad. Senator Christensen, you're recognized. [LB528]

SENATOR CHRISTENSEN: Thank you, Mr. President. First of all, if people think I attacked Senator Howard, I apologize. I tried to set a scenario. But I'll disagree with Senator Conrad and anyone else that says in this bill statutory rape can't occur because I know of people that are of age that date people underage. Right there sets up the opportunity. In this bill it doesn't prohibit someone that's of age, or underage, either one, going in and getting medicine or a prescription for their partner since it isn't age specific. And there is no notification to parents. There is no way a doctor is going to know. So when Senator Karpisek said it's not going to happen, it could happen. When Senator Conrad said it couldn't happen, it can happen because there's no age verification, there's no notification so the parents could look into the situation. For anyone to stand here and say I'm blowing smoke here and say I'm not reading the bill is wrong. Is that every case? Absolutely not. Is it majority case? Absolutely not. But the fact is we've left a loophole in the legislation to allow a partner to get medicine for underaged, or if they're the underaged one, for over age, legal age individual that the parents don't know about, that may or may not been forced, but statutory rape doesn't say "forced," it's age specific. So, the opportunity is there. And I'm not going to sit back and let people tell me

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the opportunity is not there, because it is. Explain to me if I'm wrong the opportunity that prohibits that from occurring. I've just laid out a scenario that's very true. The possibility is there. And my friend, Senator Chambers, says all the time in committee that I have to legislate for the opportunity; I have to go by what the bill says, not what you think is the practicality of. So again, I'm going to use his example, he says all the time, we've got to legislate to what is right and what the law is. I'd be glad to work with dealing with this situation because the opportunity is there and it needs to be addressed. I wasn't here Monday due to a surgery of my son when that vote went on. I regret I wasn't here. I'd love to have been able to visit on that because that was a very important bill to make this bill cleaned up to go forward. I don't think there's anybody that doesn't want to deal with this epidemic. We know we've got a problem. [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR CHRISTENSEN: Thank you, Mr. President. But how do we get people that know they have the problem to go see the doctor and get it taken care of? How do you get around the liability of the doctor of not knowing the other person's problems? How do you get around this situation? I don't think anyone is sitting here saying this bill can't go, but everybody is saying let's take care of some issues. And I still think there are some major issues. I'd love to deal with the problem. I wish there were no disease out there. But how do we do it? If people aren't willing to go to the doctor, take medicines, be abstinent, be with one partner, how are you going to do it? Let's face facts here. There's still some things that aren't addressed. And it appears to me we're just going to take this bill through. [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR CHRISTENSEN: Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Christensen. Senator Price, you're recognized. [LB528]

SENATOR PRICE: Thank you, Mr. President and members of the body. I want to advise and clarify my seatmate called me out and so we'll address that. First of all, in addressing about the amendment, AM809, and my commentary and my opinion that was...we're trying to bifurcate or divide the two topics. One is about the dispensing of the medication and helping, which I believe everybody and myself have said is a noble cause and is a good thing to go forward. In the amendment, AM809, was talking about liability. And I believe that my commentary was intended to be directed towards people's actions on liability, and with that I would like to ask Senator Chambers to engage in some conversation. [LB528]

SENATOR CARLSON: Senator Chambers, would you yield? [LB528]

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SENATOR CHAMBERS: Yes. [LB528]

SENATOR PRICE: Thank you, Senator Chambers. My question comes about...and you sparked that interest in my conversation that I was having was, what is the poisonous nature strictly and only attributed to the liability question? [LB528]

SENATOR CHAMBERS: Senator Price, there were all of what you could say the stakeholders are when it comes to providing medical help in the way that this bill laid it out. They knew about liability. Not any of them asked for that to be done. Somebody, in my view, who cannot come out and say, I'm against the bill, wanted to suddenly show more concern for the people who are involved than the people themselves did. So since those who would be liable, if there is liability, had no concern about that, then all of this yakety-yakking about being noble because you're worried about people facing liability, I think, is claptrap. [LB528]

SENATOR PRICE: Well, I appreciate that. And so help a young pup out here. [LB528]

SENATOR PRICE: I will, sonny. [LB528]

SENATOR PRICE: It's a long road to hoe too. [LB528]

SENATOR CHAMBERS: Yes, it is. [LB528]

SENATOR PRICE: Is it not incumbent upon us as we look at things to do what we think is best? So in other words, if while the parties may not have thought it was important, if one of us should think it's important to address the topic, is it not within our purview and our, I guess I would say, responsibility to bring it up and address it? [LB528]

SENATOR CHAMBERS: If all you're going to do is discuss the possibility, that's fine within the context of a broad-ranging discussion, wide ranging, but to offer an amendment and suggest that this amendment is protecting people so that they will perform this service to the public that people who don't vote for this amendment want those people to be liable, that doesn't follow, that's a non sequitur. [LB528]

SENATOR PRICE: So, in all honesty, help me flesh this out. [LB528]

SENATOR CHAMBERS: As much as I can. [LB528]

SENATOR PRICE: All right, so you're saying that there... [LB528]

SENATOR CHAMBERS: I said...I said... [LB528]

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SENATOR PRICE: Holding the liability...holding the liability aspect was not addressed because no one has any concern with being held liable for prescribing drugs...medications to people they don't see. [LB528]

SENATOR CHAMBERS: You started by saying, so you're saying. I said what I said. You're saying that. You're drawing a conclusion. You are ascribing an intent and a meaning to me when I didn't utter the words you're talking about. [LB528]

SENATOR PRICE: Okay. [LB528]

SENATOR CHAMBERS: What I said is that they had the opportunity; they were aware of this matter and it was not of that much concern to them. They didn't ask that a waiving of liability be put into this. There's a bigger issue. And that issue is being addressed in the form of the bill that's before us now. [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR PRICE: So...but now that we...now that I am addressing this and I have taken on the...I don't say the charge of saying, let's consider and address the liability, does it not have merit and cause to be discussed? [LB528]

SENATOR CHAMBERS: That's beside the point of what I said. I quoted you. You said that the people supporting this bill are not interested in helping anybody, they want to maintain liability. That's what I went after you on. All this other stuff you're just bringing in now because you got caught. [LB528]

SENATOR PRICE: No, I have no problem with saying what I said. And I actually made the clarification that that was...the discussion for me was on the liability and not on whether people care or not. And if someone took that...if I misspoke then that's what I did. But I'm still...I'm still saying that the concept and concept of liability is something that we should address. The body said no. [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR PRICE: Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Price and Senator Chambers. Senator Wallman, you're recognized. [LB528]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. It's pretty interesting conversation here this morning, but that definitely was a poisonous amendment because it also left you...weren't liable if you didn't want to prescribe prescriptions. And so read the amendment, folks. And so it's about liability that way too.

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And so you don't have to do it. So they're off the hook. So doctors, they prescribe a Hippocratic Oath and they're supposed to help everybody, and that's their job. Maybe they don't want to help everybody. In the real world, we have prejudice, plain and simple. And in the real world we have children on the streets. So how are you going to get a parental notification there? And in the real world, folks, in the major cities, even like Omaha, if you go around at night, you'd be amazed. And so I want to thank Senator Howard for bringing this forth and it's a good discussion, but pay attention to the amendments here and you'll realize it's more to the amendments than you think. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Wallman. (Visitors introduced.) Senators still wishing to speak include: Kintner, Chambers, Gloor, Bloomfield, Christensen, and Price. Senator Kintner, you're recognized. [LB528]

SENATOR KINTNER: Thank you, Mr. President, members of the body. When I came down here, I watched Senator Chambers, I actually went to talk to him, wanted to find out how he operated. I was like a little puppy and he was training me. I was watching everything he did on the floor; watching how he handled himself; watching how he spoke; watching how he maneuvered, how he filibustered. I watched it all; I learned quite a bit. One thing I didn't learn from him was how to attack a fellow senator. And I think that what Senator Chambers said in regards to Senator Christensen was out of line. To mock how somebody speaks, to mock Senator Christensen's southern twang, which I think is one of the neat things about Senator Christensen, I enjoy his southern twang, I think went beyond what we normally do in this body. I think it doesn't uphold the institution that we all are proud members of. And I really think that we need to stick to the issues. We can disagree. You can disagree with what someone said. As Senator Conrad said, there's some political theater going on. I get that. As a matter of fact, she stood up, Senator Conrad stood up, objected, stated her points, didn't attack anyone, that is how we should do it in this institution. And I encourage my fellow members, let's be civil, let's be respectful, and let's stick to the issues. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Kintner. Senator Chambers, you're recognized. [LB528]

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'd like to ask Senator Kintner a question or two. [LB528]

SENATOR CARLSON: Senator Kintner, would you yield? [LB528]

SENATOR KINTNER: Yes, I would. [LB528]

SENATOR CHAMBERS: Senator Kintner, did you pay attention to what Senator

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Christensen said? [LB528]

SENATOR KINTNER: I didn't hear it all, I was off the floor for a little bit. [LB528]

SENATOR CHAMBERS: Did you hear him say that whoever votes for this bill is voting for statutory rape? Did you hear him say that? [LB528]

SENATOR KINTNER: I did not. [LB528]

SENATOR CHAMBERS: That's what he said. And I voted for this bill. So, who cast the first stone? [LB528]

SENATOR KINTNER: He didn't personally call you out and attack you. He stated his opinion; if it's wrong, say it's wrong; move on. [LB528]

SENATOR CHAMBERS: Oh, so then if I say everybody who votes for...against this bill is a jackass, then I didn't attack anybody, did I? [LB528]

SENATOR KINTNER: No, you did not. You attacked the institution. [LB528]

SENATOR CHAMBERS: Oh, thank you, Senator...Senator Kintner, thank you. See, there are some people with whom you cannot have an intellectual discussion. He's going to tell me how to conduct my affairs when some fool says that because I voted for this bill I'm voting for statutory rape and only a fool could say such a thing. This bill does not deal with statutory rape. And when he said he knows of situations like that happening, he had a duty to report it to the law and if he didn't, then he violated the law. He needs to think before he speaks, but I'll tell you one thing, Senator Kintner, and this goes for everybody else on this floor, I will say what I think I need to say in the way that I want to say it. And if somebody thinks they're big enough to stop me, then let them do what they think they can do to stop me. But I'm going to say what I've got to say. And you've been before the Judiciary Committee. You've heard the way I criticized some of the bills that people bring there. And people who bring those bills don't like it. Some people don't like the way I conduct my business on this floor. They think I talk too long. When they talk too long, in my opinion, I don't get up here and say, you're talking too long. That's the nature of what we do. But some people, such as myself, don't need a backbone implant. I've got a backbone. And some people on this floor I could make a better backbone out of Jell-O and overripe bananas than what they got substituting for a spine. Now if you can't take the rough and tumble of the legislative debate, then go to your office. What did Harry Truman say? If you can't stand the heat, get out of the kitchen. I wish ol' Harry were here now. He and I would get along famously. And he would say, Chambers, you know what? Before I was in your presence, I thought I was the baddest person in politics. But now I will have to back off. When we have a discussion and it's civil, then I'll be civil. But if somebody stands on this floor and says

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that if I vote for a bill, I'm voting for statutory rape, I'm going to address that. And maybe what I ought to do is give him a dictionary and tell him, look at that. When somebody chooses to set the tone, then I'm willing to join the game and play it the way they offer it. In the old days, Senator Kintner, if you disliked what somebody did, then you walk up and you slap them with a glove and that means you're going to have a duel. And then one of the others says, choose your weapons. Well, when somebody decides to come after me, then I'm here. I'm the one who invited people to get on the mike and say what you've got to say. Senator Price did that. Senator Christensen can do it. But he can't do it well. And you think I'm going to stand up here and play like he's making sense when he's talking idiocy? I'm defending the reputation of my colleagues. I'm saying... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR CHAMBERS: ...that when they vote for this bill, they're not voting for statutory rape, contrary to what unlearned, ignorant person stated. And while he talked, I'd never heard so much absolute nonsense compressed in such a short period of time in my whole career in the Legislature. And then he got up to try to clean it up by saying, well, I...don't say that there's not the possibility of statutory rape. That's not even what we're talking about and that's not what he said. He made a flat declaratory statement more than once. And, Senator Kintner, I know you can't vote for this bill now, because you don't want to be voting for statutory rape. I don't care how anybody characterizes my vote. I don't care how they characterize what I say. As we used to say on the...in the neighborhood when I was a little fellow, I said it, I meant it, and I'm here to represent it. [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR CHAMBERS: Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Chambers and Senator Kintner. Senator Gloor, you're recognized. [LB528]

SENATOR GLOOR: Thank you, Mr. President. Good morning, members. In my early years in the military as a medic, I was given the responsibility of doing sick call at my base, overseas, Germany. And inevitably, some of the young airmen that would present would be diagnosed as having STDs. Well, the treatment back in those days, and we're going back a ways, was nothing that you could comfortably take orally. It was 4.8 million units of procaine penicillin, which is a big white mass in a giant syringe that has to be injected in somebody's backside. It's got the consistency of Elmer's glue. And you get two vials of those with an 18...16- or 18-gauge needle which looks like a subway tunnel coming at you, it's so big. But that's the only way you can get that mass of a gelatin into the human body. I thought that might be enough of a deterrent for folks. But we would send these diagnosed young men over to the immunization clinic where this would be

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injected. And I found out that the other young medics who were injecting this decided to keep this...well, it had to keep it in the refrigerator. But instead of warming it up, would inject it in its cold state which meant, as if it weren't stiff and hard enough to begin with, it was one mass of very solid antibiotic going into somebody's rear end. And they did this because they expected that this mass, which because of its consistency would stay there as a lump, slowly being absorbed for days, Senators, for days, this would serve as a constant reminder and deterrent to these young airmen that they should be careful, very careful in the future. And when I heard this, I thought this was genius. I thought, what a straightforward, commonsense thing to do, because I didn't see many of these young men come back again. Now mind you, the medics in the immunization branch were doing this on their own. They hadn't been directed to do this by a physician. And when a physician found out what was going on, listened to their story and said, you think they're not coming back because they're walking the straight and narrow. And I'll tell you the reason they're not coming back is because they don't want to be hurt like that again. You're doing just the opposite of what you thought you were doing. Don't moralize, treat them. Don't interject your personal feelings about how you might react on them. We have science behind us, we have treatment protocols, treat them, don't moralize in taking care of these patients. And the dialogue so far on this bill and the various amendments to me has been tinged with a lot of moralization. We have a bill that has been vetted through physicians; we have a bill that's been vetted through the pharmacists who, I have to tell you, serving on the Health and Human Services Committee for the past five years, are very, very, very cautious about letting medications get out of hand in any way, shape, or form; yet they're supportive of this. The clinicians are very supportive, because they, in an imperfect world, and understanding that medicine is an art, not a science, are saying, this is the best way we know to slow what is an epidemic in some of our communities in this state. We're behind this. [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR GLOOR: Thank you, Mr. President. And we're well-intentioned here, but we're talking about liability and we're talking about what's appropriate; we're talking about parenting; we're moralizing. I understand the need to do some of that, but the reason I support the bill and the amendment is because it is what the clinicians have brought to us without moralization and have said, people in this state need help dealing with an epidemic, this is the best way to do it. I support the bill. I support the amendments. I'm trying to keep science in mind and not moralizing. And I would urge my fellow senators to do the same thing. Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Gloor. Senator Bloomfield, you're recognized. [LB528]

SENATOR BLOOMFIELD: Thank you, Mr. President. Colleagues, I see us moving

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rapidly toward a vote on this bill. I've made no pretense, I don't particularly care for the bill. I will be voting against it. I fear what we're doing is something similar to what we saw in the federal legislation three years ago. We are in the process of passing a bill that we hope the bureaucrats, unelected bureaucrats, will write the rules to that will help with what we perceive to be an emergency epidemic. And we just celebrated the third birthday of a bill that we were told will have to be passed before we know what's in it, that being what we refer to as Obamacare. We still don't know what's in it. We have no assurance what the bureaucrats at Health and Human Services will write in there as rules. We don't know if they will write in anything as rules. We don't know what they're going to do. But we're going to pass this bill. And my god, I'm afraid of what we might be waiting for in three years as this emergency is still sitting here and they have done nothing. Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Bloomfield. Senator Christensen, you're recognized, and this is your third time. [LB528]

SENATOR CHRISTENSEN: Thank you, Mr. President. Guess I'll clarify something else; what Senator Conrad brought to my attention, so did Senator Chambers, about a duty to report. What I said was we all know of cases where people of age and underage have relationships. I'm talking dating, going out together. We also know...that's what I know about. We also know they get in the same problems that two of age do, they get into sexual relationships. I wasn't talking of the sexual relationship when I said I knew of, of age and underage. I said in relationships, and with what we're talking about I understand that thought process. So I apologize if you thought I knew of a rape case and didn't turn in, because I think you probably know me well enough I'd be quickly...be quick to turn it in because I don't agree with it and I wouldn't stand for it. And that's why I stand for parental notification; I stand for a number of things that I've already discussed on the floor here today because I believe that is our responsibility and what is right to do. But at the same time, I will not apologize for saying there is the...when you vote for a bill like this, it leaves that opportunity in there that you aren't secondarily, however you want to look at it, condoning it. For that reason alone I would vote against it. I don't like the bill. I've never said that I did. But at the same time, I do believe you could make this bill a lot better. And that goes with the parental notification. That's the biggest thing to me here is eliminating what I blew up on the floor here about is parental notification. I do think the doctors need to be protected. And as I've said many times here, I do not think this is going to have the impact that you think it's going to have. Because if somebody isn't responsible enough to go to a doctor to take care of their body, and if they're with a partner, just not multiple people, that they care about and take care of them then they're not going to take...care about taking the medicine or doing anything else, or go fill that prescription. If this was...your going in and getting your prescription and your taking samples out for your partner would help a bunch; you'd at least know they got it. But, again, you can't make them take it. There are so many things here that are left to the unknown that you're never going to be able to cure in this bill. That's the trouble with

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making legislation is the fact that you can't legislate many things. You can't make them take these drugs. You can't make them fill the prescription. Same as we can't make them go to the doctor. It comes down to personal responsibility as I talked about yesterday a number of times. If you don't care enough about yourself, care enough about your partner, then it don't matter what we legislate, it's not going to change it. They're not going to change their behavior just because you pass this if they don't care about themselves or care about their partner. It's pretty simple on that. That's why I don't believe this is going to solve anything if you pass it. I don't believe that's where this bill is going to end up. I see this as another feel-good bill. We pass something to make it better. This is not going to do it. Again, I'll ask again, how do you make somebody go to the doctor? How do you make somebody fill that prescription? How do you make somebody take care of themselves? You can't. You provide opportunities; all you can do. And if this bill done something, opened up a new drug, opened up something that was going to cure things, it would be much better. All this is, is providing a prescription if they will go fill it. Partner benefit, that doesn't mean they're going to take it; doesn't mean we're going to control the disease any better. So I don't even know where to go from here... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR CHRISTENSEN: ...thank you, Mr. President...on this. You know, I think the issues have been said and the vote is going to go where the vote goes. And again, I just hope you're not going to vote for this thinking you're going to cure everything, because you're not. Because you can look at all the states that have passed this, they still have problems. I don't know that I've seen anything yet, unless I haven't got through all my pile, that says, this state passed it and dropped it 20 percent, or this state passed it and dropped it any huge amount. So I'm not sure where the facts are or what we're doing here. So I'll continue to listen and I hope we can figure out something that really benefits the state. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Christensen. Senator Brasch, you're recognized. [LB528]

SENATOR BRASCH: Thank you, Mr. President, and thank you, colleagues. Senator Chambers, I enjoyed your quote about if you don't like the heat of the kitchen, then get out of the kitchen. That's good. I also have a quote I enjoy and that's that if you climb in the saddle then you better be prepared for the ride. We're here today and this issue here is about a serious problem. The issue I see is about the standard of care proposed, that it is not the customary standard of care that our physicians have practiced in our state; and in the tool book it talks about the standard of care in a state, that there is a custom practice and there is also a reasonable physician standard. This will be a shift in the standard of care. More important and a greater worry is, is this standard, this shift, going to also impact our standard of life in Nebraska? Are our

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values, the impact, the trickle it has moving forward, what else? If not this, then what else? We're not talking about just putting a Band-Aid on someone to fix a very, very serious problem. Is this truly prevention by not knowing who you're prescribing something for by a phone call, by hearsay, by most likely phone call, not even a guaranteed phone call? Again, it is a shift. And then Senator Chambers also had a shout-out on the floor for a group of senators. I heard his fury. I heard you roar and your passion. And I also can't quite remember your list, I thought it was interesting, but I know my name was on it. And then you spit out the word "family" in it. And your judiciary, I don't know if you're talking about the bill I brought before Judiciary or in general, but would you please yield to a question, Senator Chambers? [LB528]

SENATOR CARLSON: Senator Chambers, would you yield? [LB528]

SENATOR CHAMBERS: Yes, I will. [LB528]

SENATOR BRASCH: Senator Chambers, when we first met and I introduced myself as Senator Brasch, did you say you hoped my name was "brash"? [LB528]

SENATOR CHAMBERS: I don't know if I said I "hoped" that's your name. I might have said that's what I thought it could be. To be honest, I don't really remember what I said. [LB528]

SENATOR BRASCH: I do remember. [LB528]

SENATOR CHAMBERS: But I compared the two pronunciations. That's correct. [LB528]

SENATOR BRASCH: Thank you, Senator, because I do remember, because you had said, I had hoped that you would be brash and mean and fiery and full of spit. Is that correct? Would you yield? [LB528]

SENATOR CARLSON: Senator Chambers. [LB528]

SENATOR BRASCH: They cut your mike off. [LB528]

SENATOR CHAMBERS: Yes, yes, I will. [LB528]

