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Floor Debate
May 09, 2013

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SENATOR GLOOR PRESIDING

SENATOR GLOOR: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventy-fourth day of the One Hundred Third Legislature, First Session. Our chaplain for today is a well-known figure with us, Pastor Perry Gauthier with Capitol Ministries here in Lincoln, Nebraska, and this morning he is a guest of Senator Kintner. Please rise.

PASTOR GAUTHIER: (Prayer offered.)

SENATOR GLOOR: Thank you, Pastor Gauthier. I call to order the seventy-fourth day of the One Hundred Third Legislature, First Session. 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. Are there any corrections for the Journal?

CLERK: I have no corrections. I'm sorry, I do have a correction, excuse me. With respect to a series of lobby registration reports filed in the last day of the week, I have several corrections to be made, Mr. President. Those will be acknowledged in the Journal. That's all that I have. (Legislative Journal pages 1285-1286.)

SENATOR GLOOR: Thank you, Mr. Clerk. Any messages, reports, or announcements?

CLERK: I have neither messages, reports, nor announcements at this time.

SENATOR GLOOR: Thank you, Mr. Clerk, and we will now proceed to the first item on the agenda.

CLERK: Mr. President, LB195, mainline budget bill. Senator Mello, as Chair of the committee, has opened on the committee amendments. Those amendments are pending. Senator Schilz has pending AM1259 as an amendment to the committee amendments. (Legislative Journal page 1283.) [LB195]

SENATOR GLOOR: Senator Mello, would you give the body a quick memory warmup on where we are with the bill and the committee amendment. [LB195]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. LB195

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is the mainline budget bill which incorporates the funding for state operations, agencies, and aid. The committee amendment, which is a white copy amendment which becomes the bill, is AM656. I think we've had some extensive debate and dialogue on the underlying premise of what the Appropriations Committee has debated, negotiated, compromised, and worked through over the last four months. For more details, once again, it is in your Blue Book. There are pages. I can walk individual members, or on the mike, walk people through more specific increases and decreases in our mainline budget proposal that's incorporated in the committee amendment, AM656. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you for your brevity, Senator Mello. Senator Schilz, would you also give a brief review of the committee...of your amendment to the committee amendment, AM1259. [LB195]

SENATOR SCHILZ: Thank you, Mr. President. Good morning, members of the body. Yes, AM1259 as we discussed last night, I'm sure everyone remembers, is shifting some money from the General Fund to property tax relief. And, yeah, I understand, it's a token, but it's what the people want us to discuss. And no more than that, that's where the discussion is. And I would just hope that everyone would listen, that we have a debate that is appropriate for this, and then we can move on when this amendment is up, and we'll see if it goes or not. So, with that, I thank you for your indulgence. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you also for your brevity, Senator Schilz. We now move to floor discussion. Senator Christensen, you're recognized. [LB195]

SENATOR CHRISTENSEN: Thank you, Mr. President. You know, it's interesting, we're sitting here and talking about property tax reform and I know I approached Senator Sullivan before the LB407 debate, I believe that's the school number, and TEEOSA bill, and I said, you know, I'm to the point, I'm tired of the bickering of the big school, little school, and this was before this year's fights. I said, you know, I feel like our school systems we have now do nothing but bring the top kids down to where the bottom ones are at. I feel like we're paying more and more money in comparison nationwide. We are not achieving what we need to be doing and we're throwing away too much money at it. We're talking about property tax. I said to Senator Sullivan, I said, I can give you a way to eliminate all property tax to the schools and cut the state budget in half and give a better education. And literally, it is possible. If you'd look at virtual schools doing it on the Internet, you would have to have some truant officers, you'd have to have some communities that set up locations for them kids that aren't self-motivated, won't do it on their own, need a little bit of help, but you think what you could do for the cost. You'd have your top-end kids that wouldn't be held back by the class that can't get things done, and the teachers trying to get them brought forward, you would be able to push them kids along. You could have all the programs, statewide be the same on the

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Internet. We have plenty of computers now. If the homes don't have them, the schools got them and we take them to a community center and we shut down them schools. Get rid of all the overhead. You wouldn't be worrying about which schools are growing, which ones are shrinking, which ones need more aid, and which ones just like to fight because they think they're big. And you could do something that would be positive for the state, positive for our kids, and save a lot of dollars. I'm not...I know one of the concerns people get, what's going to happen to sports? I don't know what it's like down here but from what I see, there's all kinds of club programs. There would be plenty of sports. All summer long my kids travel either in football leagues, basketball leagues, baseball leagues, wrestling camps, whatever they want to participate in. There wouldn't be a lack of them but we would have cost containment. Senator Schilz said this one very appropriately, it's a token. What I'm offering you, if people really wanted to look into it, would be a huge tax savings, would be an opportunity to move this state forward in front of any other state, allow the high achievers to totally excel, and still have the community involvement to bring those that aren't self-motivated or need the guidance along. But we literally could eliminate school buildings for the most part. We could eliminate the fighting and bickering we do here. If somebody really wants to talk about property tax reform, I challenge them to look into this idea. [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR CHRISTENSEN: Thank you. Because if you want to talk about property tax reform, that's the way you're going to do it because then you would have all the structure across the state the same. You'd have very few teachers. You wouldn't have administrators. You wouldn't have the buildings. Think about the tax savings you'd have. If somebody is serious about it, I'm throwing you an idea to look at. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Christensen. Senator Larson, you're recognized. [LB195]

SENATOR LARSON: Thank you, Mr. President. I had a question for Senator Conrad after...I didn't get a chance to speak yesterday after she spoke about the spending and those of us that were concerned with the spending growth. But I don't think she's in the Chamber, so I'll ask Senator Mello if he'd yield. [LB195]

SENATOR GLOOR: Senator Mello, would you yield? [LB195]

SENATOR MELLO: Yes. [LB195]

SENATOR LARSON: Senator Mello, if we doubled the property tax credit program from what it is now, hypothetically, what would it do to the 5.2 percent that we see on our General Fund status on line 37? [LB195]

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SENATOR MELLO: Senator Larson, I don't have an answer to that right away. If you'd give me a little time I'd love to talk with the Fiscal Office specifically since I don't want to, I would say, come up with some conjecture number off the top of my head, if that's okay. [LB195]

SENATOR LARSON: I think I have an answer and the Fiscal Office might be able to correct me since you weren't sure and Senator Conrad so aptly said this was spending, it is a General Fund transfer out. Therefore, this will not be recognized as spending and will not affect that 5.2 percent number at all. [LB195]

SENATOR MELLO: That is correct. [LB195]

SENATOR LARSON: That was more of a statement. Thank you. One thing that I'd like to draw the attention of the body, so, Senator Conrad talked about how this was new spending and those of us concerned with that percent growth needed to be realized that this was spending. And I beg to differ. You look on line 33, 33 which has \$50,184,519 at our disposal to spend, colleagues, I can guarantee at the end of the year, that money will be spent. Now, we have to pass those A bills to spend that money, yes, but that money will be spent bumping this overall spending growth to somewhere probably around 5.5, 5.6 roughly. What Senator Schilz's amendment does, AM1259, will not increase that and will return taxpayer dollars back to them. It will take money, these fifteen million that Senator Schilz is proposing, will take that fifty million and will drop it down to thirty-five million, but it will return taxpayer dollars back to them regardless of how much it is, that's the point here. We can either spend it on ongoing or one-time spending. I...increase the size of government or we can return it. It is a General Fund transfer out. Senator Mello just said that. It will not count towards that percentage. We have to ask ourselves, do we want to give the taxpayers a break regardless how small or token it is? Or do we want to spend that fifty million on more ongoing or one-time spending? That's up to you, colleagues. Property taxes are the number one issue that I hear about. Also I heard yesterday complaints that, why are we taking so long on the budget? We haven't taken this long on the budget before. Why is it this year that all of a sudden we've started talking? And I've heard, you know, other people say, well, we haven't had money to spend before. Again, I will turn your attention to the green sheet, colleagues. You go into our current fiscal year, 2012-2013, our two-year growth is 3.3 percent. [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR LARSON: Then you go into the biennial budget we're discussing now, and it's 5.2 percent. That's why there is so much discussion from everybody. That's why there was so much discussion in the Appropriations Committee in terms of the concern of spending growth. I don't think the conversation that we've had is a bad thing, and I

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refute that Senator Conrad said this is new spending. And those of us that are concerned with that number, that 5.1, I know that Senator Kintner had said that he wanted to be at 5.1. The Governor was at 4.9. Senator Schilz's amendment will not bump that number up, is my understanding. With a General Fund transfer out, so we can either spend it on A bills or give it back to the taxpayers. I'd say... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR LARSON: Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Larson. Senators in the queue: Wallman, Schilz, Kintner, Harms, Nordquist, Mello, and others. Senator Wallman, you're recognized. [LB195]

SENATOR WALLMAN: Thank you, Mr. President and members of the body. Property tax relief. How often have I heard that in here? Many times. But we shift the taxes, folks. Unless we cut spending, this bill is bad policy. We did it once before and then we...what are going to do? Pick it up on sales tax? All these issues, this is a complicated formula. And like Senator Christensen said, if we really want to do something, with Senator Schumacher's tax study, there probably should be a complete restudy of our tax system. But giving money back out of here, the reason we have a little extra money because we cut programs and now we up provider rates, and that money gets spent in the state. If you have a business, you know, when you pay your employees, they'll spend some of that money in your district. And that's turnaround monies. It multiplies. And so that's what we got to watch out for. So I would love to have property tax relief, but our local entities are what causes property taxes, and not in here unless we set rules and regulations for schools that are terrible, onerous, that cost them money. And so that's our fault in here. But otherwise, our local entities we took away state aid, to roads, basically, I mean the townships, the counties, the cities, the jail reimbursements, all these things we took away from our local entities. And it's going to cost somebody, so all we ever did in here to balance our budget was, thank God for stimulus monies. We couldn't wait to get that. We balanced our budget on federal monies and nobody seemed to have trouble with that, me included. And thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Wallman. Senator Schilz, you're recognized. [LB195]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. I was hoping that Speaker Adams could be in here as well, and the first thing I want to do with my time on the mike here is say something to the entire body, you know, but especially to Senator Mello and Speaker Adams. And I know Senator Mello was upset yesterday when I introduced this amendment and did not tell him of my intentions before that, and I regret that. In the past, I've always tried to make it a point to let my intentions be

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known of what I expect to do and on this I failed yesterday. And for that, I do apologize because I don't want to create any more of the animosity and everything else that's already inherent in this session as it is. So I'd like to dial it down a couple of notches within this discussion. With that being said, this doesn't negate the need for this conversation. This doesn't change the fact that, from what I can see, there's people here that have...you know, that believe that the money belongs to the people who pay the taxes and we are just the stewards. We are the ones that get to prioritize where that money gets spent, but we should take that direction from the people that sent us here. And I take that job very seriously. I'd like to ask Senator Davis a question if he would yield. [LB195]

SENATOR GLOOR: Senator Davis, would you yield? [LB195]

SENATOR DAVIS: Yes, sir. [LB195]

SENATOR SCHILZ: Thank you, Senator Davis, and good morning. I...you know, back in western Nebraska or almost western Nebraska where you and I are from, we're almost neighbors, you're about 90 miles north of me there. When you went out in your campaign, were property taxes brought up quite a bit? [LB195]

SENATOR DAVIS: That is the number one issue in rural Nebraska, without a doubt. [LB195]

SENATOR SCHILZ: Yeah. Thank you and I don't disagree. Now I want to ask you another question. I don't want to put you on the...I don't necessarily want to put you on the spot and I'm sorry if you don't have this answer, but you know being a rancher, being a cow-calf guy, and we've had some interim studies where the Revenue Committee went out and I joined in on those studies where we heard from ranchers how much property tax they were having to pay per pair, per cow, on their ranch. And I don't know if you have any of those figures or if you know any of them, but would you have an idea about where that runs? [LB195]

SENATOR DAVIS: I could get that information for you, Senator Schilz, because we did a study on that with Independent Cattlemen a few years ago. What I am going to say is that a lot of ranchers will tell you they're paying between 10 and 30 percent of their gross income. And when we had some testimony this summer from some folks in Dawes County where things are a little bit harder than they are in Cherry County, they said it was equivalent to 75 percent of their gross income. Gross income, of course, is before you pay all your other expenses like labor, feed, and everything else, so it's a crippling tax for folks in our part of the state and it's something that we do need to address at some point. [LB195]

SENATOR SCHILZ: Thank you, Senator Davis. And I appreciate everything you say.

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You know, we heard Senator Hadley yesterday talk about the top five categories...
[LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR SCHILZ: ...of where the increases are coming from that add up to \$417 million or something, some four hundred and some million dollars. We could take all of that and put it against the property tax problem. And as Senator Karpisek said yesterday, we'd probably still have people complaining because it wasn't still enough. So we do have a problem here in Nebraska, folks. We do need to talk about it. We need to do something about it. And I understand that not only does it make sense for us to talk about it here at the State House, but those folks that are out there, the leaders of Nebraska in our communities, need to think about this as well and find ways within their own political subdivisions to help to reduce, become more efficient so that less spending can occur so that the taxpayers can get their money back. [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR SCHILZ: Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Schilz. Senator Kintner, you're recognized.
[LB195]

SENATOR KINTNER: Well, thank you, Mr. President. I guess, I should say, I finally...Senator Chambers, if you're listening, I finally did talk to the Governor's Office today. She told me to iron my own shirt and make sure I unplug the iron when I'm finished. But on this issue here, you know, we're going to spend 593 million new dollars this year and that's quite a hunk of money. That's a boatload of money as I would say. And we're looking at a \$15 million property tax relief which is about 6.6. Now, I want to tell the taxpayers out there, we haven't forgotten you. There is a spending spree going on and I understand it, but you got to be asking, what about us? What about us? I want to go on the record that we have not forgotten you. This is the one tax cut, tax reduction that we can do that doesn't go through Revenue Committee. This is looked at as spending, although it doesn't have the same economic effect. It's better than spending government money, but this is the one that doesn't go through Revenue, this is the one that we can do right now. And if you look at the taxes that we pay here, there's a reason we're the 15th highest tax state in the country. You know, if you own property, of course, you have property taxes. We're talking about that here. You pay sales tax when you buy something. Income tax when you earn something. Fuel tax when you fill up your car. Personal property tax when you buy a car, if you have farm equipment. If you have cell phone, you're paying cell phone taxes. If you're a corporation, there's business taxes in addition to workers' comp and unemployment. When you retire, we're going to tax your retirement 100 percent like it's income, regular income, earned income. And when you

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die, your family is going pay inheritance tax. That's just some of them. There's some 28 taxes or so that we pay that that add up to make us one of the highest tax states in the country. There's a reason that we have an out-migration of retired people in this state. And Senator Hadley yesterday said, it's the spending side of the equation. If you want to cut taxes, you got to cut spending. Well, unfortunately, the only time this body can cut spending is if there is a budget crisis. If there's a problem, we can cut spending, but if there's not a problem, we have not much discipline. So if you want to stop the money from being spent, you got to get it out of Lincoln. You got to get it away from this body. You got to put it back in the hands of the taxpayers. That's the only way we're going to stop this body from spending it, is to take it away. Take away the wallet, give it back to the rightful owners, and that is the way that we cut spending by making sure the money is not here in the first place. That's the only way we could do it in this state. So I fully support \$15 million property taxes. It's our promise to the people of our state that we've not forgotten you. Yes, it's not a large tax reduction but it's a down payment. We haven't forgotten you. In all the spending that we're going to do, all this money we're taking from you and giving it to somebody else, we haven't forgotten that we've taken too much, and that we need to give a little of that money back. And that's my promise to the people of this state, the people who are watching, the people who are going to read what I say, people who are listening, we have not forgotten you. And that's why I support a \$15 million... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR KINTNER: ...tax reduction on property taxes, and I want to thank Senator Schilz for bringing this out, for introducing it. And I didn't know he was going to do it. I just found out he was going to do it. And by the way, though, the late Milton Friedman, Nobel prize winning economist, said, I'll cut any tax, anytime, any place. And I couldn't say that better myself. And this is the tax before us and it's time to get cutting. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Kintner. The Chair recognizes Senator Harms. [LB195]

SENATOR HARMS: Thank you, Mr. President and colleagues. I've listened to this conversation and it boils down for me. I don't disagree with the fact that we have to address taxes. I don't disagree when I go into my district, the only thing I hear is real estate taxes. But, colleagues, you can't do this without a plan. You can't do this by just giving \$122 million two years in a row without a plan. We are absent of a plan of a total tax redo or overhaul, a restructuring. That's what we lack. And so as we argue all this and everybody says we have to do property tax relief, I think that's probably right. But this is not the time to do it. You have no plan. We have no idea of what we're going to do. Until this committee is put together and have a comprehensive plan, then you'll have a better picture of what you're going to have to deal with. When it comes to property tax,

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how are you going to cut property tax from the state level in many cases? It's going to end up being just a tax shift to sales taxes or something else. They're in control of their own tax structure...not tax structure, their own taxing process. But we need a comprehensive plan to address the issue and I think Senator Hadley hit it right on the head last night, late, about the things he said. And here's what you're going to have to decide. No matter what you do with the tax structure, you will have to decide, what are you willing to give up? What are you willing to say and you go home, what are we willing to give up that says we're going to bring these taxes down? Because that's what it boils down to. What do you want to give up? And now you're going to have the courage to stand up and say, yes, we are going to cut welfare, we are going to cut education, we are going to cut highway funds, or whatever it might be. So that's the decision that we're going to have to make and you won't be able to make that until you have a long-range plan laid out and people have gone through it thoughtfully. And until this commission is formed or the committee is formed or whatever the title of it is going to be, and you have a chance to do this, that's the only way we're going to get to this issue. It's nice to have the discussion. It's nice to do it over the budget. Makes everybody feel good. Yeah, we're talking about cuts. You can't even buy a cup of coffee with this. It's not worthy at this point until you put a plan down that says this is what we're going to have to do. If you recall, colleagues, those of you who were here, when we were confronted with a dip in revenue that was a serious blow to our economy and to this Legislature, and we had to decide, we had to cut almost a billion dollars out of our budget, they put together a plan. Every chair had to sit down with his committee and work all summer long on deciding what can we give up. They called the agencies in. They directed agencies and said, look, we have our backs against the wall, we're going to have to cut back, this is what we expect from you. Now, what can you give up to help us reach our goal? That's what we're going to have to do. Regardless of what we decide in that commission or that committee, it's going to fall back on the chairs and other people to sit down and say, okay now, this is our plan, this is what we're committed, we are going to lower taxes, we are going to address the issue, but this is what it's going to take. And then you start the discussion. Then you really get down to the hard things to give up. And you know what we heard in Appropriations Committee when that was done, because you know who usually does it was Appropriations Committee when there were smaller cuts that had to take place, what we heard was, this is one of the toughest things I've ever had to do. This is the most gut-wrenching thing... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR HARMS: Thank you, Mr. President...I've ever had to do to look at the people and say, we're giving this up, it's got to go. Now, you could take care of this pretty easily by getting rid of...just get rid of your exemptions. How many billions of dollars do we have in exemptions? Now, are you willing to go home in the agricultural community and say, hey, folks, we're going to take this away from you. We're not going to give you this break, or in some medical fields, or wherever they are, you have options. Don't be

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fooled into a \$122 million. I'm not arguing with Senator Schilz that we should have property tax relief. What I'm arguing is, this is not the time or the place, without a plan and a process that you can use, that should be done. We need debate, a debate on that topic alone. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Harms. Senator Nordquist, you are recognized. [LB195]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise in opposition to this amendment. I think Senator Schilz in his opening this morning hit it right on the head when he used the word "token." That's what this is, it's a token. And I think the people of this state and the people of this country are sick and tired of politicians grandstanding on token issues rather than taking on real issues. If we're serious about real property tax relief for homeowners in our state, it's got to come through LB613 and, hopefully, it will. But let's think about what an affirmative vote for this amendment means. It means you are voting affirmatively to export hundreds of thousands of dollars from our state coffers to out-of-state landowners like Ted Turner, to out-of-state corporations like Walmart, large landowners in our state, sending that money out of here. You know what it means for people in my district? Three to four dollars a year. Break that down by month. Twenty-five to thirty cents a month. When Senator Schilz said it was a token, he's probably right. It's a token about the size of a quarter every month in your back pocket. I don't think my constituents are...I know my constituents aren't that naive to think I'm some great hero of property tax relief when they get three to four dollars a month. I know they're not. And I think most of your constituents aren't that naive either. So, but rest...I hope Nebraskans remember, and they'll see it this year, property tax...or tax relief is on the way right now. We passed LB970 last year which phases in over a three-year period. The first year was about a \$9 million cost. Now, in the next two years of this biennium of the budget we're debating, we're going to give back \$36 million in income tax relief and \$55 million the second year. Over \$90 million of income tax relief through these next two years. That's tax relief Nebraskans haven't seen yet. It's coming. It's in statute. Their tax rates are going to be down. And under that tax plan that Senator Mello and I negotiated with the Governor on with Senator Cornett, a middle-class family is going to get the exact same tax cut as Warren Buffett. That's real tax relief for middle-class families that they haven't seen yet that's on the way. But I, too, believe we need property tax relief, not token property tax relief, real property tax relief, and that's why we have LB613. Next year, we will all come together and focus on real property tax relief for homeowners. Thank you. [LB195 LB613]

SENATOR GLOOR: Thank you, Senator Nordquist. Senator Mello, you're recognized. [LB195]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. Senator Larson asked a question, which I knew the answer. I wanted to double-check though,

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which the way this property tax credit program is funded is through a General Fund Appropriation transfer. From General Funds to cash funds. Those cash funds then ultimately get disbursed to counties. The way that was created essentially when the Legislature passed and the Governor signed it is, the Legislature was concerned about appropriating \$230 million over a biennium to essentially a property tax aid program. And so what they did was to...so they wouldn't show a 3 percent increase in state spending, they simply said, we'll do it as a transfer, a General Fund transfer to a cash fund, then we'll spend it out of the cash fund. If Senator Larson was concerned about growth, spending of growth, we could just take TEEOSA. Talk with Senator Sullivan, the Education Committee, and all of us could get together and say, this is what we're going to do, colleagues. We're going to instead move all of the General Funds we would appropriate to TEEOSA and our K-12 school districts, and not really appropriate to them but appropriate it to a cash fund instead, and then spend the money out of the cash fund to school districts and we would see a significant decline in state spending growth. Now, colleagues, ultimately I consider that to be kind of a little bit of a magic math scenario. If you don't want to spend the money and don't want to see state spending growth as a number, simply transfer it to a cash fund and it won't count. So, I just want to make sure to clarify what Senator Larson's concern and Senator Conrad and him have a little dialogue last night, and the reality, colleagues, that's what this program was done and how it was created to give the illusion that this is not state spending. Colleagues, it's state spending. It's General Fund appropriations. It's simply done as a General Fund transfer to a cash fund and then that cash fund gets expended. So, just for a point of clarification, also with AM1259, if AM1259 does not pass, colleagues, there is still \$230 million of an appropriation to property tax credit fund in Appropriations Committee recommendation. So while this gives, yes, the \$100,000 homeowner a \$4.50...\$4.56 more with this amendment, don't be under an illusion that by not voting for this or voting against it that they're still not property tax relief as part of our budget. But Senator Hadley and Senator Davis continually bring up an issue that I know Senator Schilz and Senator Larson and others have not brought up in floor debate. Which is, if really property tax relief is a focus, why aren't we really addressing the issues at hand regarding the property tax levy we give to local government entities and political subdivisions? Senator Davis and Senator Hadley raised that. But if we really want to focus on property tax relief, if that really is the driving focus, why didn't we fully fund TEEOSA if the amount that the Education Committee originally had discussed with LB407? Why didn't we put the money in there which would have lowered property tax levies? Property taxes then wouldn't have to be increased to meet the demands of the lone state constitutional obligation that we have to fund. But that's not a pleasant conversation that people want to have because, ultimately, they want to say, well, that's just more state spending. Colleagues, the property tax credit program created in 2007 is state spending. There's no disagreement, there's no illusion about it. So those who are advocating for this amendment, just be cautious that while it may not increase state spending growth, it is increasing state spending. We know that. The other issue I think at hand, which Senator Nordquist and Senator Harms briefly discussed it... [LB195

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SENATOR GLOOR: One minute. [LB195]

SENATOR MELLO: ...was this program is seeing a significant change over the last five years. You've seen an increase of the program's credit going to large agricultural landowners and a decrease of 8 percent going to residential homestead owners. Colleagues, that diagram of one going up, one going down, is only going to get bigger unless this program gets reformed. And I've spoken with Senator Schumacher, I've spoken with Senator Hadley, I fully anticipate this property tax credit program will be part of a tax study because we know it needs to be revised and needs to be looked at. It's not meeting, ultimately, what we thought it was going to meet when it was passed. Colleagues, you don't have to vote for AM1259 and say you want to give more property tax relief to Nebraskans. All you simply have to do is vote for AM656 and the underlying budget bill because the Appropriations Committee has continued this program... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR MELLO: ...and it's part of our budget. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Mello. Senators wishing to be recognized: Larson, Bolz, Brasch, Murante, Carlson, Hadley, Johnson, and others. Senator Larson, you're recognized. [LB195]

SENATOR LARSON: Thank you, Mr. President. Property taxes affect everyone, those that own, those that rent. In rural Nebraska, I'll take District 40 for example, Senator Nordquist is right. There's some absentee landowners of large parcels of ag land. What do they do with that land? They cash rent it out and they pass their property...when their increase in property taxes, they pass that along to the farmer or rancher. This is a tax that affects every single person whether they own a home or not. It will be passed on. Senator Mello is right, it is a General Fund transfer out to a cash fund. You look at that line, I think it's line 33. Double-check, 34, I'm sorry. It says \$50 million, just a little over \$50 million. Senator Schilz's amendment would drop that down to thirty-five for us to spend. That fifteen million that has been collected through sales, income, corporate income tax, taxpayers of Nebraska, that fifteen million would be returned in property tax relief. Senator Mello talked about the magic trick that could happen with TEEOSA and how it's the state's one constitutional obligation is funding state aid. You're right, it is a state obligation. And I'll support LB407 and the compromise that Senator Sullivan has struck even though the school district that I live in, though the state has a constitutional obligation to provide them an education, is unequalized, meaning that the property taxpayers in that district, myself included, pay for the entire school. Now, TEEOSA gives them the income tax rebate, I think is right around one hundred thirty, one hundred forty

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thousand they'll get in the income tax rebate in the formula, does that mean the state isn't fulfilling their constitutional obligation to educate the students of O'Neill Public Schools, in which I have a stepchild that will be in kindergarten next year? You know, we can talk about TEEOSA and the possibilities that, you know, as we move from 110 or 114 on equalized school districts, is the state fulfilling its obligation? Just because we have more property tax revenue does that mean that the property taxpayers there should have to cover the entire amount and the state should cover where there is not as big a property tax base or should the state try to chip in for everybody? I think that's a fair question. And others will disagree with me. You have a big property tax base, therefore, you know, the state shouldn't have to chip in. But I think that argument goes right back to the other point that Senator Mello said, the state has a constitutional obligation to provide an education for all students. Yet, it is, again in my home district, school district, is just the property taxpayers of the O'Neill school district that is providing that education. They get... [LB195 LB407]

SENATOR GLOOR: One minute. [LB195]

SENATOR LARSON: ...some special ed money, they get the income tax rebate, they get a little help, but they don't get that 11 percent increase. They don't get that 20 percent increase that isn't enough for some school districts. So I think, AM1259 does send a message and it sends the right message regardless of how much it is. Property tax relief is property tax relief and it will affect all Nebraskans. Enough said. Thank you, Mr. President. [LB195]

SENATOR COASH PRESIDING

SENATOR COASH: Thank you, Senator Larson. Senator Bolz, you're recognized. [LB195]

SENATOR BOLZ: Thank you, Mr. President. I'm pleased to hear the conversation this morning about what our constituents want and need. I think that's helpful and important. And as someone who just came off a campaign, what I heard from my constituents is that they want and need reliability and sustainability and a government they can believe in and count on. They want reasonable, responsible budgeting from us. Nebraskans...and Nebraska business owners, in particular, want predictability. They want a foundation they can trust for planning and meeting their future goals. Colleagues, we forget that not too long ago, we had a deficit predicted in our state budget in meeting our constitutional obligations to education and carrying for our seniors and nursing homes and public safety. The variance over our minimum reserve has fluctuated in the last four months, not to mention the last four years. The future impacts of our budget are also unpredictable. We may face another drought, we may face global market impacts that we can't predict at this point. And so, in a reasonable, responsible, predictable manner, we need to make sure that our budget invest in things

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that have real meaning for folks. I think our responsible choice is to save when we can save while balancing other priorities, including the homestead exemption, including the other taxpayer focused initiatives in our budget. But I don't think it's responsible, and I don't think it's reasonable, and I don't think it's what our constituents want, to invest in token initiatives when there are other more meaningful opportunities that we have in our budget. Senator Harms is right, we need a plan. Further, colleagues, we need a process. This idea didn't have a public hearing. There wasn't discussion and input from the public in this idea. I'll tell you what did have a public hearing and that's our postsecondary education budget. The university system, tuition free, did have a public hearing and, colleagues, that's something that has a meaningful impact on the family budget. The tuition free that's incorporated in this budget saves students and parents at the university a thousand dollars a year and that includes state colleges. It includes the University of Nebraska-Kearney, it includes UNO, it includes western Nebraska community college and Wayne State and Peru. It includes university settings across this great state. The average debt of students graduating from the university system in 2011 was \$21,000. Colleagues, that's holding the next generation of Nebraskans back from buying homes and starting small businesses. The economic impact of our choices when it comes to funding the university is incredible. You know, as a good example of the economic impact of UNL's Institute of Agriculture and Natural Resources has a fifteen to one return on investments. Nebraska voters, Nebraska constituents, Nebraska taxpayers are reasonable and they're responsible and they want meaningful policy and meaningful leadership and they want sustainability and predictability. This budget recognizes what's important to Nebraska families, what's important to Nebraska pocketbooks, and it recognizes the importance of saving for the future. Colleagues, I encourage you to focus on what is smart and what is strategic in this budget and that includes saving parents money on their tuition and saving money for the unpredictable needs of the future. And those things are meaningful, those things have weight. Those things are not a token, those things are real value that we return back to our constituents. Thank you, Mr. President. [LB195]

SENATOR COASH: Thank you, Senator Bolz. Senator Brasch, you're recognized. [LB195]

SENATOR BRASCH: Thank you, Mr. President and good morning, colleagues, and good morning second house, Nebraska citizens who are watching this morning. And I do rise in support of AM1259 to AM656. It was just said by Senator Bolz that property tax relief has not had a public hearing. Well, it has had several public hearings, not just from LB145 this session where I tried to propose some relief that remains in committee. Senator Watermeier also had a bill to also look at some property tax relief. Then Senator Heidemann, Senator Fischer, ongoing senators for many sessions have asked for property tax relief for many years moving forward. Senator Wallman had said that taxes, this is shifting taxes. I don't believe we're shifting taxes when perhaps we are overly collecting taxes and too aggressively collecting taxes when it comes to property

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tax. I did some research on-line on the Nebraska Legislature's site and there's a really interesting article that talks about property taxes and the reason for property taxes being such a good tax. It says the chief strength of property tax is its stability and reliability. Property values do not change much from year to year, and it goes on. Well, property tax has changed aggressively, rapidly. I would venture to say that probably it has risen faster than any tax that this state has. Nebraska is one of the highest property taxing states in our country. We are right there at the top. Returning the money, the property tax money is the money of the second house. It does belong to the people. The reason we collect taxes is to pay for costs, to pay for a civilized society for our needs. And when we are able to either return or save for the benefit of that second house, we have an obligation to do so. By giving back, people, money that rightly came from them is not a cost to the state. It is not our money. It is money given to our trust to use for the good of our taxpayers. We do have many needs. We do have ongoing obligations. However, we also have the obligation to not create tax burdens. Property tax has become overbearing in so many situations and a burden to especially the agricultural community as other costs continue rising. This morning at our ag breakfast, one of the ag individuals there that Senator Watermeier, again, is familiar with, presented some very staggering statistics on what it costs to grow corn. That the expense that goes into it, the losses that have occurred over the last year or two in the ag industry, the cost associated... [LB195 LB145]

SENATOR COASH: One minute. [LB195]

SENATOR BRASCH: ...with agriculture. Again, I would like to stress that this is the people's money, that property taxes have become outdated, especially according to what is posted, and the history of property tax has changed. I do rise in support to AM1259. I'd like to thank Senator Schilz for bringing this forward and I continue to support moving forward with more relief, whether it's this or through a tax study. Thank you. [LB195]

SENATOR COASH: Thank you, Senator Brasch. Senator Murante, you're recognized. [LB195]

SENATOR MURANTE: Thank you, Mr. President and members. I found at this point in my short tenure in the Legislature that having come into this body as a person who followed the Legislature intently, that one of the advantages that comes from having previous experience working in the Legislature is having a base familiarity with a number of the incumbents. And sometimes that has its advantages, sometimes it has its disadvantages and sometimes it...simply listening to a state senator on a microphone for a period of years leads us to have incorrect perceptions about how that person interacts off the microphone. An example I can think of as I look across the hall at Senator McGill, listening to her speak for six years and then seeing how I was placed on the Urban Affairs Committee in January, I threw my head back and wondered what I did

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to the Committee on Committees to make them do such a horrible vice to me. (Laughter) But as the session progressed, I found that my initial perception was absolutely incorrect, and even in disagreement we have had a respectful relationship and my opinion of Senator McGill has soared over the course of the last few months. And one of the people who I have always enjoyed listening to was Senator Harms, who isn't here at the moment, but who regardless of whether I agreed with him or disagreed with him, he is a person who lays out arguments in a very logical way. And even when we disagree with the conclusion, I can always appreciate where he's coming from and at least understand his opinion, even if I disagree with it. And what he said on the microphone is something that I think is worthy of discussion with AM1259 and that is, how exactly, if we have a desire, an intention to provide tax relief to the people of Nebraska, how do we do it? And what I have come up with, at least in my mind as the best process, is that tax cuts...those who have advocated that to lower taxes, we need to cut spending first, I simply don't agree with that line of reasoning. I don't believe...I believe fundamentally that spending first and foremost get set in the Revenue Committee, not the Appropriations Committee. I believe that what Senator Harms said is correct that back when we had huge budget deficits, that we developed a plan and figured out a way to fill a billion dollar budget gap, this Legislature did. But that was predicated on a variable that does not exist very often and that we have to create for ourselves if we are going to cut spending in the future and that is an absolute necessity to do so. We came to the table and developed a plan to cut spending because we had no other choice. There was no money to spend. That's not going to happen very often in the future and if the only time we provide tax relief in the state of Nebraska is when there is absolutely no money left to spend in the state, it's never going to happen, or it's not going to happen very often. So, before we cut spending, step one is to provide the tax relief... [LB195]

SENATOR GLOOR PRESIDING

SENATOR GLOOR: One minute. [LB195]

SENATOR MURANTE: ...and then tell the Appropriations Committee that they have to adjust accordingly. If you want to lower the rate of spending in the state of Nebraska, it starts in the Revenue Committee. You don't cut spending and then have the Revenue Committee adjust the tax rates accordingly. It never works that way. And I think that we all need to appreciate that regardless of the fact that this Legislature has not significantly increased taxes in recent years, we've increased a few here and there, occupation tax, sales tax, gas tax, things like that, but we aren't working in a vacuum. And the people in Nebraska don't look to their state Legislature to say, you did your part and you didn't raise taxes while everybody else was doing it. I looked at my property tax statement and it has gone up substantially, not the amount of... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

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SENATOR MURANTE: Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Murante. (Visitors introduced.) We return to discussion. Senator Carlson, you're recognized. [LB195]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. I've heard a lot of discussion this morning. I haven't heard all of it, so if I'm repeating what somebody else has said, may have said, I'm sorry. But we're talking about AM1259 which is a reduction in property tax of seven and a half million each year for the next two years or a total of \$15 million in property tax reduction above and beyond the two hundred and thirty million of property tax reduction already in the budget. And so that would take it from two hundred thirty million to two hundred and forty-five million of property tax reduction. We all can add and subtract. That's \$15 million more over the next two years. To do that, we've got to cut \$15 million out of the budget now. And I think that as we talk about and discuss AM1259 because that's the reality of it, that's what it is, it's \$15 million, let's know where these cuts are coming from and let's know what they are before we vote on AM1259. I think it's fair to answer and agree on what these cuts are before we proceed any further. I like property tax reduction. I'm certainly not opposed to property tax reduction, but the truth and reality of it is that over a two-year period in our budget, \$15 million is a substantial amount. And where do those cuts come from? Now, who in the body should come up with specific cuts? Probably all of us. Certainly those who support the amendment. And I'm not going to single out anyone to ask what should be cut, but we need specific recommendations. And some would say, let's just adopt AM1259 now and address the cuts later. I think the proper procedure is to make decision on specific cuts now before we vote on AM1259. When we determine what cuts total \$15 million, I'll support AM1259. And if you support AM1259, I think you should make specific recommendations. I think that's the way to proceed. Being in my seventh year in the Legislature, and it didn't take me very long before experiencing what we do experience here, that I think of the 49 of us as a family. And we have some arguments and we have some disagreements, but for the most part I think that certainly this is the most bipartisan governmental body in the United States. And that's why we're able to balance the budget, that's why we're able to do the things that we do. So I look at it as a family decision. And if in my family I sat down, my wife and kids and said, you know, this next year we've got to save \$1,500. We got to spend \$1,500 less. That's \$125 a month. How are we going to do it? Let's decide now how we're going to do it and then do it. And I think that's the way we need to proceed here. So thank you for listening and I'll be interested in what kind of recommendations we can consider. Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Carlson. (Visitors introduced.) Senators in the queue: Hadley, Johnson, Wightman, Schilz, Hansen, Davis, Wallman, and others. Senator Hadley, you're recognized. [LB195]

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SENATOR HADLEY: Mr. President and members of the body, I find this a very interesting conversation because if we ever do get around to the Tax Modernization Committee, obviously property taxes is one of the things we've heard a lot about. But let's talk about it rather than just an emotional talk, let's talk a little bit about some numbers. Property taxes. State of Nebraska, the numbers are small but it's about \$3.2 billion the entities in Nebraska collected property taxes. Sixty percent goes to the school districts, 17 percent goes to the county, 11 percent goes to the city, and the rest is spread out through NRDs, ESUs, and such as that. Now, what do those...all of those entities have in common? They all have an elected board. They all have a board that people elect. Lincoln just went through an election where they elected city council members that determine their property tax rate. I think they had a couple maybe uncontested school board races that determined their property tax rate. So when we talk about the state doing a terrible job on property taxes, these are elected bodies. If our citizens do not like the property tax burden, they ought to start by talking to the people they elect. They ought to talk to the people that are setting these property tax rates. I will quote our Governor who has said many times, we do not set property taxes in the Legislature. We may influence them, but we do not set them. So when people talk about it's the people's money, it's the people's money being determined by their own local representatives, what the amount should be, and what it should be spent for. So if you're a constituent out in Kearney and you don't like the school levy, you need to talk to your school board. They told me one time that they had a meeting...you know they're required to have a meeting where they talk about changing the levy versus the valuation, by law they have to have that. No one showed up. Nobody showed up. So we're looking at the state to solve a problem that is a lot local. We're going to do a tax study. At least I think, maybe. Let me give you a number. If we raise sales tax by one cent at the state level and dedicate that to property tax relief, do you know what that gets us? It gets us \$280 million of money for a \$3.2 billion property tax. So we raise our sales tax by one cent to lower the burden by 8.66 percent on property taxes. I remember Senator Karpisek talking the other day that we had had the tax relief of \$110 million and everybody says, why don't you do something? I was amazed when I talked to people when I was running when they said...I said, have you looked at your property tax statement for two things, to see where the money goes, and to see what that property tax... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR HADLEY: ...abatement is? And you know what the common answer was? No. I have no idea of where my property taxes go. Sitting on the city council and being a mayor, I was always chewed on for property taxes and it was really the smallest part of the city budget. Everybody thinks it's the city that's getting all this property tax money. And so, all I'm saying is, is we could talk a lot about property taxes but we need to tell the people that they're voting on people that are determining their property taxes. I

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mentioned to a county board member who said, why don't you take over paying all the school teachers and paying their retirement and everything? I said, okay, we'll do that but then we're going to have control of your school district. Oh, no, no. No, no, we want you to pay everything but we want to still have local control. If you want the state to pick up more and more of these functions, then the state has a very legitimate... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR HADLEY: Thank you, sir. [LB195]

SENATOR GLOOR: Thank you, Senator Hadley. Senator Johnson, you're recognized. [LB195]

SENATOR JOHNSON: Thank you, Mr. Speaker and colleagues. Senator Schilz asked Senator Davis a question about the campaign and, of course, I was on that trail last year and I want to talk a little bit about it and what came up in my discussions. What were their concerns and it was focused on taxes, there's no question about that. So we would go into it a little bit deeper and we'd talk about which particular tax. If I was going around in communities, in the towns, income tax because they were laborers and they thought, you know, income tax was maybe a little too high. They'd like to see that drop. Some of them would talk about the sales tax that they have to pay, but they were focused on those two categories. I would meet with farm groups and the question was property tax. My answer to some of those questions, or most of them because I didn't have the answer, was, I thought we needed to look at a right balance between sales tax, property tax, and income tax. Again, I did not try and answer what that balance should be. That continued to go along until I started to hear on the media that we're going to try and eliminate the income tax. And then my focus had to change a little bit because that was going to take part of that balance out of the sequence. Then we got to LB405, LB406, and then eventually we'll get to the study. And now we talk about tax relief. And it feels good to be able to do that. I would ask that you look at LB195, on page 37, as the amendment talks about, and focus on line 11 which says property tax credit program. Then go to 13, and I'm going to talk about the \$115 million that's there. So, we're talking about giving out a little bit more. So, I'm going to shift now to in the business world working with risk management and talking about balanced budgets, and talking about a balance sheet, the balance sheet consists of assets in a company, that's what you own, that's what you have. In this body, some of the assets on a yearly basis would be the money that we can generate in order to fund projects. And then you have the liabilities. It's what you owe or what you have to pay out. In a company balance sheet, you hope you have something that's called equity or a net worth. And I look at our cash balance or our cash reserve as our...possibly, our net worth. If we liquidated everything, hopefully, we'd have something to distribute in the final check to our citizens and that would be our cash fund. Our cash fund is based a lot on, I think, on forecasts. Senator Schumacher has done a great job in explaining his thoughts and I agree with

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him that we're putting...forecasting things that might not be realistic. And I've heard the term, you know, a rainy day fund. Well, to agriculture, a rainy day is a good day because that adds value to their crop. Most people put money away for a rainy day when something goes south or something goes wrong. I think we need to think about the tax study. All of these are going to be considered. My feeling is, we're building a lot of support behind forecast. I think this money, if we don't have a place to put it or spend it, invest it, maybe. I think it should go in the reserve. Look at it next year after we've done the study. I do know that there's some... [LB195 LB405 LB406]

SENATOR GLOOR: One minute. [LB195]

SENATOR JOHNSON: Thank you, Mr. President. I do know there's some areas that I keep hearing are underfunded and one of them is education. Education and property tax go together. Maybe partially funding education is a better way to invest that money in order to send that money back out. We're already sending \$115 million a year. I'm opposed to AM1259. I believe we need to wait for the study. I think it needs to go into the general reserve. Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Johnson. Senator Wightman, you're recognized. [LB195]

SENATOR WIGHTMAN: Thank you, Mr. President and members of the body. I agree with those who have said that if you took a poll, I think across the state of Nebraska that property taxes would be the most discussed and probably the most that people would say should go down. But at the same token, Nebraska...the state of Nebraska is not spending property taxes. The property taxes are going to support local government, they go to support school districts. And the state is...when the income tax went into effect, it was thought that the state was out of the property tax business. Now, I know we've been in it, we've granted reductions of property tax and had credits and we've done that in the past. We're presently doing that, but I don't think now is the time when we're looking at studies to be made during the next year to start increasing the amount of the property tax relief. There's no question if you went out in my district and you talked about property taxes, that probably more people would complain about property tax than anything else. And certainly if I looked at my tax bill on the local level, I pay more property taxes back, considerable amount that I do either income tax or sales tax. So...and I'm sure if you took a poll across the room that would vary a lot from person to person on whether they're paying more income tax or more property tax. I think Senator Hadley is right. I remember soon after I was out of law school in the 1960s when Governor Tiemann was here, that the state government was getting out of the property tax business and that was all to go to the school and local entities, primarily city schools and counties. And for us now to come in and continue to try to increase property tax relief, it seems to me is not what was set up since the 1960s. I think we do need to have a look at what taxes...the whole tax picture in the state of Nebraska. And certainly there

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are both a bill and a resolution to do that and I think both of them will come before this body. One already has. One will come before the body in addition and we'll have an opportunity to discuss that issue. But it seems to me that we would be much better off waiting until we can discuss that issue on a far more complete basis than we're going to be doing here with a small amount of property tax relief. Would it save me money? Yes. There are probably others within this body, maybe a number of them, that would save money, more money through property tax relief. But this does not seem to me to be the time or the place to do this when we're looking at a bill that would address this issue during the next year. So I am opposed to AM1259 and think that we should continue on with regard to LB195 without that as part of the consideration. Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Wightman. Senator Schilz, you're recognized.

SENATOR SCHILZ: Thank you, Mr. President. And, folks, I really appreciate the conversation. And as I sit here and I listen, I'm coming to the conclusion that this is even more critical and more important than I ever knew. I think I got the number right, somewhere over \$3.6 billion is collected in property tax. We at the state level have to balance our budget. The question is, and becomes, and it's a legitimate one to ask, have we balanced the state budgets on the backs of the other political subdivisions within our state? And if we have, and if you believe that, then are we any better than the federal government to where we push money around wherever we want to make it look like things are in order and things are working just fine, when beneath us everyone is struggling to make things work. We heard Senator Bolz talk about how people want to know that things are working the way they're supposed to. How people want predictability. You heard that, want predictability, how they want to know that things are working as they are supposed to. Governments have been around for how many tens of thousands of years, hundreds of thousands of years, I don't know. The questions are all the same though, aren't they? The issues that we deal with are all the same. Some might say government is the best racket ever created because we all get to talk about the same things time after time, it's just different people playing the parts. And if you look at it, kind of hard to argue with if you look at the history. During the One Hundred Second Legislature, I introduced LR9CA which would have looked at taking agricultural land and being able to designate it differently for what it was, whether it was dryland, irrigated land, or grassland. Because those different classifications have different abilities of making money. And my intention was to try to get closer to a point where we could assign a tax value to that land that worked upon how much productivity that land had. And I couldn't get that out of committee, and that's okay, that happens sometimes, we all understand that. But I've been thinking about this for a long time. My good friend, Senator Carlson, talked about, you know, is this the right thing to do? What's this going to go for? Well, as you look at the green sheet, the \$50 million that Senator Larson talked about is unappropriated money. It's money that we get to decide how it gets divvied up. It's money that can go for anybody's bill that has an A bill. So if you've got a bill and you think it's important and it spends some money, then by every right you

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should fight for that. If we reduce this down to \$35 million, that \$35 million is there. Remember, we weren't supposed to have anything, guys. We weren't supposed to have anything. We were supposed to have a budget deficit. We would have had to cut then and we would have cut. So my question is, don't we need to keep the hammer down? Don't we always have to continue to be working towards making our government more efficient. And as we've heard, more efficient government only comes... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR SCHILZ: ...by that of taking it away from the state to spend. Because guess what? There's \$50 million here, \$50 million is going to get spent unless we do one other thing with it and that's put it towards the Cash Reserve. But we will spend it if it's there. And that's okay. I mean, that's the case. That's the truth. So we do need to have...we do need to talk about this; we do need to show the people out there that we are committed to continually moving forward on finding ways to reduce people's tax burden, however it is. Senator Nordquist brought it up and it's true that we are going to provide some tax cuts on income tax and other things that are coming forward. That's great. That's great. But if you look at that and we talk about the millions or hundreds of millions dollars there... [LB195]

SENATOR GLOOR: Time. [LB195]

SENATOR SCHILZ: ...and we talk about the \$230 million or the \$245 million... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR SCHILZ: ...if this amendment goes through... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR SCHILZ: Thank you. [LB195]

SENATOR GLOOR: Senator Hansen, you are recognized. [LB195]

SENATOR HANSEN: Thank you, Mr. President, members of the Legislature. I'm a member of the Revenue Committee and I plan on being at every one of the meetings that Senator Hadley calls. Hopefully, it will be around the state. And I assume if property taxes aren't brought up, I'll bring them up and see how that fits into the Tax Modernization Plan. I think it...in most people's mind, it seems like whether you have a house or a ranch or a farm or a business, manufacturing, or whatever, property taxes are certainly there. Maybe it's because they pay them twice a year. I think that may be part of the problem. I do want to take deference to something that Senator Harms says that there is no plan. It may not be the plan that Senator Harms likes, but there is a plan.

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In 2007, we made a plan to give back to the taxpayers at an equal rate, no matter how much valuation you had, a certain percentage and that total was \$115 million and that was the plan. This amendment that Senator Schilz brings today is an increase to that amount, but it is still the same plan. Whether that plan needs to be changed or not, we may find out in the Tax Modernization Study. Senator Bolz said that this is a token initiative, the \$115 million is a token initiative. And I would take deference with that too. If you are a landowner, it amounts to something. And if it goes away, property taxes will go up. This is a token initiative of Senator Schilz to add \$7.5 million a year. That is a token initiative if anything is. Senator White, when he was here, lambasted Ted Turner, an out-of-state person that gets...was going to get, I think, \$65,000 returned in his property tax. Well, if he gets \$65,000 back, you got to figure out...you got to back around the math and figure out how much he does pay. He pays a lot. And if we talk about out-of-state business owners, there's a lot of them too. There was a senate race last year with an out-of-state business owner...nonresident business owner. And then I want to talk about another tax...another property tax relief plan that we have and that would be TEEOSA. Senator Mello, Senator Nordquist both stood up this morning and spoke their piece, they said, you know, we...that token amount that we get doesn't amount to anything. Well, if you take TEEOSA and you think that TEEOSA is...replaces general levy on property taxes, Douglas County would end up with...ends up now with the blue sheets on TEEOSA, they get \$337 million a year in property tax relief for Douglas County alone; Lancaster gets \$106 million of tax relief. We have a plan. We have several plans. Whether you, you know, whether you believe in them or not, I think that's the way I feel. Four years ago, and some people have said on this floor, and certainly said it in private conversations that, well, ag is doing really well and, you know, they don't need any more money to pay property taxes or, you know, we just don't think that they're... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR HANSEN: ...hurting in anyway. Well, they are hurting. They're continuing hurting. In our ranching business four years ago, I had to go in twice a year and borrow money to pay property taxes. That hurt. That our cash flow could not pay for what expenses we had plus the property tax amount that was sent to us twice a year. And that continued on for four years. This year, last fall, was the first time that we paid it in our cash flow. We're doing fine now, but that darn property tax is based on comparable sales. On comparable sales of land that production will not grow more. We're doing the best job we can. And still we cannot produce more when you raise cattle on dry grass. [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR HANSEN: Thank you, Mr. President. [LB195]

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SENATOR GLOOR: Thank you, Senator Hansen. Senator Davis, you are recognized.
[LB195]

SENATOR DAVIS: Thank you, Mr. President and members of the body. I had some answers to the questions that Senator Schilz had asked and I have a few other points I would like to make. My...the friend I contacted about this is also a business owner in a small community so his information is relating to his ranch and the gross income on his ranch and the property taxes he pays versus the business that he owns. And I think it's important to put this on the record and I hope our urban colleagues will listen and realize why rural folks talk about property taxes and we are obsessed with them. So my friend pays about 12 percent of his gross income on the ranch for property taxes. And he pays .012 percent of his gross income at the newspaper on property taxes. So two years ago, the newspaper grossed \$750,000 and he sold his calves for \$750 a head, which are two dissimilar things. But you figure that out, if he had a thousand cows, you can compare the difference in what he's paying in property taxes. These are both businesses. We need to find a solution to the property tax problem in this state. It just has to be done. When I was on my campaign spin last year, I visited with the mayor of one of my communities and we talked about property taxes and sales taxes and so he went back through his files and pulled out his files and demonstrated to me what he...what his property tax bill had been on property in that community and the sales tax that was generated. Well, property taxes in that community haven't gone up very much because they've generated the rest of the revenue from sales tax. In rural Nebraska, a lot of that comes from people that live in the country who are not using city services. That's one of the things that bothers people. Schools on the other hand are funded totally by property taxes and so rural folks pay a majority of that. Senator Hadley is absolutely correct. Property taxes are a local decision. The decision is made by local board members. The state has a lot to do with what those local boards have to do. The State Department of Education issues rules which impose restrictions and liabilities on school districts and really restrict their ability to really be flexible in what they offer. I'm not opposed to that because I'm on the Education Committee and I realize that those needs are very important. But there is a cost to those local districts to comply with state rules and regulations. And I hope that Senator Hadley recognizes that. I support property taxes. But we have talked all year about what we're going to do with the Revenue Committee and why we're not going to advance bills out of the Revenue Committee because we're going to do the tax study. I've heard that for 70 days. This looks to me like the same issue we've dealt with before. So I would ask my colleagues to think about that. Do we really want to do this? But while we're on that subject, I want to talk about one of my ideas that I intended to present to the tax study group and it does relate to property tax and it relates to the rebate that we get from the state, because one of the arguments that I've heard all along is that there are a lot of benefactors out of state who are getting the revenue. So my proposal would be that the tax rebate that's generated from within a school district be paid back to that school district to use as they choose. If they need the revenue to provide more education, they

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can do that. If they want to provide tax relief to their property tax owners, they can do that. But what we will do is we'll capture revenue that is, at this point, going out of the state and I think it will amount to a tremendous amount more than what we have in this particular bill. So I would just urge the body to just consider that we do have a property tax problem... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR DAVIS: ...in rural Nebraska, especially in the grass counties. And you know the grass counties are losing people all the time and with the loss of population it just imposes greater and greater burdens on the people that are remaining there. Nebraska needs a top property tax reform at some point and it needs to be part of the tax study. Thank you, Mr. Chairman. [LB195]

SENATOR GLOOR: Thank you, Senator Davis. Senator Wallman, you are recognized. [LB195]

SENATOR WALLMAN: Question. [LB195]

SENATOR GLOOR: Question has been called. Do I see five hands? I do. Question before us is, shall debate cease? All in favor vote aye; all opposed vote nay. Have all voted who care to? [LB195]

SENATOR WALLMAN: I'd like a call of the house. [LB195]

SENATOR GLOOR: There's 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. [LB195]

CLERK: 28 ayes, 0 nays to place the house under call. [LB195]

SENATOR GLOOR: Members, 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. Senators Lathrop, Nordquist, Conrad, Chambers, and Lautenbaugh, please return to the Chamber and record your presence. Senator Chambers, please return to the Chamber and record your presence. Senator Wallman, all members are accounted for. How do you wish to proceed? [LB195]

SENATOR WALLMAN: In regular order. [LB195]

SENATOR GLOOR: Members, the question is, shall debate on AM1259 cease? Mr. Clerk, roll call, regular order. [LB195]

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CLERK: (Roll call vote taken, Legislative Journal page 1286-1287.) 32 ayes, 15 nays to cease debate. [LB195]

SENATOR GLOOR: The motion passes. Senator Schilz, you're recognized to close on your amendment, committee amendment, AM1259. [LB195]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. I would like to say thank you for the time that you've allowed me to talk and speak on this amendment today and for the discussions that we've had. I think we got a lot of information out there that's important for all of us on this floor to understand and know. That our property tax collections are over \$3.6 billion a year. I think it's a year. That's a lot of money, guys. And that's what it goes to fund our schools and our counties and other political subdivisions that are out there. It is so vitally important. And I am all on board with Senator Hansen and working with him and the other members of that committee to find equitable ways to move forward on our tax policy. And I know we've all got priorities here in the Legislature. I know we all have things that we want to see happen. But the discussion is good and it's needed and the time is now. And in my mind if you don't keep the pressure on and you don't keep the hammer down, people forget about it, people move on. As you move through the summer and the interim, things don't...things become not quite so as important. So I want to make sure that we keep this at the forefront. I want to make sure that this is an integral part of the conversation that we will have and become some of the real changes that need to be made in our tax policy. This is not unlike other issues that we've seen this year to where there are so many different parts and so many different sectors that need to come together to make sure that everything can work as it should, because if they don't all come together, you still have to deal with the same problems year after year after year. And it's a constant battle. You can't just make one change and say, well, there we go, we've solved the problem. It's more of a process rather than a conclusion. And I hope everybody understands that in order to move forward and in order to lower taxes in the state of Nebraska two things must happen: incredible growth that we haven't seen yet, we've seen some growth, that's great, in certain areas; or we have to learn to do more with less and we have to sacrifice on every level and we have to make sure that when we take on those sacrifices, that those sacrifices are equitable too. So that's why this is here. The question is, will you start here today and show the Nebraska public that we do mean business. And I hope that's what we decide to do. So with that I would hope that you would vote for AM1259. And, Mr. President, I would ask for a roll call vote in reverse order. Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Schilz. Members, the question is, shall the amendment to the committee amendment be adopted? Mr. Clerk, roll call, reverse order. [LB195]

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CLERK: (Roll call vote taken, Legislative Journal page 1287.) 14 ayes, 15 nays, Mr. President, on the amendment. [LB195]

SENATOR GLOOR: The amendment fails. Raise the call. Mr. Clerk, items for the record. [LB195]

CLERK: Thank you, Mr. President. Very quickly, new resolution, LR175 by Senator Sullivan. It's a study resolution that will be referred to the Executive Board. And I have notice of hearing on LR171; that's offered by Senator Carlson as Chair of the Natural Resources Committee. That's all that I have, Mr. President. (Legislative Journal page 1287-1288.) [LR175]

SENATOR GLOOR: Continuing with amendments. [LB195]

CLERK: Mr. President, the next amendment I have is Senator Lautenbaugh, AM1195. [LB195]

SENATOR GLOOR: Members, I have cleared the queue. If you wish to be recognized on this amendment, you will need to punch in again. Senator Lautenbaugh, you are recognized to open on your amendment. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. Well, here's an amendment maybe some of you actually will vote on and for. This goes back a couple of years and maybe we should have shorter memories, but we would all be better off, but I don't. This is an item in the budget that funds a railroad inspector position. We tried to eliminate this a couple of years ago. Position has been vacant; it wasn't funded, I should say, a couple of years ago even. And the budget looks to put it back in. My amendment would cut \$102,683 in the first fiscal year and \$82,998 in the second fiscal year. This position and this obligation is already taken care of by the feds. This was a very simple choice when it came before the Transportation Committee two years ago. And I believe, I think I have the vote here, at the time the bill eliminating this position was supported by myself, Senators Price, Janssen, Hadley, Campbell and Fischer. And we eliminated it and sought to eliminate it because it was not necessary anymore; it was simply wasteful spending. There's no other way to put it. The only people that testified in favor of it were three individuals representing the union. Union Pacific came in neutral and explained that this position was already taken care of by the feds and otherwise. And now this budget seeks to put the money back in. I did a handout to all of you demonstrating how the Public Service ranked this priority before the Appropriations Committee. It was fifth of five, as I understand it, behind eliminating a \$600-and-some tuition reimbursement. So that was number four. Whatever you do, don't take away our \$600-and-some tuition reimbursement, but please don't do that before you fund this position, I guess is what they were saying...or please preserve that rather than fund this position. I assumed that their priorities were expressed in a logical