SENATOR BRASCH: Okay, Senator Chambers, when it comes to families and my responsibility and the oath I took when I became a senator I will be fiery and I will be brash and I will work to protect those who cannot protect themselves. And in this bill I am truly wondering on AM605 and LB528, is it going to slow down, is it going to stop, eradicate the STDs that are growing? I believe it comes from the family. I believe it comes from what we teach our children and our grandchildren to be forthright and come forward, not to go in the dark to a physician in fear of a family. And I think by avoiding

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family issues... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR BRASCH: ...you're not bringing the full needs. And I think that's where we're lacking and I see in many circumstances as I visit with constituents they're concerned about families. That young boy that you have shown kindness to, his father was there and many other fathers like him who are a community of homeschooling, they fear what government is doing in our rules, our regulations, to our schools; they are trying to protect their families. And if that puts me in a clique, then I belong in a clique. I'm...because I believe that we do need to work together for the protection of others, and especially when it comes to families. And I do believe this is a situation that will shift the standard of care and alienate communication and the need for families to know that first and foremost... [LB528]

SENATOR CARLSON: Time. [LB528]

SENATOR BRASCH: ...thank you, Senators. [LB528]

SENATOR CARLSON: Thank you, Senator Brasch and Senator Chambers. Senator Chambers, you're recognized. This is your third time. [LB528]

SENATOR CHAMBERS: Thank you, Mr. President. Members of the Legislature, Senator Brasch asked me would I yield and I stood here and she didn't ask me anything. But at any rate, Senator Brasch, what I had said was that there were various types of bills brought before the Judiciary Committee. And you had one of those bills, I think it was to ask for an amendment to the U.S. Constitution, and there were other bills that had come and I made a list of people who had brought various types of bills before the Judiciary Committee and, in effect, I'd indicated that a list I compiled of those who would vote a certain way was correct. The names that I put on my list in advance, if you look at the roll call vote record, they did vote the way that I said they would. That's what that was; not condemning you for being for the family. Everybody is for the family...probably. But here's the issue: Nobody can guarantee the outcome of a medical or surgical procedure. There's an outfit that puts advertisements relating to cancer on television. And in their presentation they give the idea that they're as close to a cure for cancer as is possible. But then they put wording, you cannot expect to receive these results. But that's not emphasized. So, I haven't heard anybody on this floor make any kind of guarantee. There are statements made, and I've made some of them, that we can rationalize these types of issues in the sense of thinking about them, bringing to bear the research, the studies that have been conducted, the opinions expressed by experts in the field, and conclude that a serious problem which exists and everybody acknowledges it can begin to be addressed by the approach that's being taken. Included in this bill is the authorization given to the Department of Health and Human

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Services to promulgate rules and regulations to carry out the provisions in the operative section of this bill. That means they will look at all of the relevant factors. Any new discoveries, any new findings, whatever is necessary to achieve the result intended by the legislation when they are compiling a rule or regulation for that purpose, they have received guidance from this Legislature. And that is all that we can do in legislation. We can pass a bill, getting back to Senator Christensen's obsession, and outlaw what the statute describes and defines as statutory rape. But the statute is not going to prevent it from happening. It says that there will be consequences if and when it does happen. So there are different purposes that are going to be achieved by legislation. And when a person's mind operates on one level, when we're dealing with a layered situation, and that person brings that same mind-set he or she is not going to be able to operate in a nuanced fashion which is the way somebody acts when he or she is engaging in intellectual pursuits. It's like a Procrustes bed. This giant was named Procrustes and he did believe... [LB528]

SENATOR CARLSON: One minute. [LB528]

SENATOR CHAMBERS: ...that one size will fit all. So every traveler he would invite in to eat and if the traveler was short like I am, Senator Price, he'd put me in that bed and stretch me until I fit it exactly. If he had somebody long and rangy like you, he'd put you in the bed and when your legs hung over the back, he would chop you off to make you fit. So everybody fit Procrustes' bed. And that's what the term means. You're going to make something fit a certain configuration whether in fact it does or not. And because I don't have enough time left and this is my third opportunity, I will not have the opportunity to sing to Senator Christensen the song that he ought to be singing based on what he said this morning. So if anybody wants to hear that song, give me some time and undergo the risk. Thank you, Mr. President. [LB528]

SENATOR CARLSON: Thank you, Senator Chambers. There are no other senators wishing to speak. Senator Campbell, as Chair of the HHS Committee, you're recognized to close on AM605. [LB528]

SENATOR CAMPBELL: Thank you, Mr. President and members of the Legislature. One of the most important things that I have learned along with Senator Gloor in serving on the Health and Human Services Committee for five years is how important it is to take what we learn from one discussion to another. This amendment reflects what we learned from one discussion to another. There has been quoting on the floor of the Legislature of last year's debate on this bill. What we did, and certainly under Senator Howard's able leadership, a bill was drafted and she brought people together from the legal community, from the pharmacists, from the medical community and said, let us learn from what we discussed last year. So the importance of the discussion is this year's bill, this year's amendment. I have often seen in scope of practice issues in five years the medical community in a division about what should be done. We know that

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goes with being on the Health and Human Services practice. But this year, the medical community, the pharmacists, the legal community, the providers out there said, we need to do something; we need to address this problem. We cannot mire ourselves down into fractionalized discussion. But let us come together, and that's exactly what Senator Howard did. That's what we all do. We learn, we bring groups together, and we fashion legislation based on what we learn. And that is what you are seeing. We learned from the last couple of years. And so important for the Health Committee is the continued discussion by the public health director from Douglas County. And we were made aware of all the education and the awareness this community has coalesced around trying to address this problem. And, yes, it is statewide. It is in other places. But the predominant numbers are in Omaha. And this was a medical director who said, I appreciate that all the communities have come together to say it's now; we need to be able to move forward with the most effective plan we can come up with. And that, colleagues, is in this bill that Senator Howard has brought forward. I certainly urge you to vote for the amendment and the bill and have trust and confidence in the medical community because they truly are trying to send us a message. Thank you. [LB528]

SENATOR CARLSON: Thank you, Senator Campbell. Members, you've heard the closing on AM605 to LB528. The question is, shall the amendment be adopted? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB528]

CLERK: 33 ayes, 0 nays on adoption of committee amendments. [LB528]

SENATOR CARLSON: AM605 is adopted. We return to debate on the underlying bill, LB528. Are there senators wishing to speak? Seeing none, Senator Howard, you're recognized to close on LB528. [LB528]

SENATOR HOWARD: Thank you, Mr. President. My mom always tries to remind me that sometimes getting the wind knocked out of you is the best way to remind your lungs how much they love the taste of air. Yesterday, Senator Wallman said something about how I must have known that this bill would be controversial. Perhaps it was my naivety, the fact that I'm a freshman, or the possibility that I'm getting a reputation in this body as a softie, just like my mom, when it comes to babies and families. I truly believe that expedited partner therapy will help us have healthy babies in this state. Three hundred and seventeen babies born with gonorrhea and chlamydia in 2011 is 317 too many, especially when we know now after hours of discussion that these adverse birth outcomes are completely preventable. I had no idea that supporting babies and families and opposing sexually transmitting diseases was controversial, nor should it be. We have an obligation to protect our most vulnerable citizens and maybe I'm a softie for that. But just the same I would appreciate your green vote on LB528. Thank you. [LB528]

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SENATOR CARLSON: Thank you, Senator Howard. Members, you've heard the closing on LB528. Question is, shall LB528 be advanced to E&R Initial? All those in favor vote yea; all opposed voted nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB528]

CLERK: 32 ayes, 3 nays, Mr. President, on the advancement of LB528. [LB528]

SENATOR CARLSON: LB528 does advance. Mr. Clerk, are there any announcements or items for the record? [LB528]

CLERK: Mr. President, Enrollment and Review reports LB153A to Select File. (Legislative Journal page 841.) [LB153A]

I have a priority motion, Senator Lautenbaugh would move to recess the body until 1:30 p.m.

SENATOR CARLSON: Members, you've heard the motion to recess. All those in favor say aye. Opposed, nay We are recessed until 1:30 p.m.

RECESS

SENATOR GLOOR PRESIDING

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

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

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

CLERK: I do. I have one. Banking, Commerce and Insurance Committee reports LB568 to General File with committee amendments attached. That's all that I had, Mr. President. (Legislative Journal pages 841-845.) [LB568]

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

CLERK: Mr. President, LB97, a bill by Senator Mello. (Read title.) Introduced on January 10, referred to the Revenue Committee, advanced to General File. There are Revenue Committee amendments pending. (AM572, Legislative Journal page 708.) [LB97]

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SENATOR GLOOR: Thank you, Mr. Clerk. Senator Mello, you're recognized to open on LB97. [LB97]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. From the urban south Omaha neighborhoods that I represent to small villages in rural Nebraska, vacant and abandoned properties have long been a problem for Nebraska municipalities. Particularly in older communities, vacant properties can have an effect of depressing property values and straining our already thinly stretched public resources. These abandoned buildings present serious health and safety risks, including risks of fire, and can serve as a target of criminal activities, including arson, graffiti, and drug trafficking. The recent foreclosure crisis has only further worsened the problem, adding an increasing number of residential properties to the vacant property rolls. The concept of land banking offers communities an aggressive new set of tools to address vacant properties and the urban blight that can result. A land bank is a public authority created to efficiently acquire, hold, manage, and develop vacant, abandoned, and tax foreclosed properties. While historically most land banks have been formed in rust belt communities, like Cleveland, Ohio, and Flint, Michigan, the land banking concept has grown significantly over the past few years. In the past two years alone, four states have passed enabling legislation similar to LB97 to allow the creation of land banks at either the city or the county levels. While Nebraska has fared much better than most states during the housing crisis, land banks in other states and communities have emerged as a key tool to help stem the decline in property values that affects not just the vacant property themselves but neighboring properties as well. Last year Chairman Ben Bernanke of the Federal Reserve recognized the role that land banks could play in helping communities address the large number of low-value properties currently in the housing market. For example, a land bank in Cleveland, Ohio, partnered with several major banks to accept the donation of unwanted, foreclosed properties, with the banks paying demolition costs so the land bank could get those properties back into productive use. As some members of the body may recall, I introduced legislation last year which would have enabled any Nebraska municipality to create a land bank, and land banking was a topic of a joint interim study this fall by the Urban Affairs Committee and the Revenue Committee. Over the interim, my office worked tirelessly with interested parties to draft the language that is before you in LB97. In addition to the city of Omaha and Habitat for Humanity, we worked extensively with business organizations in Omaha, including the Greater Omaha Chamber of Commerce, the Omaha Board of Realtors, as well as statewide organizations like the Statewide Property Owners' Association, Nebraska Realtors Association, and the Nebraska Bankers Association. LB97 enables a municipality to create a land bank by ordinance or by a group of municipalities to create a joint land bank through an interlocal agreement. The definition of municipality under the bill, however, is limited to either, one, a municipality located in a county with a city of the metropolitan class or, two, a city located in a county with at least three cities of the first class. This has the practical effect of limiting land banks to Douglas and Sarpy Counties, while avoiding the creation of a closed class. Under LB97,

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land banks would be governed by an independent board of business sector leaders, and the board would include the following representatives: a member from...representing realtors, a member representing the banking industry, a member representing real estate developers, a member representing the chamber of commerce, a member representing nonprofit housing sector, and a member representing large-scale landlords. Land banks have a variety of basic powers, including the ability to acquire/dispose of property, hire staff, adopt and amend bylaws, sue and be sued, issue bonds, enter into contracts, and obtain insurance. Land banks would not, however, have eminent domain authority or the ability to levy property taxes. Funding for a land bank's operation could generally come from seven potential sources under the bill: local funding from the municipality, either in the form of direct funding or in-kind services; state and federal grants; philanthropic contributions; proceeds from the sale of real property; temporary rental income; proceeds from the redemption of tax sale certificates. And in Section 11 of the bill, after a property has been transferred from the land bank to private ownership, the land bank can receive 50 percent of the property taxes collected on that property for a five-year period. Sections 16 through 18 of the bill contain some of the most important powers given to the land bank. Under Section 16, a land bank can extinguish existing tax liens on properties it receives. This tool, which is essential to getting properties, whose delinquent taxes exceed fair market value, back into productive use is specifically authorized for use by political subdivisions in Article VIII, Section 4 of the Nebraska State Constitution. Sections 17 and 18 allow the land bank to participate in the tax foreclosure process, both by investing in tax sale certificates and by purchasing properties at tax foreclosure sales. Existing statute already allows other political subdivisions to purchase tax sale certificates within their corporate limits, so there was no reason not to give a land bank the same authority as long as the full amount of taxes, interest, and costs owed are paid. Where LB97 does differ from existing practices is by allowing for an automatically accepted bid by the land bank which gives the land bank's bid in tax foreclosure proceedings priority over other bids. The automatically accepted bid is specifically designed to be a limited use power, and the committee amendment spells out the specific scenarios under which an automatically accepted bid could be utilized. In the event an automatically accepted bid is used at a foreclosure sale, the bill requires the land bank pay the full amount of taxes, interest, and costs owed, and that written consent to the automatically accepted bid must be given by any existing private lienholders. As testifiers at the hearing of LB97 noted, out-of-state tax sale certificate investors will frequently bid on a certificate and then later abandon the property upon discovering that they were unable to recover their initial investment at a foreclosure sale. The result is that hundreds of abandoned properties in Douglas County wind up going through the tax foreclosure system multiple times, often spending more than decade in limbo. The ability to use an automatically accepted bid at the tax certificate sale is critical to ending the ongoing cycle of tax delinquent properties whose market value is greatly exceeded by the amount of back taxes owed. It's also important to note that a majority of tax sale certificates are purchased not by real estate companies or those with an interest in acquiring the

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property but by investors, many of them coming from out of state. In 2012, 50 percent of the tax sale certificates in Douglas County were sold to out-of-state companies that have no underlying interest in the properties themselves but are only interested in getting the 14 percent interest on those certificates. Land banking is a growing trend in the United States, with many communities desperately seeking new solutions to address a problem that has truly become an epidemic. Land banking is also a concept which transcends party lines. Four states passed land bank enabling legislation within the past two years, the states of Georgia, Missouri, New York, and Pennsylvania. In three of those states, the legislation was carried by a Republican legislator and signed by a Republican governor. In fact, many of these bills were passed unanimously or nearly so. As you will see by the committee statement, LB97 has the support of a broad spectrum of organizations in the Omaha metropolitan area. Most importantly, the bill also has strong support of the Omaha business community and the Greater Omaha Chamber of Commerce. Over the past two years, my office has worked with every conceivable business sector that could potentially be affected by the land bank's operations, including bankers, realtors, developers, landlords, homebuilders, and tax sale certificate investors. The language in LB97, as well as the committee amendment, represents months of painstaking work by all of the interested parties. And I would ask for your thoughtful consideration of the myriad of compromises that have been made since the concept of land banking was first brought forward to the Legislature last session. With that, I'd urge the body to advance LB97 to Select File. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Mello. (Visitors introduced.) As the Clerk stated, there are amendments from the Revenue Committee. Senator Schumacher, as Vice Chair of the committee, you're recognized to open on the committee amendment. [LB97]

SENATOR SCHUMACHER: Thank you, Mr. Chairman, members of the body. The committee amendment is AM572. AM572 rewrites Section 5 of the bill which deals with the board of a land bank. This language includes several small changes but is predominantly a reorganization of the section. Substantive changes in Section 5 are: it adds the acquisition of tax sale certificates to the list of skills and expertise to be possessed by board members of the land bank; it rewords the language for board member positions representing landlord interest; it narrows the ability of a land bank to use an automatically accepted bid in a tax foreclosure proceeding. With the new language, the board could only use automatically accepted bids in one of three particular cases: one, the property meets more than one of the listed criteria defining what an abandoned problem property, as determined by two-thirds of the board, is; two, the property is contiguous to abandoned problem properties or property already owned by a land bank; or three, the acquisition of the property would serve the best interest of the community, as determined by a two-thirds vote of the board of the land bank. Another change made by Section 5, it amends Section 16 to clarify that a lien or claim

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represented by a tax sale certificate held by a private third party could not be extinguished by the land bank, which was an issue that came up in the hearing. And finally, it adds an additional reporting requirement so these land banks created under the act must file an annual report with the Revenue Committee in addition to the municipality or municipalities that created the land bank. That's a summary of LB...or of AM572. Thank you. [LB97]

SENATOR GLOOR: Thank you, Senator Schumacher. Members, you've heard the opening on LB97 and the committee amendment. We now move to floor debate. Senators wishing to be recognized: Schilz, Smith, Mello, Ashford, Chambers. Senator Schilz, you're recognized. [LB97]

SENATOR SCHILZ: Thank you, Mr. President, members of the body. Good afternoon, everyone. Welcome to all-day debates, huh? I haven't taken a whole lot of time to look at this bill. I don't have the pleasure of serving on the Revenue Committee and I don't have...haven't really been engaged on this. But I do have some questions for Senator Mello, if he would so choose to answer. [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR SCHILZ: Thank you, Senator Mello. Good afternoon. You said a few things, and I appreciate the rundown you gave. It was pretty thorough and I do appreciate that. When you talk about efficiently acquiring land, can you go through...can you go through how that process will work a little bit for me? [LB97]

SENATOR MELLO: I will. I will do my best and try to be brief, Senator Schilz. Essentially, the creation of a land bank authority would be done by a municipality through city ordinance, essentially through the city council and the mayor, and which this authority would be responsible of trying to assist with essentially the acquirement or the acquiring, I should say, of vacant property, abandoned property, or tax delinquent property within that municipality. [LB97]

SENATOR SCHILZ: Thank you. [LB97]

SENATOR MELLO: Those are the three areas they can acquire it. Ultimately, they can be donated property. For an example, I'll use this as an example, the city of Omaha had vacant property or property that needed to be demolished, a house, housing parcels that needed to be demolished. They could donate that property to a land bank authority in which the land bank could then ultimately acquire the property. It would rehab it, demolish the house, and then leave the property available and try to sell the property to be used for redevelopment purposes. Primarily the focus, as you read the legislation, is

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on residential housing. [LB97]

SENATOR SCHILZ: Right. Thank you. And as you talk about that, I hear a couple things. The other thing that I'd like to know about is the automatic bid process, and you said there was only a few instances where that could be used. Could you explain to me how that works exactly? [LB97]

SENATOR MELLO: I can, and actually it's further revised under AM572. Ultimately, as I mentioned in my opening testimony, there are properties that become tax delinquent. And they start to get caught up in the tax delinquent process, in regards to someone who purchases that tax sale certificate ultimately doesn't wish to keep the property after it's gone through the three-year period and no one has reclaimed it. Then ultimately that property, because the tax sale certificate individual or investor chooses not to purchase that property or go through the foreclosure process, that property then gets shifted back in to the tax sale certificate process again for another three-year period. The issue that was brought forward by Habitat for Humanity in the bill hearing--it's a group we've been working on with this issue for a couple years now--is they have seen numerous occasions of properties in Douglas County where a property would be purchased by an out-of-state tax sale certificate investor. And because that investor never saw the property--they simply wanted to get the 14 percent interest on the tax sale certificate--they ultimately chose not to go forward with the property after the period of time in which they owned the certificate. And the properties would normally just keep getting churned over and over again in the system, where they had occasions of properties that had been in a tax sale certificate or foreclosure process for close to a decade. [LB97]

SENATOR SCHILZ: Right. And then...I appreciate that. So the automatic bid process comes into play. How...what are the mechanics of it? How does it work that all of a sudden this group gets precedence over anybody else? [LB97]

SENATOR MELLO: It's laid out in the green copy of the bill, but we further refine it in... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...the committee amendment where ultimately, in working with the...I would say working with the two largest tax sale certificate investors in Douglas County, we've been able to identify language that's used in other states that narrows the kind of problem properties that are going through the tax sale certificate process to be able to utilize this automatic bid. But the automatic bid, I should remind you, in the green copy ultimately can only be used by a vote of the land bank authority board by a two-thirds majority. And so the thought is that we wanted to make sure we set high hurdles to utilize this automatic bid, because we know there are instances in my district

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in south Omaha and in east Omaha, north Omaha where you may have a situation where the land bank owns two vacant parcels of property, there's a parcel that is in tax foreclosure in the middle of those parcels, and the land bank wants to acquire that middle parcel. [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR MELLO: Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Schilz and Senator Mello. Senator Smith, you are recognized. [LB97]

SENATOR SMITH: Thank you, Mr. President. Good afternoon, colleagues. I've been in general agreement with the concept of the land bank and I've had an opportunity to visit with Senator Mello and work with him a little bit over the last year as he's been working through this process. And I'm in general agreement with it and I, you know, I think no one wants to stand up and encourage an expansion of government, particularly where it competes with the private sector, in real estate matters. But in this particular case, I don't really see any other way in which we can take care of some of these distressed properties in neighborhoods that really need the attention. And so I commend Senator Mello for the work he's been doing on this. I do have some questions, Senator Mello, if you would yield, please. [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR SMITH: I'm going to start with a larger concept, Senator Mello, and I think it's probably...it really comes down to this matter for me, because I don't see where some of the investors from the private side are going to really be able to effect change in some of these properties that the land bank would be able to do. However, I do see potential in time that this board or this organization, this public entity that's created, could become profitable and it could grow and grow. How do we regulate the growth in the size of this organization so that we can make certain that it is working towards the real intent of the legislation and not growing to the point where it really begins to need more and more properties to exist and then begin to compete with some of the more viable, say, commercial properties? [LB97]

SENATOR MELLO: That's a...it's a great question, Senator Smith, and I'll try to provide, I think, a perspective on it. One, the underlying perspective I think that we utilized in creating the bill, and with the amendment, with AM572, is that ultimately the board that makes up this land bank is a mix of those in the private and public sector. And the thought being is that the unique nature of the board, similar to, I would argue--and