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way and a meaningful way based upon what they saw the need for. There is no need for this position. And we just heard a lot of discussion about, well, how do we pay for tax cuts? Which has always been one of the most grating things to my ears, how do we pay for tax cuts? No, it's how do we pay for everything else that we spend money on. We don't pay for tax cuts. That's looking at it completely backwards because it is not our money. And you may say, well, this isn't even \$200,000, Scott. Well, guess what, it's not our \$200,000 to spend. It's somebody else's. And if we don't need it, we shouldn't spend it just for the sake of spending it. And I've got another amendment coming that is \$6 million. And \$200,000 here, \$6 million there, pretty soon you're talking about real money, like the \$15 million that Senator Carlson said we needed to find to do the last thing. And I'm serious about this amendment. I was serious two years ago when I supported eliminating this position. I'm serious now about not funding this position. We don't need it. The Public Service Commission didn't seem to make it a priority to have it. We need to let it go. The reason the two years differ is in the first year we have to buy this hypothetical person a new truck as I understand it. We shouldn't do this; we don't need to do this. And I haven't said a lot on the budget so far. I've talked about charter schools a lot this week, but not a lot about the budget. But I think that one of my definite failures in my time here was my failure to actually be more involved in the budget and just to let it go and say, well, if it's good enough for Appropriations, I'm sure it's fine because it isn't fine and it shouldn't be fine and we should be discussing these things. And again, it's only less than \$200,000, but it isn't necessary that we do it. And I would submit to you that this is probably not the only unnecessary thing we do. And the feds already do this, but this is one that I've identified, this is one that we identified two years ago and this is one that we should stop funding. I would ask for your green light on this amendment. I would ask that you cut this unnecessary item from the budget and, you know, 10, 20, 30, 40 ideas like this and all of a sudden we're talking about real money. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Lautenbaugh. Members, you've heard the opening on the amendment to the committee amendment, AM1195. We now move to floor debate. Senators in the queue, Dubas, Mello, Krist, Chambers, Davis, McCoy, and others. Senator Dubas, you are recognized. [LB195]

SENATOR DUBAS: Thank you very much, Mr. President. I would yield my time to Senator Mello. [LB195]

SENATOR GLOOR: Senator Mello, 4 minutes, 55 seconds and then you are next in the queue and I will tell you when you are on your time. [LB195]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I rise in opposition to AM1195 for a variety of reasons and I'll do my best to ultimately try to correct the misinformation that Senator Lautenbaugh just recently used. And ultimately I have to assume he received it from another member of the committee since he passed

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out a committee document in which he ultimately doesn't understand or has not talked with the Fiscal Office about what that document means. First off, the Public Service Commission, like every agency, was requested to provide the Appropriations Committee 5 percent of reductions to their budget. It's what we do every year in a modified zero-based budgeting process. That 5 percent reduction they identified four items and they're listed right there in regard to the sheet that Senator Lautenbaugh passed out. Those four items that they wanted to be funded are the restoration of the items that they submitted to be cut if the Appropriations Committee decided to reduce their budget by 5 percent. So while Senator Lautenbaugh...I wish he would have approached me, similar to the way Senator Schilz I wish would have approached me before they put in an amendment so I could have at least explained some of this information to them. Senator Lautenbaugh is correct. It's listed five of five priorities. But if you talk with the Fiscal Office and you talk with the Public Service Commission, it's the only new spending item, General Funds, that they requested. It is listed five of five because the other four items they listed are restorations of what they suggested is modification cuts. Ultimately, that's what the Fiscal Office said and that's what the Public Service Commission said. So I can see Senator Larson trying to grab my attention on the floor and I have a feeling he may have been the person who gave this information to Senator Lautenbaugh. But in checking with the Fiscal Office and with the Public Service Commission it's inaccurate. We discussed this actually in committee that this is the only new General Funds spending item that they requested outside of replacing the modifications that they submitted. So in that sense, this was not the last priority. This was their first priority of new spending items that they came back to. Now I know Senator Dubas is going to approach, I think, with what we've dealt with over the last two years of this railroad inspector program of ultimately...the Appropriations Committee reduced the spending on it and eliminated the positions one because one position was vacant and the other one, ultimately, to save money over the billion dollar budget shortfall we had over the last two years. I believe Senator Fischer had a bill last year that died on Final Reading because it didn't have enough votes, ultimately, to pass that would have outright eliminated this program. So the program is still in statute and, ultimately, that's why the Public Service Commission came in, made the request to fund the position back again. Colleagues, I'll let Senator Dubas talk a little bit in regards to what the industry thinks of this position and this program. But all you have to do is read page 110 of the budget book. What it says is this, the agency is requesting funds to provide for a railroad track safety inspection program. Nebraska's rail tonnage ranks second in the nation. We rank third in the nation of employees. A track monitoring program will fill a valuable role in monitoring the level of rail traffic that exists. If this wasn't a priority, colleagues, we would have eliminated the program last year in statute. But it was a priority to a number of senators. We simply eliminated the position funding for the biennium because we were dealing with a billion dollar budget shortfall, which as I heard from the previous remarks of Senator Schilz on the closing of his previous amendment that we need to tighten our belts and live within in our means and do more with less. Colleagues, what have we been doing the last four years? We just came

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through the Great Recession. This is a postrecessionary budget. I think the members who have been here dealing with budget issues for four years realize we have been living within our means; we have tightened our belts. That's why we dealt with a billion dollar shortfall without raising taxes. But ultimately what we have in AM1195 is...Senator Lautenbaugh is correct, it eliminates roughly \$180,000 of General Fund spending that the committee felt was necessary to fill this position in the Public Service Commission. Not only because we rank second in the country in regards to the miles of rail we have, but we had this lengthy debate on this issue over the last couple of years that this was a priority. We didn't want to cut the program and eliminate it completely. That's why the Final Reading bill failed last year to do that. Now Senator Lautenbaugh mentioned that if we just do this \$200,000... [LB195]

SENATOR GLOOR: Your time, Senator. [LB195]

SENATOR MELLO: Thank you, Mr. President. With that I'd yield the...I yield my time to Senator Dubas. [LB195]

SENATOR GLOOR: Senator Dubas, 4 minutes, 53 seconds. [LB195]

SENATOR DUBAS: Thank you, Mr. President, and thank you, Senator Mello. When I was on the Transportation Committee, I opposed the bill that would have eliminated this position. I and Senator Loudon were the two dissenting votes on the committee. I opposed the bill all the way through the stages of debate on the floor because I firmly believed, while we weren't going to be able to fund the position because of budget cuts, that it would be important to keep that position open for the future when we would be able to put a person in place. This is about safety. I've dealt with railroad issues since coming into the Legislature and I've certainly learned a lot about how the railroads operate in our state. I know Burlington Northern supports the addition of this inspector. Senator Mello mentioned some statistics. We have the two most highly traveled rail corridors in the country. We have the largest rail yard in the nation...in the world actually. We have 3,200 miles of track. We transport so much across these rails. We transport ethanol, anhydrous, chlorine. We transport a lot of dangerous chemicals, but we also transport a lot of very valuable commodities. As an ag state, we rely heavily on rail transport for our commodities. So we're talking millions upon millions upon millions of dollars that are transported across these rails. The Federal Rail Authority will not compensate...will not compensate for the elimination of inspectors. And this position will be a rail inspector. And 45 percent of our rail accidents are caused by track defects. The FRA will not send out an inspector for crossing fatalities or not always for all derailments. They don't always have the resources to investigate, and we know what's happening at the federal level with the cuts that they're making in that capacity. A state inspector gives us a way to monitor federal rail safety enforcement; to have someone in place at the state level who can be responsive to citizens concerns and complaints. We are not replacing federal funding. That funding ended in 1989 and '90. Short lines, we

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have over 600 miles of short lines in the state. Those receive no inspection. The Federal Rail Administration does not inspect short line rails, so that would be solely up to a state inspection program. State inspectors are required to respond to any fatality or serious injuries. Feds will only respond if there are multiple injuries or if it's a very high-profile accident such as a school bus or something along that line. Colleagues, this is about safety. It's about the ability of an industry that's very, very important to our state to make sure that they have the infrastructure in place that's in good condition. This is not a duplication of federal services, not in any way. It will allow us to be much more responsive from a state level. I hear frequently comments made on the floor about our mistrust and our frustration with what happens at the federal government and relying solely on the federal government's ability to inspect and make recommendations for improvement to these tracks is not something that I feel comfortable doing with, yes we have federal inspectors in the area, but they're... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR DUBAS: ...assigned to a large region. And so to have them "Johnny on the spot" with concerns is not something that could, necessarily, happen. Again, I want to stress the importance of what this means to our short line railroads. It's not uncommon for me to get regular calls from constituents who have concerns with railroad issues because of the work that I've done in the past. And, of course, at that time the work that I was doing dealt with blocked crossings. But in the meantime I've developed a very good working relationship with the railroad industry. When I've got concerns I go to them, they're very helpful in helping me either address those individual concerns. So this isn't about, you know, how the railroads operate in our state, this is about making sure that we have state officials who are in place to, again, ensure that our rail safety...our rail transportation is not interrupted, that it is...the infrastructure is maintained to the highest degree possible... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR DUBAS: ...and that concerns are addressed. Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Dubas. (Visitors introduced.) Returning to discussion, Senator Krist, you are recognized. [LB195]

SENATOR KRIST: Thank you, Mr. President. Good morning, colleagues, and hello Nebraska. Thank you, Senator Dubas, for the review. It is a matter of rail safety, I believe. But I'm going to give you one other tidbit, my personal background and something that I think you should be aware of, and the real reason why I oppose AM1195. Several years ago when I was still on active duty, there was an analysis done of the terrorist target possibilities across the United States. That report was classified and was not released until after 9/11 and it was made public. On that list of soft targets

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for terroristic activities in the top five, as I recall, I think it was either three or four, but on the top five was a rail system going through a state. It not only includes the rail and the delivery of products and people, but, as most of you know, it is where a lot of our telecommunications infrastructure goes. It is also the source of power in some cases across clear land to put power lines in that area. It was rated that high because of the miles and miles of unsupervised capability for someone to do...to take minimum destructive value, as in a soft or a very small weapon and/or a bomb, and do a lot of damage and destroy a lot of services and infrastructure for a short period of time. Imagine, if you will, if the main rails going east/west, north/south were all stopped. Your gas would go up incredibly; your fuel prices would go up. Your delivery products getting into your stores would go up. If you've ever lived in a northern-tiered country when you've been snowed in and things are disturbed when there is two or three gallons of milk on the shelf, and I'm not being dramatic about this, this happens, it happens. So another set of eyes out there watching strange activities...how many times have you put a bag down in an airport and been advised you cannot leave that by itself. Who's asking you to do that? That's a person who is monitoring the activity, TSA probably, maybe an airport employee. This is what I relate to this inspector: he's out there on the line, he's taking a look not only at public safety, not only at rail integrity, but he's also another set of eyes out there looking at it. For those reasons and my background tells me that you can never be too vigilant, I think this is a move in the wrong direction. There are things that we need to spend taxpayers' dollars for, and one of those is guaranteeing their safety. I do know of one instance where a rail inspector did point out some suspicious activities and thankfully those suspicious activities were proved to be negative and not a factor. But keep that in mind when you're thinking about AM1195. I would advise against this particular move. The other thing I would like to say very quickly is, I have a group of homeschoolers that I talked to last week, and when I told them about the process in the Legislature, I've had a couple of e-mails and phone calls and their point was, I thought you told us that everybody read stuff and talked about stuff before you got on the floor and got on the mike to talk. Seems to me like nobody has talked to anybody this week because there is a lot of things going on that I think they should have probably talked about before they got on the mike. I reminded them that debate is good as long as it is constructive and that sometimes people don't want to talk in private, they want to talk in public. I hope that wasn't the wrong answer and I hope that reinforces the fact that we do need to have quality... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR KRIST: ...quality debate. I yield the rest of my time to Senator Mello. [LB195]

SENATOR GLOOR: Senator Mello, 53 seconds. [LB195]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. Two clarifications, I may have mentioned that Senator Larson was waving a piece of paper in

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regards to what Senator Lautenbaugh passed out. Ultimately, Senator Larson did not give that to Senator Lautenbaugh. The Fiscal Office informed me Senator Lautenbaugh's aide asked for a copy of this page from our budget book today which she passed out. So in that respect, Senator Larson did not give that out and I apologize if I gave some kind of, I guess, some indication that he did give that document to Senator Lautenbaugh, even though it is, ultimately, not secret information. Ultimately also, as you look at this sheet that Senator Lautenbaugh passed out, I draw your attention to issue number three, the vehicle, where it says priority three of five, at the bottom, just to make sure clarification purposes, since a member of the committee just asked about it, it says, the last sentence, this is a request for new dollars, but it also has been placed on the list of potential modifications. Ultimately, that means the other four items.... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR MELLO: ...that they put forward were for modification purposes. Thank you, Mr. President. [LB195]

SENATOR PRESIDENT: Thank you, Senator Mello. Senator Chambers, you are recognized. [LB195]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I don't think Senator Lautenbaugh's amendment is going to be adopted, so I won't take a lot of time on it. But I was pleasantly surprised by the handout he gave us and he said at the bottom, as always, I say, support the president, underlined, exclamation point. And in the upper right-hand corner of his document that he handed out says, now is the time to do something about gun violence. And I want to say that Senator Lautenbaugh showed quite a spirit of whatever that ecumenism by supporting the president in regard to this. I'd like to ask Senator Schilz a question if he's here. [LB195]

SENATOR GLOOR: Senator Schilz... [LB195]

SENATOR CHAMBERS: Well, I will ask Senator...well, no I won't ask because Senator Schilz was the one that I wanted to ask. But for all those who were talking about the property tax, I wonder if they would support a decrease in the sales tax rate? If they would do that, they have me. Now I'm going to go into something else. Last night I did something that I don't ordinarily do. I checked out early. And I'll tell you what made me do it. Senator Larson had been in shirtsleeves all day. Then when I looked up on the screen and he was talking, he had gone and put on his suit coat. And I said, uh-oh, something is about to happen. So he and others said, this is what we're going to do and we're going to stay here as long as it takes to do it. That sounded ominous to me and I had something to do in Omaha so I checked out. Then when I looked in the Journal this morning, I thought I'd see where they went until 11:59. They went to 7:58; I could have

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stayed. So whatever it was they were going to do and they stayed as long as it took to do it, it didn't take very long to do it and I don't know what it was they did, but to put all of that oomph and all of that posturing into it made me think of one of Aesop's Fables. There was a mountain on an island, everybody was terrified because it was rumbling and shaking and the whole island moved and the people gathered around to try to appease the god of that mountain. Then the mountain opened and out stepped a mouse. That's what happened last night. I allowed myself to be intimidated by sound and fury, but as Shakespeare said, it signified nothing. Now, I'm glad that there's debate on the budget. I'd indicated before I came back down here that it's a crying shame when several budget bills will slide right across the floor without even an hour's total debate on all of them. So I'd like to believe that my presence has indicated to my colleagues that we need to debate. And I think debate is good. But I don't always think that the debate that goes forth has merit. I never vote to cease debate. But there's one issue I'll vote cloture on and that's Medicaid expansion. And when that lobbyist comes to feed you all tonight, and I know that's what's going to happen because you're going to be here late, you're going to sponge and mooch off the lobbyist, but you don't want to give medical care to people who need it. And that's because of President Obama. You hate Obama more than you love Jesus. Jesus told you what to do and you said, well, Lord, ordinarily I'm with you, but to be with you this time I'd have to be with Obama, so you and Obama can go to Hades. And that's the way I see what you all are doing. All this pontificating, all this discussion, and I don't believe any significant amount of money was discussed that was in the budget. When Senator Schilz offered that pipe-dream notion, I should have stayed because I saw him leaving earlier...oh, Senator Schilz, I'd like to ask you a quick question. [LB195]

SENATOR SCHILZ: Somebody told me that you might, and here I am. [LB195]

SENATOR CHAMBERS: Senator Schilz, this is not the question. When you were leaving... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR CHAMBERS: ...and I saw you leaving the building, did you happen to get anything to eat during that time you left? [LB195]

SENATOR SCHILZ: At times when I do leave the building I do get something to eat, yes. [LB195]

SENATOR CHAMBERS: Okay, thank you. See, he knew what he was going to do. You all didn't know he was going to surprise you with that amendment. We thought that everything was over after Senator Mello's amendment. He went out and fortified himself and then came back here and said, we're going to stay here as long as it takes, because his gas tank was full. And you all are sitting here running on empty. So that's

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why when some of them say we'll take as long as it takes, it didn't take long for them to run out of gas and that's why they left so soon. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Chambers. Senator McCoy, you're recognized. [LB195]

SENATOR McCOY: Thank you, Mr. President and members. Will Senator Mello yield, please? [LB195]

SENATOR GLOOR: Senator Mello, would you yield? [LB195]

SENATOR McCOY: Well, in the absence of Senator Mello, maybe he'll return in a moment. Would Senator Dubas yield, please? [LB195]

SENATOR GLOOR: Senator Dubas, would you yield? [LB195]

SENATOR DUBAS: Yes, I will. [LB195]

SENATOR McCOY: Thank you, Senator. This position is currently unoccupied, correct? [LB195]

SENATOR DUBAS: Correct. [LB195]

SENATOR McCOY: And has been since, I think, it's either 2009 or 2010, unless I'm mistaken, is that accurate? [LB195]

SENATOR DUBAS: I believe you're right. I'd have to pull my notes out to make sure, but, yeah, I believe you're right. [LB195]

SENATOR McCOY: I don't want to put you on the spot with that, but as I recall anyway, I know we all...those of us that have been here longer than this session recall, and I know, Senator, you do as well, the long discussion that we had last year over LB255 which is this issue. Do you know, because I seem to remember, and if you don't, that's fine, and I've tried to look and couldn't find it, perhaps we'll be able to find it at some point, have we had a spike in accidents that we know of since this position has been eliminated and hasn't been occupied for a number of years? I certainly hope that's not the case. I remember we discussed that last year. Do you remember anything like that, Senator? [LB195]

SENATOR DUBAS: You know, I don't have any of that information in my file as I was looking through it last night, but I...you know, just based on, you know, paying attention to the news, I haven't heard of anything as far as a spike. [LB195]

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SENATOR McCOY: I appreciate it, Senator. I...and again, I didn't want to put you on a spot, but I know...I knew that as the chairperson of the Telecommunications and Transportation (sic) Committee, I knew you'd know the answer of whether or not this position is occupied or not. And it's not. I think, maybe, we're straying from this conversation because you heard Senator Krist a moment ago and others speak as if this...as if we're cutting a position that is currently filled. It's not and hasn't been for a number of years, members. Somehow I think that's being lost in this discussion. Through lean times when I first came to the Legislature, those of us that arrived here at the beginning of 2009, it was not a very fun place to be when it came to the budget including a special session we had that year. This is an unoccupied position. And I'm not going to hold Senator Dubas to what she said on knowledge of any incidents that we know of, but it's anecdotal, I know, but it's my belief, because we discussed it last year in LB255 which was this issue, to everyone's knowledge, as I recall, there haven't been any additional incidents anyone knows of since this position has been eliminated. It's an unoccupied position. I think when we have the ability to...and as I recall, I think this whole discussion came up through the LR542 process, unless I'm mistaken. I think the Transportation and Telecommunications Committee sat down, determined this is one area that could be trimmed...or we could take it out of statute since it hadn't been funded for a number of years. Every committee in this body went through the LR542 process to find out where cuts could be made. That's why an attempt was made last year to take this out of statute because it was an unfilled position. I don't think there is a person here that would say that we don't believe that safety in our railroads, whether it's along the lines of terrorism or otherwise... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR McCOY: Thank you, Mr. President...it's important to all of us. Railroad crossings, we have a lot of school buses that cross railroads, we all know those...very important safety function. But this is an unfilled position; it's been unfilled for at least three years that I know of, and I think four years, unless I'm mistaken, maybe longer. It's an unfilled position and ought to be eliminated. That's why I support AM1195. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator McCoy. Senators in the queue, Janssen, Bolz, Johnson, Murante, Larson, Lautenbaugh, and others. Senator Janssen, you're recognized. [LB195]

SENATOR JANSSEN: Thank you, Mr. President and members. And glad I got a chance to speak before Senator Schilz and the rest of us go get well fortified at noon; well fortified was a pretty nice thing to say. I wanted to...when this came up, and I had a pretty good idea it was going to, because I recall back to serving on the Transportation Committee where I've been since I've been down here, and I thought just off the top of my head and I called my staff, I said, get me the information on this, I recall this in

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committee. I recall voting for it out of committee. And I also remember it had 23 votes, for some reason, I remember that probably because of Michael Jordan in all reality, probably the second best basketball player behind Kobe Bryant, and that's open for argument, but...now onto the bill itself. Here's what it did and I got the note, LB255 would eliminate the Public Service Commission's railroad inspection program. The program carries out the Federal Railroad Administration standards in conjunction with federal inspectors monitoring air brakes, the condition of the cars, and blue signal protection and safety of railroad employees. The bill is a result of the LR542 process. The commission estimated the elimination of the program would save \$151,000 approximately. As was indicated earlier, Senators Campbell, Fischer, Hadley, Janssen, Lautenbaugh, Price, voted for this. Senator Dubas and Senator Loudon voted against it. Just as a matter of information, the opponents of this was Tim Schram of the Public Service Commission; Spence Morrissey of the Brotherhood of Maintenance of Way Employees Division of the IBT; Randy Meek, Brotherhood of Locomotive Engineers and Trainmen; Patrick Kelley, Nebraska Council of Machinists, Local 612. Neutral was the Union Pacific Railroad. And so I was interested in why the nation's largest railroad would be neutral on an issue like this. And I asked more and more questions. And not officially from anybody from UP, I wouldn't say that, but I got the indication that it was more of a burden, and that's my indication, that's my opinion. So don't take that as fact or go back to the railroad and say it's a burden to have this inspection done. But this was not a case of if we don't fund it, nobody is going to inspect these railroads. And we all know that these railroad companies have a significant investment in their lines and they inspect them heavily. I see it all the time. In Fremont, we have both the BN and UP, they cross over there. We have very, very high volume of train traffic in Fremont, short lines included. So I question why would the railroad show up and not oppose this if it was such a safety concern of theirs, which it didn't appear to be to me from sitting through the hearing and recalling the hearing. If they thought it added a benefit, I would think, and if they're weren't on the...and they're not paying for it and it truly added a benefit, they would have been there as a proponent of this. Then, ultimately, that's what led me...safety, of course first, but that conclusion led me to vote this out of committee and vote for it on the floor where it fell two votes short. Certainly we all understand if there is a derailment the railroads have a severe liability. They understand this. That's why they're always out there inspecting these things. [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR JANSSEN: Thank you, Mr. President. If the BN or the UP is to derail, of course we have a safety issue, you're right, chemicals, spills, coal, a lot of coal coming through. Of course the safety issue of the engineers, people around it; not only the workers there, but people that may be at crossings, people that are around that could be affected by a spill, the environment. So they have, probably,...well, definitely, every reason to make sure that those tracks are safe and they do it and they're doing their job and they didn't come asking for help. They didn't come asking for a new position. And I

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didn't take it as, well, we don't want somebody overlooking what we're doing because we're going to let our tracks go to pot. That's not the case and that's not the type of business partner, I think, the railroad has been with the state of Nebraska and all the states that they go across. They certainly have a great deal of concern about their tracks and the safety of their employees. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Janssen. Senator Bolz, you're recognized. [LB195]

SENATOR BOLZ: Thank you, Mr. President. Colleagues, I appreciate this discussion. I appreciate the idea that we should find opportunities to make our government better and more efficient. And so I want to talk about some of the ways that we have done that in this budget. We've asked agencies to make do. We've asked agencies to wait another year for everything from archiving roads documents to making Americans with Disabilities Act upgrades. We've made choices not to fill in for lost federal funds. We've talked to agencies suggesting initiatives and asked them instead to collaborate and cooperate with other agencies. We've asked even the smallest of entities to make due with current staffing levels. Colleagues, even with the investments we have made we've left requests on the table. We simply can't afford to meet the needs of all the people on the developmental disabilities list and those Nebraska families still wait. We didn't believe that it was prudent to make a full investment in the services that are provided in the community for our aging population and so we did what we could. There's a long list of issues and concerns that you don't see in your budget document because we had to make difficult decisions and leave them out of the request this year. I respect the dialogue; I respect the conversation about ways we can do better for our constituents. And we are doing that and I think we should take pride in that. We've talked about the budget as being a moral document; we've talked about it as being a historical document. It's also a document that reflects the ingenuity and the common sense of the people that do the public's work every day. The Attorney General has created efficiencies by using law clerks and consumer protection initiatives. Game and Parks has used volunteers. We have a whole world, a whole universe of ways that we've created efficiencies and improvements and I'm proud of that. But, colleagues, this isn't one of those areas. Public safety, worker safety, people who are engaged in interstate commerce deserve safety. This is a reasonable and important choice. And with that I'll yield the remainder of my time to Senator Krist. [LB195]

SENATOR GLOOR: Senator Krist, 2 minutes, 44 seconds. [LB195]

SENATOR KRIST: Senator Bolz, thank you for your courtesy. Thank you, Mr. President, colleagues, and Nebraska. Point of clarification, when Senator McCoy got on the mike he used my name and said that I inferred that this position might have been filled. I've read the budget and I understand that this position was defunded in 2011. It was defunded. So I don't know how...he used the word about "unfilled," I think, five or six

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times. It was unfilled because it was not funded. The position didn't leave the books. We cut the funding when we had to. I was here in 2009 with a mike in front of my mouth and a button that I could push yes or no. I was part of the process that cut valuable services where we had to, to balance the budget. This position was not funded and therefore could not be filled at point of clarification. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senators Bolz and Krist. Senator Johnson, you're recognized. [LB195]

SENATOR JOHNSON: Thank you, Mr. President and colleagues. I'm looking forward to the day when I can personally say I sat in the Legislature and talked about all these things from the past, but I'm not there yet, but I'm looking forward to that. But I can talk to you from a business standpoint. Being involved in transportation, yes; in the ag sector, transportation of grain is very important. And back in the late '70s, early '80s, I testified, and I'm not sure whether it was the Transportation Committee or the Ag Committee, it could have been either, but I remember my testimony. It dealt with rail cars and the shortage of rail cars, which isn't really the subject today. But on the side of that, I know Senator Chambers was sitting on that committee and he and I had a conversation afterwards off the mike, in fact, it was in the rest room. And he commented on my testimony and liked my comments and commented that we both work for minorities and I took it from there. But we had rail car shortages and we had to gear up with the railroad industry. And so we worked on developing unit trains. That's where you have 75 or 100 cars in one unit that come in and load grain. Now they're called shuttle trains because they shuttle them in and out fast; you've got 15 hours to load it and get it back on. In order to do that, we had to go through a process of closing railroad crossings. This is a major project when you're on a main line. You've got to be able to pull that train completely off of the main line, all 75 or 100 cars so you don't disrupt the main line. If you're on a short-line railroad, a lot of times you can use their track in order to load. But it does involve closing crossings because you cannot, in some cases, decouple that train. So it made the railroad industry more efficient. And how efficient or what did that do for Nebraska? When we were sending single cars, which hold about 3,000 bushels of grain, out to the West Coast and compare that to being able to load those out in a unit train or a shuttle train, it took about 85 cents off the cost of a bushel of grain in transportation. So that's 85 cents a bushel that came back and stayed in Nebraska. So it is important. When I lived in Polk County, I was on the Highway 81 organization trying to get it four lane, 81 all the way through Nebraska. But we were...I was involved with the county in developing a transportation plan through Polk County. And we stressed the importance of the rail side of it. We kind of took the Department of Roads a little bit back in that being our emphasis, because when we looked at that, and you think about and we can cuss the hundred-car trains that will block the roads for awhile or block an intersection, but if you look at a hundred-car train and compare that, you would have to have between 350 semis to haul that same amount of grain to that destination. That's wear and tear on our highways, on our roads. So it is important. Now

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to get back to funding this program. The railroads, I believe, have, in their own interest, have upgraded and keep the standard up for the test weight of the rail so they can haul and utilize the bigger cars, the jumbo cars. It's very expensive for them to have a derailment, not only in the cost of fixing up the track and the cars, but in the cost of delay in getting that product moved out. I think they've done a good job there. I think what we... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR JOHNSON: ...need to look at is within the state is where we're...intersections, the safety of that. In York County we're involved with a shuttle train project and we had to close some crossings. And I don't remember the state being quite as involved in that process and I think that would be very important. How much further does it take for kids to get to school if you have a crossing that's closed? So I think...I think...I'm not sure where I'm at on this bill yet, or this amendment, but I do think it's something that we need to consider to keeping this in there. I think it's probably valuable because I agree with everybody else, safety is the number one concern. And meeting with a train, it's not always the best result for the vehicle that's involved. So again, I'm not sure where I'm at on this yet, but I'll continue to listen to the debate. Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Johnson. Senator Murante, you're recognized. [LB195]

SENATOR MURANTE: Thank you, Mr. President and members. I rise in support of AM1195. I want to thank Senator Lautenbaugh for bringing this. I think this is a good discussion. This is one of those discussions that...the genesis of which comes from a piece of legislation which was decided very recently. And now the freshman class gets to take a look at the arguments and see where we would have voted, because as has been mentioned a couple of times, this was a very close vote. When the discussion of whether to completely eliminate this position from statute was decided, and what I did, I looked up how the previous Legislature voted on this. It was...the following members voted yes to completely eliminate this position from statute, not just to defund it, but to completely eliminate it from statute. Voting yes at that time was...were Senators Adams, Ashford, Avery, Brasch, Campbell, Carlson, Christensen, Coash, Cornett, Fischer, Flood, Fulton, Hadley, Heidemann, Janssen, Langemeier, Larson, McCoy, Price, Schilz, Schumacher, Smith, and Senator Utter. It's a cross section of senators. I think that Senator...this was Senator Fischer's bill, although it was the Transportation Committee's priority bill, if memory serves, and it had a large cross section. That was 23 votes. And it's probably worth mentioning that excused and not voting were...included the people who weren't here were Senators Bloomfield, Lautenbaugh, and Wightman. And if I heard them correctly, both of the two of them, particularly in the light of the fact that Senator Lautenbaugh is carrying this amendment, would have voted in favor. So the