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Senator Ashford has worked with me on this--a MECA-like board for those in the metropolitan area with the creation of MECA, which was a public-private partnership entity created in the late '90s, early 2000s, that ideally a land bank would work itself out of a role, so to speak, in a community. But using just some of the numbers in Douglas County alone, we have over 10,000 vacant and abandoned properties in Douglas County within the city of Omaha's boundaries. I don't know how long it may take for a land bank to be able to acquire those vacant properties, to be able to do demolition on those abandoned properties that need to be "demoed," and then be able to get those properties and parceled up enough for, let's say, a new residential neighborhood to be created or, you know, I would say a variety of maybe duplexes or townhomes. That could take years for...and I think we've anticipated that. It would take years to be able to do that necessary work in the eastern part of the city of Omaha. But the general perspective, as we were creating this, was you have a board that ultimately is going to be managing what the land bank does on a month-to-month basis. Now we also incorporate, because it's a political subdivision created by the city or municipality, the land bank operates the same way a local political subdivision would. Their records are open for public records requests, they have open meetings laws they've got to follow. It's everything similar to... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...the work or, I would argue, the same work of a planning commission or another public agency that's created by a municipality. [LB97]

SENATOR SMITH: But there would be no way of limiting the size of this organization other than the board doing that. [LB97]

SENATOR MELLO: Ultimately, to some extent, Senator Smith, this is enabling legislation. Ultimately, for this to be even created, a local government made up of a mayor and city council members have to ultimately create... [LB97]

SENATOR SMITH: Okay. [LB97]

SENATOR MELLO: ...what they want to see a land bank structure look like. [LB97]

SENATOR SMITH: All right. [LB97]

SENATOR MELLO: They may limit the budget. They may limit the number of staff. They have that ability at the local level. This enabling legislation, which is fairly prescriptive, doesn't specifically say they can only have a budget of this size, they can only acquire this number of properties, they can only have this number of staff. We felt that was better left to be decided by the local government. [LB97]

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SENATOR SMITH: All right. I think I'm about to run out of time, but I have my light on again. I do have a couple of other questions for you. Senator Mello,... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR SMITH: Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Smith, Senator Mello. Senator Mello, you are recognized. [LB97]

SENATOR MELLO: Thank you, Mr. President. I can give some of my time to allow Senator Smith to engage in a continued dialogue. I put my light on, more than anything else, to discuss AM572, which I appreciate the work of the Revenue Committee staff working with my office and the rest of the Revenue Committee in regards to ironing out a couple issues that were raised as we were finalizing LB97. And part of the amendment, AM572, tries to deal with and address is the ongoing issue we have heard in regard--Senator Smith started to walk down that path--of those investors and those investment groups who come into a county government and purchase tax sale certificates. Ultimately, these investors come into county governments to purchase these to gain the 14 percent return on investment that is currently under state statute, allows them to receive when they are paying the property taxes on these properties. I'm trying to negate I think some of the concern that had been raised previously about a government entity competing with the private sector on this kind of work. The underlying argument we've been making all along, I think, by seeing the people we work with who come in support understand, that the private sector has left these problem properties and cast them aside. The private sector essentially has failed in trying to address these properties in certain parts of the metropolitan area of Omaha. And this is seen as the way to be able to bring the private sector, the philanthropic community, neighborhoods, and the cities together to try to acquire these properties, to do demolition if these properties have a structure on them, to rehab the property, and then get that parcel back on the market to be either used for residential purposes, commercial, industrial, or even public space, for that matter, if there was to be a park created in north or south or east Omaha. The reality is this entity is able to do that in concert with private sector partners and philanthropic partners. The tax sale certificate investors who worked with us on this realized that there are situations where investors will not put an investment or will not try to purchase a tax sale certificate, simply put, because either the property is in a part of town that they feel they will not see their return on investment. Or there are situations that were even acknowledged that out-of-state investors do come in, purchase these tax sale certificates with no underlying reason or rationale besides to get the 14 percent return on investment; that they ultimately do not care about the property that they're purchasing. They ultimately may not care about what the impact that property may have on the neighboring properties in the city or the neighborhood. They want the 14 percent return on investment. So the local tax sale certificate

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investors we worked with on the amendments ultimately came forward, proposed what we felt--the people we were working with--was a very reasonable compromise that to utilize this automatic bid through the tax certificate sale process there needed to be certain kinds of properties to utilize and there need to be certain reason and rationale of why this quasi-government entity or agency needed to have this authority to be able to outbid another investor. And that's laid out in detail in AM572, a variety of reasons why the property...and I can go over it at length in the amendment. It's there for you to read. But the rationale was these are properties that ultimately meet a criteria for us to make sure that these properties don't, one, further get more dilapidated; two, there's a reason or a rationale that this property or parcel could be used for redevelopment purposes in a neighborhood. [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: If you have a dilapidated property, as I mentioned before, next to two empty parcels of land, it would only make reason or only provide a greater reason or rationale to automatically bid that middle property so you can demolish the house and be able to build maybe an area of duplexes or townhomes or multiple residential units in a planned area. That is part of the rationale and reason behind the automatic bid that we narrowly define, I believe, in AM572. Compared to where we were a year ago with this legislation and where we were a year ago with those interested parties who had some initial concerns about the latitude that's given in the language in the bill, it's my understanding and my feeling that with the adoption of AM572 that ultimately satisfies a year and a half of negotiations with private sector investors... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR MELLO: ...in these kind of properties. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Mello. Chair recognizes Senator Ashford. [LB97]

SENATOR ASHFORD: Thank you, Mr. President, members. This is a good discussion about the process of acquiring the properties. And I know that Senator Mello and his team have been working quite a bit on this issue, and the amendment in AM572 I believe does address the concerns that were raised last year by the private sector. The reality is, at least in our community, that the public sector alone simply has been unable to acquire these lots, the empty lots and the lots with dilapidated housing, for a variety of reasons. One of those is that the revenue, the resources have not been available to the city of Omaha to acquire these lots in any...to any significant extent. The result is blight. No one can drive through those neighborhoods without a concern that the blight has not improved and that the opportunity for further investment by the private sector is made significantly more difficult by the lack of resources available to the city to renovate

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those particular lots and units in those neighborhoods. The other point that I would like to make is that I appreciate Senator Mello's willingness to think about the MECA-style governance structure. MECA, of course, was the governance structure that was created to develop, build, develop, and operate the Qwest Center, and the MECA-style quasi-governmental structure has worked and has worked primarily because it has been able to operate as a business, obtain private dollars or donations into the project, in this case the Qwest Center, and over the last ten years, quite frankly, has been able to show a profit and...but still fulfill a public purpose. Traditionally, at least in Omaha, the convention center arena business or arena business was always handled by the city, and now it is, for the most part, operated by MECA. Though land banking and convention centers are not exactly the same, they are, for the most part, traditional governmental functions. And as we move forward into thinking about different ways of governance in the future, the idea of quasi-governmental entities such as MECA and the land bank I think have quite a bit of allure, because you're not losing public accountability at all in this. In fact, public accountability in the MECA format is there and it is...transparency exists and the public is protected. And the same sort of process is available here, where the board members are appointed by the city council. They account to the city, to city government. It really is, I think, a unique way to govern, and Omaha, I think, has done an excellent job of developing it. I know there are, as Senator Mello has alluded to, there are significant private dollars that will be made available to this process. Let me...do I...how much time do I have, Mr. President? [LB97]

SENATOR GLOOR: A minute ten seconds. [LB97]

SENATOR ASHFORD: Could I ask Senator Mello a question? [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR ASHFORD: Could you, in the minute that I have, one of the intriguing...two intriguing pieces here, one is the property, 50 percent of the property tax being available to the land bank board for other development. Could you...I guess you probably haven't, just if you could explain that to me, please. [LB97]

SENATOR MELLO: I can, and I'll put my light on just to be able to explain if I can't in the 50 seconds I have. Right now with these problem properties in the metropolitan area, local political subdivisions are getting 100 percent of nothing, because these properties ultimately aren't paying tax. These properties aren't paying property taxes. They're going through the tax sale certificate process. And ultimately, if they're not being purchased, which we have information that about 8 to 9 percent, give or take, aren't being purchased, local political subdivisions aren't collecting taxes on them. And as a version as we have discussed, this 50 percent turnback over a five-year period allows

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some of the proceeds to be generated by the rehabilitation and sale of this property to go back to the land bank so they can continue... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR MELLO: Thank you. [LB97]

SENATOR GLOOR: Senator, thank you, Senator Ashford, Senator Mello. Senator Chambers, you are recognized. [LB97]

SENATOR CHAMBERS: Thank you, Mr. President, members of the Legislature. I have some preliminary questions I'd like to put to Senator Mello. And, Senator Mello, oh, first I'll see if he'll yield. [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR CHAMBERS: Senator Mello, I just have to touch on something in the bill itself before asking a question about the amendment that's before us. One page 3 of the bill, when it talks about how this entity is to be created, it said that it will be created pursuant to the Nebraska Land Bank Act and it shall be deemed a public corporation. What makes it a public corporation? Does that mean there's trading of stock or just what makes it a public corporation? [LB97]

SENATOR MELLO: Senator Chambers, unfortunately, they are not a public corporation in the sense of trading stock. That's the language that was utilized in drafting it with Bill Drafters in which the entity that we were working with had come up with that other states had utilized. [LB97]

SENATOR CHAMBERS: So we don't know what a public corporation...what this term means? Why don't they just say a corporation? Well, the word "public" makes me want to know what it is. I see Senator Ashford getting antsy. May I buck this question to Senator Ashford? [LB97]

SENATOR GLOOR: Senator Ashford, would you yield? [LB97]

SENATOR CHAMBERS: Do you have an answer, Senator, that won't take all of my time? [LB97]

SENATOR ASHFORD: No, I won't take all your time. [LB97]

SENATOR CHAMBERS: Okay. So what makes this a public corporation? [LB97]

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SENATOR ASHFORD: It's public. [LB97]

SENATOR CHAMBERS: Say it again. [LB97]

SENATOR ASHFORD: What? [LB97]

SENATOR CHAMBERS: You said it's...did you say it's public? [LB97]

SENATOR ASHFORD: (Laugh) No, the members of the board of directors are appointed by a public entity, in this case the city council. [LB97]

SENATOR CHAMBERS: So that's what makes it a public corporation. Well, while you're standing, "acting in a governmental capacity," what does that mean? [LB97]

SENATOR ASHFORD: It's performing a governmental function and it's consistent with the Internal Revenue Code that defines that kind of an entity as an entity that's created to perform a governmental function, in essence. [LB97]

SENATOR CHAMBERS: And when we see "political subdivision," that means the same as a city, a school district,... [LB97]

SENATOR ASHFORD: Correct. [LB97]

SENATOR CHAMBERS: ...or any of these other political subdivisions. Can a city create a subdivision, a political subdivision of the state? [LB97]

SENATOR ASHFORD: Yes. [LB97]

SENATOR CHAMBERS: How does it do that and what is... [LB97]

SENATOR ASHFORD: By statute. By statute I think we can authorize the city council...we can authorize the city council to do that. [LB97]

SENATOR CHAMBERS: You can authorize the city council to create a state agency. [LB97]

SENATOR ASHFORD: A public...a public...not a state agency but a... [LB97]

SENATOR CHAMBERS: Well, that's what this says, "a political subdivision of the state." So if it's a political subdivision of the state, it's not a political subdivision created by the city council. [LB97]

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SENATOR ASHFORD: I think... [LB97]

SENATOR CHAMBERS: It's the state...it's connected with the state. How can the city be allowed to do that? [LB97]

SENATOR ASHFORD: I think...I think...I think the answer is that that statutory language does allow the political subdivision to be created in that manner, and I think you can do that. [LB97]

SENATOR CHAMBERS: But it's created by the city council, not the state. Isn't that correct? [LB97]

SENATOR ASHFORD: It's created by the city council. It's formed by the city council, yes. [LB97]

SENATOR CHAMBERS: Senator Ashford, if this is a political subdivision, why are not the members who comprise it elected? [LB97]

SENATOR ASHFORD: I don't believe that all... [LB97]

SENATOR CHAMBERS: What political subdivision... [LB97]

SENATOR ASHFORD: ...political subdivisions have elected...a housing authority is a political subdivision and... [LB97]

SENATOR CHAMBERS: Of the state? [LB97]

SENATOR ASHFORD: I think all political subdivisions are political subdivisions of the state. [LB97]

SENATOR CHAMBERS: And the housing authority is considered a political subdivision. [LB97]

SENATOR ASHFORD: Yes, it is. [LB97]

SENATOR CHAMBERS: Well, why is this one not required to be elected, the board? They're intruding into communities. They're not administering something like the housing authority. [LB97]

SENATOR ASHFORD: Well, as a policy consideration, you could elect them, yes, but then they aren't in this statute or this bill. [LB97]

SENATOR CHAMBERS: But they don't want it elected because there are certain

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interests they want represented on this board. Isn't that true? [LB97]

SENATOR ASHFORD: Well, they do enumerate the interests, yes. [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR CHAMBERS: And there is no person from the community affected who would be on that board, as listed among the people on it. [LB97]

SENATOR ASHFORD: It could be but it's not specific to that community. [LB97]

SENATOR CHAMBERS: And for people who are skeptical of this whole thing, the entities that you mention are those who have damaged my community. The realtors, they segregate the housing market in Omaha now. Banks don't want to lend us money. They redline the community. Why...I had said I'd ask preliminary questions and I'm not going to get the answers right now. But I have a lot of problem with this bill. And I just now had the opportunity to look at it so I don't have all the answers. But I'm going to take time on this because I'm skeptical about these white people who can come into the community, accumulate this property, and perhaps hurt the remaining community around it. I don't trust them. I don't trust the board. I don't trust those who are putting this together. And I don't believe that the intent is righteous. Maybe the ones on the floor are righteous, but when I look at that list... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR CHAMBERS: ...of thuggish people...thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Chambers. Members waiting in the queue: Johnson, Campbell, Kintner, Christensen, Schilz, Bloomfield, Smith, and others. Senator Johnson, you are recognized. [LB97]

SENATOR JOHNSON: Thank you, Mr. Chairman and members of the body, and good afternoon. I'd like to talk a little bit and ask some questions of Senator Mello, if he will yield, dealing with the tax certificate process. [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR JOHNSON: Thank you. The tax certificates come up for...to be purchased and let's say the land bank purchases those tax certificates. And you explained that there's a three-year period which I think is in the normal process now without a land bank. But if the land bank is the purchaser of these tax certificates, let's say that the owner that has abandoned this property all of a sudden hears about this, finds out about this or comes into money, and he wants to come back or that entity wants to come back

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and redeem those certificates and pay the tax certificate off. Do they have that opportunity if the land bank is the owner? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR JOHNSON: And that would be also the same as if the land bank went to an auction, a sheriff's sale, and acquired that property. The individual owning that property that's now abandoned would have that same privilege that they have in current law? [LB97]

SENATOR MELLO: You are correct, yes. [LB97]

SENATOR JOHNSON: I thank you. [LB97]

SENATOR GLOOR: Thank you, Senator Johnson. Senator Campbell, you are recognized. [LB97]

SENATOR CAMPBELL: Thank you, Mr. President and members of the Legislature. I had the opportunity to speak with Senator Mello off the mike and I just thought maybe we would clarify a few points, if Senator Mello would yield. [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR CAMPBELL: Senator Mello, we talked about this and, for the record, this now would only affect Omaha and Sarpy County. Correct? [LB97]

SENATOR MELLO: The way the bill is drafted, it would only apply to a county with a city of the metropolitan class and adjoining county that has at least three cities of the first class, which would incorporate Douglas and Sarpy County. [LB97]

SENATOR CAMPBELL: Because the question that I had posed to me had come through a Lincoln organization. Second question is, will the local council or mayor be able to define what are problem properties beyond what might be stipulated in the bill? [LB97]

SENATOR MELLO: Yes, actually. As I hopefully mentioned in my testimony, this is enabling legislation. Ultimately, a majority of the day in, day out operations and other aspects of the acquisition of property or certain kinds of properties can be determined through the creation of a city ordinance, which is needed to be able to actually create the land bank authority. [LB97]

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SENATOR CAMPBELL: Because this would be important because I think some people's impression is that this has just got an overgrown yard and some peeling paint, and someone can swoop in. It would seem to me that those conditions would have to be a little bit more specific before the land bank could jump in. [LB97]

SENATOR MELLO: It would be. And once again, Senator Campbell, I can't speak directly on behalf of the city council and mayors representing the municipalities that may want to be able to create a land bank. But they are given the authority since the bill is enabling legislation, and it's actually fairly prescriptive enabling legislation that details what kind of properties can be acquired utilizing the automatic bid to the tax sale certificate process. [LB97]

SENATOR CAMPBELL: If the land bank identified properties that they are looking at, would the private sector have one more chance to purchase those properties? [LB97]

SENATOR MELLO: Well, ultimately, the way it's created, a tax sale certificate process, that the proper owner can go back and purchase,... [LB97]

SENATOR CAMPBELL: Okay. [LB97]

SENATOR MELLO: ...as Senator Johnson's questions were asked previously, that the property owner can come back and purchase, payoff the taxes and get the property back through the tax sale certificate process, and/or a foreclosure process, be able to pay the back taxes as well to acquire the property. Once again, for it...for the land bank to actually acquire a property through the tax foreclosure process, it has to follow the same process that anyone else who would seek to purchase the property would have to follow. [LB97]

SENATOR CAMPBELL: And I think that speaks to your point earlier in your testimony about the importance of the private sector and interests of private sector versus this public body. So I think as you continue to speak about that, it would be helpful on the clarification. And I appreciate your taking time to answer the questions. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Campbell. Senator Kintner, you are recognized. [LB97]

SENATOR KINTNER: Thank you, Mr. President, members of the body. So if I understand this to be correct, we're creating a new entity here. The point about the mayor, authority to hire staff, enter into contracts, create committees/subcommittees, partner with private or government entities, it's specifically designed, as I understand it, to compete with the private sector, to bid against private investors to purchase tax liens. And of course, it can use its trump card, the automatic bid, to purchase tax liens,

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bidding against private investors when it deems in its best interests. I guess the land bank will fund itself by pleading with municipalities to allocate funds or by seeking a profit from the tax lien speculation, in direct competition with private investors. All right, this process to me goes against or directly contradicts the American values of free enterprise. Doesn't mean we shouldn't necessarily do it, but there needs to be an extraordinary circumstance in which we should do that, and we may reach it here. Senator Mello, will you yield to some questions? [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: I would. [LB97]

SENATOR KINTNER: I think everything I said, was it correct, everything I just said, the way I summed it up? [LB97]

SENATOR MELLO: I think, Senator Kintner, I would probably use different language and different perspectives of how you described what the land bank does, but the reality is it does have similar functions that other municipalities and political subdivisions have in its ability to purchase tax sale certificates at a tax sale certificate sale. [LB97]

SENATOR KINTNER: So a land bank is subject to the same tax lien rules as private investors. Is that correct? [LB97]

SENATOR MELLO: Yes, as it would be under the same rules as any other political subdivision that currently right now can also go purchase tax sale certificates at tax sale certificate sales. [LB97]

SENATOR KINTNER: And it take three years of delinquent taxes before a tax lien investor can foreclose on the property, right? [LB97]

SENATOR MELLO: Correct. [LB97]

SENATOR KINTNER: So the land bank, like a private investor, cannot enter or maintain the property until it's been abandoned for three years? [LB97]

SENATOR MELLO: Correct. [LB97]

SENATOR KINTNER: Okay, so it will have to deteriorate and be vacant for three years. [LB97]

SENATOR MELLO: They have to follow the same process that every...that a private investor or anyone else who would seek to purchase a tax sale certificate would have to follow as well under current state law and state constitution. [LB97]

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SENATOR KINTNER: Okay. So when an investor purchases the tax lien, they're paying taxes on that property, right? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR KINTNER: When the land bank purchases a tax lien, they are not. [LB97]

SENATOR MELLO: No. If they purchase a tax sale certificate, they have to pay the taxes on the tax sale certificate as well. [LB97]

SENATOR KINTNER: Okay. And that money is coming from where? [LB97]

SENATOR MELLO: That's left up to how a land bank ultimately is created by a local government. As I mentioned in my testimony, there are a variety of ways of revenue to be generated by a land bank, whether it's direct or in-kind services from a municipality, philanthropic contributions, which has really been part of the driving force of who we've been working with in the creation of LB97 in the metropolitan area, in partnership with Habitat for Humanity. As I mentioned before, in Cleveland, Ohio, you had six major banks donate foreclosed properties actually to the land bank to give them the initial start-up seed and capital and properties to get their land bank going. [LB97]

SENATOR KINTNER: Is there any amount of time...is there any limit to the amount of time a land bank can hold land? [LB97]

SENATOR MELLO: No, in the sense of property it owns, no. If it owns the property and owns the deed to the property, no. [LB97]

SENATOR KINTNER: Does the land bank have the authority to partner with other entities such as a city or private developer? [LB97]

SENATOR MELLO: It has the flexibility under the bill, once again, depending upon what a city council and mayor create in city ordinance. [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: They may ultimately choose to limit that flexibility. But the reality is, as long as it falls...whatever they're doing then falls under mission that's laid out in LB97 to acquire, to hold, to redevelop, and to rehabilitate vacant, abandoned, and tax foreclosed properties. It can partner with a nonprofit. It can partner with a private sector entity, another municipality, a county government, whoever it may be. [LB97]

SENATOR KINTNER: Could a bank conceivably partner with a city to exercise the

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power of eminent domain and force a person to sell their property? [LB97]