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majority of the body had agreed. The sense of...the majority of the members of this Legislature had agreed to completely dispense statutorily with this position. And the discussion...there's been a couple of comments made that this position in years past was defunded because we had to make budget cuts and this was just one of the line items of the many line items in the budget that had to go. And I think that probably goes without saying that there were many parts of the budget that were cut, when you have to cut a billion dollars, there's a lot that has to go. And this kind of goes to what I was saying earlier, it's easy to live within your means when you don't have any money. The question when it becomes difficult is for legislatures like we have this year where we have a little bit of disposable income and do we immediately go back and say, back when we had to set priorities, when we had absolutely no choice but to set priorities, we said this was not at the top of the list. Of the things that could be cut, this was one of the things that the state could do without. And is it appropriate to the moment we have some disposable income to immediately go and start restoring that spending that we determined was not a necessary function of government in years past? I don't think that's the right way to go. I think that as we proceed into the future, when we have an opportunity to reduce spending, to cut programs that are obsolete, that when we have the money that we shouldn't automatically just reverse course and start spending again. That leads us to a very bad path. And this is the second time this year. [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR MURANTE: We had a bill in the Government Committee that the sole function of which was to take programs of state government which were completely obsolete, weren't used at all, similar to what AM1195 is doing. You're taking a section of statute which has no applicability at the moment that we don't...there is...we're not firing anyone, we're just eliminating a provision that is obsolete and we did that earlier this year. And earlier this year there was some push back. And I don't fully understand why it is that when we're trying to completely remove something from statute we have such a difficult time doing it when what we're talking about we're not doing it at the moment anyway and that's where we're at with this amendment. All AM1195 does is to maintain the status quo. [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR MURANTE: Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Murante. (Visitors introduced.) Following senators remain in the pool: Larson, Lautenbaugh, Davis, Karpisek, Dubas, Bloomfield, and McCoy. Senator Larson, you're recognized. [LB195]

SENATOR LARSON: Thank you, Mr. President. And I think Senator McCoy brought it to light that this is...they're not doing this already and Senator Murante read through the

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names who supported eliminating this position completely last year or the year before. I was on that list that supported eliminating it then and I wasn't one of the five hands that raised my hand in the Appropriations Committee to do it this year. And my main thing that the reason I didn't support it in committee was that the federal government is doing it. And if Senator Dubas would yield, I'd appreciate it. [LB195]

SENATOR GLOOR: Senator Dubas, would you yield? [LB195]

SENATOR DUBAS: Yes, I will. [LB195]

SENATOR LARSON: And I honestly don't know the answer to this, and if you don't, maybe I'll move to Senator Mello and ask him because the Fiscal Office is a wealth of knowledge and our Fiscal Office might have the answer. Do we have statistics that show, since we've defunded this program, have we seen an increased rate in track accidents? Is there anything of that nature? [LB195]

SENATOR DUBAS: I don't have the answer to that. I have put in a request with people who can get me that information. But I have not gotten it as of yet. [LB195]

SENATOR LARSON: All right. Thank you, Senator Dubas. Senator Mello, would you yield? [LB195]

SENATOR GLOOR: Senator Mello, would you yield? [LB195]

SENATOR MELLO: Yes. [LB195]

SENATOR LARSON: I don't remember discussing it in committee, so again I know how awesome our Fiscal Office is when we ask these questions in committee and I may be mistaken. Do we have those numbers that Senator...do we as an Appropriations Committee have those numbers that I (inaudible)? [LB195]

SENATOR MELLO: Senator Larson, I distinctly... [LB195]

SENATOR LARSON: Or do I need to ask the question again? [LB195]

SENATOR MELLO: No, I think what...you were in committee and I think you probably remember the dialogue and we never discussed, ultimately, the dialogue in committee about the number of accidents that have occurred over the last couple of years with this position being defunded for the last biennium. So I just heard Senator Dubas put the request in, or emphasized she just put a request in to see if she can get more information about it. So I'll defer to Senator Dubas in regards to getting that information and see if the Fiscal Office has anything else that she may have wanted as well. [LB195]

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SENATOR LARSON: All right. Thank you, Senator Mello. And I guess...I think that's important to know before we start spending just under \$200,000. And I think Senator Murante and Senator Lautenbaugh have raised those good questions. And shame on me for not asking that question in committee, I should have and maybe we all should have. And another thing, and I think Senator Lautenbaugh passed out the sheet that we as Appropriations members look at, and if Senator Mello would yield real quick again, I'd appreciate it. [LB195]

SENATOR GLOOR: Senator Mello, would you yield? [LB195]

SENATOR MELLO: Yes. [LB195]

SENATOR LARSON: Senator Mello, I heard you on the mike once or twice say that they didn't...the Program 54, the PSC didn't request any other new spending in terms of priorities than the railroad track inspector. Was the vehicle...the new vehicle that they were requesting which was priority three of five for them, was that not considered new spending? [LB195]

SENATOR MELLO: You know what, Senator Larson, you were off the floor when I thought I said that that if you read the last sentence, it was listed as a modification as well. So to some extent, we took that as a modification with the other four priorities they listed as modifications and not, ultimately, new spending, even though the committee chose not to appropriate money for it, nor did we choose to take it as a modification. [LB195]

SENATOR LARSON: So, and this is where the appropriations process gets very difficult, and I think you tried...you explained it to a certain extent. The PSC, each agency has to give us 5 percent that they'd like to cut, correct? [LB195]

SENATOR MELLO: Correct. [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR LARSON: And they said, even though we could consider this new spending, they listed it as a modification saying, well, this would be the 5 percent that we'd like you to cut, even though you haven't even given us the authority to spend that money yet, correct? [LB195]

SENATOR MELLO: Well, first off, Senator Larson, once again it forces agencies to prioritize more than it's forcing them to cut or new spending. It's asking them to prioritize what within their budget or budget requests. [LB195]

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SENATOR LARSON: Was my explaining of the process correct though? We hadn't appropriated the money yet, but they were still listing that as a 5 percent modification that cut in their budget. [LB195]

SENATOR MELLO: Yes, they listed it as a new request and a modification at the same time. That is correct. [LB195]

SENATOR LARSON: So we...and so we hadn't even appropriated the money that they were requesting. If we had to cut 5 percent, cut that. [LB195]

SENATOR MELLO: Out of their budget request, that was what they had suggested, yes. [LB195]

SENATOR LARSON: Okay. It's a complicated process and we haven't even got into a lot of the complications that we, as the Appropriations... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR LARSON: Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Larson. Senator Lautenbaugh, you're recognized. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. And Senator Murante faithfully recounted the record. There were 23 votes on Final Reading for eliminating this position two years ago. I was going to point out, and off the mike I did point out that Senator Bloomfield was absent and I was going to curse his name. And he pointed out that I was gone too and I said, well, why do you have to point fingers and there's plenty of blame to go around here. But I am serious about this. And, folks, this is a vacant position that should stay vacant and unfunded. I remember the committee hearing on this and the Public Service Commission's position at the time was...they signed in in opposition, but I don't remember there being a lot of vigor to the opposition to eliminating this position. And if memory serves, there used to be two of them and we went down to one and now we have none and life has pretty much gone on as it had before. Today was the first time I heard the anti-terror angle brought into this. I do know that the major train tracks that we'd be talking about here are ably and amply inspected by the feds. But if there really is a concern, why I don't even know if we should be discussing this at the mike in case Al Qaeda is listening if this position has been unfilled for two years and I don't know how soon we'll get it filled. So I didn't realize that we had this exposure. Folks, this is one of those things. If we can't say no to this, I question what we can say no to. And Senator Bolz stood up and listed a lot of other things that we said no to, and I have to be honest, most of those sounded much more important than this. This should have died two years ago. I don't want to speak for Senator

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Bloomfield, but I have a sneaking suspicion if the two of us had been in the room, or in the city at the time, it would have died two years ago and there would have to be a bill to resurrect it. There was a strong push by the union, not the PSC at the time, the unions to keep this position in place and they prevailed on Final Reading by two votes. That's not a good enough justification for this. I'm trying to sort of ad hoc now add a anti-terror element to this. Well frankly, I think it takes us beyond the serious discussion of this issue, because I don't remember in the committee hearing during the flat-out discussion of elimination of this anyone rolled out the terrorism concern regarding eliminating this position. And that the function of this inspector, who is now...would, potentially, be one individual somehow keeping an eye on hundreds or thousands, more accurately, miles of track would somehow make us any safer from a terror incident. I mean, we'd almost have to have an omniscient inspector to make that be reasonably true or an incredibly lucky inspector. I know some have worried about the tone and rancor that we've had in some of our debates recently. I toyed with the idea of pulling this amendment or substituting an amendment that would hire ten of these guys instead of one because if there really is a terror concern, well, we should beef this up. But I did not want to be absurd and contrary. I just want to eliminate this spending and I'm serious about this. And I hope those of you who stood with us... [LB195]

SENATOR GLOOR: One minute. [LB195]

SENATOR LAUTENBAUGH: ...back in 2011, and (inaudible) probably careful people who are paying attention would say, well, if you had been here on Final Reading you would have stood with us. And that's true and shame on me. But that's not a justification for this program. That's not a justification for this ongoing expenditure. It should have died two years ago. It shouldn't be resurrected now, we should let it go. And again, we can all think of, I would bet, better uses for this \$200,000. I'm rounding, \$180,000 and change. I know you know what they are. And I would ask you to please understand that just as surely as I believe it's our job to provide tax relief whenever possible and I don't find any amount, no matter how small offensive... [LB195]

SENATOR GLOOR: Time, Senator. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President. [LB195]

SENATOR GLOOR: Thank you, Senator Lautenbaugh. Senator Davis, you are recognized. [LB195]

SENATOR DAVIS: Thank you, Mr. Chairman, members of the body. I've lived close to a railroad my whole life. Burlington Northern, which in my early days there, had about four trains a day that went through town, and today it's just about one every 20 minutes hauling coal east. The Burlington has done a tremendous job inspecting their tracks, and in large part we've seen a lot of the major derailments that took place in the early

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years are fading away with the new technology and the new ideas. However, about seven or eight years ago, my wife and I would be going back to the ranch and we'd pull up to the intersection on Highway 61 and Highway 20 and we would notice that there was a significant bounce and I always thought I should tell somebody about that. I never did. Well, one day I drove into town and there was a derailment with coal and coal cars all over the main street of Hyannis. Nobody got killed, which was a good thing. I lived close to the C&NW, which is now the Cowboy Trail back when it was operating. The Chicago North Western at that time was basically broke. The track was ripply and ribbony and the speed was ten miles an hour, and if you went from Merriman to Valentine, there were probably a dozen derailments. And those things weren't cleaned up in those days because the C&NW didn't have the resources to do that. Burlington and UP, they're going to do a really good job with what they do, and the federal inspectors are going to do a good job. But we have 300 miles of short-line railroads in this state, and those railroads are probably undercapitalized and under-resourced and probably don't have the technology and training and things to really make sure everything is good. They have the ability to haul all the different things that the railroad...the major railroads haul, whether it's grain or ethanol, coal. Happens all over the state. To me, it's a public safety issue. I think we need to look out for our Nebraska residents that live close to those short-line railroads because I think it's our duty to see to it that their lives are protected. I will go back to one other event that I remembered looking at, was a friend of mine who lived in Minden, Nebraska, down close to the railroad. And there was no vegetation in her yard. Nobody had gotten killed there, but it was a derailment that defoliated that part of Minden. So by...I understand that two years ago or three years ago we defunded this position because we thought we had to do so. We have some resources now. I don't like spending any better than anybody else, but I think this is a place where we can allocate some revenue, put the position back in place, and I think we will protect our residents and our citizens. I would urge the body to look at that and support it. Thank you. [LB195]

SENATOR GLOOR: Thank you, Senator Davis. Senator Dubas, you are recognized. [LB195]

SENATOR DUBAS: Thank you very much, Mr. President. First for the record, the strong push that was led on Final Reading was not by the unions. It was by Senator Loudon and myself who led the opposition to that bill from the moment of introduction because of our concerns about public safety and infrastructure. So that's where the opposition came from. You know, how the votes fell, came because of the work that Senator Loudon and I did in conversations with senators. Just pulling up some of the testimony from the Public Service Commission on the bill, Commissioner Schram presented the testimony. He said the commission does not endorse elimination of the rail inspection program but is aware of the budget environment currently. It would be difficult to lose a program we believe to have value and the employees who perform the necessary and important functions. Activity currently undertaken by state inspectors, if eliminated, will

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remain the responsibility of the Federal Railroad Administration. How that agency covers the gap created by passage of LB255 will be their decision. Our state inspectors are vital to the investigation of accidents and derailments occurring in Nebraska. Our state inspectors are heavily involved in the inspection of Nebraska short-line carriers. Without the investigation conducted by state inspectors, the citizens of Nebraska will be left with only the railroad report and no independent evaluation. And then a letter from the Federal Railroad Administration to Mr. Mike Hybl who at that time was the executive director of the Public Service Commission, they state: Rail safety inspectors employed by the Nebraska Public Service Commission do not duplicate the work of federal inspectors. The roles of state and FRA rail safety inspectors are clearly defined and complementary. State inspectors provide supplemental safety inspections that nonparticipating states do not receive. In 2010, Nebraska state inspectors recorded 999 rail safety defects. These defects would not have been found and corrected if Nebraska did not have a state rail safety program. It goes on to say that the FRA is unable to increase its inspection activities in a state that chooses to withdraw from the program. There will be fewer rail safety inspections in Nebraska if the state rail safety program is terminated. Burlington Northern came in in opposition to this bill when it was introduced. They came in in support of the reintroduction of this position in the Appropriations Committee, it's my understanding. Question has been asked about have there been an increase in accidents, and unfortunately I still don't have that specific information. But my point is, do we wait until there is? Just recently at the federal level, we heard about what cuts would be made to air traffic controllers because of sequestration. There was a huge outcry. What will that mean to, you know, our air safety? They put those controllers, made sure that those controllers stayed in place to avoid problems, not retroactively to see if they have to come back and address problems. This position was funded until July 1, 2011. The person who was in the rail track inspection program left because he saw the handwriting on the wall that this wouldn't be funded and so left. So, you know, we lost the person but we did not lose the position, again, because I think of because of the work and conversations that Senator Loudon and I had with various members... [LB195 LB255]

SENATOR GLOOR: One minute. [LB195]

SENATOR DUBAS: Thank you, Mr. President...of the body stressing the importance of when and if the time comes that we have the ability to put a person back in this position, don't we want that position made available. Short lines are a critical link between shippers and Class I railroads. They are so important, as Senator Davis pointed out, especially out in the more rural areas of the state. And I believe he said we had 300 miles. We have over 600 miles of short-line rail in this state. So, you know, I'm sorry that I can't give you the information about if there's been an increase, but I don't think that we wait until we see an increase in problems and then come back and try to put somebody in place. But I hope I...the letters that I've read and the information that I've presented I've been able to convince you that eliminating this position or not funding this

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position is really not in our best interest and that you will oppose AM1195. Thank you.
[LB195]

SENATOR GLOOR: Thank you, Senator Dubas. (Visitors introduced.) Mr. Clerk.
[LB195]

ASSISTANT CLERK: Mr. President, one item. Senator Mello has an amendment to
LB97 to be printed. (Legislative Journal page 1288.) [LB97]

And I do have a priority motion. Senator Harms would move to recess until 1:30 p.m.

SENATOR GLOOR: Members, you've heard the motion to recess until 1:30. All in favor
say aye. Opposed say nay. We stand recessed.

RECESS

SPEAKER ADAMS PRESIDING

SPEAKER ADAMS: Good afternoon, ladies and gentlemen. Welcome to the George W.
Norris Legislative Chamber. The afternoon session is about to reconvene. Senators,
please record your presence. Please record, Mr. Clerk.

ASSISTANT CLERK: There's a quorum present, Mr. President.

SPEAKER ADAMS: Thank you, Mr. Clerk. Do you have items for the record?

ASSISTANT CLERK: Mr. President, I have no items at this time.

SPEAKER ADAMS: While the Legislature is in session and capable of transacting
business, I propose to sign and do hereby sign: LR161, LR162, LR163, LR164, LR168,
LR169. Mr. Clerk, we'll proceed to the first item on the afternoon's agenda. [LR161
LR162 LR163 LR164 LR168 LR169]

ASSISTANT CLERK: Mr. President, when we recessed for lunch, under consideration
was LB195. Pending to that were the committee amendments, followed by an
amendment to the committee amendments from Senator Lautenbaugh, AM1195.
(Legislative Journal page 1284.) [LB195]

SPEAKER ADAMS: Senator Lautenbaugh, I'm going to ask that you very briefly just
remind us all what the amendment is. I realize that it hasn't been that long. And then,
Senator Bloomfield, you're next in the queue. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President. Simply put, this amendment

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removes from the budget funding for a railroad inspector position. This would complete what we tried to do with a bill two year ago and fell a couple of votes short. It would result in savings over the biennium of about \$180,000 in round numbers. Thank you, Mr. President. [LB195]

SPEAKER ADAMS: Thank you, Senator Lautenbaugh. Senator Bloomfield, you're recognized. [LB195]

SENATOR BLOOMFIELD: Thank you, Mr. President. Colleagues, I've been thrown under the bus twice this morning. Senator Murante threw Senator Lautenbaugh and I both under there and there's not room for both of us, so I'm going to crawl out from under the bus. Had I been here the one day I missed last year, we would have had 24 votes. Senator Lautenbaugh can stay under the bus. We would not have reached 25. Hopefully we can change that this year. I spoke with Senator Dubas before I...before we broke for lunch or right while we broke for lunch and asked her if she thought she would have those numbers that have been requested of her back by the time we got back. I spoke with her again just moments ago and she said she did have some of them. So I would ask Senator Dubas if she would share that information with us at this point as to whether or not there has been a large increase in the number... [LB195]

SPEAKER ADAMS: Senator Dubas, would you yield? [LB195]

SENATOR DUBAS: Yes, I will. [LB195]

SENATOR BLOOMFIELD: Thank you, Senator Dubas. Has there been a large increase in the number of derailments or accidents since this position became vacant? [LB195]

SENATOR DUBAS: What I've been able to ascertain so far, and I see I may still have some information coming, it appears that those numbers have remained pretty consistent. I did do...have just a quick Google search done to see if something would come up. It appears in the last...during the month of April in about a two-week period we had three derailments. Now if that's higher or lower than what we've had in the past, I can't speak to that. But it does appear, as I look through these numbers, that it has remained fairly consistent. [LB195]

SENATOR BLOOMFIELD: Okay. Thank you. Colleagues, I've been pretty quiet through this whole debate, but I do believe there's an opportunity to save a little money here. The position has been empty for over two years. We have frequently said here if it's not broke, don't fix it. I don't believe it's broken. We've gotten by. We haven't seen a huge increase or any increase that we've been able to point to in accidents with that position open. The idea that we would throw a couple hundred thousand dollars out there in hopes of preventing something that doesn't appear to be an issue looks to me to be pretty much a waste of money. We have a few extra dollars in the budget this year that

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we've managed to pry out of the fingers of the hardworking people of Nebraska. I think we need to be careful how we spend it. I don't think this is the way we should be doing it. And with that, I would yield the remainder of my time to Senator Lautenbaugh if he'd like to have it. [LB195]

SPEAKER ADAMS: Senator Lautenbaugh, you're yielded 2 minutes, 5 seconds. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President, and thank you, Senator Bloomfield. And thank you for leaving me under that proverbial bus. But Senator Bloomfield did make good points. And I appreciate Senator Dubas' candor as always. I don't know that we're missing this position by not having it at this point. And I understand it will be easy to say, well, yeah, but how do you know what's going to happen. Well, I don't. If I knew what would happen, I wouldn't be here necessarily. I'd be...well, I don't want to say in Vegas. There's someone behind the glass who'd be upset by that. But I'd be somewhere else...but...which wouldn't be upsetting to some. But that said, I don't think...just as surely as there's a difference between climate and weather, I don't know that you can look at the recent accident history or lack thereof and attribute anything to a trend from one month. And don't misunderstand, I don't think Senator Dubas was doing that. I think she said it seemed to be consistent based upon... [LB195]

SPEAKER ADAMS: One minute. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President...based upon a very cursory review. So I don't know again that we're losing anything by not having this position. I, again, take exception with the suggestion that this is somehow an anti-terror position that we should be filling. I just, I really don't see that as within the realm of reality regarding what this person does. And it's a novel justification for the position, but one that was never brought up in the committee testimony two years ago to my recollection. And I just don't think it really holds water with what this job actually does and the reality of the situation and the number of miles of track we're talking about and the fact that we're talking about it, as I understand it, one individual somehow being charged with protecting us on all those miles of track. [LB195]

SPEAKER ADAMS: Time, Senator. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President. [LB195]

SPEAKER ADAMS: Senator McCoy, you're recognized. [LB195]

SENATOR McCOY: Thank you, Mr. President, members. Would Senator Mello yield? [LB195]

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SPEAKER ADAMS: Senator Mello, would you yield to a question? [LB195]

SENATOR MELLO: Yes. [LB195]

SENATOR McCOY: Thank you, Senator. Can you help me understand how the committee came about...I understand the Public Service Commission came, testified before the Appropriations Committee and as you put together a preliminary and the final budgets, how many of these types...you may not know off the top of your head and I don't need to know an exact number, I guess a better way to rephrase this may be, are there other instances like this where you have agencies, commissions, whatnot, come before you that had unfilled positions because of the LR542 process that you as a committee had to determine, do we keep these, leave these alone, or do we fund these currently unfilled positions? Is that common, not common? [LB195]

SENATOR MELLO: Well, Senator McCoy, I think that's...to try to say it specifically in reference to LR542 which at least I know ten members of the Legislature was not around two years ago to know what that even really is, the Appropriations Committee two years ago requires the Department of Administrative Services to do a quarterly report in regards to all the vacant positions in state government in which no doubt there's plenty of vacant positions in a variety of code and noncode agencies that we continue to fund through our budget recommendation even if those positions are currently vacant. I'd urge people to go to the Nebraska Legislature's Web site and look at that quarterly report that's done, and it's been underway for almost four years now. In this specific case, this is something that, once again, the Public Service Commission put this as their budget...part of their budget request was to appropriate money to fill this position in which, once again, as I explained to Senator Larson's questions, this was their only new funding request they had that was not part of their budget modification process as well. So in relationship to other agencies off the top of my head, I'd have to go back and look through probably our entire budget to see if there were other specific programs that had vacant positions that we were specifically filling. But I know that part of our ongoing process is we appropriate money to programs within agencies even if they have vacant positions so they can try to fill those positions and continue their statutory obligation. [LB195]

SENATOR McCOY: I appreciate that, Senator. Yeah, I don't expect you to...don't desire you to have to go to that effort. That's why I said I didn't expect you to know that off the top of your head. What I really think here is important, and I think we all know and are not naive enough to think that government can operate exactly like a business. It's not a business. But there are times when there are certain principles of business that can apply to government. There are good public/private partnerships and things that we do here in our state and are done elsewhere across the country. I bring that up because being in small business, which I've really been in almost all of my life, there are times

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that we look at things, and we're a family small business. In fact, just this morning at the very, very early hour because I needed to get down here, our...the owners of our family business got together around the table and had a little meeting, and we were talking about filling a position that's currently unfilled. For us, that's a little different than it is for this in that we're trying to determine can we utilize other individuals to do this job or do we need to hire somebody to do it. And that process is different when you have six of us sitting around the table than it is when it's 49 of us or nine members of the Appropriations Committee or whatnot. I understand that's different. [LB195]

SPEAKER ADAMS: One minute. [LB195]

SENATOR McCOY: Thank you, Mr. President. But here's where I think that you can draw a correlation and where I draw a correlation in my mind, members. And that is that it's dollars involved. Maybe it's not a lot of dollars involved here with this position, but it's unfilled. And here people say, well, it's not duplicative between what the federal inspectors are doing and what this inspector had done. Well, my answer to that would be I think there's a lot of unfilled positions in state agencies and commissions. So let's fill the right ones if they need to be filled. Let's leave the ones unfilled that aren't, that aren't as necessary. This is a savings of taxpayer dollars that ought to be made, and I stand in support of this amendment. Thank you. [LB195]

SPEAKER ADAMS: Thank you, Senator McCoy. Senator Murante, you're recognized. [LB195]

SENATOR MURANTE: Thank you, Mr. President and members. Well, apparently I have inadvertently insulted Senator Bloomfield in an attempt to compliment both Senator Schilz and Senator Smith yesterday. They informed me that they were offended by my compliments as well, and afterwards Senator Karpisek said he yearned for the day where I could listen to floor debate and couldn't actually speak. So at some point I think maybe I should take the hint, but probably not for...at least until the end of the day. Colleagues, this is a very serious proposal, and I know that we've been talking about the budget for a long time. We've allotted more time to the budget this year than we have in a number of years, but this is a serious proposal. It emanates from a legislative bill that failed by two votes on Final Reading in the last Legislature. And I think the vote that we are about to take, I really wish perhaps we could have started the budget debate with this amendment instead of offering it today as we're in the afternoon session and the second day of discussion because I hope we haven't all just tuned out, checked out of budget debate, and moved on to other things in our mind because this is important. And I think perhaps a decent barometer as to whether we're still truly engaged in this floor discussion is what we'd talked about earlier, that this was a concept which just one Legislature ago had the support of a majority of members, some of whom weren't present but a majority of members in the Legislature, many of whom are here today. And we'll see when we get to a vote. I don't know when we'll be able to vote on this, but

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we'll see when we get to a vote on Senator Lautenbaugh's amendment whether at this point we're just reflexively voting yes or no on any proposal regardless of who introduces it or it's merits or our position on it in the past or whether we think it's meritorious or whether we take these concepts seriously. Because every amendment that's been brought thus far have been meritorious in nature. They have been on issues that are substantive, that really matter to the people of Nebraska. Senator Lautenbaugh, what he is trying to do here is something that we should all take into consideration. And I agree with his assertion. We've heard a number of times the amount of miles of railroads that exist in the state of Nebraska. Senator Dubas has outlined that a couple of times. I've got at least the number 600 miles of short-line railroad had been discussed in the past. I have a tough time believing that hiring one employee for all of those miles is what's going to prevent the state of Nebraska from enduring a terrorist attack at some point in the future. I just don't think that's a reasonable assertion. I don't think that...quite frankly, I don't think that's a reasonable responsibility to put on one individual or a reasonable expectation to have on whoever. If we fail to advance AM1195 and proceed with the budget as it was originally drafted, I don't think that's a reasonable expectation to have for this individual. There's simply too much... [LB195]

SPEAKER ADAMS: One minute. [LB195]

SENATOR MURANTE: Thank you, Mr. President. There's simply too much rail lines to go through to have that level of security with one individual. So I hope that we'll all take some time to really think about this. Senator Lautenbaugh is very sincere in his efforts to get this accomplished. This was a proposal which had the support of many members of this Legislature that exist today, and this was an issue that he pushed for two years ago. And if only he was president of the chamber, perhaps the bill would have passed the first time and we wouldn't even need to be having this discussion right now. But I hope you'll all take this into consideration. I hope that when we get to the point of us voting that it doesn't just become a reflexive yes or no based on how we voted... [LB195]

SPEAKER ADAMS: Time. [LB195]

SENATOR MURANTE: Thank you, Mr. President. [LB195]

SPEAKER ADAMS: Senator Davis, you're recognized. Senator Davis? Senator Campbell, you're recognized. [LB195]

SENATOR CAMPBELL: Thank you, Mr. President, and good afternoon, colleagues. I have two points to make in this discussion, one of them has nothing to do with railroads but has to do with a promise that I made. And I would hope that you would take a look at the bottom of your agenda for today and note that today is Children's Mental Health Awareness Day. And I promised a group of parents from central Nebraska, who they

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themselves had children with mental health problems who are now serving as peer supports to other families in Nebraska, that I would sponsor the resolution and mention it on the floor. And so I hope that you'll take note of it because it truly is a critical issue, and Senator McGill spoke to it yesterday. So I thank you for your indulgence. The second part of my remarks today, and I know that Senator Dubas is going to be up and she can cover it. But I do want and ask her if she would cover some of the information about the short-line railroads in Nebraska. Under Governor Johanns, we did a transportation task force and traveled the state. And one of the things that I learned was how important the short-line rail lines are to the ag economy as we did 12 public hearings across the state again and again, we heard information. So I will yield the rest of my time to Senator Dubas who most likely will cover that topic. [LB195]

SPEAKER ADAMS: Senator Dubas, you're yielded 3 minutes and 15 seconds. [LB195]

SENATOR DUBAS: Thank you very much, Senator Campbell. And you actually did a great job of making the point about how important those short lines are to the rail industry and in particular how commodities and different things are delivered in our state, and those short lines are that connection to our main rail lines and our main railroads--BN and UP. So the fact that the short lines only fall under state jurisdiction, so it's only the state inspectors that will look out for any problems on the short lines that makes this position even that much more important. And, you know, while we're looking at one or two people who are in these positions, that will be their focus and, you know, their need for transportation so that they can move out across the state to examine these lines and make sure that they're up to snuff, and meeting the safety requirements are going to be so critical. And when we look at the importance of this infrastructure to the economy of the state, I think these are dollars that while not...may not appear significant in the big scheme of our budget, and we are looking at every way to save money, these are dollars that are important to the big picture of public safety and the types of industry that drives the economy and supports our economy, especially in the ag areas. So the importance of this position to our short-line rails is so, so very important. And I think going on to what may or may not be happening at the federal level in light of sequestration, I think is an important point to make, too, because as I read in that letter this morning from the Federal Railroad Administration, they talked about fewer rail safety inspections in Nebraska if the state rail safety program is terminated. And it is... [LB195]

SPEAKER ADAMS: One minute. [LB195]

SENATOR DUBAS: Thank you, Mr. President. It's my understanding that those inspections have actually decreased since we eliminated this position or eliminated putting someone in this position in 2011. So, you know, while the numbers may not necessarily support the need for this position, I guess my question would be, do we wait for those numbers to increase? Do we wait for some major derailment or accident to

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happen before we come back and say, you know, maybe we shouldn't have...not put somebody in this position? Maybe we should have made sure that these inspections had a little bit more intention...a little bit more attention. I guess in my mind, and I do take this amendment very seriously, I think, you know, we may be being penny wise and pound foolish in this respect. And I would hope that my colleagues would take the points that were raised today by myself and... [LB195]

SPEAKER ADAMS: Time. [LB195]

SENATOR DUBAS: ...vote against this amendment. Thank you. [LB195]

SPEAKER ADAMS: Senator Janssen, you're recognized. [LB195]

SENATOR JANSSEN: Thank you, Mr. President and members. I am supportive of AM1195 as I was on the actual legislative bill we had a couple of years ago in committee and also on the floor. And this debate that we've had already today I believe has gone much longer, at least as long, probably longer than the committee hearing that we had that I sat through, and that's a good thing. I think it's a very good thing. I'm also thankful today that I guess for some reason Senator Murante has not complimented me because those seem to backfire quite often. But throwing caution to the wind here, I would like to ask if Senator Murante would yield to a question. [LB195]

SPEAKER ADAMS: Senator Murante, would you yield? [LB195]

SENATOR MURANTE: Yes. [LB195]

SENATOR JANSSEN: Thank you, Senator Murante. You were talking earlier, you went down a...I guess a roll call list of the record vote that we had on this--it was on Final Reading--and threw some names. I heard my name is support of this. Obviously didn't hear yours at that time. But was...first, who is responsible because I heard terrorism is part of what we're doing here today with this, is who's responsible for homeland security for the state of Nebraska? [LB195]

SENATOR MURANTE: The Lieutenant Governor. [LB195]

SENATOR JANSSEN: If you could just entertain me here, who is our Lieutenant Governor? [LB195]

SENATOR MURANTE: Lavon Heidemann is our Lieutenant Governor. [LB195]

SENATOR JANSSEN: And how did he vote on this? [LB195]

SENATOR MURANTE: Senator Heidemann...when Lieutenant Governor Heidemann

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was a senator, he voted yes. [LB195]

SENATOR JANSSEN: Has he contacted you from his now office as Lieutenant Governor and as our chief of homeland security about needing this to stop terrorism in Nebraska? [LB195]

SENATOR MURANTE: No, he hasn't contacted me on this or really anything else for that matter. [LB195]

SENATOR JANSSEN: Have you talked to any senators that have contact...had been contacted by any branch of government, especially that one, about homeland security efforts with the...as it relates to AM1195 in this position? [LB195]

SENATOR MURANTE: I've not heard of anyone having a conversation with the Lieutenant Governor as our director of homeland security in the state of Nebraska on this subject, no. [LB195]

SENATOR JANSSEN: One more question. If you were the director of homeland security for the state of Nebraska and you had advisors and you had access to staff and what's a threat to us and what's not a threat to us and if this was a threat, would you have been at the committee hearing? This is you. It's a hypothetical. [LB195]

SENATOR MURANTE: Are you asking me to be Lieutenant Governor, Senator Janssen? [LB195]

SENATOR JANSSEN: Yeah, well, we'll get there. [LB195]

SENATOR MURANTE: Okay. (Laugh) [LB195]

SENATOR JANSSEN: In this particular case, would you have shown up to support this if you thought it was a threat for a terrorism threat? [LB195]

SENATOR MURANTE: If I thought that there was serious threat, a terroristic threat to Nebraska, and that this position would alleviate that threat, then, yes, I would have shown up to support it. [LB195]

SENATOR JANSSEN: Thank you. Thank you, Senator Murante. You know, and we talk...I talked about how...and I agree with you and I have not been contacted by our homeland...at least our state of Nebraska homeland security top official, which is our Lieutenant Governor, about this particular legislation. I believe I would have. [LB195]

SPEAKER ADAMS: One minute. [LB195]

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SENATOR JANSSEN: Thank you, Mr. President. I believe I would have if it was something that was paramount. Now we've always got to be vigilant of that. Absolutely. Just because we haven't seen it doesn't mean we won't see it. We've seen that over and over. I just wanted to point out if that is the main basis behind this, which I don't think it is but it was one of the arguments brought up, I don't think that's the argument to push this across the finish line simply because the position right now is not filled, and by filling it under that pretense, I think you're just looking for an expansion to an area that has not been funded right now and really probably doesn't need to be funded. The people that would benefit from it haven't asked for it. The person that's in charge of our homeland security has not asked for it. So I have to question who really is asking for this expansion in this area. [LB195]

SPEAKER ADAMS: Time. [LB195]

SENATOR JANSSEN: Thank you, Mr. President. [LB195]

SPEAKER ADAMS: Senator Schilz, you're recognized. [LB195]

SENATOR SCHILZ: Thank you, Mr. President, members of the body. I know we've had this discussion before and we've talked about this and it's been to the floor. And I...I guess just to say where I'm at, I'm going to support this amendment because I think that it's one of those things. You know, we all talk about here, oh, it's only this much money there, it's only this much money here. But as we can see, that money all adds up. And we always have to be vigilant in looking at where we can make those changes that save the taxpayers money. Is it a lot? No. Is it going to make a big difference one way or the other? I don't know. But I can tell you this, what it does is it shows that the Legislature of the state of Nebraska is continually looking out for the taxpayers and taking those things out of the budget that don't necessarily have a place and aren't doing what it needs to do. So I'm in support of Senator Lautenbaugh's amendment. I was in support of it...or I was in support of the bill that looked to take this away before, I believe. And with that, I will yield the rest of my time to Senator Lautenbaugh if he'd like it. [LB195]

SPEAKER ADAMS: Senator Lautenbaugh, you're yielded 3 minutes 30 seconds. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body, and thank you, Senator Schilz, for yielding me the time. And I think Senator Schilz touches upon something that is important here. And I'm not pointing fingers at anyone. I'm certainly not saying this amendment or lack of the passage of this amendment is entirely demonstrative or the cause of any particular impression. But I think sometimes we struggle to have credibility in the eyes of the voters when they look at whether or not we are serious about reigning in government, revisiting what we do, seeing if we actually are doing what we need to do and nothing more. And I think that should be a

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guiding principle for state government and federal government and city government, all levels and all subdivisions of government. Is this necessary for us to do? I can't remember Senator Avery's phrase, what is the public policy purpose, I think he says. I told him yesterday I'd like to find out who taught him that phrase and reek some vengeance on whoever taught him that phrase. But we do have to be vigilant and we do have to look at, I think, everything that comes along and say, hey, is this really what people want us spending their money on. And I think we do need to do more about the short lines that...or know more, I should say, and have more discussions about the short lines that we're hearing about now that this individual if he or she is rehired or hired or we find someone to do the job, this person who's charged with inspecting. Because as I understand they're single-line tracks; the train goes down; the train comes back. I'm not sure how high the risk is and I'm not sure how much...how many of these safety violations that the 900-and-some that we heard of before constituted grave risks or some sort of a technical violation of a nature under a regulation that may not have much to do with safety at all. I don't know that, but I'm admitting I don't know the answer to that. If these 900 violations, if any of them were serious and life-threatening, I would have thought we would have heard something about some of them and I'm not recalling it. Maybe some can enlighten me on that, but I'm not recalling hearing about it. [LB195]

SPEAKER ADAMS: One minute. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President. And, again, this does come full circle to what I said earlier about the fact that it's possible we don't pay enough attention to what's in the budget. And I wonder when we had our cuts a few years ago to keep our budget balanced during lean times, I haven't had a lot of my constituents contact me and say, gee, that was a disaster, you need to put X back. Whatever it is you cut, it really had an impact on our lives, you need to put that back. And that's very telling. The sky didn't fall. We've all moved on. And that suggests to me that there's probably more to do. And I don't think anyone's going to stand up here and argue if I say we're probably not at maximum efficiency. Nothing ever is. But I would submit that we're probably not even close. And it has to be a work in progress and we have to look at things... [LB195]

SPEAKER ADAMS: Time, Senator. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President. [LB195]

SPEAKER ADAMS: (Visitors introduced.) Senator Gloor, you're recognized. [LB195]

SENATOR GLOOR: Thank you, Mr. President. Good afternoon, members and guests. One of the benefits, as those of us who have served as presiding officers can attest to, of being in the chair is that you are tuned into what's happening and you're tuned into the debate. In fact, you have an obligation to be tuned into debate and can't help

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yourself but be tuned into the debate. And so I've had a chance to listen to this entire discussion, and I very much appreciate the reasonableness of Senator Lautenbaugh's and other's arguments about this being an area to cut costs and avoid incurring what may be unnecessary costs. And it's a well-rounded, I think, well-anchored argument that I listened to all morning long, and I listened to the counter-arguments also. And over the lunch break had the opportunity to step back from the issue, not presiding at that time, not presiding now, and remind myself that I am the senator from Grand Island which is a railroad town. And I know a number of you have within your districts railroad towns. Certainly Omaha is a railroad town and Kearney and North Platte, Alliance, all important railroad towns. But the uniqueness in Grand Island is that Grand Island is the busiest train crossing in the world. The Union Pacific line that runs through town and also the BNBH, that's Burlington Northern and Berkshire Hathaway for those of you who don't know. The Burlington Northern line, they cross in Grand Island and that intersection where those two main lines cross is the busiest train intersection in the entire world, so much so the people travel from all over the world to come to Grand Island and sit on a dry patch of grass to watch trains cross. That's what they do. And so many people do it that Burlington and Union Pacific and the community have gone together and they're building a pavilion so that people have a chance to sit out of the sun and out of the elements and watch trains cross. Sort of an amazing thing if you're into train spotting, but that's how busy that intersection is. Grand Island has always been a railroad town. It may be not as busy as it is now, but it's had a good relationship, although there have been times where it's been a love-hate relationship with the main train lines who I have to give them credit have been as attentive as you could be when you've got thousands and thousands of miles of track, some of which runs through, for a period of about three or four miles, Grand Island proper. They have been focused on safety as best they're able to under those provisions. We had some deaths over the past decade with people crossing tracks, getting hit by trains, and being killed. And UP put up an attractive fence that limits the potential to be able to do that. And I know they inspect their rails. And so the part of me listening to this argument, reflecting on what's happened in the experience Grand Island has had can get comfortable but perhaps this inspector might not be a position that's necessary in a busy railroad town except for the short lines. And we have at least two short lines that come off of the main tracks of the major carriers, and in those cases those short lines come within one city block of two elementary schools and less than a city block of another elementary school. And Senator Dubas and I have been involved within the past couple of years in at least one of those cases of intervening with the owners of this... [LB195]

SPEAKER ADAMS: One minute. [LB195]

SENATOR GLOOR: Thank you, Mr. President...of this line because the trains stop to cross over and to fit on to the main lines and they stop next to the elementary schools. And the kids coming and going from school get tired of waiting and crawl underneath these cars to go from one side of the track to other to get home or to get to school, one

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case or the other. We had no place to go because there was no inspector. I have to be in opposition of AM1195 because I know these short lines create their own level of problem. And having an inspector to keep an eye on these short lines is a public safety issue that I think is important. I don't think a senator from Grand Island can ignore public safety and ask for more public safety when it comes to rail lines any more than a senator from Hawaii can ignore volcanoes or a senator from California ignore earthquakes or a senator from Florida, hurricanes. [LB195]

SPEAKER ADAMS: Time. [LB195]

SENATOR GLOOR: Thank you, Mr. Speaker. [LB195]

SPEAKER ADAMS: Senator Wallman, you're recognized. [LB195]

SENATOR WALLMAN: Question. [LB195]

SPEAKER ADAMS: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. 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. Please record, Mr. Clerk. [LB195]

CLERK: 33 ayes, 0 nays to place the house under call. [LB195]

SPEAKER ADAMS: The house is under call. Senators, please record your presence. Those unexcused senators outside of the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Howard, Senator Chambers, Senator Price, Senator Schilz. Senator Price, Senator Schilz, the house is under call. And Senator Kintner. Senator Schilz, Senator Kintner, the house is under call. Senator Wallman, how do you wish to proceed? [LB195]

SENATOR WALLMAN: Roll call vote in reverse order. [LB195]

SPEAKER ADAMS: Mr. Clerk, roll call vote in reverse order. The question is, shall debate cease? Mr. Clerk. [LB195]

CLERK: (Roll call vote taken, Legislative Journal pages 1289-1290.) 34 ayes, 13 nays on the motion to cease debate. [LB195]

SPEAKER ADAMS: Debate does cease. Senator Lautenbaugh, you are recognized to close on your amendment. [LB195]

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SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. And I do need to explain something at the outset. I was not unserious when I brought this amendment. I supported the same position two years ago and I am sticking with that and I think it was the right thing to do then and the right thing to do now. I was disappointed, I guess, that the question was called at this point because I know there are others in the queue that did want to speak, one in particular that might have been surprising, said I support you on this, but we'll not hear from him on this topic I guess. But I meant what I said. This position is vacant and has been, and I don't know that we've lost anything. And now we're looking to spend a couple hundred thousand dollars over the next couple of years to restore this position and refill this position. And I don't see the need. I don't see the value. I don't see what we've been out in the interim while this position has been empty. And no one here is going to stand up and say, well, we...none of...any of us uninterested in safety. That's not the case. But I question whether this one individual really even makes that much of a difference on what we're talking about on the hundreds or thousands of miles of tracks. Realistically, is there a point to this? Maybe we should have ten of them because there's a lot of track to cover. I mean, if it's really about safety, we can spend as much as we want and we'll never, by the way, be safe--never. And it's all about drawing the line. That's what we do on everything that we...that comes before us. Where do you draw the line? How much is enough? And it seems like all too often there's never enough. We really have to think twice and sometimes walk away from really cutting anything once it exists. And I hope that makes it clear to some why on a whole panoply of issues some of us recoil from an expansion of government even if we don't know or we believe it will be paid for by someone else in the short run, whoever that beneficent entity would be, because we know there's no going back. And once we create something, we cannot get rid of it, it seems like, ever. And this is an example of it small of that same principle. This is insignificant in the budget. Let's be honest. Will we know, will anyone know? We talked about tax relief earlier on property taxes and how, well, you know it wouldn't even...no one would even notice that. Our last tax cut was so small one senator said it was offensive almost to the people who received it and they kept saying if that's all you're going to do, you might as well have kept the money. I can think of exactly zero constituents who told me that. I've never been offended by a tax cut. I don't know anyone who's ever been offended by a tax cut. They always want us to do more. That much is certain. And you can call it greed or you can just say, you know, put a good face on it as I tend to and say, you know, it is their money, I really shouldn't resent them wanting to keep more of it. That's what this is about. And if we put this \$200,000, I'm rounding up even, \$180,000 into property tax relief, I don't even know that anyone...everyone across the state would get a penny back. That just...I don't believe that to be the case even. But that's the point. [LB195]

SPEAKER ADAMS: One minute, Senator. [LB195]

SENATOR LAUTENBAUGH: We had a bill a few years ago that would have, I think,

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changed the age of majority, and it was right before we had the big budget-cutting year. Someone said, well, gee, it only saves us a million dollars if we go from 19 to 18. What's the big deal? And I stood up at the mike and said it saves us a million dollars. We need a thousand more ideas like that to balance our budget. It all matters. And if we don't need to spend the money, we shouldn't spend the money. And this, I think, is a quintessential example of that. We haven't missed it. We haven't had it and we haven't missed it. How many of you even knew this position was empty or that it existed until we started talking about it today? And now we're hearing that it's important that we refill it. I don't accept that. I don't believe it. And I think this is the thing...kind of thing that we're supposed to be skeptical about if we are being good stewards of the money we have. [LB195]

SPEAKER ADAMS: Time, Senator. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President. [LB195]

SPEAKER ADAMS: Members, the question is, shall the amendment to the committee amendment to LB195 be adopted? All those in favor vote aye; all those opposed vote nay. Have all voted that wish to? Record, Mr. Clerk. [LB195]

CLERK: 18 ayes, 25 nays on the amendment. [LB195]

SPEAKER ADAMS: The amendment fails. Mr. Clerk for an announcement. We'll raise the call. [LB195]

CLERK: Mr. President, very quickly, an amendment to LB402, Senator Mello. Senator Seiler offers LR176, Senator Hadley, LR177, Senator Hadley, LR178. Those will be laid over. (Legislative Journal pages 1290-1293.) [LB402 LR176 LR177 LR178]

Mr. President, Senator Karpisek would move to amend the committee amendments, AM1185. (Legislative Journal page 1293.) [LB195]

SPEAKER ADAMS: Senator Karpisek, you are recognized to open on your amendment. [LB195]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. I do apologize to the body for bringing this amendment. But I am serious about this amendment and I think it is something that needs to be talked about this session. This amendment would take roughly \$6 million out of the university's budget for FY '13-14 and roughly \$10 million for FY '14-15. The main reason that I am bringing this amendment is because of the tuition freeze. I'm not bringing this to try to poke anyone in the eye. I am not trying to get up and bad-mouth the university. Not at all. I support their building projects and I support the university. However, I think when we have something that is going to cost

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us roughly \$16 million over two years, we should talk about it. I was a little bit miffed this summer, this interim, when I picked up the paper and I see that the Governor tells the president of the university that they're going to not raise tuition, we're going to give them money for a tuition freeze. I had to stop and think about how this works again. The Governor has a budget. We have a budget. We hopefully pass the budget, and then he can veto it or not, work on it. But I felt that that left us out of this process. Why does the Legislature sit on the sideline and the Governor say that we're going to freeze tuition for the university and the state schools? That's why I want to talk about this. It's a lot of money, folks. We're arguing over hundred-thousand-dollar amendments here. Not real sure why, but we are. And if no one else will bring up the university and just talk about it, then I will. I've had a lot of people ask me because for some reason I'm the anti-university guy. And I don't want to be known as that, but I guess I do have enough guts to stand up and ask some questions of them. We talked about property tax relief yesterday and today. And I told you that I would not vote for that property tax relief if it was done today. I wish I had my vote back. I don't see this as anything different when we're going to freeze tuition for students. It's great. It's wonderful. Families are happy. No kidding. But are we in the business of giving back tuition or paying for tuition? Now I realize that we give the university a budget and they will do with it what they want. And I'm sure that Senator Mello will have things to say on this, which is fine, and other members of the Appropriations Committee. Again, I'm not trying to bring this as a hostile amendment, but I think that it needs to be talked about. We have given the university a lot of money in my time here. And I'm not complaining about any of it, except I would still complain about Innovation Campus but I need to let that one go, or so I'm told. I opened the paper the other day and they're going to sell technology park. Where's that money going to go? I don't know. Maybe. again, Senator Mello can help us out with that. I don't think that's a very good move. I do have a letter here from J.B. Milliken, the president. And I will have to say that President Milliken I think has done a tremendous amount of work for the university. And whether he likes it or not, I consider him a friend. But it talks about in here that he's grateful to Senator Mello and the committee for recommending a sensible strategic budget that would address critical needs of the university after five years of essentially flat funding for operations. I'll agree. The committee's budget would allow us to invest in priorities and freeze tuition for Nebraskans for the next two years. The tuition freeze would save a typical undergraduate \$1,000 over two years, so that's \$500 a year, savings that could mean less debt or fewer hours working and more time studying. This would be a very positive step welcomed by thousands of Nebraska students and their families. Five hundred dollars to anyone would be welcome. No one is forcing these people to go to college. Is \$500 a year really going to make me decide to go the university or not or stay in or say I have to have another job? I don't think so. President Milliken goes on to say: Tuition at each of our campuses is well below the averages of our peer institutions, and we have increased financial aid for those who need it most. As a result, the average debt load of graduates on two of our campuses is the lowest in the peer group. That makes me wonder if we're already the lowest in the peer group, I realize it's still expensive to go to college. I got to do it for an extra year

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because I was having so much fun. So I had a little more debt. Graduation rates at UNO and UNK exceed their peer averages and UNL is closing the gap. Sounds like they're doing a mighty fine job, and they're doing a good job, cheapest in their peer group, graduating students, giving them a good education. I guess I just don't know where this came from and why. If we want to give the university more money, fine. Let's give them more money. I think that we already have. The budget that I have is about \$518 million for FY '13-14 and \$538 million for FY '14-15. Now that is some real money. Again, this amendment would save the state \$6 million and \$10 million; \$16 million over a two-year biennium. Whether we get to a vote on this or not I'm not real sure, but I think that a lot of people can say what they think. I do control this amendment. If it gets going too long, I'll pull it. But I would really like to take this to a vote. There's a lot of money in the budget that...\$16 million could go to a lot of, lot of things. And I'm not arguing with the rest of the budget, except for one, maybe airplane. But other than that I'm not arguing about the rest of the budget. I think, though, that we could use this \$16 million somewhere else. If the university would like to freeze tuition, do so. We find things in our budgets. Again, I appreciate the university very much. I think they do a great job and I know that we work together very well with them. But this being done and put in the paper that sounding like it was done deal outside of the Legislature rubbed me wrong; \$16 million over two years rubs me wrong. [LB195]

SENATOR CARLSON PRESIDING

SENATOR CARLSON: One minute. [LB195]

SENATOR KARPISEK: And I would just like us to talk about something that costs \$16 million in the budget. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Karpisek. Members, you've heard the opening on AM1185. The floor is now open for debate. Those wishing to speak include: Bolz, Conrad, Adams, Mello, and others. Senator Bolz, you're recognized. [LB195]

SENATOR BOLZ: Thank you, Mr. President. Senator Karpisek, I welcome an opportunity to speak about the university budget, and I have a quite different perspective. And part of that perspective comes from the great value that our constituency and the University of Nebraska funding public opinion polling says it has more than an 82 percent approval rating in terms of finding the university's programs significant. And my constituents certainly felt that way when we talked to them door-to-door. I think the tuition freeze is perhaps the thing that is most important to me in the budget. I think it's the thing that I'm most proud of because it directly impacts my constituents' budgets, it impacts the future, and making sure that we're investing in our postsecondary education system is all about economic growth to me. You know, the two top priorities for the university system are accessibility and excellence. And so when we talk about accessibility, we know that the university system has made a commitment not

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only to making sure that the middle class average Nebraska family can participate in university funding but also through college-bound Nebraska and pulling in students who might not otherwise be able to participate. And that is so important because I don't have to remind this body that statistics tell us, statistics from the Georgetown University Center which many of us are familiar with, that 66 percent of the jobs of the future right here in Nebraska will require a college education. And right now, colleagues, we're not there yet. Only a 36.5 percent of our population has an associate's degree or higher. This isn't just about a tuition freeze. It's not just about making sure kids with potential can go to college or helping family budgets. It's about our global economic competitiveness. I also don't have to remind this body about the Battelle study which assessed our economic development competitiveness as a state and where we need to improve. And, ladies and gentlemen, where we need to improve the most is in highly-trained individuals with a college education who can commit themselves to a future working in the industries that have the greatest importance right here in Nebraska. Manufacturing, information technology, science, math, those are the areas that we need to invest in and the areas that we need to send our kids to. And that's because our economic...the economic impact of the university is incredible, not just in terms of building a work force but also in terms of research. The university system is the only publicly-funded research institution in the state, and that research capacity has a great impact on our economy, most significantly, I think, in terms of our agricultural economy. We've been able to improve our livestock and agricultural production systems that have had a great impact on folks right here in Nebraska. The thing that I think I want to point out to the body is that the university has found ways to reallocate their existing budget to the tune of \$31 million. They have already figured out how to stretch things, how to make things work, how to pull things together to continue to meet their priorities of excellence and access. And we've asked them to do that and now it's their turn. It's not just the turn for the university system that I believe in that adds so much to our economy and frankly to the culture and to the quality of the state overall, but also to the future and to the potential of students right here in Nebraska. And so, colleagues, I really urge you to get on board with this idea that one of the great things that we can do with this budget, one of the great things that you can do with your vote, one of the great things that you can do in your service here is to support our university system, to support our college kids... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR BOLZ: ...to support our college families, and to see this as an investment in the future growth of our economy and our kids. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Bolz. Senator Conrad, you're recognized. [LB195]

SENATOR CONRAD: Thank you, Mr. President, and good afternoon, colleagues.

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Number one, I want to thank Senator Karpisek for bringing forward an important public policy issue in the context of our budget debate. In fact, I think this is the most significant we've seen thus far over the course of many days not only in scope but in impact as well; so I thank him for the seriousness of this amendment and how he has framed the issue moving forward. I did want to give the body just a quick overview of a process piece here because I want to let them know how the committee struggled with this issue on the committee level. This wasn't an automatic done deal from the get-go. I think that we all read with great interest when this idea first appeared based upon pre-session media reports about, wow, that's an interesting idea; can we make it work within the context of the greater budget? And as we began our deliberations on the preliminary budget, it didn't seem like we were going to be able to make this idea come to fruition. That was pre-forecast, of course. But that was also with the realization that the committee had to budget for a retirement shortfall issue that the Governor had failed to do, that the committee wanted to carve out additional funds for the developmental disabilities waiting list, which there wasn't one penny in the Governor's budget to do that and continue our progress in that regard. And so we had a much lower number originally in the preliminary budget for the resources that were going to be available specifically to the university and other aspects of our higher education system. But then, as is our practice, working through the public hearing process and then having the additional forecast resources come available and seeing some additional negotiations come on other key budgetary issues, the Chairman was able to sit down with the university and other leaders at our other institutions of higher education and to negotiate the tuition freeze, the affordability compact, at a level that was much reduced from the Governor's original number, while meeting our other critical obligations in other areas. So that was something that again was not a done deal from the outset but something that the committee really struggled with at the committee level and moving forward. So here we are with this proposal, and in many ways it's, I think, a very interesting proposal not only for the real-life savings to the moms and the dads and the kids that write the tuition checks at our institutions of higher education at the university and beyond--I know that this amendment just specifically speaks to the university issue--but we did want to ensure parity at our community colleges and our state colleges as well. So this is real savings. This is keeping those taxpayer dollars in their pocket, which is what we hear a lot when it comes to debate on revenue issues and tax issues. And so not only is this allowing our citizenry to keep some of their own money, but it ensures that we are really meeting the unique mission that we have as a land grant university to ensure full accessibility and affordability for every member of our population. We all know, and it goes without saying but I want to make sure that it's on the record, that achieving access to higher education and the skills that come with that learning process and that degree are critical to meeting the skills gap that faces our citizenry in Nebraska and beyond. That's a key economic development issue. This affordability compact is a way that we can have real accountability with the resources that we provide to our institutions of higher education... [LB195]

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SENATOR CARLSON: One minute. [LB195]

SENATOR CONRAD: Thank you, Mr. President...and I commend the Governor for initiating the idea. I commend the Chairman for negotiating to make it happen on a lessened basis. And I commend the body's attention to what should be a thorough and thoughtful debate on this very important budgetary issue. So I thank Senator Karpisek and look forward to hearing the other members and their thoughts on this topic. Thank you. [LB195]

SENATOR CARLSON: Thank you, Senator Conrad. Senator Adams, you're recognized. [LB195]

SPEAKER ADAMS: Thank you, Mr. President. I'm not going to support Senator Karpisek's amendment. I want you to think about a couple three things that probably to all of us are very obvious and you make your judgment call on this amendment. First of all, the most obvious: Just about every kid needs some education of some kind beyond high school. It may be diesel mechanic school, it may be the University of Nebraska. But our economy demands a lot more and you know that. Everybody in here does. Secondly, you know what? This isn't just about the university. I'll stand corrected by Senator Mello or anyone else that would know better, but I think the state colleges have jumped on this ship as well and said that they'll keep their tuition frozen. So it isn't just the university. And I want you to think about one other thing. We can sit here and say, well, it really isn't that much, and given the cost of tuition at the university or Wayne State, it's not going to do that much. You know who it's going to do a lot for? It's not the student that got a 28 or better on their ACT--I'm going to look at these pages when I say this. It's the kid that knocked down a 19 or an 18 or a 20, not quite good enough to qualify for scholarships. Oh, they maybe get the 100 bucks on Honors Night when they graduate from their high school or the 200 bucks from the VFW, and that's all fine and good. And maybe this only amounts to \$400 or \$500, but it'll make a difference for that kid. It will. I see a couple of heads nodding up here. That may be proof enough. Frankly, I don't care where the idea came from. Maybe we should have come up with it first. Put all of that aside and think about what the issue is. Think about what the issue is. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Adams. Those still wishing to speak include Harms, Hadley, Kintner, Gloor, and others. Senator Harms, you're recognized. [LB195]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in opposition to this amendment. When I first read this in the paper where the Governor had reached an agreement with the university, I thought, man, that's rather interesting. What a good idea. But when we actually got into our budget, we found out that we could not afford to do this. And I think as Senator Conrad alluded, we actually negotiated that down; so it's not what the Governor had originally set his course on. We actually lowered that amount

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because it didn't fit into our budget. It just didn't balance out. And the university took awhile but finally did agree to the fact they could do this. I also want to make it very clear that I spent most of my life in higher education, and I will tell you, \$500 to \$1,000 makes a heck of a lot difference to a lot of people and to a lot of parents. You don't think it does. We're used to talking about millions or billions of dollars here, but boy, when you get in the home and you're talking to Mom and Dad, that \$500 might make the difference of whether Sally or Bill can go to school, because that might make the difference of what they can pay on their books. And the key to this whole thing is that you don't want your child or any children to get loaded down so far in debt that when they get out, they can't afford it. And we watch this happen all over America where kids get so loaded down, they go on to school, get their bachelor's degree, go on and get the master's degree, haven't gone out to work yet. And all of a sudden, when they have put that together and the total amount that they borrowed from their loan programs, it's almost staggering. I applaud the university and I also applaud the state colleges to say we can do this, we will freeze our tuition, we will balance this out. Because, quite honestly, I feel that if we were to continue to walk the pathway that we're walking today, with the kinds of increases that we're having to go through with tuition, you automatically start to price kids out of an education. And I think if a teenager or a child wants to go to the university, they ought to be able to go to the university and be able to afford the tuition and not load themselves up with loans, and later on, can't make the payment at the end and then default. I don't think that's what we want in Nebraska. The university is committed to this. The state colleges are committed to this. And I will tell you, colleagues, this is not a good amendment. This sends a message to people in Nebraska, parents in Nebraska: We are concerned about your son or your daughter, we want you to go to school, we want you to get an education, and most of all, we don't want you to be overburdened by loans at the end. This is a knowledge economy. The public school education is not the minimal education that you need today. And in the future it will be a certification, an associate's degree, a bachelor's degree in many cases, or even higher. And if we're going to be competitive in a changing world global economy, colleagues, we have to make sure that we keep our university and our state colleges affordable so they can go to school, so they can be competitive in this changing world global economy. Don't kid yourself, if you look at what's happening in America, we have lost ground in our educational systems. We used to be number one in the nation and today we're 15th or 16th in quality. Who are we kidding here if we allow this to... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR HARMS: Thank you, Mr. President. If we allow this to continue, we'll be the losers. It's not going to be these kids sitting in front of us. We, the American people, will be the loser, because we will have kids who are overburdened in cost and we'll have students who decide it's not worth going to college. In a changing global economy, we will be the ones who fail. Don't allow that to happen. This is a good move and it's