SENATOR MELLO: Not that I'm aware of, Senator Kintner. I think the reality is there is no eminent domain authority given to the land bank. If a city or a municipality which does have eminent domain authority chooses to use their eminent domain authority, there's a lengthy process a municipality has to follow to take a piece of property. So if that's up to the wishes of the city, which has a separate process to do that,... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR MELLO: ...that goes outside of a land bank. [LB97]

SENATOR GLOOR: Thank you... [LB97]

SENATOR KINTNER: Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senators Kintner and Mello. (Visitors introduced.) We continue with floor debate. Senator Christensen, you are recognized. Senator Schilz, you are recognized. [LB97]

SENATOR SCHILZ: Thank you, Mr. President, members of the body. And I want to thank Senator Mello for answering the questions, not only my questions but everybody else that's answered. And as I sit and look at this...and I always look at things as how best to solve a problem, where's the best place for solutions? And as I take a look at this, what I always ask myself when we're talking about things like this, are there ways to create opportunities or solutions that the private sector is involved with so that we don't have to create more government as we move forward? I understand completely that there's a need in Omaha, Douglas, Sarpy County. But let's be honest about it, there's also a need in Keith County, Kimball County, Perkins County, and every other county across the state, city, municipality, wherever, that have these issues going on. So I want to make sure that as we find solutions, that we find solutions for the whole state and put those in place that actually solve the problem. I would wonder, once again, if Senator Mello would be willing to answer some questions. [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR SCHILZ: Senator Mello, we have a definition in here, I believe, of an abandoned property, correct? [LB97]

SENATOR MELLO: I believe we do. I'd have to look exactly in what section that is in but... [LB97]

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SENATOR SCHILZ: Uh-huh. Right. Is this the first time in state statute that we have defined an abandoned property as it pertains to a situation like this? [LB97]

SENATOR MELLO: I do not have that answer off the top of my head, Senator Schilz, but I would have to assume no. I have to believe there's got to be a definition somewhere in state statute of what an abandoned property is. [LB97]

SENATOR SCHILZ: Okay. For the purposes of this bill, could you go through what would qualify as an abandoned property? [LB97]

SENATOR MELLO: I can if you give me a second here to look through the...I'm trying to look through the amendment, which changes the bill. [LB97]

SENATOR SCHILZ: You're fine. Okay. And I'll just keep going. And we can answer that a little later if that's okay with you. I can come over and talk to you. We talk about these delinquent taxes and what goes on there and how folks are investing to get 14 percent and at the end what's said is that, jeez, you know, they come in, they look at the property, they see that it's not worth what they thought it was, and so they don't do anything. And my question then would be...and this is a question, as far as those delinquent taxes and those folks that invest in that, once that process is over...and I think you said that it takes three years. Is that correct? [LB97]

SENATOR MELLO: That is correct. [LB97]

SENATOR SCHILZ: Once that is over, how much of an equity stake does that investor have in the property? [LB97]

SENATOR MELLO: Well, the investor ultimately has paid the property taxes on that property for a three-year period, and the way our current state law presides or essentially follows is that property then goes to tax foreclosure, through the tax foreclosure process, in which it then would go to a tax...essentially a fire sale of that property through the county in which the property is located. So ultimately, that investor can get some of their funding back possibly if they choose to purchase the property. [LB97]

SENATOR SCHILZ: Right. Well, why don't they purchase the property today? [LB97]

SENATOR MELLO: They ultimately...they don't have to purchase the property, Senator Schilz, and in a lot of cases they don't purchase the property because the property just doesn't have a value to the investor, simply because the investor bought the tax sale certificate to generate the 14 percent interest on that property's tax sale certificate for a three-year period. [LB97]

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SENATOR SCHILZ: Right. And then it's my understanding, and I don't know if you know this, it's my understanding then that when this is all over and the person actually does have the opportunity to take control of that... [LB97]

SENATOR MELLO: What's that, Senator Schilz? I apologize. [LB97]

SENATOR SCHILZ: I said when it's all over and he does...and somebody, an investor, whichever that might be, whoever that might be, has the opportunity to buy this or to take possession of it,... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR SCHILZ: ...according to what I understand, that person's equity stake in that property then falls back to 1 percent. Is that correct? [LB97]

SENATOR MELLO: Senator Schilz, I'd have to get that answer to you off the mike. I'm not aware of exactly the percentage that they would have equity stake. I know ultimately for any entity, whether it's a land bank or a private investor who purchases a tax sale certificate, if they choose to take it to a tax foreclosure sale they ultimately have the ability to purchase the property. Not every tax sale certificate holder ultimately chooses to take a property to tax sale. [LB97]

SENATOR SCHILZ: And it is my contention then that if this number is right and it is 1 percent, could we maybe not solve this somewhat by increasing the amount of equity that those folks have as the investment to be able to then move forward as private investment, not create a new governmental agency to do this, and possibly... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR SCHILZ: ...solve some of the problem that way? Thank you very much. [LB97]

SENATOR GLOOR: Thank you, Senator Schilz, Senator Mello. Members in the queue: Bloomfield, Smith, Price, McGill, Nelson, and others. Senator Bloomfield, you are recognized. [LB97]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'd like to ask Senator Mello a couple questions if I could. [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

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SENATOR BLOOMFIELD: Senator Mello, if the property is worth more than the taxes against it, does the...where do any excess monies go? Do they get back to the original owner somehow or is he left out in the cold? [LB97]

SENATOR MELLO: I guess your question is if the property's value is more than what the taxes are paid. [LB97]

SENATOR BLOOMFIELD: Yeah. [LB97]

SENATOR MELLO: The properties we're dealing with, I think, Senator Bloomfield, are properties where their value is less than what the property taxes are owed on the initial property, because that property's value has gone under water for one reason or another. [LB97]

SENATOR BLOOMFIELD: But is that necessarily the case? If you have a fairly large piece of land that might have something developed on it down the road, can you, under this priority system, get it purchased and...if there would... [LB97]

SENATOR MELLO: I should clarify a couple things right now. I think there is maybe a misconception, with some of the questions that Senator Schilz asked. Political subdivisions right now in Nebraska can go to a tax sale certificate sale and purchase these tax sale certificates. So if the city of Wayne wants to go do that, they can go do that, as could the city of Omaha. The difference, though, and I believe I think what I'm seeing...I think where I hear you're getting at in regard to the automatic bid, is that that automatic bid to purchase the tax sale certificate doesn't change any of the actions of the land bank once they acquire that certificate. They still have to pay the taxes to the county over the three-year period or however long it is till the property owner...if they choose to redeem their tax sale certificate and pay the taxes, it's the same thing as any other entity or individual choosing to buy that tax sale certificate. The lone difference, though, when it comes to the automatic bid is that, one, for the land bank to utilize it, they have to essentially get a two-thirds majority vote of their board to be able to do it. And we specify in the committee amendment certain kinds of properties that can do it. If there's a big, large, vacant property, for an example, in let's...in south Omaha, in my legislative district, that the land bank would want to acquire for the purpose of building five residential homes, they would follow that same process. They would have to provide rationale and reason of why they want to use the automatic bid to acquire that property through a tax sale certificate, in comparison to just competing against other investors at the tax sale certificate, if that property ultimately goes up for a tax sale certificate. [LB97]

SENATOR BLOOMFIELD: Okay. Another question: If I purchased a home with three or four lots 20 years ago, the home is on one lot, there are two lots adjoining it, and hard

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times have come to me and I've managed to keep the property taxes paid on my home but not on the empty lots, are they now up for grabs by this entity? [LB97]

SENATOR MELLO: Well, under current law, state law, those properties, if there are property taxes not paid, they would go through the tax sale certificate process and an investor or anyone else, a land bank not created or created, or a municipality, could choose to purchase that tax sale certificate. [LB97]

SENATOR BLOOMFIELD: Okay. [LB97]

SENATOR MELLO: Now you ultimately have three years to pay off your taxes to acquire your property back before it would go into foreclosure,... [LB97]

SENATOR BLOOMFIELD: Okay. Thank you. [LB97]

SENATOR MELLO: ...which even then at foreclosure you could purchase your property back. [LB97]

SENATOR BLOOMFIELD: Thank you. And I'd yield the rest of my time to Senator Chambers. [LB97]

SENATOR GLOOR: Senator Chambers, 1 minute 15 seconds, Senator. [LB97]

SENATOR CHAMBERS: Thank you, Mr. President, members of the Legislature. And thank you, Senator Bloomfield. I have enough time to ask one question of Senator Mello. [LB97]

SENATOR GLOOR: Would you yield, Senator Mello? [LB97]

SENATOR MELLO: Of course. [LB97]

SENATOR CHAMBERS: Senator Mello, on page 2 of the amendment, this board, speaking of the board, shall represent, to the greatest extent possible, the racial and ethnic diversity of the municipality or municipalities created, creating the land bank. With all these appointments, how are you going to do that? It's up to the mayor. [LB97]

SENATOR MELLO: It's actually up to the mayor and the city council ultimately to define a process of how they would go about doing that. [LB97]

SENATOR CHAMBERS: But the mayor makes the appointments. The council cannot appoint. They can confirm or choose not to, but the mayor makes the appointments. Would you agree? [LB97]

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SENATOR MELLO: Yes. [LB97]

SENATOR CHAMBERS: So that's just surplusage, as far as I'm concerned, because it is not enforceable in any way, is it? It's a statement. It's aspirational as a statement, but it means nothing and carries no duty or places no duty on the mayor to make such appointments, does it? [LB97]

SENATOR MELLO: That is fair that it is aspirational, Senator Chambers. [LB97]

SENATOR CHAMBERS: And I won't go beyond the time that I had. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Chambers. Senator Smith, you are recognized. [LB97]

SENATOR SMITH: Thank you, Mr. President. Once again, I don't challenge the identification of the problem that we have in some of our urban areas for these properties, and I don't challenge the intent of the bill nor the concept of the land bank and this public organization to control the land bank. But I do have some concerns about how we regulate the size of this land bank and the controlling organization. And I heard Senator Mello say that this is really up to the board to regulate and to control the investments and how large this becomes. But yet I look at the way that the board is made up and I do, like Senator Chambers has, I do have some reservations as to how this board is assembled. Senator Chambers did point out in the amendment, page 2, line 2, that, "Shall represent, to the greatest extent possible, the racial and ethnic diversity of the municipality or municipalities that created the land bank." But then it goes on to specify the makeup of that board, that at least one member representing the banking industry, one representing the real estate developers, and so on and so on. But there's no clear...there's no...it's not clear to me, are these retired or active? I mean to what degree are they representing the banking industry, real estate industry, chamber of commerce? There's not any real meat in this in terms of how the board is assembled. And I think it becomes a bit problematic if they are the ones that are to control how large this organization becomes. I kind of like the direction that Senator Chambers is going in terms of having an elected body here that represents the community, but with that, I still believe that there's a need to have some type of a cap of assets that are...that can be contained within this land bank to make certain that it does not become just a huge government entity that is competing with the private sector on these investments; that it really stays focused on the primary intent of a land bank. So again, I like the concept here but I do see some concerns with this, the governance of it, the board. And with that, I'll give the rest of my time to Senator Chambers. Senator Chambers, if you'd like my time, you may have it. [LB97]

SENATOR GLOOR: Two minutes 15 seconds, Senator. [LB97]

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SENATOR CHAMBERS: Thank you, Mr. President. Thank you, Senator. Senator Mello, I wanted to make clear my skepticism, so you might be able to determine, as I ask you these questions. If you were going to talk about racial and ethnic diversity, let's say that a bank said, well, we're going to help the mayor out; we have a black guy in our bank and he's a teller; we'll let him, the mayor, appoint him. Is that person contributing to racial diversity or is that person representing the bank, the banking industry, or both? [LB97]

SENATOR MELLO: I think, Senator Chambers, the way I would interpret the legislation and ultimately the example you used, I would interpret that it would...that individual would represent both I think diverse racial diversity on the land bank board as well as representing, as it says in the bill, someone representing the banking industry. [LB97]

SENATOR CHAMBERS: Is it true, in your opinion, and I'm asking for your opinion, that the hand that feeds controls? [LB97]

SENATOR MELLO: One could... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...agree with that, Senator Chambers, yes. [LB97]

SENATOR CHAMBERS: If this person is hired by the bank, he's not going to represent the black community. Or do you think he or she would? If the bank put that person on this board to represent the bank, is that black person going to say, well, my job is to represent the black community and I just happen to work for the bank? Is that what you think is going to happen? [LB97]

SENATOR MELLO: Senator Chambers, I don't think I can give a...I wouldn't look at it in the hypothetical that way, in part because you could have an individual who is African-American who lives in the western part of the city who doesn't have a direct connection, for an example, to the eastern part of the city where you and I live that this bill is trying to address. So I think it's...for me to say hypothetically that they wouldn't represent the African-American community, which is predominantly in north Omaha, I wouldn't know without knowing if they live in east Omaha or north Omaha. [LB97]

SENATOR CHAMBERS: Okay. Then why don't you do away with what is the typical sham that's fed to us? They throw us a bone without meaning. Why don't you eliminate that language? Who said that language should be put in here? [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

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SENATOR CHAMBERS: Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Chambers. Senator Price, you are recognized. [LB97]

SENATOR PRICE: Thank you, Mr. President, members of the body. This is an involved piece of legislation we're looking at. It's tough, at least for me it is. And so I've got some questions and I would like to know if Senator Mello would yield to them. [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR PRICE: Thank you, Senator Mello. We're going to try to get through these. There are a number of them, so brevity being important here. I noticed that in Section 12, when we talk about the issuance of bonds and it talks a lot about how bonds are going to be issued, it does say in there in paragraph (6), page 15, that the municipality that the bank belongs to or it was created by the...the bank that was created by the municipality won't be liable to service the debt on any of those bonds. Is that not true? [LB97]

SENATOR MELLO: That is correct. [LB97]

SENATOR PRICE: Is that typical language or standard language for bonds for municipalities? [LB97]

SENATOR MELLO: This is unique in the sense that the only way that essentially the land bank can utilize bonds or take out bonds is that they have to have the collateral up front to do that, and that's mostly done through mortgage-backed bonds, which the research we've seen in other land banks across the country, no other land bank essentially, while they had this authority, has utilized bonding authority. [LB97]

SENATOR PRICE: Okay, so the bottom line really comes in to you can't get a bond if you don't have the money to secure the bond already, so okay. My question is on those bonds, it talks about them being available to sell and it talks about how they'll be sold to the public and put in the paper. But then it talks about private sales. Why would a land bank have private sales of bonds when they're a public corporation? [LB97]

SENATOR MELLO: I'm trying to see, what section are you referring to, Senator Price? [LB97]

SENATOR PRICE: I'm still in that same section here. It's actually page 15, line 11, and it says, "either at public or private sale." So it sounds like to me that the land bank can

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take monies, buy properties, or get bonds, sell the bonds to people that are private when it's a public entity. And I didn't know if that was a typical arrangement for bonds. I'm not a bond expert. So is that...my question: Why are we having private sales? [LB97]

SENATOR MELLO: Senator Price, I can get back to you. I'm not aware either. I'm not a bond expert as well, so I can check and see if that's available also to municipalities as we tried to mirror this off what any kind of bonding authority that other political subdivisions would have. [LB97]

SENATOR PRICE: Okay. [LB97]

SENATOR MELLO: So I'll double-check and see how the sale of a private sale bond, in comparison to public, what the difference is and what other political subdivisions have that authority, if any. [LB97]

SENATOR PRICE: Okay. Great. And then I want to talk about...we talk about this, that the ability for the land bank to dissolve any liens, if those liens are to other political subdivisions. Again, is that typical behavior entrusted to a political subdivision and liens? [LB97]

SENATOR MELLO: No, actually. That is, the ability to extinguish other political subdivision liens is unique and critical to the land bank, in part because properties...ultimately, properties that have back taxes, so to speak, need to have those back taxes cleared for another political subdivision to be able to acquire it. [LB97]

SENATOR PRICE: Okay. So now if I have a land bank, if I have a land bank in Douglas County and they go...can they buy distressed properties in Sarpy County? [LB97]

SENATOR MELLO: I'm sorry, Senator Price. What was the question? [LB97]

SENATOR PRICE: I'm pretty sure I know the answer to this. A land bank can only buy things in the municipality of which they reside, not even in the ETJ but only in that municipality. [LB97]

SENATOR MELLO: Correct. [LB97]

SENATOR PRICE: Okay, great, because I was concerned that we'd be waiving...we'd be robbing Peter to pay Paul. We put a land bank up for the city, one of the cities--I'm not going to name a city--and they decide that they're going to dissolve the lien that's owed to another political subdivision. That's just robbing Peter and Paul... [LB97]

SENATOR GLOOR: One minute. [LB97]

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SENATOR PRICE: Thank you...in my opinion. And this is really tough stuff that we're dealing with. And so finally, it talks about if the land bank needs to be dissolved. Again, we're still in Section 12 and beyond, okay? It talks about in the case they want to dissolve a land bank, all the properties held by the land bank become the property of the municipality. Is that standard? [LB97]

SENATOR MELLO: Well, once again, Senator Price, land banks are unique and this is the creation of a land bank process for Douglas, Sarpy County. [LB97]

SENATOR PRICE: Well, I mean... [LB97]

SENATOR MELLO: ...so there is... [LB97]

SENATOR PRICE: ...I mean if anybody owns...if...are there no other...are there no other entities that can...that are public in nature that can take properties for a profit like the land bank? Is this the only way that happens? You... [LB97]

SENATOR MELLO: I guess I'm not understanding your question. It's simply if a land bank has property, it's giving the property to the municipality... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR MELLO: ...that created it. [LB97]

SENATOR PRICE: Okay. [LB97]

SENATOR GLOOR: Thank you, Senator Price,... [LB97]

SENATOR PRICE: Thank you. [LB97]

SENATOR GLOOR: ...Senator Mello. Senator McGill, you are recognized. [LB97]

SENATOR MCGILL: Thank you, Mr. President, members of the body. I rise in support of LB97 and AM572. This was originally a concept that came through the Urban Affairs Committee and we spent a couple years working on before this last time around. And the final copy was then sent to Revenue, since there were some changes that affected...that were more...more better suited the bill for the Revenue Committee. But we were able to work with Senator Mello over a couple of years and through interim studies to move this bill from something where there were a lot of questions, there were a lot of concerns and opposition, to a point where we really just have one particular group that's opposed. And that particular group is one of which Senator Mello has bent over backwards to address all their concerns, and things continue to pop up. And so, yeah, I definitely appreciate that we're going through a lot of the discussions that we had

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within our own committee here on the floor to better understand how a land bank works, to see how it's functioning in other states. You know, I've been back and talking about elections with Senator Mello and his staff and the membership of the board, and I'm not sure how we would handle, if we did want to make this an elected board, how we would handle the costs of those elections. And there really is no start-up money when it comes to a land bank. But I'm open to continuing to hear the discussion in terms of that element, though none of the other land banks do elect their folks. They are appointed in the other states that are currently doing this. I wanted to share a little bit, I know this isn't really in the weeds and back at a higher level of discussion of this bill, but wanted to go over some of the information that we learned particularly about Omaha and their current situation with vacant and condemned properties. During the last time that the Urban Affairs hearing heard testimony on this bill, it was clear that there are over 13,000 vacant and condemned properties in Omaha. This is a huge problem. That's just east of 72nd Street. You add another 2,000 by looking at the property between 72nd and I-680. And so there's that 13,000 condemned properties, 15,000 when you look all the way to I-80 and eastward, and of those it's about 600 or 700 that actually have demolition orders out on them. But in any given year, the city of Omaha only has the funds to demolish...well, in 2011 it was 36, 36 out of over 10,000 properties that needed this help. That's why we have this bill before us, because we have a tremendous problem there in Omaha, one that, I mean, we have smaller versions of here in Lincoln and many of your rural communities with vacant properties, but the city of Omaha can only now demolish 36 out of the hundreds, of the tens of...10,000 properties that are currently problematic. The current market-based system is not functioning in terms of helping to revitalize these properties and getting them back into a condition where the free market would want to purchase them. So I thank Senator Mello for bringing us this idea, working on it for a couple of years, and continuing to take these questions and making sure the body can feel comfortable with this bill moving forward, because we do have a true problem in the Omaha metro area. This is a good bill that tries to address that problem and will hopefully...and will lead to more properties getting the rehabilitation that they need. And with that, I'd yield the rest of my time to Senator Mello. [LB97]

SENATOR GLOOR: Senator Mello, 1 minute 23 seconds. [LB97]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. Trying to address, I think, some unique questions that have been asked, one, Senator Schilz, I believe, is going to try to find some statutory language, which we're trying to find also, that discusses this 1 percent equity that is acquired when someone goes through a tax foreclosure sale if they are the tax sale certificate purchaser. That was something we've been unaware of and ultimately we've asked the Revenue Committee staff to assist us in finding the documentation behind that question and seeing if we can get to the bottom of that answer. Senator Price just asked a question about private sale of bonds. Municipalities, as the League of Municipalities just informed me, this occurs all the time

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with municipalities in regards to doing public or private sale of bonds. Most private sale of bonds occur, apparently, through the assistance of those who are doing the underwriting, and they compile the bonds and do them in a private sale. I have my light on, colleagues, and believe me, I'm willing to take questions on this. If we've got to go eight hours on it, we can go eight hours on it. I appreciate Senator Chambers' questions and I appreciate some of his concerns, representing a part of Omaha that ultimately would be affected by this, as is my district, Senator Cook's district, Senator Nordquist's, and Senator Howard's district primarily being the five areas in east Douglas County that have the largest number of vacant, abandoned, and tax foreclosed properties. A couple components, though, that I think need to be clarified: Senator Smith had raised I think either there were some concerns or I didn't quite... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR MELLO: Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Mello. Senator Nelson, you are recognized. [LB97]