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appropriate. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Harms. (Visitors introduced.) Returning to debate, Senator Hadley, you're recognized. [LB195]

SENATOR HADLEY: Mr. President and members of the body, I stand in opposition to this amendment. I spoke on university tuition the last time I was up. I mentioned that this is kind of a gift that keeps giving. If the university holds their tuition to the historic rate of about 6 percent increase, the fact we freeze tuition the first two years means in the tenth year a student will save 11 percent on their tuition because of the compounding effect. As I mentioned the other day on the mike, I expect to look at what the university's increase is going to be in two years, so we don't get into playing the game that we're going to catch up after two years by having the freeze for two years. You look at the students that are now going to university, and I look at them as three distinct classes: the poor, the middle class, and the ones that come from wealthy families. If you come from poor families, there's probably quite a bit of financial aid you can get. We call it need-based aid. If you're rich, your parents can afford to send you to school. It's the middle class that's having trouble paying the bills, and that's who I see can be benefited from this tuition freeze. I think one of the trends that I saw in higher education, students are working more and more and more to try and cover the tuition costs and the costs of living. It takes away from their studies. They don't do as good a job. It's not helpful to them. Another problem we now have in higher education is the amount of debt the students are graduating with. We want our best students to be teachers. We want them to be nurses. We want them to be in the health professions. We want them to be social workers. A lot of those are jobs that don't pay real well. And to have a student graduate with a significant amount of debt almost pushes them in one direction or another for their life's work. I agree, it may not sound like much, \$500 or \$1,000 a semester; but that can be the difference between going to school and not going to school or where you go to school. If we're going to help people, I think helping the students at our universities and our colleges is an outstanding way to do it. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Hadley. Senator Kintner, you're recognized. [LB195]

SENATOR KINTNER: Well, thank you, Mr. President. By the way, I polled a few of the pages and they were unanimously against this bill. You know, let me see if I've got this right, and we've been here for two days now and we've got...we produced a bloated state budget. Now--I was part of it--let's go back to see how we got here. The Governor gave us a bloated state government with a 4.9 percent increase. So as we started negotiating at 4.9, I think we were ahead of there, 5.4 or maybe even 5.5. TEEOSA came in a little bit better. A few other things were looking up. And we finished at 5.2 percent increase, which I think is excessive, but I thought that was the best we were

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going to do. I voted for it. So we've got a bloated budget that spends an awful lot...I mean, almost \$600 million in new spending. Bloated. Almost out of control, if you ask me. But now I guess we've learned that we can't cut so much as one penny from the budget. We can't spare a penny from this budget, \$693 million new spending and we can't take a penny away from it. Then we find out, well, hold it, we can't even offer a dime in tax relief. We have a very modest tax relief proposal. Oh, but we can't do that either. Okay, now we're being very modest and it's like, well, maybe we can just get rid of one position that hasn't been filled. Nope, we can't do that either. We need every state employee. Senator Janssen, would you take a question? [LB195]

SENATOR CARLSON: Senator Janssen, would you yield? [LB195]

SENATOR JANSSEN: Yes. [LB195]

SENATOR KINTNER: Senator Janssen, you've been here a lot longer than I have. Is this normal? Do we normally spend like this, or we normally...so we can't even get rid of one position in state government? Is that normal? [LB195]

SENATOR JANSSEN: Well, I'd say this year it's not normal. This is the first year that I've been down here where we've had excess amounts of Nebraska taxpayer money that we could choose to spend or give back. And we have obviously reimplemented a program. We're talking about tuition freezes, and I'm very interested in Senator Karpisek's bill right now...or amendment, I should say. That's something that we haven't done. Like you had mentioned, I'm sure that the pages on the floor, which are college-age students, are very much in favor of this. They're not allowed to say so. I'm not certain that my seventh and eighth graders up in the balcony now, at Trinity, are necessarily in favor of this, because it's only for two years. Will that freeze last or will it be increased? That would be a question I have, but it's your time. And so to answer your question, no, this isn't the norm for me. And there are others that have been here longer than me, particularly Senator Lautenbaugh. I think he's got me by 59 days. So you might want to ask him. [LB195]

SENATOR KINTNER: I'd like to yield the remainder of my time to Senator Lautenbaugh. I think he may have something to say on this. [LB195]

SENATOR CARLSON: Thank you, Senator Kintner. Senator Lautenbaugh, 1 minute 50 seconds. [LB195]

SENATOR LAUTENBAUGH: Well, thank you, Mr. President. Thank you, Senator Kintner. And in 1 minute 50 seconds, I won't ask Senator Janssen a yes-or-no question. That said, if I make a motion to reconsider the last vote we had, don't think I'm being difficult, but understand I just received this e-mail. "I just heard over my lunch hour today that senators are stating short line railroads in Nebraska are not being inspected by the

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FRA. This is a totally false statement. Since the President took office in 2009, and almost immediately ramped up the hiring for the FRA, we are inundated with FRA inspectors. We receive frequent visits from FRA inspectors in every department, including track, drug and alcohol, mechanical operations, and also just today had the AAR inspector on property looking at our car maintenance and repair program. We also receive visits from the TSA and have reporting that we do as to any toxic inhalation hazard cars that are on our property at any given time." [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR LAUTENBAUGH: Thank you, Mr. President. "Having been in the industry for 26 years and having met more than once with the past state inspector, I can assure you that his duties very closely duplicated those of FRA inspectors. Your name was mentioned during the hearing as some of the knowledge where the issue is concerned, so I wanted to contact you directly. Please do not spend more of our hard-earned dollars to recreate a position that is not necessary for the safe operation of the Class I, II, or III railroads in our great state." And this is the general manager of one of the short line railroads. So I don't know that it was correct when we voted before, thinking that we had to do this for the short lines to preserve this one position. I don't think anyone intentionally misled us, not far from it, but I don't know if that's correct. And don't you want to know, are we really recreating this position for a purpose? [LB195]

SENATOR CARLSON: Time. Thank you, Senator Lautenbaugh. Senator Gloor, you are recognized. [LB195]

SENATOR GLOOR: Thank you, Mr. President, and good afternoon, members. Let me bring a little different wrinkle to this discussion, I think; and it's more of a commentary and maybe a reminder. First of all, I'm one of those who is a strong believer that a strong university and state college system is incredibly important for economic development in this state. I take pride, along with other Nebraskans, that we are a land grant university, for those of us who know and understand what that means and the fact that it goes back to our agricultural roots. I've had family who have graduated with a legacy from the university, other family who have attended state colleges. And so I take a lot of pride in the strength of our university and state college system, and I will be in opposition to AM1185 because of all those reasons. But here's my wrinkle and that is I'm not a graduate of the University of Nebraska or the state colleges. I attended a private college, Hastings by name; so did an astronaut, so did a coach named Osborne, so did two brothers. And I know in this body there are a lot of senators who are graduates of private colleges and universities in this state and have done well for themselves. And we are now giving a tuition freeze to attendees, making the road those private universities and colleges have to climb a lot steeper. There aren't many families that can afford to pay the tuition and fees to go to private colleges and universities. And because of that, there are a lot of grants and aid, there are a lot of scholarships, there

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are ways that those colleges try and scrape together the dollars necessary to subsidize those students so they could attend those schools. And when we put a two-year freeze on tuition, we are making the road that those schools have to climb even steeper. This is a gift; and all Nebraskans, regardless of where they send their students or their kids to schools, all Nebraskans are subsidizing this gift and it should be looked at as a gift. And I know regents and the administration of the university understand that and understand the responsibility that comes with us. But I don't celebrate in this tuition freeze. I think it's probably an appropriate thing to do given the financial pressures most families are under. I think it's an appropriate thing to do, as I said, because of economic development and the best interest of this state in growing and thriving. But we should not ignore the fact that private colleges and universities in their own way are going to be struggling a little more because of this two-year tuition freeze, and that needs to be mentioned. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Gloor. Those wishing to speak include Senator Nordquist, Karpisek, Wightman, Janssen, and others. Senator Nordquist, you're recognized. [LB195]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise in opposition to the amendment. I first want to start by thanking our Chairman Senator Mello and also Vice Chairman Harms for the work that they've put in negotiating the numbers that we ultimately came to. We got an end result that I think we all were pleased with, and that is a tuition freeze, and we know why that's important. That \$400 or \$500 means a lot to, as Senator Hadley said, it's the middle-class families who are left essentially in the doughnut hole struggling to find a way to scrape dollars together to send their child to college, or if they don't have those dollars available, their child is saddled, the student is saddled with extraordinary amounts of debt coming out of undergraduate...with their undergraduate degree. But Senator Mello and Senator Harms went in, negotiated with all three branches of higher education, if you will, and came in at a lower amount. We talked earlier about saving a million dollars on something. We talked yesterday about a couple smaller items. Then Senator Mello and Senator Harms were able to negotiate about a \$1.5 million savings below the Governor's numbers and still got us a tuition freeze. I think it's important as we talk about this, though, to remember just a few statistics about the university and where they're at. Their budget has grown 1.2 percent over the last five years since 2009. In 2009, '10, '11, FY '12 and now FY '13, 1.2 percent. That's not 1.2 percent a year. That's 1.2 percent total over a five-year period is the budget growth of the university. So we have not...certainly have not been overly generous with their operations in trying to maintain an excellent institution of higher learning. The other thing, cost per student, cost per FTE of student has gone down from \$9,700 in 2000. The state was contributing \$9,700 per student in 2000. Today we're contributing about \$7,700 per student. Our contribution has diminished, and a lot of the shift has been picked up in tuition. This investment this year that the Governor started out with, the Appropriations Committee affirmed, will allow us to do our part to make

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sure that we aren't just continuing to pile on with higher tuition. And the university has done its part also in trying to decrease its administrative costs. From 2001 to 2009, their administrative employees has dropped 5 percent, while enrollment increased by 5,000 students. So they are doing what they can to rein in administrative costs, and this will allow them with those actions to maintain tuition--tuition where it's at. So with that I'll yield the rest of my time to Senator Mello. [LB195]

SENATOR CARLSON: Thank you, Senator Nordquist. Senator Mello, 1 minute 50 seconds. [LB195]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. And I wanted to...while I oppose AM1185, I do want to thank Senator Karpisek for approaching me and discussing his amendment prior to him introducing it. And ultimately I know that there may be some disagreements in regards to why this is a priority of the Appropriations Committee and hopefully a priority of the Legislature. To kind of just...to give, I think, a more global perspective, there are obviously significant times in which the Legislature and the Governor have differing opinions. I think we can name a good handful of them over the last couple years, both on tax policy, on prenatal care, obviously Medicaid expansion. There are differing opinions, and that's okay. This is one of those instances though... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR MELLO: ...where ultimately the Appropriations Committee and the Governor came to a very similar conclusion, that an investment in the university and state colleges for a two-year period, in exchange to freezing tuition for working families across Nebraska, was good public policy and it was good fiscal policy. And yes, while we were able to ultimately get a negotiated tuition freeze for the Legislature at a lower rate than what the Governor proposed, the concept itself is something that has merit. And I can appreciate Senator Karpisek's concern of kind of how maybe the process began, of whether or not ultimately this is, I would say, correct fiscal short-term policy in exchange for what may happen in the future with tuition increases. But colleagues, this is a first where we've seen the university held and the state colleges held flat and nearly flat for the last five years by giving them roughly a 4 percent increase each year. They in exchange will give a break... [LB195]

SENATOR CARLSON: Time. [LB195]

SENATOR MELLO: Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Mello. Senator Karpisek, you're recognized. [LB195]

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SENATOR KARPISEK: Thank you, Mr. President and members of the body. And I do appreciate the discussion here, but it has turned into all of us wanting a strong university and state college system. Who doesn't? That's not what my amendment is about and not why I'm asking the questions. Of course, I want a strong university and we need it, and it is. My son will be there in 2.5 years. So maybe if we extend this out another half a year, I'll be happy. Hum, probably not. I've heard some talk: Well, I'm not going to be for that; my son is going there now. Come on. Again I go back to President Milliken talking about we have the lowest debt load of graduates on our campuses in our peer group. Tuition at each of our campuses is well below the averages of our peer institutions. Now that's where I ask the question: If we're already well below our peer group but we're doing good on graduations, then what are we doing? Why do we need to do this? I don't know what it costs a year to go to college now. I would just guess roughly \$10,000, if that's close--higher than that? Let's just say \$10,000. So will \$500 really be the difference? I just...I can't see that. I'm not talking about stripping everything out of the university's funding. I'm talking about \$500 per student per year that they're paying now or going to pay, would be paying. You know, we talk about how important it is. Then why don't we do it for free? Let's give them all free education and see how it works. Or let's...we just had a good Forecasting Board, and they're going to...we want to put that money in the rainy day fund. Why don't we use all that for college tuition? I know that that doesn't resonate and I know what we're trying to do here, and I get it. How about K-12 education, that fight that we had; and hopefully is done but maybe not? Sixteen million a year into TEEOSA? That would make a lot of difference on a lot of Nebraska families also, everyone who pays property taxes. This is absolutely not about trying to hurt the university. I tried to make a list of things that while I've been here that we have approved: an Innovation Campus, a cancer center, a nursing school in Lincoln and Kearney. That's just what I can think of off the top of my head. Now Technology Park they don't want anymore, and we don't...I don't know what's going to happen with that, what that money is going to go to. Will that come back to the general budget or will that go to the university and the college systems? I don't know. Probably the university. I could be wrong. [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR KARPISEK: We in this body, I feel, have given the university a lot and they've given this state a lot back. I cannot say enough how much I think of them. But when is enough, enough? Just because someone is doing a good job doesn't mean that they get more and more and more money. And is this because they agreed to a tuition freeze, or would we give this money anyway? It's a good question. And thank you for the thoughts. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Karpisek. Senator Wightman, you're recognized. [LB195]

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SENATOR WIGHTMAN: Thank you, Mr. President. Good afternoon, members. I rise in opposition to AM1185. We had a lot of decisions to make when we looked at the University of Nebraska's budget. This was one of a number of issues, but it was one that President Milliken thought was extremely important this year. I don't know how many years in a row we've had an increase in tuition, but I think, as I remember, it might be as high as 15-20 years and it may be higher than that. Every year there's been an increase. I can remember when I was a student, at that time it was Kearney State College, and then later at the University of Nebraska in law school, I think my tuition amounted to about \$125 a year, if you can believe that, when I was in college at Kearney. Now I'll admit that's been almost a lifetime and more than a lifetime for many of you, but--and it is a long time ago but it's still under a century. At any rate, student debt was not a big problem. I suppose it was maybe. I didn't think of it as being a big problem. I remember I got a scholarship, a scholarship that amounted to about half of \$125 tuition a year, but I was very happy to have it. So as I say, this was one of only...one of a number of requests made by the University of Nebraska. Some of them were allowed, some were not allowed. And we also passed this same tuition freeze on to other colleges. And after this many years of increases every year and the fact that the increases took place during the economic downturn in 2008-2009 when much of the rest of the budget was going down, I think it is a very important matter that we have considered this year. I agree that our state college and universities are a major part of the state of Nebraska. Student debt is such a big issue in our national society and certainly the society in the state of Nebraska. I read where the average student debt I think coming out of college is somewhere between \$25,000 and \$40,000 for most students, or for the average student. As I say, when I went there many, many years ago, that was not a big issue, or at least it wasn't a big issue by today's indebtedness that students come out with. So it's been an important decision of the state of Nebraska to try to attract some of the better students. I think they have about the highest class standing maybe that they've ever had the University of Nebraska. And if we're going to continue to do this and to bring those students into the university system, then I think we're going to have to look at tuition breaks. I don't think this will happen every year, but I know that we've talked about \$500 to \$1,000 being a small amount. I think it's a fairly large amount and I think it will attract more top students to the University of Nebraska. I don't expect this to happen every year. I think we were...it was a matter of considerable discussion that this was... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR WIGHTMAN: ...one of the most important budget items that they had. And we took that this year, considering a number of factors. So with that, I ask that you do not support AM1185. It was one of many things to be considered. It certainly was a long ways from the only thing to be considered in the university budget. Thank you, Mr. President. [LB195]

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SENATOR CARLSON: Thank you, Senator Wightman. Senator Janssen, you're recognized. [LB195]

SENATOR JANSSEN: Thank you, Mr. President and members. It was mentioned, I think by Senator Karpisek, maybe we should just give it away for free. I kind of cringed when I heard that, because I said: Don't give him any ideas; we might be going there. My question...and I touched on it briefly on Senator Kintner's time, is...and I throw this out there as a question to not anybody in particular, maybe somebody that will speak afterwards or somebody off the mike, is: Is this the best long-term solution, compressing just two years' freeze? And will it come with a double digit increase? If you're a sophomore in high school now, maybe a 14-15 percent increase in tuition? Well, we couldn't make up for it and the state didn't come back and give us more money, so this is the reason. It's hypothetical. But one would think the way we've looked at tuition increases over the years, all four years I went to college, every cent--I went to a state college, Wayne State, for that matter--who would benefit from this--there I go off the alumni list--but it went up every year. And I won't fall off. They'll still ask for a donation every year. So are we picking winners and losers with this? Is the government program...we heard a lot of that, tax study, government is picking winners and losers. We shouldn't be in the business of that. Have we picked certain colleges as winners and losers? Would the university in my hometown of Fremont, Midland University, be a winner in this program? Hastings? Concordia? [LB195]

_____ : Creighton. [LB195]

SENATOR JANSSEN: Creighton? Thank you, wherever that came from. These are just questions. So we are picking winners and losers, I think. I support scholarships and I think they're a big deal. It was brought up earlier, the VFW scholarship. Now I've never earned one of those, but I've paid into it and I still pay into it every year. I support the American Legion scholarship. I support the Shriners scholarship. I support some other scholarships that we pay into. But even Logan View, the high school I went to, we have a scholarship. Those mean something. It meant something to me at a state college. Believe it or not, I even got...I even got a scholarship, one of those smaller ones. It meant a lot. I think tuition at the time was 1200 bucks, so that \$500 scholarship went a long way. I got another so-called scholarship. It was called the GI Bill. That also helped quite a bit. Now, my question would be...in fact, and since I see him right in front of me and he's my...and I know he's on the Appropriations Committee, would Senator Nordquist answer a question? [LB195]

SENATOR CARLSON: Senator Nordquist, would you yield? [LB195]

SENATOR NORDQUIST: Yes. [LB195]

SENATOR JANSSEN: A question on the tuition freeze. Is it for...it's just for

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undergraduate students at these systems? [LB195]

SENATOR NORDQUIST: My understanding is, I guess as Senator Mello and Senator Harms negotiated it, it would be for all in-state tuition, it was my understanding. So I assume it would be in-state for graduate studies as well. [LB195]

SENATOR JANSSEN: Okay. Thank you, and that's...and we can clarify that later. It was a question that I had. And another question. We just had a bunch of regents, Board of Regents races going on, and what I always heard is we need to make college less expensive, less expensive, and the best way to do that, the best solution I heard on radio ads, in some cases TV ads, was that we need to get students through in four years. That's the best way to do it. And are we getting them through in four years? I don't know and I suppose somebody will tell me. But would somebody qualify that has been at the university for six years and they're in a normal course of study that should be done in four years and they're a full-time student but they're dropping classes, this and that,... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR JANSSEN: Thank you, Mr. President...and they're dropping classes. I don't know. I don't know the answer. That's why we're asking the question here, and I appreciate Senator Karpisek bringing it up, because this is a significant amount of money. And I'm going to continue to listen to this because this is a great amendment. I don't know how long we'll have to go. We just did have a bill. And I do hope Senator Lautenbaugh reconsiders that, for many of the reasons we just voted down the previous amendment I think have been dispelled now. And we're talking about \$180,000 of savings there, we're talking about millions of dollars of spending here, and the tide seemed to turn pretty quickly. I at least wanted to stay consistent with my message. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Janssen. Those still wishing to speak include Senators Kolowski, Larson, Schumacher, Bolz, and others. Senator Kolowski, you're recognized. [LB195]

SENATOR KOLOWSKI: Thank you, Mr. President and fellow senators. I want to bring a different perspective to this topic if I could, because of my career in secondary education in our state and the last 15 years as a high school principal. If you look at today's Omaha World-Herald, you'll see a section in the World-Herald concerning the students who are being honored in our state who scored a perfect ACT or SAT as far as their college entrance requirements. And those students are truly the scholars of our state and they are to be recognized in such a particular way. If you have one of those perfect scores on an ACT or an SAT, you will have colleges throwing money at you wanting you to come to their institution, and that will not be a problem for most of those

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students no matter what their financial needs might be, because they're being honored as some of the greatest and best scholars coming out of the high schools in our country. Other students are called student athletes. If you are a Taylor Martinez with a great deal of athletic ability, you will also have a free college education. But not all students fall into those categories of the perfect SAT or ACT or with the athletic scholarship potentials of some of the athletes we see every weekend on TV. One of the things that's happened with the University of Nebraska program and with the entire postsecondary experience in the state of Nebraska over the last couple of decades has been truly remarkable and it's led to some things that I want to tell you about that I witnessed in my last decade as a high school principal. We've had a great deal of growth and expansion in the community college system, as Senator Harms knows, and we've watched this grow across our state. At the same time as the metro combined technical community college growth has taken place, we've had parents that have recognized, as many other states do, the quality of the programs in the community colleges; and a number of students have gone that route to help prove themselves and also for the cost-effectiveness of their programs to get their first two years of schooling completed into college and then transferring on to a state college or our universities. At the same time, within the University of Nebraska system, we've had an increase in the Honors Program, the David scholarships, the Regents scholarships. And when students have those available, they're getting a great deal of their college paid for by the academic backgrounds they've come to and have brought with them to their college of their choice. Also at the same time, in the last decade-plus, the technical areas of expertise of our colleges have also grown. The STEM areas of science, technology, engineering, and math have had great expansions, and both UNO and UNL have excellent technology programs in the computer areas that are feeding our communities and our state and our region very, very well, with many highly qualified workers. From the counseling aspect in high schools, what's happened over the last decade is before the difficult economic times hit even in 2008, we saw parents relooking at what they would do or what they might do with their students... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR KOLOWSKI: Thank you, Mr. President...and they have readjusted their college orientation where they know a graduate program is going to be costly. But a lot of students have chosen to stay at home, to stay in Nebraska to get their undergraduate work here, which is an advantage to us, because they're saving up for expenses of that graduate program, whatever that might be and wherever it might be. One of the advantages of that to us is they would usually take an internship and sometimes decide to stay here and work in our state as time goes on, which is a great advantage. So there's been an adjustment in the families because of the economics involved in our last decade experiences that have reoriented the strength of our university system to a new level. We are in new competition as a Big Ten university. [LB195]

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SENATOR CARLSON: Time. [LB195]

SENATOR KOLOWSKI: Thank you very much, sir. [LB195]

SENATOR CARLSON: Thank you, Senator Kolowski. Senator Larson, you're recognized. [LB195]

SENATOR LARSON: Thank you, Mr. President. I was one of the three votes in committee that didn't support the tuition freeze. Senator Adams talks about how important this was, Senator Harms, a number of other senators. This is a lot of money. I think Senator Karpisek said somewhere it's around \$16 million less than what the university will get right now, dropping this I think to right around 3 percent instead of the 4 percent that they're getting. Sixteen million dollars. We argued a week ago or two weeks ago about K-12 education. We hear continually about how K-12 is a constitutional right that the state has to provide an education for those students. And I talked this morning on property taxes and myself living in a nonequalized school district. Honestly, I'd prefer to see this \$16 million, if this amendment were adopted, to save that \$16 million...I'd be happy to see that go straight into TEEOSA and we can adjust the formula up \$16 million. College education, and I went through it, is an investment. And Senator Mello is right when he says we have a constitutional right to provide an education to K-12 students. That freshman in college can go get a job at Amigos, a kindergartner can't. Where are our priorities? And, you know, I have issues with the formula and I've made those issues clear. I'm not sure another \$16 million in the formula would make the school districts that I have in my district equalized or not. Another thing about this, this 4 percent increase, and we can say, oh, they're not going to get as much next time in two years; this is in our base budget moving forward. The \$540 million or \$539 million or whatever that exact number is, if this goes, in two years when they come back and they ask for that 2 or 3 or 4 percent increase again, it will be a 2 or 3 or 4 percent increase on \$540 million. TEEOSA is going to come back at...they're at 907 or 916 or whatever they're at now, and their 6 percent will be on top of that. So this is a very substantive debate in terms of this \$16 million, when we figure 2 or 3 percent in two years will be added on top of this \$16 million, costing the taxpayers more. Now when we were going through the committee debates and I...Senator Conrad gave me this article, and I really appreciate it actually, because I think UNL is moving in a good direction; and I'll kind of focus on UNL for a minute. "UNL named a Best Value university." And I read that and they...you know, they have the lowest tuition in the Big Ten and they were in the top 150 schools that were...and they were in the top 50 or top 100 of the best value universities in the country, which shows that they're moving in the right direction. [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR LARSON: But then I noticed that two other, at least two other universities in

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the Big Ten were in the top ten. The University of Wisconsin was number seven and the University of Michigan was number nine. Both of those have tuition almost 50 percent higher than ours but they're still a best value university. I think we talk about how, you know, keeping our tuition low is good for those parents that have kids going to the university. Very true. Their tax dollars will be coming back to them. You give it to K-12 education or you give it to property taxes, you give it to K-12 education and it will come back in property taxes, essentially, because some school districts could lower their levies possibly, or they don't have to tax as much. You give it to K-12,... [LB195]

SENATOR CARLSON: Time. [LB195]

SENATOR LARSON: ...it affects everybody. Thank you. [LB195]

SENATOR CARLSON: Thank you, Senator Larson. Senator Schumacher, you're recognized. [LB195]

SENATOR SCHUMACHER: Thank you, Mr. President and member of the Legislature. The May 9 issue of the Omaha paper reported that a major company is intending on investing \$1.9 billion in Iowa by the end of 2015. Google is engaging in a \$400 million expansion in Council Bluffs. A \$300 million data center that we bent over backwards to get in Nebraska ended up in Des Moines. Numbers are interesting things. Magnitudes of numbers are interesting things and oftentimes tell us the magnitude of our capacity to think. On one hand we have a cash flow of about \$10 a second, on the other hand we're thinking in terms of a dime a week in property tax relief. On one hand we have \$80 million to \$90 million in aid to neighboring states, on the other hand we fret about \$500 in aid to university students; \$300 million to \$400 million a year in cash flow: applying a reasonable multiplier effect, that's \$525 million to \$700 million a year in economic impact. Think about the terms we're thinking about here. Think about the picture that can be thought about. Now what is on this hand? Is it Medicaid expansion or is it casino gaming? Oddly enough, the two are about the same in money flow. Combine the two together and we're talking in terms of a billion dollars a year in economic impact--and we're talking about \$15 million here and a dime a week there. What separates us from that billion dollars a year in economic impact? What makes a difference when Iowa can go aggressively after some of these companies? One thing and one thing only: the will inside this body; the level of analysis that we can apply to reality; the ability to form an objective that is consistent with adapting to the environment that we find ourselves in and successfully competing in that environment. Are we thinking in terms of the right numbers? Are the numbers we should be thinking about in the neighborhood of tens and hundreds of millions and up to a billion? Or is it a dime a week or \$500 in a year in tuition aid? Or TEEOSA of \$8 million extra to make some of the schools in the middle of the spectrum get treated fair? What is the scope of our thinking? What is the expanse of our imagination? What is our ability to deal with the realities of the twenty-first century? [LB195]

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SENATOR CARLSON: One minute. [LB195]

SENATOR SCHUMACHER: I think this should give us all pause as to whether or not we are putting on a little political show here, pretending that we're saving somebody a little dollar here or giving somebody a dollar there, when in fact we are blundering in the grand scheme of the economy and of the development of the state. At any rate, it's on our shoulders and we are here and we will do what we will do. Thank you. [LB195]

SENATOR CARLSON: Thank you, Senator Schumacher. Senator Bolz, you're recognized. [LB195]

SENATOR BOLZ: Thank you, Mr. President. I'm pleased to be able to pick up on some of the threads that I've heard in debate today. Just what is the impact of this idea? Just what is the impact of \$1,000 worth of savings in tuition over the course of a year for a student? One of the themes that we've talked about in terms of this budget is the value of predictability, of sustainability, of being able to manage a budget and being able to plan for the future. And that's one of the gifts that this piece of legislation is giving families who are affording college in our state. Being able to count on the cost of college is significant because the costs of college over the past decade have risen significantly higher than the ability of families to pay for it. Family wages have stagnated while the costs of college have increased dramatically. According to the Coordinating Commission for Postsecondary Education, the annual income of median income families living within the University of Nebraska-Lincoln campus service area is about \$55,000 a year. Does \$1,000 matter to a family that's earning \$55,000 a year? You bet it does. That family is paying rent. That family is saving for emergencies. That family is paying for food. That family is probably saving for the next child's postsecondary education. And it certainly matters to the students because, colleagues, I no longer teach at the University of Nebraska-Lincoln, but I have served as an adjunct professor at that institution. And my students worked. They worked hard. I would say at least 50 percent of them were working. I taught a night class so my statistics were probably a little bit higher. They worked on campus, they worked off campus, and they carried heavy course loads. And I think \$1,000 is significant to a student who is working part time and still has those very real costs. Further, colleagues, we need to remember that tuition isn't the only cost of going to college. Students still have to pay for transportation and a roof over their heads and all the associated books and fees. It adds up. It adds up significantly and it is added up in significant ways that are much higher than the average family's income and earning capacity. You know, the second theme that has come up in dialogue today has been will the university be a trusted partner? And colleagues, my understanding is the university has been. They've been a good partner in terms of being good stewards of the dollars that we give them and in terms of managing accessibility and tuition reasonableness, even in these tight budget times that we have been facing in the past few years. Staffing levels at UNL and UNK and the University of

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Nebraska-Lincoln have remained below peer averages. And staffing levels have decreased over the past decade even though the student load has increased by over 5,000 students. Efficiency is a priority within this system. Further, there was a question about whether or not students are graduating. And I would say we are working on initiatives not only to encourage retention and graduation, but to make that more reasonable and doable for students. The university system has instituted changes that relate to their credit hours. And unless there's a significant reason otherwise, students have 120 credit hours that they need to complete. That's the expectation. It's reasonable and it's something that we've brought back into line to encourage four-year graduation rates. We've also utilized on-line and distance learning that can be fiscally responsible while also encouraging academic excellence. You know, the last thing that I would say is the question has come up in multiple contexts about why this idea, why this investment, why the university system? And colleagues, I would say that the university system and the state college system... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR BOLZ: ...and the community college systems, they're all something we can be really proud of in this state. They are something that is exemplary. And being able to continue to invest in something that's exceptional and something we can take pride in is worth it. We are competitive for a national initiative to map the human brain because we've invested in this system. We have drawn in the Water for Food Institute, which has global impact, because we've encouraged excellence in this system. Colleagues, I see no choice except to support the committee's underlying budget, protect the tuition freeze, and invest in the future for our students and our institutions. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Bolz. Senators wishing to speak: Bloomfield, Chambers, Lautenbaugh, Karpisek, and others. Senator Bloomfield, you're recognized. [LB195]

SENATOR BLOOMFIELD: Thank you, Mr. President. I stand with a little trepidation, in part because once again I find myself agreeing with the senator at the back of the room that doesn't like it when I agree with him. Senator Karpisek, thank you for bringing forth this amendment. I asked you to please take it to a vote; don't pull it. Colleagues, it will come as no great surprise to you, having heard me speak, I never attended a day at college. I have spent more time in the hallowed halls of higher education in the last three years as a senator than I did the 60 previous to that. I am not opposed to a higher education, but don't be led to believe that that is the only way you can make a living. I have a son working down in Oklahoma. He went to college for two years; he got a degree in body shop work. He's not using that. He is driving a truck; he is making a little over \$100,000 a year. To me there is something more important than that college degree, it's called a job and the willingness and the wherewithal to get up and go to it

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every day. Do the work. You can make a living, you can make a good living without a college degree. It is great to have for some people, our doctors, our lawyers, it is essential. Not all of us are going to be doctors and lawyers. Some of us are going to do the work that is required to run a country every day. To young people up-front, I will make the same statement that I made to a group at Wayne State, beware of a government bearing gifts. Not far behind them will be the tax collector and you will be taxpayers far longer than you will be students. And with that I will yield the rest of my time to Senator Coash. [LB195]

SENATOR CARLSON: Thank you, Senator Bloomfield. Senator Coash, 2 minutes and 20 seconds. [LB195]

SENATOR COASH: Thank you, Mr. President. Thank you, Senator Bloomfield. I wanted to keep the debate moving and I asked Senator Bloomfield for the time so that others might have a chance to speak. I want to talk about the policy that is in front of us and how I came to where I am on AM1185. I saw the release when we all did, when part of the budget proposal was a tuition freeze. And I thought, well, there's a good deal; there's a short-term thing. That is going to help a student who is in college right now; that will help a student who is going to be in college in the next two years. But what about the long term? What happens to the student who is going to be here in four years? If we hold tuition flat for two years and we don't do anything in three, how high will the jump be in three years? Will we be looking at double-digit tuition increase in the next budget cycle for those students? So I was...I wasn't real supportive of the road that the budget was going down with regard to this issue. There are short-term solutions, short-term fixes, and there are long-term needs. And I always try to remind... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR COASH: Thank you, Mr. President. I always try to remind myself, our job is to look at the big picture. And what's the long-term effect of the decisions we make today? The effect on this particular initiative will be felt in three short years for students who will be entering college. And when we tell them, hey, it's...sorry, you're a year behind, you got a double-digit increase in tuition and they have to ask their university why? We'll say, the Legislature froze it for two years, but now they decided that they couldn't so now you have to pay 10 percent more than the class behind you. And I didn't think that was a very good message to send. And I...this part of the budget has troubled me and I'm glad Senator Karpisek has brought this to the body's attention. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Coash. Senator Chambers, you're recognized. [LB195]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, we

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often hear what might happen tomorrow. But as "Parson" could verify, if he wasn't up there, take no thought for tomorrow, sufficient unto the day is the evil thereof. You live today, not tomorrow. I'd like to ask Senator Karpisek a question and I hope it doesn't embarrass him. [LB195]

SENATOR CARLSON: Senator Karpisek, would you yield? [LB195]

SENATOR KARPISEK: Yes, I will, and it will. [LB195]

SENATOR CHAMBERS: Senator Karpisek, did you imbibe a brew...did you drink beer when you were in college? [LB195]

SENATOR KARPISEK: Absolutely. [LB195]

SENATOR CHAMBERS: Now if they had a keg of beer and they said, we got a lot of people who want to have some of this beer, we cannot give you a stein, we cannot give you a glass, all you can take are three swallows, would you take the three swallows? [LB195]

SENATOR KARPISEK: Yes. [LB195]

SENATOR CHAMBERS: Oh, thank you. Members of the Legislature, I'm trying to use metaphors, every little bit helps. He would liked to have had the keg, he could get it all, but the three swallows were there so he took it. Now, there was an old guy, not myself, in the mall. And a young guy was hastening down the mall but he was looking behind and he ran over this old guy and knocked him down. Very apologetic, they both sprawled on the floor, the young guy picked him up, he said, I'm sorry, sir, I'm sorry, brushing him off. He said, you look familiar. And the guy kind of chuckled, he said, well, you may have seen me. He said, well, what's your name, if you don't mind me asking you? He said, I'm Warren Buffett. And he said, well, Mr. Buffett, what were you doing? He said, I was picking up a penny. Warren Buffett picking up a penny, Senator Karpisek. So every bit helps. When you need something and it's offered to you, you accept it. Your amendment is not going to be adopted and you know it. There's a "Repelican" named Santorum--ignorant, but he had several degrees. But he knew he was talking to some ignorant "Repelicans" and he was speaking against President Obama. And they hate Obama more than they love Jesus. So you know what this fool said to those fools he was talking about? Can you beat this? The President wants every child to have the opportunity to get a college education, what a snob. That's what the fool said. And those "Repelicans" broke out into applause. Stupid, stupid. Then we have people on this floor trying to replicate what they hear in Washington. You're not in Washington, you're in Nebraska. The sound bite won't even be picked up, it gets old. Senator Karpisek said he wants a strong university, but he doesn't want to pay. You want Popeye to be strong, but you don't want to give him his spinach. Senator Karpisek,

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you can't have one without the other. I'm doing a little teaching this afternoon. I don't have my cheaters, but I can make out this. Senator "Broomfield" Bloomfield said that you can make a living without a college degree, which is true. You can stick up banks. You can hit people in the head. You can break into houses. You can carjack cars. But you can make a living, an honest living, more or less, without a degree. But you can make a better one with it. I could dig a hole without a shovel, but I'd dig a better one with a shovel. So I understand the point that he was making. Not everybody is going to have the opportunity to go to college. If they go to college, they may not take a liberal arts education. They might say, I need to learn how to use a wrench, a pair of pliers, a screwdriver, and a hammer. Fine, but now they've got robots, where even if you were a machinist you may not get a job as a machinist anymore. [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR CHAMBERS: You have to look at the real world that we're confronting. So, I'm going to vote against Senator Karpisek's amendment. He knows it's not going to go anywhere. But I think this is a good discussion. The subject is worthy of the debate. And Senator Karpisek brought it. Now I didn't know he spent an extra year in college. He said he did. But Senator Karpisek sometimes...I'd like to ask Senator Karpisek a question in the few seconds that I have. [LB195]

SENATOR CARLSON: Senator Karpisek, would you yield quickly? [LB195]

SENATOR KARPISEK: Yes. [LB195]

SENATOR CHAMBERS: Senator Karpisek, would you be offended if I would yield the rest of my time to somebody? [LB195]

SENATOR KARPISEK: Not at all. [LB195]

SENATOR CHAMBERS: I yield the rest of my time to Senator Kintner. [LB195]

SENATOR CARLSON: Thank you, Senator Chambers. Senator Kintner, 10 seconds. [LB195]

SENATOR KINTNER: Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Kintner. Senator Lautenbaugh is recognized. Senator Karpisek, you're recognized. [LB195]

SENATOR KARPISEK: Thank you, Mr. President, members of the body. Again, we hear all the great things that the university is doing. I have not been one to say that they're not. If someone else on the floor said that, I didn't hear it. They do, they do a

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great thing. I remember when I was campaigning for this position, they asked, what do you think of the university? I said, I think it's a diamond in the rough and we need to keep it polished. And I still agree with that. Senator Chambers says I don't want to pay. I don't mind. We pay \$500 million a year. I'm not arguing about that. I'm just saying that I'm not so sure that this \$16 million couldn't go somewhere else. All these...all these students that have to get a job, maybe it would help them if we somehow decreased income tax. Or maybe that tax relief that we talked about earlier was spread out across more people. Senator Chambers also said, every little bit helps. I agree, and it helps in the general budget too. It would help in our Cash Reserve Fund. It would help anywhere. This is not about how good a job the university is doing or not doing. I think they're doing a great job, and the state college is too, state colleges. I do think that this puts some places at a disadvantage, as Senator Janssen said. I still don't think that this is going to make anyone's decision whether they're going to go to school or not. There may be a few, not many. If we're looking at \$10,000 a year, or more, I don't think that it's going to make the difference. You get out of school in four years and you owe \$2,000 less dollars, sure, that's great. Senator Bolz brought up that they have to have transportation and a roof over their head. Agreed. Shall we stipend that also? Bus tokens to get from east campus to city? It is a good debate and it's worth talking about. It's a big part of the budget. And I'd like to ask Senator Chambers a question, Mr. President. [LB195]

SENATOR CARLSON: Senator Chambers, would you yield? [LB195]

SENATOR CHAMBERS: Yes, I will. [LB195]

SENATOR KARPISEK: I did go to school five years of college, Senator Chambers, because I had a little bit too much fun the first couple. But besides that, I think you talked about earlier that everyone will be here tonight and eat and you said something about that, but we don't want to give anyone anything. [LB195]

SENATOR CHAMBERS: Yeah, I said...I said you would be here mooching and sponging off the lobbyists, but you won't support the expansion of Medicaid to make healthcare available to those who need it. [LB195]

SENATOR KARPISEK: Oh, Medicaid. Well, what if...what if I was to get rid of this amendment, at least give college kids \$500 a year, then could I stay and get supper, would that be all right? [LB195]

SENATOR CHAMBERS: What I would rather you do is give it to the athletes because they bring millions of dollars to the university and they cannot get anything that a regular student can get. They cannot get a free meal. If a family member dies, they cannot get assistance from the school to go to a funeral. They can't hold a job during school. They can be publicly humiliated... [LB195]

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SENATOR CARLSON: One minute. [LB195]

SENATOR CHAMBERS: ...on television, but no other student can. It can be made known to the world that they're flunking in their grades, but privacy rights prevent that being...from being done to regular students. So I say put the same burden on every student that you put on the athletes and then you stop all of these burdens on the athletes. So if you will agree with me to make it possible for the athletes to get from \$500 to \$1,000 a year, I will let you do anything else you want to. If you rob a bank, I'll be your alibi. [LB195]

SENATOR KARPISEK: Okay. We'll talk off the mike. I was trying to get Senator Chambers to make it be okay for me to get a free supper tonight. With that, Mr. President, I'd like to pull the amendment. [LB195]

SENATOR CARLSON: Thank you, Senator Karpisek. Without objection, so ordered. [LB195]

CLERK I have nothing further on the committee amendments, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Mello, you're recognized to close on AM656. [LB195]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. As a recap, AM656 is essentially the white copy version of the Appropriations Committee budget recommendations, essentially what you see for the mainline budget in your blue budget books. I know we have had, roughly, almost two full days now of discussion on LB195 with a variety of different amendments and different dialogues about components of what the Appropriations Committee put forward. Once again, I would especially like to thank, obviously, the Appropriations Committee members in regards to answering questions that members have on the floor and on the mike, ultimately, explaining a little bit more about how we came about our package itself, the hard work that went in in Exec Sessions to make compromises and consensus; as well as, I would say, the continuation, so to speak, and the foundation that sets up for other components of our budget with the capital construction budget being next and Cash Reserve transfer, as well as our deficit appropriation bill. So with that, colleagues, I would thank everyone for the dialogue, the debate. I look forward to continuing the budget debate as we move into the late night. And I'd urge the body to adopt AM656 which would become the mainline state budget. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Mello. Members, you've heard the closing on AM656. 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. [LB195]

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CLERK: 35 ayes, 0 nays on adoption of committee amendments. [LB195]

SENATOR CARLSON: The committee amendments are adopted. [LB195]

CLERK: I have nothing further on the bill, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Mello, you're recognized to close...excuse me. Senator Bloomfield, you're recognized. [LB195]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'm not going to take up much time. I just wanted to assure Senator Chambers and the rest of the body that I never robbed a bank, stuck up a gas station, or stabbed anybody. And with that, let's proceed with the vote. Thank you. [LB195]

SENATOR CARLSON: Thank you, Senator Bloomfield. Senator Chambers, you're recognized. [LB195]

SENATOR CHAMBERS: Mr. President, members of the Legislature, since I brought up that issue of the athletes, from time to time I might hand out some articles to show you all how hard I worked on this for over 30 years. And when I bring bills to this Legislature, I got them passed a couple of times, and they would say that the authority is there for the university to grant a stipend or compensation to these players when a majority of the legislatures in the states in the conference of which they were a part passed similar legislation. That meant that Nebraska wouldn't be out there running the risk of being sanctioned by the NCAA. So when I would bring these bills, at first it was mocked. It was in the funny paper of a comic strip called Tank McNamara and I was ridiculed. And these sports programs would call me and they wanted to have a joke. And I said, you don't know what you're talking about. And they'd tell me that the athletes get a scholarship. I'd say it's not a scholarship; it's a contract of indenture. All of the benefits run one way, from the player to the school. They can take that scholarship, so-called, whenever they want to. And the player could not get one of those so-called scholarships for more than a year at a time. And if somebody was out there who was a half step faster or could jump six inches higher for basketball, that scholarship could be snatched and the other person would get it, and that athlete would not be guaranteed even a completion of the education. So then these guys start saying, wait a minute, you may have a point. I said, I got a lot of points but you don't want to hear it. They'd say, yes, I do. But I'm not going to have time to go through it all. It went from the comic pages to the sports pages to the editorial pages. Then I was even interviewed by "60 Minutes" because they knew what I was talking about. And they need to allow these people who ordinarily are honest to remain honest. People who ordinarily are honest have to lie, they have to cheat, and violate rules of the NCAA, which are designed to hurt the athletes. These athletes have every rule which is made to hurt them benefit the school.

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These sponges at the university when these players go to a bowl game, tickets are free to all these school officials, to their family members, and the athletes' family cannot get a free ticket because it's a benefit that not every student gets so the athletes' family cannot be there. But all these moochers are there and then money is dirty only when you talk about giving it to the athletes, who are the only ones who generate money for the university. We are not saying give money to the athletes. They make money for the school. Some of those professors who do research might do it, but everybody at a university who does anything wants to be paid for it. And everybody who does it is paid for it. And I'll tell you why I'm bitter toward Tom Osborne, the biggest hypocrite of all. In years past, he talked about why athletes should get a stipend because in the old days they'd get laundry money and then the amount that it would be worth now. I got one of those bills passed by the Legislature. The chancellor of the university wrote a letter saying that the bill was trying to do what the university would like to see done. And because it had that provision that the other legislatures would have to enact a bill, it protected the university so they had no objection to it. We adjourned. Then here comes hypocritical Tom Osborne and I said it at the time and the players,... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR CHAMBERS: ...some of the black ones hated him for it. He went behind us and talked to Kay Orr and said veto the bill, but he waited till we were out of session and we couldn't come back and do anything, and you all worship Tom Osborne. He was getting hundreds of thousands of dollars in a slush fund from that University Foundation which nobody knew about, and it was to keep him there as a coach until he ran for the House of Representatives and he had to come clean and report the money that he had. He wasn't doing all that because he loved the game. Sports are not engaged in by the coaches, the assistant coaches, the athletic counselors. They do it for the money, only the money. And these athletic so-called counselors are so cynical they will say, I could keep a cockroach eligible for four years. That's the way they looked at the players. I can keep a cockroach eligible for four years. [LB195]

SENATOR CARLSON: Time. [LB195]

SENATOR CHAMBERS: Thank you, Mr. President. [LB195]

SENATOR CARLSON: Senator Chambers, you're recognized on your next time. [LB195]

SENATOR CHAMBERS: They are the "jotsom"...jetsam and flotsam of athletics of the university system. When they are wearing the uniform and winning, everybody loves them. It's like "Ol' Man River": tote that ball, lift that weight. Only when you're winning do they think you're great. What do they do to this young guy, Taylor Martinez? When things are going great, he's everybody's hero. Then he has a bad game or two bad

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games. These are youngsters. They are as big as adults, but they're not adults. They are retarded in their socialization because they're held back and have to give all their time to athletic prowess. And even when they're young, it's done to them. This society commits crimes against these young men, and then there's nobody who is willing to stand up and say be fair to them. Let all of these fine things taught in the classroom about justice, integrity, respect apply to these young men who work. Now a preacher can get a headache and he won't go to church. A member of the Legislature can get a bellyache and he or she won't come to work. Do you realize that athletes will play with sprains, strains, broken bones? Do you know that? And they were playing with concussions because they were making money for the ones they should have been able to trust, and the ones who should have looked after them didn't care about them. And when they could no longer cut the muster they were kicked out. I got a bill that said that if one of these athletes is injured you can't take the scholarship, and the university opposed it saying they wouldn't do it anyway but they did. Then I wanted an insurance program. And I said, if you're not going to pay them as employees, insure them as students. And the university lawyer came with me and we put together an insurance program for the athletes. If they were injured, if they suffered a catastrophic injury, if they had a permanent injury, it's a self-insured program by the university; but it was the only one in the country with it and I'm the villain because I look at those who are marginalized, whom people are willing to exploit and then throw away. Well, the throwaways are the ones that I feel affinity for and I always will. So when you all are out there whooping and hollering on Saturday because these young men are busting their rear ends and risking literal death, then you think about them as people if you can. But you cannot and you will not. These legislatures ought to do what I think ought to be done. We look after these young people as human beings. And no artificial confederacy of schools or whatever they call themselves, conferences, are going to let these young people be degraded and injured and thrown away. Now if they are their students, then they should be treated as students. They are not recruited to be students; they are recruited to be players. You can be flunking every course, but if you do well on the football field, then you continue to go there. Forget the student part of it. They are there as athletes, not as scholars and not as students. That's a sham that everybody hides behind. And I'm not trying to delay the budget. But there might be a little of your attention that I can command here. If you tried to do to what are called ordinary students what you do to the athletes, you wouldn't get away with it. You know what can happen on a campus? A student can work for the newspaper and get a stipend. The athlete can bring in millions of dollars and can't get a nickel. [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR CHAMBERS: The so-called normal student can get a job and be a no-show all the time and can stay a student in good standing. Athlete gets a no-show job and he loses his eligibility like he committed a crime. And there are adults leading them astray, and the adults never pay for it. An athlete doesn't have much money so he gets a

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championship ring that shows how he busted his rear end for the school and the state and he sells the ring to get some money and he's a criminal and loses his eligibility and people say, see there. No, you ought to look at your own self. I'll wait until my light is recognized the next time, then I will be through for sure. [LB195]

SENATOR CARLSON: Thank you, Senator Chambers. Those still wishing to speak include Price, Smith, Chambers, and McCoy. Senator Price. [LB195]

SENATOR PRICE: Thank you, Mr. President, members of the body. I stand here today, publicly, to say to Senator Chambers, bring the bill and I will support it. And with that, I'll yield the balance of my time to Senator Chambers. [LB195]

SENATOR CARLSON: Senator Chambers, 4:45. [LB195]

SENATOR CHAMBERS: Thank you, Senator Price. Thank you, members of the Legislature. I think Senator Price looked at me and saw that if I couldn't speak now I would burst. This is something that I think about all the time. I even got paid by The New York Times to write a column about it. I got paid by The Baltimore Sun or some paper that was known by people to write an article. There were things written about what I was doing all the time. You know why I accepted the publicity? Because it gave me a chance to catch people's attention and make them look at what is happening to these young people. If a young woman went to a university and they said, let us measure your bust, let us measure your waist, let us measure your hips, let us see if when you stand with your legs together your knees touch, your thighs touch, your calves touch and there's that space where it should be, they'd say sexism and it can't be. But what do they do to these young men--6 foot 8, 280 pounds, 4.8 seconds in the 40 yard dash? They are judged in terms of their physical makeup and capability. Where was Tom Osborne when things were happening to these students and they were losing that so-called scholarship? Quiet as a mouse; quiet as a mouse. And I said these things about Osborne. I was the one...one of the ones who I think pressured him into using a black quarterback. He came to my office and we talked. I said, you'll never beat Oklahoma. Why is that? I said because they have 11 players and you have 10. What do you mean? Well, you get one of these big, slow-footed white guys from Nebraska to play quarterback and Oklahoma will get a quarterback who's better than any running back you've got. You need some people in those positions who can run the ball. I'm not going to say that I caused him to do it, but they started getting black quarterbacks and you saw what started happening. Martinez is not even a brand A white guy. Everybody in athletics know the things that I'm talking about. If you hear somebody say "a possession player," that's usually a white guy. Tight end--white guy because he can get open as they call it. He doesn't run far, he doesn't run fast, but he can get away from people enough to catch the ball, then it's hard to tackle him. White guy is going to play fullback because the fullback doesn't often run the ball. He's like a block. He stands there and he blocks people. He keeps them from getting to the people with the designation of

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skilled position. And when you hear them say "skilled position," it's likely to be somebody with my complexion. They might call them a split end, a wide receiver, a running back. Watch it and see. And then when they give all that they have for the school, the only way they can get anything is by violating NCAA rules. That's the only way a poor kid, black or white, can go to school. The NCAA admitted, that's the National Collegiate Athletic Association, that the aid that a player can get legitimately, if he's on scholarship, will not cover the cost of college attendance. Well, now if what you can get legally will not cover the cost of college attendance, but you've got the money to attend college,... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR CHAMBERS: ...you have to be getting it outside of the rules. Everybody knows that the rules are violated and they look the other way. And when these young men see the grown people--the chancellor, the president of the university, the coach, the assistant coach, the academic counselor--hedging on the rules, helping them cheat, then when somebody is caught, who is punished? The victim. I say again, the one who should have been able to trust them was betrayed by those very people. Athletics, big time. It's not where you learn sportsmanship. It's not where you learn integrity. You can't even learn that by watching the coach. If the coach can get a better contract, he's gone. There were some coaches whose teams had won championships. One of them left the school and went to Notre Dame and was not there to... [LB195]

SENATOR CARLSON: Time. [LB195]

SENATOR CHAMBERS: Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Chambers. Senator Smith, you're recognized. [LB195]

SENATOR SMITH: Thank you, Mr. President and, Senator Chambers, I apologize for breaking your concentration on your discussion. And actually when I finish here, you can have the remainder of my time. I see you have your light back on. But I just wanted to comment briefly, and I didn't stand up quickly enough, on Senator Bloomfield's comments on AM1185. I really appreciate the comments that Senator Bloomfield made, particularly about higher education. I appreciate higher education and I think it's a great thing to provide opportunities for our children that choose to pursue a two- and four-year college education. Senator Chambers and I have actually had some conversations about just the need to provide additional avenues for children that choose not to pursue those two- or four-year college programs and to move into the trades or to work with their hands. And I just...I feel as if we were a bit insensitive to what Senator Bloomfield was saying earlier. We do need to recognize that there are many paths to success for our children. And their measure of success should not be based on whether they attend

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a two- or a four-year college program. And I just hope that going forward we can keep that in mind, particularly with the education opportunities we provide children in our state. We have a great need in our state for all sorts of careers and trades, and we should not measure a child's success or their worth strictly based on whether they attend a two- or a four-year college program. Senator Chambers, you're welcome to the remainder of my time. [LB195]

SENATOR CARLSON: Thank you, Senator Smith. Senator Chambers, 3:10. [LB195]

SENATOR CHAMBERS: Thank you, Senator Smith. Thank you, Mr. President. If you watch college football or basketball, you will hear commercials, and they even have what they call an NCAA shop where you can buy memorabilia and other paraphernalia, the numbered jersey of famous players. They make money selling these things based on the player. The player can't do that. There were some players at Nebraska who allowed their images to be used on a calendar for a nonprofit, and they were threatened with sanctions by the NCAA because a player cannot do anything to benefit financially from what he or she does, but the universities can do it. They package them, they sell them, just like commodities. And what I think ought to be done is to acknowledge that they are employees of the university. They work harder than anybody. They have more restrictions and requirements on them than those who play professional football. They are told how many months of the year they've got to practice. They have those horrible things called two-a-days. And in some parts of the country, young guys have died because of the heat, the dehydration, all of those bad things. And they go through this because in their mind this is the way that they can make it because they may not be able to make it any other way. So they say we're going to teach you sportsmanship in football. So you're very young, you say, okay, good. So what do they do? Some people know how you bleed an animal. You take a helpless animal and the animal you want to bleed and let it kill that little animal. When you have schools like Nebraska, Oklahoma, these juggernauts playing little schools to pad... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR CHAMBERS: ...their one-loss record, that should be a crime. So is that sportsmanship? They ridicule these little schools, and Nebraska offers a lot of money. We're going to bribe you to bring your players here so we can humiliate them. And they do get humiliated. And the players have nothing to say about it. And the little school will take that money and subsidize what is happening at their school. All of the athletic programs down here at Nebraska are basically subsidized by the money brought in by the football program by these young men, providing salaries so Bo Pelini can get over a million dollars salary. Then these other coaches get more money if they win championships. And the whole thing I think is corrupting and corrupt. And it's why when you all had that resolution for Tom Osborne I wouldn't sign it. I'll never give him credit for being anything other than a hypocrite and a user. And when he turned his back on

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those players by getting... [LB195]

SENATOR CARLSON: Time. [LB195]

SENATOR CHAMBERS: Thank you, Mr. President. [LB195]

SENATOR CARLSON: Now, Senator Chambers, you're recognized for your third time. [LB195]

SENATOR CHAMBERS: Thank you. By getting the Governor to veto that bill, the players understood that they were not going to get any money because of that bill. But for once, for that one time, there was somebody who saw them as human beings and was trying to help them as people. Then who betrayed them? Coach. The coach was the one after all that hypocritical talk about what the players ought to be allowed to have in the way of a stipend. Then he's the one, and Kay Orr ignored what the chancellor had said. The athletic department under Tom Osborne wagged the dog of the university. The chancellor had taken a position where the bill was not contrary to what the school was doing. And Governor Orr listened to the coach. He's a corrupter, and you all don't like that. Well, I don't like him and I don't like what he did and I said it at the time. People get in a certain position and they're allowed to do hurtful things and they're not ever called to task on it. How much sportsmanship am I taught when I beat up on some little team? There was a guy who was a good linebacker for Oklahoma. His name, he had...his first name started with a B and his last name started with a B. And I don't know if anybody here knows who he was, but he went on to be a pro and he could play football. And here's what he said: We're always glad to play Nebraska because that's a game where we're picking on somebody our own size. The players didn't like that idea of beating up on these little schools, but the coaches liked it, the school likes it, the conference likes it. And all of these people sit around and they say the university presidents run the NCAA, not so. The NCAA is like a syndicate. They have over 300 employees. And it's a situation where they make the rules and they govern just like any bureaucracy. You can have somebody at the top who is a figurehead like a school president, but the ones who run things and make them go are the bureaucracy. And you have some third-rate coaches traveling first class while first-class players cannot even fly coach. And they all are in it together. You think they don't know what I'm talking about? They do it and everybody looks the other way. Why won't some of the top politicians look at the athletes as human beings? Do you think that it makes a guy who's big and strong and he knows it feel good when that's the only way you see him called a stallion, a bull, a water buffalo? He's as strong as Ralphie, talking about the mascot for Colorado, compared to the bestiary, but never as a person. And I'm going to bring a bill because when I had those bills, there was a national discussion. And I'm not trying to make what I do more than what it was. Articles in all the big newspapers, Sports Illustrated, and I was always...in fact, I'm going to bring one if I can find it. I didn't realize the paper or the magazine was on the campus of Michigan State University or Michigan,

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one of them, and they wanted to do an interview with me about paying the players. But when I got out of the Legislature, nobody brought a bill anymore like that; and the national discussion kind of quieted down. [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR CHAMBERS: I went all over the country. In fact, I went down to Louisiana State where they had a conference, met Dale Brown, who is the coach of the basketball team, and he at that time had winning teams, and he said publicly that what would make him feel better than anything else if at a Final Four one team would say, we're not going to go on the court unless we're paid and the coach would stand by them. That's what he would like to have had happen, never had the opportunity. Thank you, Mr. President, and I do support the movement of this bill. [LB195]

SENATOR CARLSON: Thank you, Senator Chambers. Those still wishing to speak include Price, Nelson, Watermeier. Senator Price, you're recognized. [LB195]