SENATOR NELSON: Thank you, Mr. President, members of the body. I want to stand in general support here of LB97 and the amendment, and let me preface this by saying that I've been to Cleveland and I've observed the land bank there and how it operates. I do have some questions for Senator Mello, though. I'm sorry. [LB97]

SENATOR GLOOR: Senator Mello, would you yield to Senator Nelson? [LB97]

SENATOR MELLO: Of course. [LB97]

SENATOR NELSON: Thank you, Senator Mello. Just to clarify some things, when there are delinquent taxes, an investor decides to buy up those taxes, are they limited to three years or can they continue to pay the taxes beyond that? [LB97]

SENATOR MELLO: Well, ultimately it could be left up...the investor could ultimately continue to pay those taxes, but normally after that three-year period those who have purchased a tax sale certificate normally choose to take it to a foreclosure sale. There's a lot of cases, as we're seeing in east Omaha, though, where they're not taking this to a foreclosure sale and that tax investor ultimately walks away and chooses no longer to want to invest on that tax sale certificate because ultimately they're not getting a return on their investment because the owner doesn't want the property back. [LB97]

SENATOR NELSON: Okay. So then the city proceeds to foreclose. Is that correct? [LB97]

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SENATOR MELLO: Well, that's the dilemma and, no, the city doesn't choose to foreclose. When a tax sale certificate investor walks away after a three-year period, that property goes back into the tax sale certificate process. As I mentioned in my testimony, in the testimony in front of the hearing, the Habitat for Humanity had provided some examples where properties in north and east Omaha had essentially got caught up in the tax sale certificate process after that three-year period where they were in the process for roughly nine years of essentially being churned over every three years with no one purchasing the property. [LB97]

SENATOR NELSON: So no action is taken on that property, no taxes collected for nine years thereafter. Is that correct? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR NELSON: All right. Senator McGill cited the large number of properties in south Omaha and north Omaha and in other places, as far as that goes. Do you happen to know what percentage of that total number are vacant lots and what have buildings on them? [LB97]

SENATOR MELLO: You know what, Senator Nelson, I would probably have to get that information. I don't have it off the top of my head. I know the city of Omaha had... [LB97]

SENATOR NELSON: Okay. [LB97]

SENATOR MELLO: ...provided that information both to the Urban Affairs Committee and to the Revenue Committee. Senator McGill is bringing that to me right now, actually, a handout that they had. East of 72nd Street they had vacant properties, 6,100 roughly; condemned properties they had 1,600, almost 1,700 condemned properties east of 72nd. East of the I-680 corridor they had roughly 7,200 vacant properties, and roughly 1,749 condemned properties. [LB97]

SENATOR NELSON: Well, when we talk about properties, are we talking about those with buildings on or are we...aren't there some vacant lots in there? I don't understand the terms necessarily, but let me pursue. Let's say that the majority of them have buildings on. They've either been condemned, so they need to be torn down. The city can't afford to tear them down so they just sit there. Would that be correct? [LB97]

SENATOR MELLO: Correct. [LB97]

SENATOR NELSON: All right. So here we have the land bank coming along. They are the ones who are going to have to tear them down, I presume. And where does the money come for that, I mean, to tear a large number, in fact ten times as many as the city feels that they can afford to do? [LB97]

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SENATOR MELLO: That is the uniqueness of what is LB97 is that it would only be able to essentially happen, Senator Nelson, with the assistance of the private sector, both from the business community and the philanthropic community,... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...that would provide the seed money to a land bank for them to start that process of doing demolition on properties. And with the built-in 50 percent property tax turnback to the land bank for those properties that are demolished and ultimately sold on the free market, that provides a consistent, while small, revenue stream for them to continue to do further demolition. [LB97]

SENATOR NELSON: Well, but that's a few years down the road. Where do the initial large segment of sums, is that through bonds, sale of bonds, or where does the money come from to start all that work? [LB97]

SENATOR MELLO: The money essentially will have to...that will be determined by the local government, Senator Nelson, as I just mentioned. A good number of land banks that have been created nationwide have started and been infused with large contributions from private foundations and/or the private sector businesses, whether banks make a contribution or provide... [LB97]

SENATOR NELSON: All right. [LB97]

SENATOR MELLO: ...the initial parcels of land for them to be able to demolish and then sell and start that process. [LB97]

SENATOR NELSON: I notice... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR NELSON: Thank you. [LB97]

SENATOR GLOOR: Thank you, Senator Nelson, Senator Mello. Senator Mello, you are next in the queue. [LB97]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I'll try to answer Senator Nelson's question I think in a little bit clearer detail. There is no dedicated revenue stream to the creation of a land bank, with the exception of a 50 percent turnback on the property that it sells. Ultimately for this to start...and that's why I think Senator Ashford started the dialogue off today in the sense that this is a public-private partnership, quasi-governmental authority. The only way this is going to

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be successful is with the private sector being heavily involved with it, of financing it, of being able to provide the initial capital, and ultimately working with the city and the city planning department, in the case of Omaha, in regards to acquiring the vacant and abandoned and tax foreclosed properties to start the process of demolition, rehabilitation, and then ultimately selling those properties on the free market. I hope that's clear to Senator Nelson that this may not even occur without the initial start-up capital from a private foundation or a contribution from the private sector, because ultimately the city of Omaha doesn't have the funding in their existing budget to do really a whole lot of demolition on abandoned properties already. So this is to help and assist them in that, but it's really coming through the private sector in a quasi-governmental authority with the public and private sector working together on how to do this. I believe I answered Senator Price's question, and I'll go back to Senator Smith's question. I think he raised the issue of, for some reason or another, there's a concern that this is going to be in a large, vast, government authority. Well, ultimately it can only grow in the sense of the properties it acquires. If I want to donate a vacant lot next to my house that I own, I can donate that property to a land bank authority. If the city of Omaha wants to donate vacant property they own to a land bank, they could do that as well. That doesn't mean ultimately it's going to be a large, vast, growing bureaucracy. It may not even have staff, in which the research we've seen a majority of land banks across the country have a board similar to a planning commission. And that's...I utilized that example to clarify what appears to be some concerns that this is a government overreach or government growing at leaps and bounds. Most cities have planning commissions. This is the equivalent of a unique planning commission that is able to acquire property, clean up the property, ultimately dispense the property. And if you will actually look at the fiscal note, it shows that this will...this is projected by NACO to actually generate more property taxes for local county governments because the end process at the end of the day is generating more useful, productive pieces of property that pay property taxes. I think that shouldn't be lost on us. And the issue of the private sector needs to be able to do this, and if we make a tweak here or a tweak there we could have private investment in the private sector do this, colleagues, I've answered this question for the two years we've been working on this bill. And I don't believe the private sector entities that worked with us on drafting this to make this as a pilot project for Douglas, Sarpy County would have come in support as they did and/or worked with us as they did if they thought and saw this as an affront to free enterprise or what the work the private sector does day in, day out. I don't see them doing that. I have a tough time believing the chamber of commerce, the state bankers, the realtors, people who put time and energy in crafting this word for word, section by section, would say, Senator Mello, this is a government intrusion on private enterprise and free enterprise; you can't; this isn't...we can't support this. Colleagues, ultimately they didn't say that because they worked with us, because the reality is this. There are properties in Douglas County particularly... [LB97]

SENATOR GLOOR: One minute. [LB97]

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SENATOR MELLO: ...where the private sector has failed and they've walked away. For one reason or another, whether it's urban blight, high-poverty areas, high-crime areas, whatever the exact reason in parts of east Omaha, Douglas County, the private sector has walked away. And these properties are left as a burden on taxpayers, both through local political subdivisions, cities, and county governments. This is a bridge to be able to get these problem properties out of the problem state that they're in, into a rehabilitated state so that they could be sold to a developer, a homebuilder, a nonprofit housing corp., whoever wants to acquire that property for the purposes laid out in the bill, which is mostly focused on residential homebuilding, which we know is needed in the eastern part of our city. My hope is that that explains a little bit of the creation... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR MELLO: Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Mello. Mr. Clerk for an amendment. [LB97]

CLERK: Mr. President, Senator Chambers would move to amend the committee amendments with FA39. (Legislative Journal page 845.) [LB97]

SENATOR GLOOR: Senator Chambers, you are recognized to open on your floor amendment to the committee amendments. [LB97]

SENATOR CHAMBERS: Thank you, Mr. President, members of the Legislature. I hear all the accolades for this bill and how great it's going to be, but most of those people saying it don't live in the community where I live. They don't see what happens in the community in which I live. They're not aware that people in that community can call the city permits and inspection and say, you've got a house over here that's vacant, it's owned by somebody who doesn't live in the community, the weeds are growing up, there are rats, there are people going into the building, the windows are broken out. They say, well, we have so many buildings that we have to look at, there's nothing we can do about it. Our community is savaged by everybody. The absentee landlords are the ones that hurt us. But because I don't expect anybody on this floor to understand and I'm not going to ask for that, if I look at the lineup of the people who supported this legislation, you'll see why I talked about the thuggish groups--now I won't impugn the introducer, because I like the way he combs his hair: (laughter) Center for Community Progress, whatever that is; Habitat for Humanity, that's supposed to be a little bone; Nebraska Bankers Association; Greater Omaha Chamber of Commerce; city of Omaha; Omaha by Design; United Cities of Sarpy County; Omaha Together One Community, and that's a group of self-righteous people, a lot of them religious, who if you don't go along with them, they attack you, and you live in the community they're supposed to be helping. But like a lot of people with the missionary mentality, you do it their way. They

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want to impose things from the top down. They don't talk to the people, and say, this is the way it will be done. So that group doesn't cut ice with me. Nebraska Realtors Association; Home Builders Association of Lincoln; Metro Omaha Builders Association--the schools in Omaha are segregated to this very day because the realtors segregated the neighborhoods. NP Dodge had some guy on the school board and his company was segregating neighborhoods. Right now you can go down where they register deeds and find deeds from the '50s where they said this property can neither be sold nor leased to a black person, they say person of color or of African descent, and the only time a black person could be in that area and live in a house or stay overnight, if he or she is in the employ of a Caucasian. Those are the restrictive covenants that were put in those deeds and those deeds are still on record now, and those are the realtors who are looking out for our interests. Metro Omaha Builders Association, we can't get jobs when building is going on in our community. League of Nebraska Municipalities, I have so many criticisms of them I won't even waste my time on that. U.S. Assets, LLC; I don't know who they are; then another one from U.S. Assets, LLC; then somebody for self--these are not interests that would help the community. They're interested in making money. They're interested in business. That's what slave owners, that's what slave traders, that's what slave catchers were interested in, and that attitude still exists in this society. That's why Nebraskans voted to overturn what they called affirmative action in their constitution. We have among our young people double-digit unemployment. Some people estimate it at over 50 percent. We don't threaten white people's jobs at all. We don't make up 10 percent of the population, so how are they going to say affirmative action hurts white people? Nothing in this state or any city has been based on affirmative action that benefited black people. This was a way to show the contempt that they have for us. It was a gratuitous, unnecessary, offensive assault upon us because we do not threaten the employment of white people. They say Nebraska has the lowest unemployment rate in the country, and we, as black people have one of the highest. And I'm supposed to be happy for these white people? Then you're going to create something of, by, and for white people and say, well, this is to help black people. You're a slave for your own good. We can teach you about Christianity, a white Jesus, a white God, a white Holy Ghost, a white Mary, and some white angels who say you should be enslaved because the Bible says: Slave, obey your master for this is right and pleasing in the sight of God. That's in the white Christian Bible and that's the mess that they give to us. Then here comes a good, and I mean this, not sarcastically, a good, ethical man, Senator Mello, trying really to do something that's helpful. He doesn't know what he's getting into. And I'll tell you what I'm prepared to do on this bill. I will take the eight hours and I'll do it by myself. I'm not going to let this happen unless you beat me into the ground after eight hours, which you can do. But if this thing moves, then the rest of the session...and I'm not bluffing. You all think that I don't mean what I say. See, I have my eyes still on the Education Committee. I haven't forgotten them. Senator Scheer used to be a member of the State Board of Education, I found out, so I understand some of his attitudes now that he manifested toward me when I brought a bill before that committee. I have to go slowly and find out things about

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the people on this floor, and when I find out, I'm going to call you out on it. I'm not your friend; you're not my friend. You work against me and you want me to smile and say I like that and you're a good person. Oh, no. That might beat under the old regime, but you got Ernie Chambers here now and I know where my first loyalty is and it's not to the white people on this floor or anywhere else, although I'd venture to say that poor and oppressed white people in this state come to me more than they do anybody else on this floor, because they'll tell me the senators that they went to, even their own, who wouldn't even talk to them personally on the telephone. I pick up the phone; they say, I'm shocked, is this really Senator Chambers? I say, yeah, why? Well, my senator won't even talk to me. So I know what goes on and I will tell it. But what I want to do is get rid of this sham statement. My amendment on page 2 would eliminate subdivision (c) which says, for the record, talking about this board, "Shall represent, to the greatest extent possible, the racial and ethnic diversity of the municipality or municipalities that created the land bank." My amendment is to strike that. Senator Mello can't tell us how it's going to be carried out. Senator Ashford is gone. You know what Senator Ashford reminded me of? And I'll always hate Pilate for doing this. I don't really hate him, because that's a fairy tale about Jesus and all the rest of it, walking on water, feeding 5,000 people with two fish and loaves of bread. That didn't happen. To you it did, but not as far as I'm concerned. You have a situation where...well, I'll go into that later. I want to focus right on this. Oh, here he is. I thought that would draw him up here. I was talking about Pilate. Pilate asked Jesus a question when he was hounding him and harassing him. He said to Jesus, he asked him: What is truth? And then he walked out. Imagine how much better off you Christians would be if Pilate had stayed and gotten the answer. But we'll never know what Jesus would have said, would we? Except that there is another place, if you read all of it. He said: My word is truth. But that doesn't really tell you what truth is--one word you don't understand to define another one. Well, Senator Ashford had his light on so he wasn't abandoning ship, but there was a question I wanted to put to him based on a discussion we were having and I got my piece of paper and I looked up and he was gone. But he's back. Senator Ashford, what I'm doing with my amendment is striking some language that I think is very inappropriate because there is not going to be any way to ensure racial and ethnic diversity, but they're careful in the language. It says it should "represent, to the greatest extent possible." Well, there's no possibility. You've got a mayor who doesn't care about the racial or ethnic groups in the community. And I don't know who on this floor could tell you the difference between "racial" and "ethnic."  
[LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR CHAMBERS: But these are the slogans. People write slogans. They think in cliches. White people wrote this bill, so they just throw that in there gratuitously. Well, I, as a black man, am saying take it out. It doesn't mean anything. It's like so much that they give us. I'm thirsty, I want a drink of water. You say, okay, I'll give you a big glassful. And you dip a glassful into a tank of cold water and you hand it to me, and by

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the time I get it, it's empty because the glass has holes in the bottom. That's the way we're dealt with. But on this floor, you're not going to get away with it. That's my amendment and I want it adopted. I'm serious about it. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Chambers. Members, you've heard the opening to FA40, excuse me, FA39. Senator Ashford, you are next in the queue. [LB97]

SENATOR ASHFORD: Thank you, Mr. President. I agree wholeheartedly with Senator Chambers. The language is not necessary. I also agree with him that oftentimes, and certainly we have all, those of us who have grown up in Omaha, have experienced exactly what Senator Chambers is talking about and that is a...not only a neglect of certain parts of our city but sporadic efforts to overhaul those areas with a vision that is not the vision of those who live there. And I am absolutely in agreement with that. There is absolutely no question, there is no question whatsoever that the history of development in north Omaha or south Omaha is replete with examples of someone else's vision for north Omaha. And you know, Senator Chambers, probably one of the most interesting examples of that not happening was the development of your namesake project, Ernie Chambers Court, located on 16th and Grace, because in that case we had a property that, because of white developer misdeeds, was turned into a drug-infested, crime-infested, prostitution-infested mess. And when we discussed...I discussed with you and you remember we discussed the vision of making that what was in fact, which is extremely ironic, it seems to me, is that that particular project, which used to be called Strehlow Terrace, was the first luxury apartment complex in Omaha designed by the developer or the builder of the Trans-Mississippi, or one of them, of the Trans-Mississippi Exposition, which was at Kountze Park in the middle of north Omaha in the 1890s. So that building, those series of buildings, Strehlow Terrace, which were absolutely beautiful, actually also the architect for what was the Astro Theater and now the Children's Theater in Omaha, also...was also the developer of that project. So when...that Ernie Chambers Court project I think is an example of what a community can in fact do working with a government agency, Omaha Housing Authority and other investors, to make what was an awful place into really a palace again, with gardens and with all of the things that are thought about in this bill. We need to come up, Senator Chambers...Senator Chambers, could I ask you a question for just a moment? [LB97]

SENATOR GLOOR: Senator Chambers, would you yield? [LB97]

SENATOR CHAMBERS: Yes. [LB97]

SENATOR ASHFORD: Would you...should we be...we need to think about how to make this bill work for north Omaha, because there is a benefit to turning back 50 percent of the property tax to...for further development so that we can do gardens, so that we can do other things. Would you agree with that? [LB97]

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SENATOR CHAMBERS: Senator Ashford, there are some preliminary issues first. Much of the property in the community where I live is not owned by us. We're not trashy, careless people, but the property next door to my house... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR CHAMBERS: ...perhaps is rundown... [LB97]

SENATOR ASHFORD: Right. [LB97]

SENATOR CHAMBERS: ...because some white person owns it... [LB97]

SENATOR ASHFORD: Right. [LB97]

SENATOR CHAMBERS: ...somewhere else and doesn't care, and we have no way to do anything about that. So we're going to have to do something about finding a way to give ownership to the people in that community, not just renters. There are some people renting who could afford to buy, but they can't get a shot at the property that ought to be available. [LB97]

SENATOR ASHFORD: And I think that's a great point. And the Strehlow Terrace property, which is now Ernie Chambers Court, was owned not by anybody in your community but by someone somewhere else who abandoned it to what it became. So if there's a way we could address that concern, it seems to me that this financing vehicle could be of great help, I would ask. [LB97]

SENATOR CHAMBERS: We're going to have to work this bill before we can get to something like that. It's not in it now. [LB97]

SENATOR GLOOR: Time. Thank you, Senators. Senator Chambers, you are next in the queue. [LB97]

SENATOR CHAMBERS: Mr. President, members of the Legislature, here's where you all are luckier than I am. All these white people here, if some of you decide you're going to go eat lunch, you don't want to be on the floor, it doesn't matter, because you-all's interests parallel. They intersect. They overlap. So if 10 of you are not looking out for white people's interests, 38 are. A black person has never had that luxury. That's why if one of us is willing to speak, he or she has to fight every battle and every bush fire and put it out alone. Then you know what white people have the nerve to say? He talks too long, he says too much, he talks on this and that. Then don't present the mess to me. But I'm going to deal with all of them and I will not desert and forsake my community to get along with you all in here. You all should start trying to get along with me. There's a white preacher preceding Billy Graham and his name happened to be Bill Sunday, and

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he preached in big cities and people came to him and said, Billy, you're so hard on people, you rub the cat the wrong way. Billy Sunday said, then let the cat turn around. And that's the way I feel. You all give some ground. You all turn around. But I don't have the votes. I have my voice, I have my stamina, I have my determination, and that's why I can go when you all quit. When you all go to McDonald's, they have children's meals, they have Happy Meals, and now they have the senatorial moocher's meal, mooching, lunch hunting, lunch hunters, all of you, getting free meals. And my reputation is such that they know I don't accept any free food, I don't drink anything they give me, I don't accept money from them. I'm not a moocher, but you all can engage in that. And it's no reflection on you because that's the way you operate. And because you all operate the same way, you can't understand somebody like me. You don't confront what I confront and you don't confront what the people I represent confront. Now there's some white people where the wife has to go to work too. And we've always had not only where both parents have to work but the children too. You think I'm sorry for white people when they still can get a job and make some money and they're experiencing one-tenth of what we experience all the time? But when it's on us, it's because we're lazy and we don't worship Jesus. Well, what happened to your white Jesus? Why are you in trouble now financially? Why was your country facing a depression? Then there's some silly white people who want to say, well, you got a black President, what you upset about? Well, every President before Obama was white, so why do white people have any problem? If one black man is to solve all black people's problems by simply being in the White House, why do white people anywhere in this country have any problems when every President before President Obama was white? All of them were white. Why aren't all your problems solved? Because you have a double standard. When it's you, then it's something that needs to be explained. A force or a power outside of you and outside of your control is why things happen to you. But when it happens to people who have been discriminated against, kept in slavery, have difficulties, and the system is still the same, then it's because we're wicked. When black children can't read in school then they say, black children can't read, that's what's wrong with them. But when the little white boy can't read, they write a book, Why Johnny Can't Read, and they point right to the school system, they point to the teachers, they point... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR CHAMBERS: ...to the curriculum, they point to everything but not to white Johnny and white Johnny's white parents, who have the means to buy books and the leisure time to teach that child. But for people who are trying to make it from one part of the day until the end of the day, we're supposed to teach our children, buy textbooks, do what the schools are supposed to do. Well, I'm not going to go along quietly into that good night, which is a bad nightmare for us. And what's happening in this bill, well-intentioned as it is, contains that which is insulting. So when the good white people, the well-intentioned white people insult us and don't even know they're insulting us, where can we find an ally? Where can we find somebody with enough understanding for

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us to work with? We will always talk at each other. This country is not a mixing bowl. It's not a melting pot. It's like a bunch of multicolored marbles... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR CHAMBERS: ...rattling around in a bucket. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Chambers. Members in the queue include Kintner, Schilz, Bloomfield, Murante, Price, Brasch, and Pirsch, and others. Senator Kintner. [LB97]

SENATOR KINTNER: Well, thank you, Mr. President, members of the body. Senator Mello, will you yield to a question or two? [LB97]

SENATOR GLOOR: Senator Mello, would you yield to Senator Kintner? [LB97]

SENATOR MELLO: I would. [LB97]

SENATOR KINTNER: Now the land bank would have the authority to purchase tax liens on property that most people would consider blighted, right? [LB97]

SENATOR MELLO: Correct. [LB97]

SENATOR KINTNER: How is blighted defined? [LB97]

SENATOR MELLO: It's not actually blighted as, I do not believe, the word in the language actually. It's any property they can choose to purchase at a tax sale certificate sale, the same way any municipality or other political subdivision can purchase it. To use the automatic bid, which is laid out in the committee amendment, AM572, there is specific types of properties that have to meet certain criteria for that bid to be able to be used at a tax sale certificate process. [LB97]

SENATOR KINTNER: Well, since the land bank has to fund themselves, wouldn't it be in their best interests of...for that community's land bank to purchase the most profitable tax items or tax liens, wouldn't it? Would that be a problem if they would pick the best ones? [LB97]

SENATOR MELLO: If they want to compete against the private sector to do those kind of properties, they can compete against them the same way any other governmental entity as a political subdivision, Senator Kintner, can do that already. [LB97]

SENATOR KINTNER: Well, on these bad pieces of property that have liens on them, why won't a private investor buy them? I know we've mentioned that. I just wasn't sure

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of the answer. [LB97]

SENATOR MELLO: Well, I think, Senator Kintner, one, there are private investors who buy them. I have some figures from Douglas County roughly. In 2010 in Douglas County, there were 6,800 liens offered on properties; 5,042 of them were sold. Roughly 70 to 75 percent of the certificates ultimately are purchased. And of those purchased tax liens, roughly 93 percent of them are actually redeemed. So out of all the tax certificate sales that go on in Douglas County, 93 percent of them are redeemed by the person who owns the property. They end up getting and paying the back taxes to acquire their property back. [LB97]

SENATOR KINTNER: Thank you, Senator Mello. You know, I look at the problem. I think it's a problem for most urban areas. I look at the solution, and right now it's the only solution we have on the table. And I'm just not sure if this is the right solution but it's the only solution we have right now. Oh, Senator Mello, I got one more question. Can you yield for one more? [LB97]

SENATOR MELLO: Of course. [LB97]

SENATOR KINTNER: What Senator Chambers was talking about with his amendment here on the, "Shall represent, to the greatest extent possible, the racial and ethnic diversity of the municipality or municipalities that created the land bank," what does that mean? [LB97]

SENATOR MELLO: That's, as I've described to Senator Chambers when he asked the question and ultimately I was going to stand up and support his amendment, if you...if...ultimately, it's aspirational. It's aspirational, the hope, in the hope that the city of Omaha, if created a land bank, or Douglas, Sarpy County through the United Cities of Sarpy County with the city of Omaha, it would be aspirational that they would appoint racially diverse members of this board, in part because where a majority of these properties are located are in high-poverty areas that have significant racial diversity. [LB97]

SENATOR KINTNER: So Sarpy County is going to look for white people to be on their board? [LB97]

SENATOR MELLO: Senator Kintner, I don't even know how to answer that question. I think that, as I just said,... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...it's aspirational. It's the hope that they will try to incorporate racial diversity on the makeup of the board. I can't tell you exactly the racial makeup of African

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Americans, Latinos, Asian Americans in Sarpy County right now, but I'm willing to bet that if there's...if this was left in the bill, which I know Senator Chambers' amendment strikes it, it would be aspirational for whoever is creating the land bank to ensure that there's racial diversity on the board. [LB97]

SENATOR KINTNER: You know what, I'm not saying that that's bad. I don't want you to think that it's 100 percent bad. I just...well, what...if it's your aspiration, how do you go about fulfilling that aspiration? [LB97]

SENATOR MELLO: It's exactly that, Senator Kintner. It's an aspiration of encouraging the mayor, who ultimately appoints the initial members, with approval from the city council, to try to select a diverse membership who makes up this board. I could probably come up with other definitions for what aspirational is, but I think the reality is, it's trying to encourage whoever... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR MELLO: ...appoints these members to take diversity in consideration. [LB97]

SENATOR GLOOR: Thank you, Senator Kintner and... [LB97]

SENATOR KINTNER: Thank you. [LB97]

SENATOR GLOOR: ...Senator Mello. Senator Schilz, you're recognized. [LB97]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. And I know we're talking about a lot of different things here and I just want to bring things back to center. I don't disagree that Omaha, Douglas, Sarpy County has issues with this. There's no doubt. I mean we've talked about this. But I know this. If you go to my community of Ogallala, we have some of the same issues. Senator Sullivan's community I would guess...in fact, would Senator Sullivan answer a question? [LB97]

SENATOR GLOOR: Senator Sullivan, will you yield? [LB97]

SENATOR SULLIVAN: Yes, I will. [LB97]

SENATOR SCHILZ: Senator Sullivan, thank you, and I appreciate you answering this question. And I just wondered in your communities in your district, do you have some of these same issues that are going on, that we're hearing about here in Omaha? [LB97]

SENATOR SULLIVAN: No doubt about it. [LB97]

SENATOR SCHILZ: Yeah, and it would be nice...do you have any...do you have any

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entities that are in place that try to take care of this now? [LB97]

SENATOR SULLIVAN: Well, I think our village board struggles with it all the time. My husband is on the board and they're trying to look at some of these projects, whether they might TIF them or maybe the foundation could play a role in taking on some of these projects, I don't know, but, you know, there's a need, without a doubt. [LB97]

SENATOR SCHILZ: And I would suppose that if you could find...if we could find a way to make this acceptable to enough people in the Legislature, it could benefit communities such as ours. [LB97]

SENATOR SULLIVAN: I would think so, yes. [LB97]

SENATOR SCHILZ: Thank you, Senator Sullivan. Would Senator Mello answer a question, please? [LB97]

SENATOR GLOOR: Senator Mello, would you yield for a question from Senator Schilz? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR SCHILZ: Thank you, Senator Mello. I do appreciate it. As I was talking to Senator Sullivan and others off the mike, I just saw her over there and decided she was a good one to pick on, we know that these issues are around the state. I mean it's not just...it's not just in the metro area or first-class cities in Douglas and Sarpy County. And I know that we talked about this before and I just wanted to know from you on the mike, what's the reasoning for just having this for Douglas and Sarpy County or why can't we spread it across the entire state? [LB97]

SENATOR MELLO: Well, that's a great question, Senator Schilz, and I know Senator McGill passed a handout that was given to the Urban Affairs Committee that showed east of I-680 in Omaha, just the city of Omaha, there's over 15,000 vacant and condemned properties. I would probably argue today, and I can probably do the research and find out, that there's more abandoned and vacant properties in east of I-680 than there are across the entire state. And if anything, that probably, more than anything else, serves I think a point of notice for this body of how big of a problem this is, that this isn't simply something that a city government could or couldn't do in rural Nebraska or urban Nebraska. This is an epidemic. This is at the heart of what we're seeing with urban poverty and urban blight. And I've made it known to you off the mike, I've made it known to anyone who's asked me off the mike, and I'll mention it on the mike, part of the initial compromise that was created was to utilize this unique concept, which has proven to work well in other large metropolitan areas, to test it out as a pilot project in Douglas, Sarpy County before it would ever be considered moving it outside

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of those areas. So I can say on the floor today I don't support LB97 moving outside of Douglas, Sarpy County at this moment in time, because the people we worked with understood that there's 15,000 vacant and condemned properties east of I-680 in the city of Omaha. [LB97]

SENATOR SCHILZ: Thank you, Senator. And then one last question for you, and this gets back to the fact that if this goes into the land bank and the land bank pays for the taxes, the delinquent taxes, and then they sit there and own that property and don't have to pay the taxes on that property, does it do anything to the valuations of those properties? [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: Senator Schilz, I don't know where to begin. That's a very hypothetical question, ultimately. If a land bank buys a tax sale certificate, they pay the property taxes on that property. They don't own the property until they acquire it through a tax foreclosure sale. And only upon acquiring that through the sale do they own it. So if they own it after the sale, they're not paying property tax on it because it's a political subdivision. But part of the focus and goal in the underlying legislation and the underlying purpose of land banks is to demolish properties, rehabilitate them, and get them back on to the private market as fast as possible. [LB97]

SENATOR SCHILZ: I appreciate that. So...but there could be an opportunity, if I hear you correctly, that the property tax...that this basic value of that property would be wiped off the books, basically... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR SCHILZ: Thank you. [LB97]

SENATOR GLOOR: Thank you, Senator Schilz. Senator Bloomfield, you are recognized. [LB97]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'm glad that conversation just took place about the likelihood of this moving outstate at some point. I am not wild about developing a new government program. I understand this was intended for Omaha, but it seems like things we do in Omaha eventually grow knobby knees and banged up elbows and crawl somehow out to the rest of the state. And I hesitate to support this because I fear what could come from it in the future. And I would yield the rest of my time to Senator Chambers, if he'd like it. [LB97]

SENATOR GLOOR: Senator Chambers, you have been yielded 4 minutes 10 seconds from Senator Bloomfield. [LB97]

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SENATOR CHAMBERS: Thank you, Mr. President. And thank you, whoever yielded me the time. I'm going to have to explain to some extent what my concern is and the basis for it. The man who sits as mayor now is Jim Suttle. When there were plans being made to run a freeway through north Omaha so that people, and this is the reason they gave, people in west Omaha, in order to get to the airport, did not want to have to drive through the streets of north Omaha so they built a freeway that cut through our community to make it possible for white people to have a straight path to the airport. And if you read the record, that's what it was. And I spent years almost single-handedly delaying them, delaying them, but I couldn't stop them. That freeway was supposed to go farther north, out 30th, but the white people out there said, we don't want it, so it was stopped and it curved. And the Catholics said, since you're going to curve it, there's a school we have called Dominican; if you take that school, you'll do us a service. So they jockeyed the path and took Dominican, and the reason I know, I had a little sister who was going there. And they got the state and the federal overseers to do that as a favor to them. And I couldn't get anybody to stop them from demolishing houses. And we don't have an adequate stock of houses anyway. Here's what they did. They made it clear what the route of the freeway would be, but they didn't start building right away, and the black people who had property on either side would try to get loans to renovate their houses and they'd go to the bank and the bank would say, your house is in the path of a freeway and we don't know that it will retain market value sufficient to cover the loan that you need to do what you're doing so you get no loan. Your house deteriorates. And these white people who understand these things are laughing, because if that property deteriorates, when we come through with eminent domain, we're not going to have to pay them very much. So they were able to control the value of that property. When they started taking people's houses, they gave them just enough by way of relocation money to make a down payment on a house, which everybody knew they could not afford to keep. So they stayed in that house until the money for relocation ran out, they couldn't make the payments, and the house went right back to the white realtor who was in on this and let the house be sold to that person, supposedly. So now these displaced people no longer have the home where they lived, they no longer have the piece of property that they put that money on, so they had to move in with their grandchildren because... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR CHAMBERS: ...a lot of elderly black people were the homeowners. That's what they did, decimated my community, and it has not recovered to this day. They did that. And Mayor Suttle worked with the company, the architects, who engineered that and he's the mayor now. But since he's a Democrat and a lot of black people are not aware of this history, they vote for him because he's a Democrat. And while he's mayor, he hasn't done anything to benefit the community I live in: chuckholes, potholes, whatever you call them; inadequate street lighting. And I know the utility companies

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should replace the street lights. But if he's the mayor, he should have somebody we can talk to, to do something about it, because when you call the utility company you get one of those automated systems where you never talk to anybody you need to talk to, to report a street light that's out. That's what happens in our community right now because we live there but it's controlled by people outside of our community who don't have our interests at heart. And with... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR CHAMBERS: Thank you. [LB97]

SENATOR GLOOR: Thank you, Senator Chambers. Senator Murante, you're recognized. [LB97]

SENATOR MURANTE: Thank you, Mr. President. Colleagues, good afternoon. I appreciate Senator Chambers' floor amendment. We're talking right now about political subdivisions and elected boards which govern those political subdivisions. As the members of the Government, Military and Veterans Affairs Committee will attest to, I have a bill which is prioritized and on the agenda, LB646, which pertains to that subject matter, particularly when we're talking about political subdivisions within the city of Omaha and that general area. I'll tell you a little bit about what the findings...what we found as that bill has run its course. What we found was, whether or not people of color were represented on boards of political subdivisions was almost entirely dependent on how those political subdivisions were elected. What we found was that in every single instance in which a political subdivision elected their leaders by district, there was at least one person of color represented on that board, who held a position on that board. In the cases of the political subdivisions which were elected at large, not only were those boards currently, in 2013, all-white boards, but neither one of them had ever elected a minority in their existence. We on the Government Committee felt that that was not an appropriate way to conduct an election and the fact that those were the results of the election systems that this Legislature had authorized, we took action and we have a bill on the floor that is going to remedy that problem. Unfortunately, I think we see some of those challenges in LB97. I don't see...I certainly am not implying that there's any malicious intent by Senator Mello, but I think that there are things that we can do with LB97 which can help allay the concerns, I think, that Senator Chambers has talked about and that we can be more than just...we can add more than just aspirational language to this bill. Would Senator Mello yield to a question? [LB97 LB646]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR MURANTE: Thank you, Senator Mello. First of all, Senator Mello, I

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appreciate what you're trying to do with LB97. Believe it or not, this was an issue that came up to a certain extent during the course of my campaign. I recognize that what you're talking about is an issue that needs to be addressed and I think you are certainly on the right track of getting there. But I do have some concerns about the board and the first question I have for you is, who are these board members responsible to? Who can fire them? [LB97]

SENATOR MELLO: Ultimately, the city council and the mayor. [LB97]

SENATOR MURANTE: Does your bill...I know that the bill says that they can appoint them, but is there any cause for termination in your bill? I've tried to read through it but I can't quite find it. [LB97]

SENATOR MELLO: That's a good question, Senator Murante, and we've been talking a little bit. This is ultimately enabling legislation that we chose the path to be actually fairly more prescriptive than most other enabling legislation we've seen before, as we've researched this, where we wanted to allow the local governmental entity to determine the length of membership on their board, if it's a four-year term or a ten-year term or... [LB97]

SENATOR MURANTE: And did you...and you believe that the bill authorizes a city council...this is...I'm not...this is not a malicious question. I'm actually asking for my own edification. Do you believe that the bill, in its current form, would allow a city council to set terms of office for the boards of directors or to hire and fire them as they see fit? [LB97]

SENATOR MELLO: Yes, because the only way a land bank... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...ultimately is created is it has to be created through a city...creation of a city ordinance that can... [LB97]

SENATOR MURANTE: Okay. [LB97]

SENATOR MELLO: ...actually be more prescriptive than what's actually in the bill. [LB97]

SENATOR MURANTE: And do you... [LB97]

SENATOR MELLO: So if a city wants to address what you want to address, so if a city says, we want to have terms of two years and that members can only serve two consecutive terms, that can be put in the creation of the land bank at the city council

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level,... [LB97]

SENATOR MURANTE: Okay. [LB97]

SENATOR MELLO: ...at the local government level, not at the state statute level. [LB97]

SENATOR MURANTE: Thank you, Senator Mello. A concern that I have is the one that we...that I had addressed with LB646. I believe that we should put something in your bill which prescribes that if this is a board within a municipality, that every section of that municipality ought to be represented on this board. I think it would be perfectly reasonable to say that the membership of the board of... [LB97 LB646]

SENATOR GLOOR: Time, Senators. Thank you, Senator Murante, Senator Mello. Senator Pirsch...Price, I'm sorry, you are recognized. [LB97]

SENATOR PRICE: Well, thank you, Mr. President. I'm sure Senator Pirsch was offended wherever he was. I'm going to talk to an element of this bill that begins to concern me as I peel back the layers. And I will say up-front, colleagues, I'm treading lightly and with trepidation because of the vast ignorance I possess on the subject. But that does not mean it should not be addressed. And maybe those individuals who have a better grasp can take time to help me out. When we look at the situation, and I'm going to use Omaha because it's a convenient subject, I'm not aligning it only to Omaha or trying to malign them, but when you have unpaid taxes, it's basically a bad debt, and we found a way to collateralize them and monetize bad debt. And when I hear that, I'm mindful of the last time bad debt was monetized through bonding efforts. They had these toxic derivatives where a high-yield interest was paid, and then one day the bottom fell out of it and we had major corporations and financial institutions go into ruin. We had our housing market go into ruin. We had our country take a significant economic hit. And again, I'm not saying that that's going to happen here, but when you monetize bad debt, I mean it seems what we're doing, we're taking debt, unpaid taxes, putting a bond out to generate revenue, and then when we get money back, the board would get the money...the bank will get money back, 50 percent for five years. So we've created two revenue streams at least. And if the bottom falls out, the city owns it and anybody else holding those bonds, I don't know where...I don't know what their...I don't know their process for redress for servicing the debt. But let's go and talk about the 50 percent. I asked Senator Schumacher to help me understand it, and it took a moment because what we're saying here, I believe, is that currently that property is out of play. We're not receiving any tax dollars for that property. By going through this machination, we're hopeful that tax dollars would be generated. And when they are, 50 percent of the tax dollars will be remitted back to the bank for reinfusing into their business, and 50 percent, the remainder, will be I guess allocated in the typical manner. And if the bank chooses to not collect that money, that 50 percent would be allocated in the normal manner. Ladies and gentlemen, I am asking the question here. The property is back in

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play. Fifty percent off the top is not going to be given to those entities that depend on those tax dollars. On a normal property, that amount which would be remitted to the political subdivision would be that percentage that's ascribed to that tax burden, but we're saying off the top 50 percent. So how does that affect fire boards? How does that affect NRDs? How does that affect other taxing authorities that would normally be wanting that? How about schools? The property, I understand, right now doesn't generate anything. But this bill is saying that when it does begin to generate some money, for five years you're not going to get your portion. If you ever want to have fun, pull up your tax assessment and look at all of the different... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR PRICE: ...things your tax dollars, your property tax dollars go to. There the property is in play, but you're not going to get it. So my question: What's the impact to things like TEEOSA and what happens when that debt doesn't get serviced, if it doesn't because it's a higher risk? I haven't even heard any addressing of these bonds, how risky they are. Are these like the toxic things and instruments we had before? I believe people called them credit default swaps and things of that nature. I haven't heard that. I'm very concerned about the portion of this bill that talks about the bonding, and I will be listening to hear more discussion on the bonding concepts that are behind this, the risk associated with those. And I'd like to hear from entities outside the Chamber and even within the Chamber of how they feel that when the property is back in play, 50 percent of the dollars that would normally fund their... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR PRICE: Thank you. [LB97]

SENATOR GLOOR: Thank you, Senator Price. Senator Brasch, you are recognized. [LB97]

SENATOR BRASCH: Thank you, Mr. President, and good afternoon, colleagues. The amendment proposed is fine. I see no problem with removing that from here. The purpose it serves, I believe, Senator Chambers had some valid points. I do stand in question of LB97. And looking at it, I'm doing all kinds of research on the floor here, trying to understand. It sounds like a land bank is a government entity, a new government entity; that it's a bank. It has all kinds of powers and it has all kinds of immunities. They have...they can adopt...they get property tax refunds, payment of taxes, collection of delinquent...I mean the list goes on. And then it says that the land banks, why they're important is that many municipalities are struggling to cope with vacant, abandoned, and tax delinquent properties. And, yes, we have properties in dire need and condition also in our rural communities. And what...you know, I read on and it says that this is going to be used, municipalities, to use it to turn vacant spaces into

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vibrant places. That sounds lovely. But why are these places blighted? Why have they been struggling, abandoned? Again, it's...you know, is there a need that we are avoiding by turning them into vibrant places? I believe Senator Ashford had said flowers and things like that. When we worked with the flooding along the Missouri River, we found there was such a need and a gap for low-income housing. We have a homeless population and we're looking at blighted places, to turn them vibrant, and it also says to provide productive use. That is very interesting. The thing I also wonder about is it gives the land banks the first opportunity to acquire certificates to purchase. It's a branch of the city. The mayor appoints the board, the seven members. They can act just like a bank, a mortgage company, from what I see. They can issue bonds. It looks like a business. It looks, acts, and it sounds like a business. It's owned by the municipality, it sounds, and they can invest money of the land bank. They can enter into partnerships. They can enter into joint ventures. It says a land bank's income is exempt from all taxation by the state or any political subdivision thereof. So they don't pay taxes. They do take money off of the tax rolls. A land bank may acquire real property or interests, as well as issue bonds, and they shall be limited to obligations of the bonds. The bonds will be limited to obligations. So apparently land banks can acquire obligations or debt. The other question I would have is a land bank can dissolve in 60 calendar days. It's not like a bank that's backed up by the FDIC. And all board members are free of any liability. [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR BRASCH: I'm wondering if solving the problem of poverty, of abandoned property is in the best interest to put it with another financial institution. What about our private institutions? What about entrepreneurs? Land banking is not a new concept in America. It's been profitable for, I believe in California, Donald Trump, Bob Hope. You can read on-line of all the people that have benefited from a land bank. And truly, if the city of Omaha or any other city needs to help its communities, perhaps the money should go into the person's pocket instead of government's pocket. Thank you, colleagues. [LB97]

SENATOR GLOOR: Thank you, Senator Brasch. Senator Pirsch, you are recognized. [LB97]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. And let me first say I applaud Senator Mello in identifying a definite problem. There are quite a number of properties and it does lead to a bleeding, I think, of the neighborhoods of...that these type of houses are in. So it's not the end goal that I think that needs examining. And organizations like Habitat for Humanity, of which I'm very familiar, just do a great job in their mission. I do have, with respect to the language here, some questions. It is a many-paged amendment and bill, and so I just would ask Senator Mello if he would yield to a question or two. [LB97]

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SENATOR GLOOR: Senator Mello, would you yield to a question from Senator Pirsch?  
[LB97]

SENATOR MELLO: Of course. [LB97]

SENATOR PIRSCH: Thank you, and a number of questions, but I'll start out with, with respect to on the amendment, page 4, line 5...or in line 1 and 5. It refers to a term, "automatically accepted bid," and I'm trying to have some clarification. Could you just briefly, since we're on pretty short time, just state what the relevance of that term is, "automatically accepted bid"? [LB97]

SENATOR MELLO: It's defined in the bill and the relevance of it essentially is if a land bank authority would like to bid at a tax sale certificate sale on a specific property that it wants to put a bid on, that it could, by a two-thirds majority vote of the board and, with the committee amendment, fits one of the reasons that's listed on page 5 or page 4, after from line 7 down to essentially line 27. [LB97]

SENATOR PIRSCH: Okay. [LB97]

SENATOR MELLO: If it fits one of those criterion, that property could qualify then for the board to put forward an automatic bid... [LB97]

SENATOR PIRSCH: Okay. [LB97]

SENATOR MELLO: ...at the tax sale certificate sale. [LB97]

SENATOR PIRSCH: And automatic...and thank you. Automatically accepted bid mean that it would be given preference than other...if the land bank wanted it and private interest wanted it, the land bank would be given first dibs on it though, correct? [LB97]

SENATOR MELLO: Correct. [LB97]

SENATOR PIRSCH: Okay. So there...and you do point out subsection (a), which is line 7 through 27. There's two other methods by which the land bank would receive that designation, automatically accepted bid, however, that don't really speak to the condition of the house, I guess. In subsection (b) on page 5, line 1 through 3, if the real property, so the property in question, happens to be contiguous to a parcel that meets one of the criteria or two or more of the criteria as set forth in (a). So that would seem to suggest to me that it may not be a blighted property in and of itself. And I use that term "blighted" as just kind of summation of what I see you're trying to capture in lines 7 through 27 of page 4. But with respect to (b), even a "nonblighted" property would be capable of having automatically accepted bid status if it were contiguous to such a

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property that does meet that... [LB97]

SENATOR MELLO: No. No,... [LB97]

SENATOR PIRSCH: That's not true? [LB97]

SENATOR MELLO: ...and I'll stop you there, Senator Pirsch. [LB97]

SENATOR PIRSCH: Okay. [LB97]

SENATOR MELLO: It reads, line 1 through...to line 3 that the property is...a property that's contiguous to a property already owned by the land bank. And the example I gave on the floor statement earlier is that the land bank owns two vacant properties that have already been demolished and you have a property in the middle of those... [LB97]

SENATOR PIRSCH: Right. [LB97]

SENATOR MELLO: ...two properties that goes to tax sale certificate process. [LB97]

SENATOR PIRSCH: Uh-huh. Right. [LB97]

SENATOR MELLO: That is contiguous to an existing property owned by the land bank, so that would qualify... [LB97]

SENATOR PIRSCH: Yeah. [LB97]

SENATOR MELLO: ...for them to be able to use the automatic bid in case they want to acquire and purchase that property through the foreclosure process. [LB97]

SENATOR PIRSCH: Right. Well, and that's my question. So if there's a healthy...or... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR PIRSCH: ...I guess we'll use the non...it's a made-up word, but the non...a "nonblighted" property in between two blighted properties, that could be still...the land bank could have automatic accepted bid status on that and acquire that healthy, "nonblighted" property? [LB97]

SENATOR MELLO: Well, it still has to meet. I mean if you read the lines, it says the real property is contiguous to a parcel that meets more than one of the criteria of the previous subsection,... [LB97]

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SENATOR PIRSCH: Right, so... [LB97]

SENATOR MELLO: ...that is already owned by the land bank. [LB97]

SENATOR PIRSCH: Right, but the blighted property is what you're defining by subsection (11)(a). But now you're talking you can acquire any real property that's contiguous, which doesn't have that same, you know, requirement that that property be blighted, though, right? It just says by any property, the real property, as long as it's contiguous, whether it's "nonblighted" or blighted. [LB97]

SENATOR MELLO: I guess I can only be as clear as I believe I am that it's, as it says, a real property that's contiguous... [LB97]

SENATOR PIRSCH: Okay. [LB97]

SENATOR MELLO: ...to a property owned by a land bank. So if the land bank owns the property and it wants to give an automatic bid... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR PIRSCH: Thank you. [LB97]

SENATOR MELLO: ...at the tax sale certificate process... [LB97]

SENATOR GLOOR: Thank you, Senator Pirsch. Thank you, Senator Mello. Senator Mello, you are next in the queue. [LB97]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I'll try to address some of the unique questions that are coming up. And Senator Pirsch's question I think is a good one of trying to provide some clarification. It states that an automatic bid can be used essentially for three purposes. One, the property ultimately fits one of the dilapidated or blighted language in the bill, if you want to use the word "blight," as it goes through a tax sale certificate process. The other automatic bid is to be able to utilize and acquire a property through an automatic bid at the tax sale certificate process, which means it gets to bid on the tax sale certificate first, ahead of anyone else. They don't own the property. They get to bid on the tax sale certificate first if it's a property contiguous to a property already owned by the land bank. The third actually, and I'll just raise it because I know it probably will get raised, is it says an "Acquisition of real property by the land bank would serve the best interests of the community as determined by two-thirds of the voting members of the board." In determining whether the acquisition would serve the best interests of the community, the board shall take in consideration the hierarchical rankings of priority for the use of real property conveyed by the land bank established in subsection (5) of Section 10.

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That essentially says that the board, with, once again, a two-thirds majority of vote, can seek to give an automatic bid on a property at a tax sale certificate sale, not foreclosure sale, of purchasing the tax sale certificate if they feel that getting this property...they don't want this property to fall in the hands of an out-of-state tax sale certificate investor, which, as I've mentioned, is a problem in Douglas County where you have people out of state come in and buy these tax sale certificates with the hopes of generating 14 percent income at the expense of the public, of the property taxpayers. So a board made up of people who are involved in real estate, involved in the community, involved in property development in the business community are going to make the determination that we want to put a tax sale certificate bid on this property that's in between two properties we already own, because we feel it's in the best interest of the community to try to acquire that property if it goes to foreclosure. But we know ultimately all we're doing is buying the tax sale certificate. Another misconception apparently, and maybe it's just as I've had to learn more about the tax sale process and certificate process and foreclosure process, just because you put an automatic bid on a property doesn't mean there's someone in the private sector who's going to provide a higher bid. As we've come to find out, researching how this process works, it's essentially a round robin process to put a bid on a tax sale certificate. So Senator Harms, Senator McCoy, and myself go to a tax sale certificate process. We ultimately want to bid on some tax sale certificates to generate some revenue, 14 percent. Senator Brasch's property is up first. The process doesn't work where I say I want to bet \$1, Senator Harms says I want to bet \$2, and Senator McCoy says I want to place a \$3 bet. That's not how the process works, colleagues. It's a round robin process. You put your bids in and you ultimately will pay the same amount of bid that anyone else would pay. You don't pay more to get that property. And so the whole concept of the automatic bid is not that the public is getting some extra benefit over a private investor. That's not how it works. It's simply saying that there are some properties that are in the public interest if they go to a foreclosure sale, and ultimately there's properties that are caught currently in the tax sale certificate process that are languishing... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...over a period of time. And that by a land bank going in, saying we want to put an automatic bid on these 50 properties that have been languishing for years in the Douglas County tax sale certificate process, they're able then to wait the three-year period, pull those properties out. If they have properties of dilapidated homes, they can demolish them, fix the land, and put it back for sale. My hope is that I can continue, and I know Senator Wightman and actually Senator Schumacher is probably one of the foremost experts in this body on the tax sale certificate process because he's done it before through his county. But the reality is there's a lot of misconceptions of what this automatic bid does or doesn't do, what the land bank can or can't do. Well, they're in the same footing as any private person, investor, or group that wants to do the same thing. It's simply there are some aspects of public interest,

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primarily in the eastern part of Omaha, that outweighs those properties that get caught up in this ongoing cycle... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR MELLO: ...of tax foreclosure and tax sale certificates. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Mello. Senators remaining in the queue: Cook, Schumacher, Chambers, Lautenbaugh, and Murante. Senator Cook, you are recognized. [LB97]

SENATOR COOK: Thank you, Mr. President, and good afternoon, colleagues. I rise actually to speak in support of FA39 to AM572. Contrary to popular belief and to a proposed identity that has been brought up a couple of times on this floor, I am a woman of color. I am from north Omaha. I have lived most of my life on the near-north side and on the north side of Omaha, Nebraska. My interest in this particular amendment would rather build upon something that Senator Chambers said or alluded to earlier. Whether or not it is related to our social segregation or our careers that are rather segregated in Omaha and across the state, what I have found is oftentimes the people who are in charge of making appointments or recruiting people to run for office or recruiting people to participate in different committees, they only will know one person of color. (Laugh) Henceforth, that same person or group of, say, 10 or 12 people are the same ones that get asked to be part of every group. Now I'm not saying that I haven't at certain times in my career benefited from this fact, but I don't think that at this point we need to reinforce that idea in statute through the provision that this floor amendment would take out. I guess if I had to think about an ideal group that might run this, who's to say the entire thing would not be made up of people of color or people who are residents, the person who has called the police and the city a dozen times over the years because she's doing her very best to keep her property up, and the absentee landlord for the houses surrounding her has absolutely no interest in doing anything but holding on to that land and probably putting a gun to city's head when the time comes to sell it? So for those reasons, I would ask for your support of FA39 to the Revenue Committee's amendment and yield the balance of my time to Senator Mello, if he chooses to take it. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Senator Mello, you have been yielded 2 minutes and 50 seconds from Senator Cook. [LB97]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. And thank you, Senator Cook. Kind of where I was at, I guess, in my last testimony, I'll try to clear up any further concerns or issues that have been raised. Once again I, really, I spoke with Senator Schumacher and my hope is that he will...he'll be on the floor and kind of

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walk people through a little bit more of the tax foreclosure process to hopefully dispel some of the rumors and some of the misinformation that may be out there regarding how the process works. But ultimately, I still think there seems to be some concern about why a public entity should have an automatic bid over a private investor. And if you've been to my district, if you've been to Senator Nordquist's district, you've been to Senator Cook's district, you've been to Senator Chambers' district, if you've been to parts of Senator Howard's district, and parts of Senator Burke Harr's district, you would see there at times where there is a public interest ahead of private investment, and that time is laid out in the document that the city of Omaha gave Senator McGill when we brought this issue in front of the Urban Affairs Committee last year. The private sector who came in support of this bill worked with us extensively on narrowing this language to ensure there was still going to be the opportunity to give an automatic bid on properties at tax sale certificate sales when there's the case of the public interest, because a dilapidated, abandoned home that's used for drugs, graffiti, or gets set on fire that goes through a tax sale certificate process is in the public interest to go to the land bank ahead of a private investor, because, as we stated early on, there are private investors out of state and even some in state... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...who only do this for the 14 percent interest. We work with those large investors in Douglas County who actually do a lot of good of trying to get some of these properties and make sure that either, one, if they are dilapidated, after they buy them they try to find a way to dispose of them properly. They worked with us on AM572. They don't see the automatic bid as a threat to the private sector. They don't see the automatic bid as infringing on free enterprise. They see that property taxpayers are picking up the cost when an investor buys a property and doesn't do anything with it after it escapes the tax sale certificate process. Those of us who live in Douglas County are paying more property taxes to deal with these properties when they're not properly dealt with. LB97 deals with these properties. It's a proactive way to deal with a longstanding issue... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR MELLO: ...in east Omaha. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Cook. Thank you, Senator Mello. Senator Schumacher, you are recognized. [LB97]

SENATOR SCHUMACHER: Thank you, Mr. Chairman, members of the body. I'm not sure how doing tax foreclosures in Platte County 20 years ago makes me a preeminent anything, but thank you, Senator Mello. And, Senator Seiler, and Wightman, Nelson, Lautenbaugh, please feel free to chime in if I misspeak, but I'll try to dredge up from the

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bottom of my memory the procedure on tax sales and how the thing works and how that has probably got to be overlaid on this bill for some of this stuff to make sense. Maybe I'll push my button later in order to share my thoughts on what this bill actually does and how sophisticated it really is, and it really is a pretty sophisticated bill. But basically, when you don't pay your taxes, there is a tax sale. And one might think that that means they're selling your land for taxes. Well, that's not the way it works. They sell a scrap of paper called a tax sale certificate that says you own the taxes and can go collect it from the landowner. For that sale, the county collects the money and then divvies it up amongst its various subdivisions. So basically, you're selling the right to collect the taxes to a private party. And if no private party buys them, the county gets stuck with the certificate. After a too long period of time, over three years, you have got the right to do one of two things if the landowner hasn't paid you off. If the property is worth anything, the landowner or the bank that has the loan against the property has paid you off by that point and you've pocketed your 14 percent interest. But if it's truly worthless property and the bank doesn't care about it anymore and the landowner doesn't care about it anymore and it's truly dilapidated, you take your loss. You know, you've paid the county the money and it's not worth pursuing. If you do try to pursue it and get title, you can say to the county treasurer, get...I'm going to cash in my tax sale certificate for what's called a treasurer deed. And sometimes that transfers good title, but most of the time you wouldn't want to bet on the title that's being transferred because there could be all kinds of other liens or problems with it. So your other option is then to go to the district court and say, hey, Judge, I'm going to give everybody I can find notice that I'm asking you to give me title to the property or to have the sheriff sell the property so I can bid on it. So at that point, the district judge says, okay, so much in taxes is owed on this property, and since nobody is contesting that amount and I've heard it from everybody, Sheriff, go out and sell the property and tell me what it brought. The sheriff holds the sale and whatever the bid is at that sale, he comes back and says, Judge, I sold it for X amount of dollars. The person who has the tax sale certificate, or in the case it didn't sell, the county attorney comes in and says, Judge, here's what the sheriff got; confirm the sale and tell the sheriff to give this guy a deed that is clear to the property. At that point, anybody can come in and say, whoa, this property didn't bring enough; I'll place a bid and I'll...if it's substantially more bid, the judge can take that bid over the other party. So at that point, an outsider, not a land bank, can trump the land bank by saying, hey, it didn't bring enough. And then the taxes are paid off or the certificate is paid off. Any leftovers after the costs go to the original landowner, if they can find them. That isn't the case in what we're...the property we're talking about here. This is truly worthless property that is asked to be conglomerated and sold and try to get back on the tax rolls. [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR SCHUMACHER: That is not happening now. I mean nobody is buying it. And part of that is because it needs to be organized into something that's worthwhile for

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development. Senator Wightman, how...what did I get, a C or B? What did I leave out? [LB97]

SENATOR GLOOR: Senator Wightman, would you yield? [LB97]

SENATOR WIGHTMAN: I will. Oh, I'd give you about a B. (Laughter) [LB97]

SENATOR SCHUMACHER: Not bad for eminent. What did I leave out? [LB97]

SENATOR WIGHTMAN: Well, I think generally that's correct and, of course, the bidding takes place and it provides that it can be as little as 1 percent that the buyer originally, at the tax sale, may own, and that may be all that he gets out of the sale of a property. Now that can be...that's subject to a bidding process and it can be higher than that, but a lot of times... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR WIGHTMAN: ...the purchaser at the tax sale...of the tax sale... [LB97]

SENATOR GLOOR: Time, Senators. [LB97]

SENATOR SCHUMACHER: Thank you. [LB97]

SENATOR GLOOR: Thank you, Senator Wightman. Thank you, Senator Schumacher. Senator Chambers, you're recognized. [LB97]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, if some methodology could be formulated, fashioned, configured that would address the problems of the people in the community where I live, I'm in favor of it. The problems that I see in this bill reside in the fact that it creates a system which, once it gets rolling, cannot be stopped and there are not enough guarantees or assurances that our condition won't be worse, under what is being created by this bill in its present form, than it is now. I don't want to just trade one brutal slave master for another one. This one has tobacco juice running down his face, got one hitched suspenders, wears a boot and a shoe, and wields a whip. The other one, dressed in a blue suit with a tastefully striped shirt with a starched collar and a necktie that basically matches and then some kind of pin or emblem, but he's also got a whip. It's not the attire; it's the whip. So to say that the land bank would simply stand in the shoes of the wrongdoers who are standing there now wielding the whip is not good enough. If we're going to put together a system that is based on equity and respect for the people who live in the area where this land bank is going to be doing most of its operational work, that is something that does not alarm me. It is something that I could support. But the way this is structured now, the individuals guaranteed spots on that board are the ones who created the conditions that

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this bill is supposedly aimed at remedying. When you allow the mayor to make the appointments, the mayor can be like mayors who have been in Omaha before who have contempt for people in my community and in some instances have shown it openly. If these people are given terms of office and another mayor is going to be elected, the one who is being kicked out had put his or her people on the board. Now the new person was opposed by those on the board, so he or she is going to try to clean house to the extent that it can be done under the rules. Maybe some terms will run out. Then that new mayor is going to appoint his or her people. Then you're going to have a fight among the people on the board. And when that happens, everything is paralyzed, and our community suffers even more than would have been the case before. And we will be powerless to do anything about it because this operation has perpetual existence and it can only be dissolved through a very complicated process which probably couldn't be implemented because a two-thirds vote of the city council would have to go along with it and you might not have that many on the council who are with you and you certainly wouldn't have that two-thirds on the board. So we sit there, once again victimized by well-meaning white people who want to enforce something from the top down. They don't talk to us, they don't respect us, but they're going to save us; and now we're in a more hellish condition than before. [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR CHAMBERS: It's always been that way. And my job is to say: You come this far and no further. And maybe I have to use the analogy or the metaphor of the little boy who put his finger in the hole in the dike. If he hadn't done it, the water would have made the hole bigger and bigger and everything would have been flooded. Right now, the dike is here and I can do some degree of managing how much damage it's going to do to our community, and that's what I intend to do. If there are indeed people of good will here, I think a point could be reached where we could work some of this out without having to do it on the floor. But at any rate, I'm open to work with anybody who means to get the right thing done. But that has to be the end result. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Chambers. Senator Lautenbaugh, you are recognized. [LB97]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. And I see the wrongdoer that I'm about to talk about has actually fled the floor at this point and I don't blame him. As God is my witness, someone actually came to me and said, isn't this the 14 percent that you've been talking about all session; don't you have something to say? That actually happened and now he's gone, so. And the other guy I talked to about the 14 percent, routinely, is gone as well. And I'm not going to go on and on about the 14 percent, as I've been known to do in our first nonfilibuster filibuster this year. I don't want it to become like the CFLA...oh, there he is. I don't want it to become like the

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CFLA of years of yore. But in any event, I do hope this moves forward. I do understand what Senator Mello is trying to accomplish here. If it needs tweaking, fine, let's tweak it. But these properties do need to be redeveloped and this is a mechanism to do that. And I understand the goal, and the goal is a proper goal. And with that said, I'm listening to what's being said here and trying to come up with a way to help make this move forward. And since I have nothing to add regarding the tax certificates and since I witnessed probably the highest praise I've ever heard, I will yield my time to surely the greatest expert on property tax sales among the 49 percent...or 49 of us, Senator Schumacher, so that he may continue (laugh)...so that Senator Schumacher may continue his conversation with Senator Wightman or whoever else, because he was sort of cut short in his explanation, I believe. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Lautenbaugh. Three minutes 5 seconds, Senator Schumacher. [LB97]

SENATOR SCHUMACHER: I don't know if I've got that much preeminence to talk for that long. But basically that's a mechanism that I was speaking of earlier for tax sale certificates. In looking at this particular piece of legislation, I can sympathize with what Senator Chambers is saying, that there needs to be accountability toward the folks that live in the particular neighborhoods built into this system yet. But in listening to this and the Revenue Committee and listening to trying to make out through the sophisticated language that appears in here, it appears to me that two things are happening here and both of which are, I think after the dust all settles, will be found to be fairly legitimate things. The first thing that is happening is that Douglas County and the city of Omaha are taking a bunch of worthless tax claims and able to sell them to this land bank who gets its money from selling bonds to people with money. So in the end there's an immediate cash flow that's generated, turning worthless tax sale certificates into good money for the principal amount of the taxes that are due plus the interest. And then the bond holders then own the property or the bank owns the property and owes money to the bond holders that it's got to pay off; and the mechanism that it does to get that money is from the leases, from the sale of the property, from the development of the property, from the 50 percent take on the taxes for five years from the property. So that's how they get those bonds paid off in order to make the whole system work. [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR SCHUMACHER: The second thing I think that's going on here is it's positioning some organized entity to be able to acquire fairly decent-sized tracts of land for redevelopment; and probably for a very nice redevelopment, because I sense from the numbers here and the entities involved that there's a lot of money behind this. And so it's probably going to be a pretty decent development. What's left out of the picture is the consequences to the folks that are living there now and how that's going to fit into their lives. So I think this is a worthwhile piece of legislation but it probably needs a little

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bit of tweaking yet. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Lautenbaugh and Senator Schumacher. There are no senators remaining in the queue. Senator Chambers, you are recognized to close on your floor amendment to the committee amendment. [LB97]

SENATOR CHAMBERS: Thank you. Mr. President and members of the Legislature, if this language imposed a duty I would not be trying to get it removed. But like so many things that happen where racial issues are at the forefront, things are done that create the appearance of progress when in reality it could be a step backward. This could be a barrier to bringing about a change that we want, more than an assist. The forces that I'm opposed to will say, well, look what we put in the bill; we're trying; that's all we could get from the Legislature. I don't want that. I don't want to have a Clarence Thomas who supposedly represents black people, because he's my complexion, sitting as a member of the Supreme Court and won't ask a question during seven years. That's not what we mean when we say we want representation for us and what we believe in and what we are trying to achieve. We need genuine substance. So by these words being removed, nothing is changed in the bill. Nothing is hurt. Senator Kintner, there was a guy named Billy Joel. He sang the song: Friday night I crashed your party, Saturday I said I'm sorry, and so on. He said: I was only having fun; I wasn't hurting anyone. So I'm not having fun doing this, but by taking these words out nobody is being hurt. Nothing is being harmed in the bill. It will create a set of circumstances where at least that distraction is gone. When I and Senator Cook bring up the issues that are pertinent to our community, where much of this will be done, and to some extent we can speak for a lot of the Latinos and others in south Omaha who are similarly situated, then we can start with a clean slate as far as addressing the racial and ethnic disparities. If we can put together some entity or some means to consolidate all of this property which has deteriorated--not deteriorating; it's past that point of it being a thing in progress; it has reached the end line--and that property could be redeveloped, not to the detriment of people who remain in those communities, I'd be working for that. But what I would want to watch and guard against is that this property be accumulated, developers take it over, then occurs what they call gentrification. The word never made sense to me but that's where you kick out all the people who live here, bring in the rich people from outside. You have establishments structured where the people who lived there originally can't afford it, so you can say: We're not discriminating; you just can't--this is a free market. No, it's a slave market and we're still the slaves. Those things I will fight against. But there is the possibility of doing something through this instrumentality, whatever it winds up being called, that can achieve something of value. And if there would be as much interest in working to that solution as there has been shown by the number of people who have talked about this thing so far, especially Senator Schumacher with his...I didn't know he had so much brilliance when it came to taxing, tax sales. And if when we get to LB613 he spends some time talking about taxes and why we need that tax commission, then we'll get someplace on that too. But I'm not just adamantly opposed

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to what is being attempted. I don't agree with the way it's being done currently. So I'm asking you to vote for this amendment which would remove that language talking about having some kind of reflection of the racial and ethnic characteristics of the border, whatever it's talking about. That is my closing. Mr. President, I will ask for a call of the house and I'll take a machine vote. [LB97 LB613]

SENATOR GLOOR: Thank you, Senator Chambers. There has been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB97]

CLERK: 29 ayes, 0 nays to place the house under call, Mr. President. [LB97]

SENATOR GLOOR: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Thank you, Senator Chambers. Members, the question is, shall the amendment to the committee amendment to LB97 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB97]

CLERK: 39 ayes, 0 nays to place...or to adopt Senator Chambers' amendment to the committee amendments, Mr. President. [LB97]

SENATOR GLOOR: The amendment is adopted. I raise the call. Mr. Clerk for an amendment. [LB97]

CLERK: Mr. President, Senator Smith would move to amend with FA40. (Legislative Journal page 846.) [LB97]

SENATOR GLOOR: Senator Smith, you're recognized to open on your floor amendment to the committee amendment to LB97. [LB97]

SENATOR SMITH: Thank you, Mr. President. I would like to withdraw FA40 to AM572. [LB97]

SENATOR GLOOR: Thank you, Senator Smith. Seeing no objection, so ordered. [LB97]

CLERK: I have nothing further on the committee amendments, Mr. President. [LB97]

SENATOR GLOOR: Seeing none, Senator Schumacher, you're recognized to close on the committee amendments to LB97. [LB97]

SENATOR SCHUMACHER: Thank you, Mr. Chairman and members of the body. The committee amendments are basically cleanup in nature and refines Section 5 of the act.

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Section 5 adds the acquisition of tax sale certificates to the list of skills and expertise to be possessed by the board members; rewords language for board member positions representing the landlords; narrows the ability of the land bank to automatically accept bid procedures in the tax foreclosure proceedings. With the new language, the board could only use the automatic mechanism in three specific cases. It amends Section 16 to clarify that a lien or claim represented by a tax sale certificate held by a private party could not be extinguished by the land bank; and it creates reporting requirements that the Revenue Committee receive reports in addition to the municipality that creates the land bank. These particular changes integrate into a reasonably sophisticated financial system that's developed by LB97 and add to the functionality of the bill that's before us today. This is a major step as an integrated entity to try to mobilize some capital for the purpose of redevelopment of large tracts of land. That would be my closing on AM572. I'd ask for your support. [LB97]

SENATOR GLOOR: Thank you, Senator Schumacher. Members, you've heard the closing on the committee amendment to LB97. The question is, shall the committee amendments to LB97 be adopted? Those in favor vote aye; those opposed vote nay. Have all voted who care to? Record, Mr. Clerk. [LB97]

CLERK: 36 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB97]

SENATOR GLOOR: The committee amendments are adopted. Mr. Clerk for amendments to the bill. [LB97]

CLERK: Mr. President, the first amendment to the bill, Senator Smith, I have FA41. (Legislative Journal page 846.) [LB97]

SENATOR GLOOR: Senator Smith, you're recognized to open on your amendment to LB97. [LB97]

SENATOR SMITH: Thank you, Mr. President. And, colleagues, as we have had some discussions here on LB97, it's become quite evident that there's not a significant or sufficient regulator on the growth of this public organization; and the previous amendment that was up that I withdrew had a sunset on it and that sunset was to expire in five years, and there was some discussion as to whether that would affect the bonding capabilities of the public entity. And through a number of discussions, another floor amendment, this FA41, was put on file, and this is to cap the amount of assets of any land bank. And the amount that I have on this particular floor amendment is \$25 million. And through additional discussions I understand that's probably not sufficient, and we are working on a number that would be appropriate for a land bank that would work inside of municipalities similar to Omaha. And with that, colleagues, I'm going to ask you to support my floor amendment. And I am working again with Senator Mello on trying to address the size of that limit on assets. And once again, the purpose of having

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that cap on assets would be to regulate the size and the ability of this entity to compete with other private entities in property management and the sort. So, colleagues, I appreciate your time and I do hope that we can have some further discussion on this while we have some discussions off-site. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Smith. Members, you've heard the opening on FA41. We now move to discussion. Senator Mello, you are recognized. [LB97]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. Just to kind of give, I guess, maybe the body a little, I guess, road map maybe moving forward on LB97. I know there are some members no matter what we do, no matter what changes we make, there are going to be members of this body who will oppose this bill for one reason or another. I think that I've given plenty of very valid, very persuasive arguments of the challenges we face in the eastern part of Omaha with the properties in the northeast and south side that would benefit under this bill. I appreciate Senator Chambers' willingness to continue to work on this bill with me in regards to issues regarding the board membership, issues regarding the dissolution of a land bank by the board and by the city, if that time comes in some future time, if LB97 passes and it becomes created by a city ordinance. Senator Smith's amendment right now, FA41, we've been having some dialogue back and forth. And ultimately, I don't support FA41 as written right now. It's a \$25 million limit where, in speaking with the city of Omaha, that would extremely limit the ability for the land bank to operate, particularly when you're talking about the 15,000 properties east of I-680. Senator Smith, I know, is willing to work on this number with me in regards to create a property asset limit, because ultimately, as I discussed with him, even with FA41 if you have a land bank that's created that has \$21 million of assets and a private contributor wants to donate \$10 million, a land bank couldn't accept that freewill contribution because it would be over an asset limit of \$25 million, which is not what I think anyone would like to see, at least the people we've been working on with this bill, would like to see a limit in regards to the amount of private contributions that a land bank could accept. I know, Senator Smith, a number that we're looking at a little right now is roughly a \$50 million to \$75 million property asset; a \$75 million property asset wouldn't guarantee that all 15,000 properties that the city of Omaha owns that are vacant or condemned could be transferred to a land bank to utilize. But it does, that \$75 million property asset limit does provide a significant number of these properties, at least more than half, that could be transferred to a land bank to be utilized for rehabilitation purposes to get them ultimately rehabbed and on the free market. I appreciate Senator Smith willing to work with me, the city of Omaha, the League, the Chamber of Commerce, Habitat for Humanity, everyone who has been working on this bill to try to find a way ultimately to calm any concerns that seem to be out there in regards to this unwarranted growth or unwarranted...unlimited ability for a land bank to acquire a property. Ultimately, without FA41 a land bank can only acquire the amount of property it's able to find financing for, and that financing comes from contributions from the private sector, from philanthropic

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groups or foundations, or direct aid it would receive, let's say, from the state through the Affordable Housing Trust Fund or from the city through a direct aid from the city of Omaha or the United Cities of Sarpy County. I can appreciate I think where Senator Smith is trying to come with this amendment. It was in his line of questioning earlier of what can there be done to ultimately put kind of a ceiling in regards to what the land bank can do when it acquires property. We feel, as the conversations we've had in drafting the bill, that the board itself provides that ceiling; that you have a board ultimately that is responsible; that it won't be able to just keep acquiring property, one, if it doesn't have a use for it. And we think it's fairly laid out in the bill that there needs to be a process and a use to get this property acquired, rehabbed, and ultimately dispersed... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: ...back into the private sector as fast as possible, but it ultimately needs to do for a purpose. And that purpose, as it's laid out in the bill, and ultimately if LB97 is passed and the city council ultimately creates an ordinance to do it, there are priorities in what these properties could be used for. The hierarchical priorities is residential housing, then it's commercial use, then it's industrial use, then it's for any public space that the land bank or the city may see necessary...or deem necessary, I'm sorry. That could be public parks, that could be, you know, a water park, it could be for a variety of public purposes that's determined by the land bank. I appreciate Senator Smith trying to work on this. Ultimately, I don't see us getting in a vote on LB97 today or tomorrow. I appreciate people wanting to work on this issue. Senator Chambers, I appreciate his comments, his feedback. His previous amendment passed; I supported it, because I think we want to make sure that we have a board... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR MELLO: ...that represents the community. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Mello. Senator Schilz, you are recognized. [LB97]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. I don't disagree with Senator Smith as far as there needing to be a cap. I think it solves some of the problems, maybe a majority of the problems. We'll find that out in the future. I was wondering if Senator Smith would have a minute to answer a question. [LB97]

SENATOR GLOOR: Senator Smith, would you yield to questions from Senator Schilz? [LB97]

SENATOR SMITH: Yes, I will. [LB97]

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SENATOR SCHILZ: Thank you, Senator Smith. And I appreciate where you're coming from on this, and I just want to ask a question a little bit about process. This doesn't take away any of the tools that the land bank would have at its disposal in order to bring in revenue, correct? [LB97]

SENATOR SMITH: It is my intent that it would not. [LB97]

SENATOR SCHILZ: Okay. So then the question is, if we have this cap at whatever level it's at, what happens to the money that comes in that is over and above the cap, if that would happen? [LB97]

SENATOR SMITH: I'm going to suggest you ask Senator Mello that question. He probably knows the mechanics of that better than I do. [LB97]

SENATOR SCHILZ: Thank you, Senator Smith. Will Senator Mello answer? You're third on the docket, but... [LB97]

SENATOR GLOOR: Senator Mello, would you yield? [LB97]

SENATOR MELLO: Yes. [LB97]

SENATOR SCHILZ: Senator Mello, thank you once again, and I appreciate your attention to this. And you may not be able to answer this today, but it's one of my thoughts; and if there is a...if this amendment would go through and there is an agreement to this, what would happen to the dollars that would be over and above that cap? Do you have any ideas on where that would go, or is that something that needs to be fleshed out yet? [LB97]

SENATOR MELLO: Well, I don't support the amendment as is, and I'll fight the amendment if it's at \$25 million, because it says that it doesn't differentiate property assets in comparison to... [LB97]

SENATOR SCHILZ: But let's just talk about, in theory, whatever the level is at. [LB97]

SENATOR MELLO: In theory, they couldn't accept it. So if I wanted to donate a \$5,000 property to the land bank and they're at their \$25 million asset limit, they couldn't accept a donated property or a cash contribution if there's an asset limit. [LB97]

SENATOR SCHILZ: But they still also...excuse me, but the next question then is, they still have the ability to buy and sell these things and to utilize that as a tool to bring money in. Is that going to...would that stop, as well? [LB97]

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SENATOR MELLO: Actually, to some extent I think an asset limit may be able...may stop their ultimate cash flow purposes. That's something that I'm trying to work through with the League and the city of Omaha of what Senator Smith has, because if they're at an asset limit of \$25 million, they sell a property that they own or a parcel of land they own and they get revenue from that parcel, that still doesn't change their asset limit. They've got to get rid of completely all of their assets. So we're trying to find a way. They're actually...have been discussed whether or not we should use the percentage of TIF that cities can use because once essentially a land bank gets a certain dollar amount of assets, whether it's property, or at least distinguished this way as any asset, I would prefer, as I told Senator Smith, I'd be willing to consider and support a property asset limit so that contributions and other things that are contributed that aren't property assets don't count towards that limit; that then doesn't impact your ability for day-in and day-out cash flow, if they're able to receive contributions, whatever they're able to do outside of the asset limit for properties. [LB97]

SENATOR SCHILZ: Okay. And I appreciate that and I just wanted to know what your thoughts were on that. And I appreciate the fact that you want to define the difference between property and cash. And in my book...in my book those are all assets and all can go to do that. I guess if it were me and I was...thank you, Senator Mello. If it were me and I was sitting here and you wanted to address... [LB97]

SENATOR GLOOR: One minute. [LB97]

SENATOR SCHILZ: ...some of the problems that Senator Chambers has had, then the thing to do is if there's more money that comes in over that, you find some way to funnel that into local groups that can help to make these things happen. But that's not a very well-thought-out thing on my part. This is what happens when it gets late in the evening and Senator Schilz starts thinking of the abstract. So thank you very much, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Schilz. Senators in the queue: Price, Mello, Schumacher. Senator Price, you are recognized. [LB97]

SENATOR PRICE: Thank you, Mr. President and members of the body. Seeing how it seemed like there was a call to have a conversation so work could be done on the side, I'm going to take this as an opportunity to talk about a bill and an effort I've been undertaking for a few years now, in the current iteration it's LB317, which talks about...and it's germane to the discussion because it talks about assessed properties. So let's talk about assessment practices. Right now, under current statute, the county assessor has up to six years to perform the functions therein on all real properties. In some counties, almost 100 percent of properties are evaluated and reassessed. And the words here are very specific, and if I misplace them I want you to just stay with the concept. In some counties, this is done almost for 100 percent of properties--ag land,

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100 percent of them every year. In other counties it's not that way. So my question would be, would the...and I'll listen and again we are just using some time here. Will these properties that are held by the land bank have their...be assessed for taxation purposes; or will they be kept kind of in a pseudo limbo that some other properties are? Because, colleagues, I would tell you right now, if you go to the GIS tool for Douglas County, you can find houses that have not changed in valuation for tax purposes in six years. These homes tend to have a valuation of \$350,000; \$450,000; \$460,000. However, you can also find homes in Douglas County that are reevaluated, reassessed, for \$100 in valuation. This is problematic when you start to think about things. As you drill down and you look at the business rules used for conducting the business of the assessor's office, they'll say, well, we go based on permits pulled; we go on different types of comps in the area for sales. And I would say to you, some properties have more permits and more sales and more often than others. I dare say, if you've spent nearly half a million dollars on your home, you're probably not pulling a lot of permits. And I would also add that you probably are not having as much of a sale and turnover in that community area as you would in others. So I would challenge you, if you go out there to that GIS tool and see if you can recognize a pattern of where properties are being assessed for taxes for \$100 and \$300 every other year, and other properties aren't. And I would think that basic arithmetic would dictate a different policy. If you're trying to raise revenue for the operations of that county and the cities, the other political subdivisions, would it not make sense to assess a home valued at \$500,000 every two years, more than it would a home valued at \$60,000 or even \$30,000 for \$100? But that's not necessarily how it goes. And so my bill, LB317, would say all real properties would need to be... [LB97 LB317]

SENATOR GLOOR: One minute. [LB97]

SENATOR PRICE: ...have the assessment within three years. This is prudent policy. It would make for political hay because, think of it, you could raise revenue and lower rates with one business rule change. Go from six years to three years. Raise revenues, lower rates, to a tune of nearly \$40 million. Significant dollars right there. And as such, I thought that we could talk about this to help my colleagues out with time and I'd also think back to LB532 which gave counties the ability to ordinate, and I believe counties should be included in this bill because it just shouldn't be those political subdivisions of municipalities. I think counties have properties, dilapidated properties, and counties should possibly be included in having this ability. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Price. Senator Mello, you're recognized. [LB97]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. And as we wrap up, I believe I may be the last speaker of the day if I'm not mistaken. I want to thank those who raised some valid questions, some valid concerns. My hope is that we

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were able to answer a significant, if not all, of your questions on the mike. There are some issues that I know we're going to look to address regarding the board makeup, or at least making sure there is geographic diversity in regards to the board, in regards to Senator Chambers. Senator Murante actually came up, I think, with a good proposal to help try to address that, that we're going to discuss a little further. But in relation to FA41, I believe Senator Smith may ultimately...we're trying to work out something. I think he may withdraw this in the understanding that we're going to look at another way to ultimately put a limit. And researching what other states have done regarding their land bank authorities, when states do put limits on an authority, it's based...normally is what we've seen in research, it's based normally on a percentage of the parcels of property within a city or within a county. Instead of putting a flat dollar amount or a flat dollar amount for property assets, it's based purely on a percentage of parcel properties within that geographic area. So if the issue we don't want to see a land bank acquire more than 20 percent of all parcels or 25 percent of all parcels within a city or a county, that's something that we're going to look at and work with Senator Smith on to try to put that limit, so to speak, on what a land bank ultimately can acquire. Ultimately, I can appreciate what Senator Smith, as I mentioned before, wants to try to do. But also I appreciate the Revenue Committee. Voted this bill out 8-0...8-0. It was a unanimous vote and I appreciate it. I know Senator Hadley is not here today but I do appreciate Senator Schumacher walking the body through AM572, and I appreciate the body adopting that committee amendment, because it helped deal and helped address some of the concerns that had been continually brought forward by those in Douglas County, at least, who do tax sale certificate investing. For those who do investing outside of Douglas County, I can't address them, because ultimately I don't know if they have an interest in regards to the community that we're talking about. They may be investors from Lincoln or Scottsbluff or Council Bluffs or New York or Los Angeles; they could be from all over the country, for all we know. But the reality is the committee amendment we adopted addressed the concerns of those who actually acquire roughly 50 percent of the tax sale certificates in Douglas County. So we felt by addressing what they see as being the largest tax sale certificate investors, we felt that we addressed the issue. Colleagues, I know it's been a long afternoon. I appreciate your attentiveness. I appreciate your questions. I appreciate your willingness to yield time to both myself and to Senator Chambers as he works us through a little bit in regards to some of the issues that we know we have to deal with in regards to not just the board membership but ultimately the dissolution of a land bank. That's an issue that ultimately we wrestled with as well since it is a political subdivision created by the state through the city, that we want to make sure there's a proper way to dispose of a land bank if, at a point in time, the land bank needs to go away. As I mentioned, though, there's 15,273 properties in the city of Omaha east of I-680 that are abandoned, that are vacant, that are condemned. And I don't know ultimately how many properties there are in Ogallala. I don't know how many properties there are in Wayne. I don't know how many properties there actually are in Valley, Papillion--to be specific, but I do know there is over 15,000 east of I-680. [LB97]

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SENATOR GLOOR: One minute. [LB97]

SENATOR MELLO: That has a dramatic impact on the property taxes that are collected within the city of Omaha. I know we're going to hear a bill, no doubt, about the learning community, the issue of the shared property tax levy. Look at the fiscal note and see that NACO, the Nebraska Association of County Officials, said this bill would help increase property tax collections for the city of Omaha, for the Omaha Public Schools, for Douglas County Board, because this gets at the root of what we know is a challenge in the eastern part of the metropolitan area. Ultimately, we wanted to pilot this also the same way with our colleagues in Sarpy County, because they were the ones, believe it or not, and the city of Bellevue, who brought the initial interim study in 2011 about how do cities and municipalities deal with vacant and abandoned property. I know we have a lot of work to still do on LB97, and I appreciate all those... [LB97]

SENATOR GLOOR: Time, Senator. [LB97]

SENATOR MELLO: ...who sincerely want to work with us to advance this bill. Thank you, Mr. President. [LB97]

SENATOR GLOOR: Thank you, Senator Mello. The Chair recognizes Senator Smith. [LB97]

SENATOR SMITH: Thank you, Mr. President. And Senator Mello thought he had the last word of the day, but actually I get the last word of the day. I do appreciate, colleagues, your engagement on this floor amendment and I especially want to thank Senator Mello for his assistance with coming up with a compromise on an amendment to LB97. I do hope that in the end we can see LB97 advance. I think that it would be very constructive for our communities, and particularly if we can address the capping the assets of any individual land bank. But for now, colleagues, I do appreciate your attention today and I appreciate your support on this particular floor amendment, but I am going to withdraw it at this time, Mr. President, and I will be back later with another amendment. [LB97]

SENATOR GLOOR: Seeing no objection, so ordered. Mr. Clerk. [LB97]

CLERK: Mr. President, your Committee on Retirement Systems, chaired by Senator Nordquist, reports LB263 to General File with amendments; Education, chaired by Senator Sullivan, reports LB585 to General File with amendments. I have amendments to be printed: Senator Howard to LB326, Senator Larson to LB57, Senator Chambers to LB97. (Legislative Journal pages 846-847.) [LB263 LB585 LB326 LB57 LB97]

A priority motion. Senator Davis would move to adjourn the body, Mr. President, until

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Thursday morning, March 28, at 9:00 a.m.

SENATOR GLOOR: Thank you, Mr. Clerk. There has been a motion to adjourn until tomorrow morning at 9 a.m. Those in favor say aye. Those opposed say nay. And, Senator Smith and Mello, I will have the final say: So ordered.