SENATOR PRICE: Thank you, Mr. President, members, my seatmate, Senator Chambers. As a former big, slow, nonskilled guy with a vertical to squash a grape, I take exception to saying that the interior linemen aren't skilled (laughter). I would like to see one of those candy-legged backs make it without a lineman leading the way. I can remember giving lookout blocks when people got a little too high on the horse. I would prefer that instead of saying they weren't skilled maybe they would say the other people were rather gifted. But...well, maybe I'm not a former fat guy; I still am. But I would also note that, you know, in the five years that I've been here I've asked the university, can I come and view a practice? No. I've had All-Americans ask for me--no. We cut millions of dollars, we can't go. But anyway I just want to rise up in defense of the big uglies to say you need them. Thank you and I'd yield my time to Senator Chambers. [LB195]

SENATOR CARLSON: Thank you, Senator Price. Senator Chambers, 3:45. [LB195]

SENATOR CHAMBERS: Thank you, Mr. President, and thank you, Senator Price, my teammate. I didn't say they're...I said if you hear the term "skilled position" you know to whom it's applied. But when I was talking about paying the players, they asked me the question: Should the running back get more than the quarterback and should they get more than the linemen? I said, look, they're all on the team. It's like we have a category of workers. There is a salary level, they all are on the team and they contribute, whether they are the star, whether they are those interior linemen, whether they are the bench riders, they all contribute to the team so every one of them gets the same amount. You don't get more money if you score a touchdown. You don't do it alone. So I had looked at all of those things. I wanted justice and fairness. And when they talked about teammates and teamwork, I didn't want to bring a program that based on the way it was structured would separate these players. If you have never been viewed in terms of

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something other than your humanity, you won't have any idea what I'm talking about and you'll wonder what's the problem. People cheer for them, they want to give them things, and so forth. But everybody wants his or her basic dignity to be respected. And these athletes know how to put on the act where nothing bothers them and it's all right whatever you say, whatever you do I'm going to make some money. But there's something that they might want to try to buy with that money, and it might be something called respect. And what they get is not respect, but somebody who thinks they can get something from that player. I believe there are things in athletic competition that could be beneficial. But when you get down even to the level of these little boys and now little girls where they play soccer--it's never going to be at the level of these male sports--but where there's cheating even there. Grown people will attack coaches. Some of them have even attacked little players on the other team. So if you look at the way athletics is affecting this society, it's more harmful in some ways than helpful. Not every child is going to be able to run fast. Not every child is going to be strong. But every child can be a child and every child should be treated like a child. And whatever they do when they're doing the best that they can, it should be recognized and the other children should be made to know that all we can ask of you is to do the best you can. And when you've done the best you can... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR CHAMBERS: ...nobody can ask anything more of you and nobody here will ask anything more of you. This is why in certain types of competition every child who participates gets an award and all of the awards are exactly the same. That can't make everything all right, but you're trying to the extent that you can. Now why will all of these adults cheat? Because they are in it together and I'll look the other way, you look the other way, and we'll give the player something he or she is not entitled to. But what's the player supposed to do? Everybody around them is rolling in money. Everything they do turns into gold for somebody else. In Nebraska, even inmates are paid for the work they do; preachers get a salary; everybody except the athlete and he works harder than all of them, he brings in more money than all of them, and he can get nothing. So I will let that go for now. [LB195]

SENATOR CARLSON: Time. [LB195]

SENATOR CHAMBERS: Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Chambers. Senator Nelson, you're recognized. [LB195]

SENATOR NELSON: Thank you, Mr. President, members of the body. I want to stand in support of the Appropriations bill, LB195. I've not spoken at this point. I was in the queue when Senator Karpisek pulled his bill, and a lot of it had been said about the

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University of Nebraska. I just want to state that I'm fully in support of them. I went through, with three kids of my own, the tuition battle. Two of them went to private schools. It cost three times as much as the University of Nebraska. The other did go to the University of Nebraska and he got a free ride from me because it was so reasonable there at the time. He got a good education, and I had to expend my money and effort for the other two kids along with some scholarships they got and some loans. But the son who attended here did not have any loans to pay off. I wanted to talk a little bit about my conversation with J.B. Milliken before we even got to the University of Nebraska in the Appropriations Committee. And I looked at the comparative tuitions and I saw perhaps \$7,500 tuition here at the University of Nebraska and compared that to some of the other schools, and I thought at the time that was a pretty good deal and I told him that. But he gave me a lot of reasons as to why we needed to do the tuition freeze, all of the strategies that were involved, the fact that although they had 25,000 students on the campus here in Lincoln they wanted to expand that another 5,000 to 30,000; and the other strategies they needed to keep improving the institution, and therefore, I voted against the amendment of Senator Karpisek and in favor of LB195. It's pretty hard to follow Senator Chambers in some of the wide-ranging discussions that he has. But I do want to take this opportunity to comment both on the fact it's interesting to listen to him. I wonder if anyone...how many people here actually remember Popeye and spinach and what it did for Popeye. Does anyone remember Olive Oyl or who she was? He used the term "funny papers." I haven't heard that in a long time. He was talking about the comics. So I like to listen and harken back to some of the terminology we used to use years ago. But I do want to reply in defense of Tom Osborne. I don't know him personally. I've watched him over the years. I just simply want to say that I think he's a very good man. He's made a great contribution to the state of Nebraska and the athletic program, and the programs and the enhancement of our University of Nebraska. He's done a lot of good things. If he in fact, and I don't know this, did lobby Governor Orr at the time because of his disagreement with which was proposed, and I would contend that was his right to do so, and it was Senator Orr or rather Governor Orr then that had to make the decision as to what she was going to do. So be it. I just simply want to stand up for him at this time. He has done a lot of good, especially for the youth through the foundation, through the programs that he's done. And I think that's 99 percent, where none of us are perfect. We all might make a mistake once in a while or go the wrong direction. But Tom Osborne, in my eyes, as a graduate of a private school, Hastings, and then...and all the things that he's done has served the state of Nebraska very well, and I will continue to support him... [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR NELSON: ...and commend him. Thank you, Mr. Speaker. [LB195]

SENATOR CARLSON: Thank you, Senator Nelson. Senator Watermeier, you're recognized. [LB195]

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SENATOR WATERMEIER: Thank you, Mr. President. I've been denied I guess to speak three different times. I had a call the question a couple of different times, and I finally decided I better just speak while I can before we pass this budget bill. There was a comment made last night I think by Senator Conrad in regards to the property tax relief, that bill that was brought forward. And it was a little bit offensive to me when she said, why don't you just bring an A bill because it's really just increasing spending. And I won't ask her to respond to it, but to me it's totally different. That's a transfer out of the General Funds that was being talked about at an increase of \$15 million. To bring an A bill to the floor is specifically going to raise the budget by raising the baseline year after year after year. To take a transfer of funds out of the General Funds is totally different. And I think it's responsible to look at it in that way. So I just needed to make that statement. I got, like I said, I got called off from two different call the questions twice. And I was also wondering if Senator Mello would yield to a question. [LB195]

SENATOR CARLSON: Senator Mello, would you yield? [LB195]

SENATOR MELLO: Yes. [LB195]

SENATOR WATERMEIER: I guess I'd ask the rest of the body to maybe open up their blue books because I don't think one time today we've actually opened up the blue book and looked at it together a little bit. If you could turn to page 5 with me and explain to me a little bit, clear down at the bottom, the biennial budget and the current fiscal year and where we're at today projected. Where were we at the last couple years? And where are we at today with projected budget? [LB195]

SENATOR MELLO: Are you suggesting, Senator Watermeier, in regards to revenue growth versus spending growth or? [LB195]

SENATOR WATERMEIER: One at a time--spending growth first. You have a projected 5.2 percent increase that came out of the Appropriations Committee. Is that correct? [LB195]

SENATOR MELLO: Yes. The Appropriations Committee budget that we are discussing in a variety of bills, when you incorporate LB553, which was passed on Final Reading on Tuesday, as well as incorporating LB407, the TEEOSA bill from the Education Committee, incorporating those two bills with their revised fiscal impacts into our budget, we have a 5.2 percent budget growth. Now as I mentioned when we opened up on the budget, the committee could have not incorporated those into our budget. That was completely up to us to make the determination of requiring the Retirement Committee to bring LB553 independently and not incorporate it into our budget; the same thing with the Education Committee and TEEOSA of saying we have a dollar amount... [LB195 LB553 LB407]

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SENATOR WATERMEIER: Let me interrupt you there. I appreciate that. I understand fully that the Governor's budget was a 4.9, you guys came in at 5.2, those incorporated things that I think we needed to be talking about. But in general, you brought forth to the budget a 5.2 percent increase in the budget rate on an average over the two years. If we incorporate another \$50 million that's proposed on all these A bills that we have out here, we're going to be up to 5.5. Would that be accurate? [LB195]

SENATOR MELLO: Right now, Senator Watermeier, I would want to check and see with the Fiscal Office what actually if we spend all the money above the minimal reserve what that would take total spending to in partial because I know Senator Hadley has and the Revenue Committee has a significant number of revenue-related bills, which would not count towards state spending. [LB195]

SENATOR WATERMEIER: Well, I can appreciate that, but really I'm getting to the fact is that we've brought to the floor a budget of 5.2 percent increase. If we add in some of the proposed A bills, we're going to be up to 5.5. Can you agree with that? Are we close? [LB195]

SENATOR MELLO: Senator Watermeier, with all due respect, I can't agree to something that, as I just said, there is Revenue Committee bills that I have a feeling the Legislature will debate, which is not a spending direct item in the bottom line. It's a revenue reduction, which means it would not maybe bring us to 5.5 if those Revenue Committee bills were to pass. It may be 5.4, it may be 5.3, depending upon what all bills would pass and be signed into law. [LB195]

SENATOR WATERMEIER: All right. Well, we're going to get to...I'm going to run out of time here so I'm going to jump to the Revenue side. [LB195]

SENATOR CARLSON: One minute. [LB195]

SENATOR WATERMEIER: Jump to the revenue side. Can you go to page 20 for me. And anybody else that's following, I'm just looking at the historical amounts that we've always looked at over the years from this budget where we probably look at about a 5 percent growth in revenues. At the bottom right-hand corner of that top graph, it shows a 5 percent historical average. Is that right, Senator Mello? [LB195]

SENATOR MELLO: Is that a...yes, question, yes. [LB195]

SENATOR WATERMEIER: Just confirming that. [LB195]

SENATOR MELLO: Yes. [LB195]

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SENATOR WATERMEIER: And the graph below that, explain to me what happens here in '09 and '10 and the type of revenue decreases we saw then. [LB195]

SENATOR MELLO: Well, in fiscal years '09 and '10 we went through the Great Recession, Senator Watermeier, where we saw ultimately the lowest historical revenue growth or decrease in revenue we've seen in I would say over the last 20 to 30 years, as you can look through the chart here from 1982. So you could look right there roughly an estimate of roughly about 4 percent. [LB195]

SENATOR CARLSON: Time. [LB195]

SENATOR WATERMEIER: Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Watermeier and Senator Mello. Senator Bloomfield, you're recognized. [LB195]

SENATOR BLOOMFIELD: Thank you, Mr. President. And, Senator Watermeier, I will be yielding you some time here just directly. I want to clear the air a little bit on my position on higher education. I am not opposed to it. My wife, in fact, fully funds a scholarship at the university. I am not opposed to the university. And if any of you young people up here have an interest in animal science, I'd like to talk to you about the possibility of applying for that scholarship. And with that, I would yield the rest of my time to Senator Watermeier. [LB195]

SENATOR CARLSON: Thank you, Senator Bloomfield. Senator Watermeier, 4 minutes and 20 seconds. [LB195]

SENATOR WATERMEIER: Thank you, Mr. President. Thank you, Senator Bloomfield. Senator Mello, I won't ask you any more questions. My point is this. All this debate we've had in the last couple of days has been very disappointing to me. Been accusations made, this and that, and one thing that's really aggravating to me is we start talking about increasing funds through new A bills. Well, make no doubt about it, we're raising the baseline. We're talking about raising the baseline year after year after year. Because if that's in the second year of that biennium, it's just about a lock that it's in there forever. I don't care whether it's a pilot program that you think you're going to stop in four years from now. You put it in there in an A bill and it's there. And I don't think it's really responsible to look at a 5.5 percent rate of growth in expenditures when our historical average is 5 percent. It just bothers me. And I just want to end on that note. All we got to do is look back in a short period of time. I think seven or eight years ago I came to this body looking for funds and recording to soil water conservation and all kinds of different programs benefiting Omaha, benefiting Lincoln, benefiting outstate Nebraska; and we could not come up with the funds. And I understood that at the time. But it's hard for me to sit here and look at programs in which we can easily come up

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with another half a million dollars or a million dollars here and there, and we got to understand that we're adding to the baseline. And it's just been darned disappointing to not have that discussed one time today. It was brought up on the floor earlier that \$15 million was a token, talking about property tax relief. Fifteen million dollars is not a token to the citizens of Nebraska. I think this debate needs to get turned on numbers and be serious about numbers. Last night when we left here I was a little bit disappointed in the tone that was taken to some of the other senators on the floor that it's irrelevant what we're talking about. All these amendments don't mean anything. The last history of the last several years is, gosh, we've pushed these appropriations bills in 45 minutes. Doesn't have anything to do with it. I pulled out a book last night, 1986 there was three pages of amendments to the budget bills. I didn't add them up, but it was way over 50 amendments. I don't think we've been over a dozen in the last day and a half. So this is what we should be doing. The people of Nebraska expect this kind of debate. They expect us to haggle. They expect us to fight over \$150,000. Two reasons: it's going to be ongoing spending; and if it's not responsible, we need to talk about it. Every single thing is fair game and it should be fair game. I support the university in a lot of ways. I support a lot of the things that go on here, but I'm going to have a hard time voting for a bill, a budget bill, that's going to ask us to increase and expect the revenue to keep up with 5.5 percent. Thank you, Mr. President. [LB195]

SENATOR CARLSON: Thank you, Senator Watermeier. Seeing no other senators wishing to speak, Senator Mello, you're recognized to close on LB195. [LB195]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. And I'll use my closing I would say to refute I think some of either the misinformation or some of the concern I think that Senator Watermeier brought forward. First off, as I mentioned, our budget is 4.9 percent with two bills outside of our committee that we cannot dictate to them what to bring to this legislative floor. A 4.9 percent budget growth I think is moderate at best. And I think that's what the committee wanted to strive for. As you look at revenue projections and actual revenue growth over the last seven years, Senator Watermeier, on page 20 as we were discussing, '09 and '10, yes, had a negative 4.4 and a 4.8 percent. But look at the revenue growth after those two years--9.3 percent revenue growth; 5.5 percent; 5.5 percent again. The 5 percent historical average, colleagues, is simply that. It's a historical average. Even if you look at what the Appropriations Committee has proposed holistically, taking in the TEEOSA bill and the Retirement bill, we have a structural balance of \$55.6 million this biennium. We have a structural balance of the next biennium in revenue growth of still \$138 million. So any concern Senator Watermeier may have about a claim of quote, unquote outrageous growth that's outpacing revenue, the numbers speak for themselves, colleagues. If this was outlandish and outrageous spending growth, we would have an out-year deficit. Our revenues wouldn't keep pace with our spending. But as I mentioned, we follow a cycle, an economic cycle. And we have a bill in which I'll propose transferring \$53 million of expected or estimated revenue to the Cash Reserve to try to once again build

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up that rainy-day fund for something we know may be needed for a tax study or a downturn in the economy, which I and the Appropriations Committee will argue is good fiscal policy. Colleagues, members can have concerns about once again I think a philosophical agreement or disagreement in regards to what government should or shouldn't do. The budget that we have been discussing and the budget that's been presented to this body is one that not only I thought was forged in consensus and compromise, but it's a very centrist approach. I think the Governor's proposal provided I think a lot of consensus between the committee and the executive branch--4.9 percent growth, as a postrecessionary budget I remind you, it's still 2.1 percent lower than what Governor Heineman's first budget was in '05 and '06. That budget spending growth was 7 percent in a postrecessionary budget. What we have in front of you right now is 5.2 percent. Senator Watermeier did ask a question and I followed up, if you look at the green sheet and you incorporate all of the spending bills and the revenue bills on Select and Final Reading, it would take us to 5.5 percent. That's assuming all those bills, one, will pass, and it will assume all those bills will get signed into law by the Governor. But, colleagues, I'm willing to defend our Appropriations Committee budget tooth and nail, day and night, as long as it takes against any argument, any argument that a member may make that this is outlandish spending growth. It's the same percentage that Governor Heineman presented. And if I wanted, yes, to provide this body fuzzy math or play with magic math with other bills in other committees, I could have done that. That's not fiscally responsible and that's not being transparent in regards to understanding that we needed LB553 to pass and LB407 to pass to lower what statutorily is required from this body to fund... [LB195 LB553 LB407]

SENATOR CARLSON: One minute. [LB195]

SENATOR MELLO: ...our state pension system and our state obligation to TEEOSA. I've appreciated the debate we've had so far on the mainline budget bill. And I will bring another amendment on the mainline budget to reduce the TEEOSA appropriation by another \$5.6 million due to an increase in the insurance premium tax. That's why we'll have roughly \$55.6 million left for the floor for A bills or tax expenditure bills after Select File hopefully. But make no doubt that this budget is a moderate budget. It's a centrist approach. It puts funding in key priorities and investments primarily in education, both pre-K, early childhood, as well as higher education. And I appreciate the work the Education Committee did and the Retirement Committee did to help ultimately create a balanced budget that has moderate growth, that still provides this body the flexibility to provide other spending and revenue priorities outside of the budget. [LB195]

SENATOR CARLSON: Time. [LB195]

SENATOR MELLO: With that, I'd urge the body to move LB195. Thank you, Mr. President. [LB195]

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SENATOR CARLSON: Thank you, Senator Mello. Members, you've heard the closing. The question is, shall LB195 be advanced to E&R Initial? All those in favor vote yea; all opposed vote nay. Have all voted who wish to vote? Record, Mr. Clerk. [LB195]

CLERK: 36 ayes, 0 nays on the advancement of the bill. [LB195]

SENATOR CARLSON: The bill does advance. Mr. Clerk, any items or announcements? [LB195]

CLERK: I do. Thank you, Mr. President. New A bills: (Read LB368A and LB522A by title for the first time.) Senator Smith offers LR179, that will be laid over; it's a resolution. Conflict statement by Senator Watermeier; that will be on file. That's all that I have, Mr. President. (Legislative Journal pages 1294-1295.) [LB368A LB522A LR179]

SENATOR CARLSON: Thank you, Mr. Clerk. Next item.

CLERK: Mr. President, the next bill is LB198, a bill by the Speaker at the request of the Governor. (Read title.) Introduced on January 15, referred to Appropriations, advanced to General File. The...Appropriations offers AM658, Mr. President. (Legislative Journal page 1204.) [LB198]

SENATOR CARLSON: Thank you, Mr. Clerk. Senator Mello, you're recognized to open. [LB198]

SENATOR MELLO: Mr. President, can I waive opening on LB198 and move directly to AM658? [LB198]

SENATOR CARLSON: Yes, you may. [LB198]

SENATOR MELLO: (Recorder malfunction)...Mr. President and members of the Legislature. AM658--or LB198, I should say--appropriates funds for the reaffirmed and new capital construction projects recommended for the next biennium. Reaffirmed projects are those currently underway that have already received approval and funding previously but were funded over a several-year period. LB198 does contain an emergency clause. The Appropriations Committee AM658 would become the bill. The amendment contains the Appropriations Committee recommendations for new capital construction which includes: funding for the replacement of the Grand Island Veterans' Home; construction of a new facility for the University of Nebraska Medical Center's College of Nursing-Lincoln division; and the renovation of the Nebraska History Museum. Also included are two projects in the Nebraska State College System: a renovation of the Conn Library at Wayne State College; and the construction of a rangeland center at Chadron State College. I would, again, refer everyone to their blue budget books for detailed information regarding these capital construction projects. A

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summary of all the capital construction projects, as well as a detailed narrative of the new projects, can be found beginning on page 78. I'd urge the advancement of both AM658 and LB198. Thank you, Mr. President. [LB198]

SENATOR CARLSON: Thank you, Senator Mello. Members, you've heard the opening on LB198 and AM658. Before we start debate, Chuck has found a set of keys in the Senators' Lounge. And you might check to see if you're missing those because I'm sure somebody is going to be glad to find them. And as the Clerk mentioned, we do have amendments to the committee amendment. [LB198]

CLERK: Mr. President, the first amendment to the committee amendments, Senator Lautenbaugh, AM1187. (Legislative Journal page 1268.) [LB198]

SENATOR CARLSON: Senator Lautenbaugh, you're recognized to open on AM1187. [LB198]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. This is a very simple-to-explain amendment. But I think there will be discussion as to, I guess, why we should or shouldn't do it. This would remove \$3 million in this biennium and \$3 million in future commitment costs, a total of \$6 million General Funds, for...that are set aside in the bill and the amendment, as it exists now, to renovate the Nebraska History Museum. Now for those who are familiar to this, this is the old Elks building across from the Children's Museum in Lincoln. This is not for work on the natural history museum that is located near the football stadium. There was originally a bill, LB519, that requested \$10.1 million for the project, with funding split between General Funds and other funds. And I anticipate that this will be explained as, well, these are necessary renovations for ADA compliance, repairs, and a variety of other items, and that is certainly so. But I think some of it is for ADA-compliant items and some of it is for what I would call wish-list items. And this is a very large request for a project that has very little explanation. And so I think it's important that we have this discussion, make sure this is something that is worth doing and money that should be spent in this way. So I would urge you to review this. I'll be asking questions as well. And I'll look forward to the discussion on this amendment. Thank you, Mr. President. [LB198 LB519]

SENATOR CARLSON: Thank you, Senator Lautenbaugh. You've heard the opening now on AM1187. The floor is open for debate. Senators wishing to speak include: Gloor, Nordquist, Avery, Harms, Krist, and others. Senator Gloor, you're recognized. [LB198]

SENATOR GLOOR: Thank you, Mr. President. I'm going to speak to the committee amendment and one of the components of it rather than Senator Lautenbaugh's amendment, which I will listen to further debate on. But a component of this bill and the committee amendment has to do with the replacement of the Grand Island Veterans' Home, as he stated in his opening. And I'd like to read a component of an editorial that

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ran in the paper in Grand Island recently. Some three years before the Nebraska Legislature gave authorization for construction of the Nebraska Sailors and Soldiers (sic) Home in Grand Island--which is what they were called way back when--a committee of local citizens were formed to secure land for a state institution that was, at the time, just a kernel of an idea. Once the state determined that 640 or more acres would be required for the veterans' home project, it took less than 36 hours for local citizens to raise the remaining \$22,000 of the \$25,600 purchase price of the land. The state appropriated its share of the budget, which was \$30,000. And on March 4, 1887, House Bill 247 was passed making way for construction of the new facility to be located three miles north of Grand Island. Over the past 125 years, Grand Island has been a devoted caretaker to the venerable home and its residents, along with state and federal government. The Grand Island Veterans' Home has weathered many years of expansion and upgrades to keep it functional and in compliance with modern standards and regulations. However, structural obsolescence prevents the facility from serving our veterans into the future with the level of comfort they deserve. There's more to this editorial, but you get the idea. When I was running for office, I got a phone call from Speaker, Mike Flood, who asked to come down and visit with me and take a look at the Grand Island Veterans' Home. And as we toured around the facility he said, this home needs to be replaced, we've replaced ours in Norfolk, we've replaced the one in Omaha, Scottsbluff has had major construction, renovation, but this facility is antiquated. And so, my first year, I introduced a study resolution, which Senator Avery and his committee were kind enough and wise enough to bring forward. And a hearing was held to take a look at this facility out in Grand Island. I think, as I recall and as the record will show, the findings of that study were: This is an antiquated facility. In fact, we found a building that was early 1900s, I believe, around 1905, 1906. That building was still in use over a century later. We have facilities on the Grand Island Veterans' Home land site that is still in use; maybe not for direct patient care, but it's still in use. This is a good use of taxpayers' money, as I know the Appropriations Committee has taken a look at. It's an involved process. We have to declare those funds are available before the federal government will match up their waiting lists. Because of the age of this facility, it's felt that we have a very good chance of making sure that this facility is replaced, at some future date, with the feds. We believe it will get a priority. We talk about a lot of bills that have to do with veterans here. Most of them are, certainly, well-intentioned. But this bill, unlike those bills, talks about making sure that the home the veterans are going to live in...and, in many cases, it's also their spouses because we now allow spouses to be cared for in the veterans' homes in the state. [LB198]

SENATOR CARLSON: One minute. [LB198]

SENATOR GLOOR: Thank you, Mr. President. Their home needs to be one that not only is comfortable but also one where we can provide adequate care. They're excellent staff at the Grand Island Veterans' Home, they really are. I should know. Some of them used to work for me. Occasionally, we hired somebody from the veterans' home.

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They're excellent staff, providing excellent care in old facilities, in very old facilities. And so as we discuss AM658, keep in mind, part of this is a replacement of a facility to veterans who have served our country. And we're asking for not more beds; we're asking for replacement of an appropriate and adequate number of beds, treating them with a level of respect that, I believe, their service to their country deserves. Thank you, Mr. President. [LB198]

SENATOR CARLSON: Thank you, Senator Gloor. Senator Nordquist, you're recognized. [LB198]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise in opposition to the amendment to remove the language for the historical museum. And I'll talk about the project a little bit and then how I got to come around to support it on the Appropriations Committee. Initially, the Historical Society had this as a request in their budget. Senator Krist brought a bill, LB519, and they were asking for about \$7.1 million. So as Senator Lautenbaugh said, he thought that that included bells and whistles. None of that money was for exhibits or anything like that. It was all for structural components. But the Appropriations Committee did, ultimately, decide to even go less than that \$7.1 million and appropriate \$6 million over the course of three years--\$500,000 in year one, mainly for planning and architectural work and engineering work, and then a remaining \$5.5 million over the second year of the biennium, and the first year of the following biennium to complete the work of the project, really forcing the Historical Society to, kind of, pick and choose the important aspects of this. And some of the issues are ADA compliance, HVAC issues, elevator issues that need to be repaired or replaced, plumbing issues, a number of aspects. And they also would like to do some rearranging to allow for better flow. But with this lower amount of money, they may not even be able to achieve that component. But hopefully, they'll be able to achieve the safety components and the preservation nature of restoring the outside of the museum. And this was an appropriation that I was skeptical about at first, although, on the Appropriations Committee, we often send members of our committee who volunteer to go check out these places. And Senator Kintner and Senator Nelson went. And they came back and were pretty adamant in their support. And if Senator Nelson, if he's available in a minute, maybe, I'll have...see if he'll ask...I see Senator Kintner is not here...but talk about, you know, the need for this. They examined the structural components of the building. They examined artifacts that were being damaged, guns from the 1800s that were rusting because they weren't being kept in appropriate...because of appropriate place, also, because of the water, some water seepage issues. This is not the way that we should be operating a historical museum that's supposed to preserve important artifacts of our state's history. So would Senator Nelson...Senator Nelson, will you yield to a question? [LB198 LB519]

SENATOR CARLSON: Senator Nelson, would you yield? [LB198]

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SENATOR NORDQUIST: I don't know how much time is left. [LB198]

SENATOR NELSON: Yes, I will. [LB198]

SENATOR NORDQUIST: Sorry, Senator. I know you were in a discussion there. But I was just saying how you and Senator Kintner did a pretty extensive tour of the museum and looked at the structural components and the issues that were...the building has. And if you'd, on the remaining time, discuss those, I'd appreciate it. [LB198]

SENATOR NELSON: Yes, I...thank you, Senator Nordquist. I would be happy to do that. That's what Senator Davis and I were just discussing. Basically, we took a look at it because I was wondering about what the cost would...could be. And I think the simplest thing is just to read that the plumbing, electrical, and elevator systems are failing on a regular basis. And they would have to replace three air-handling units, electrical power panels, and distribution fire alarm systems, plumbing supply. A lot of work needs to be done on the second and third floors. There's a big stairwell that needs to be enclosed because it's a fire hazard. But because these are all exhibits on the second and third floor with a large area,... [LB198]

SENATOR CARLSON: One minute. [LB198]

SENATOR NELSON: ...probably, four times as much as this, there's a lot of track lighting that had to be put in at the time for the exhibits. And the circuit breakers, the boards and everything, and the existing lines simply can't handle that. They shut down every once in a while. The circuit boards smoke. It's a fire hazard. It's going to take a lot of work and electrical work to give...put in the necessary heavier lines to support that sort of thing. The other...those are...the roof is in good shape. They replaced that. They want to enclose the stairwell. There is work to be done in the front to get some additional space there. That is wasted space. It could be used for better purposes and, also, to have access out to the mall. So...and I will talk later on why it's better to do it now than to hold off on this. [LB198]

SENATOR NORDQUIST: And is it your understanding that none of this money is for exhibits? Correct? That's the... [LB198]

SENATOR NELSON: No, not for exhibits at all. [LB198]

SENATOR NORDQUIST: Okay. [LB198]

SENATOR CARLSON: Time. [LB198]

SENATOR NORDQUIST: Thank you. [LB198]

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SENATOR NELSON: Yeah. [LB198]

SENATOR CARLSON: Thank you, Senator Nordquist and Senator Nelson. Senator Avery, you're recognized. [LB198]

SENATOR AVERY: Thank you, Mr. President. I am strongly in support of the committee's decision to appropriate money to the Historical Society for these renovations. The last time the Legislature appropriated any money to the Historical Society for repair or maintenance or upgrades was 1981. That was 32 years ago by my math, 32 years they have not come to the Legislature to ask for additional money for these much-needed upgrades. We're not talking about, as Senator Nelson mentioned, new exhibits. We're talking about the skeleton of the building. We're talking about the nuts and bolts of keeping that building together. We're talking about structural upgrades. We're talking about electrical upgrades, plumbing, ADA compliance. I mean, it is a much, much-needed activity that the Historical Society is proposing. They must make these repairs. They must make the restoration of that building. I would also point out that this building is one of the premier location...one of the premier structures on the Centennial Mall. You, probably, are all aware that Centennial Mall is under construction now, in renovation. We are...the city of Lincoln has raised \$9 million to renovate that mall; \$800,000 of that came by way of an appropriation from this Legislature last year. I worked on the Centennial Mall restoration and reconstruction for the better part of my seven years in this body. Starting in 2008, I had a bill to create a task force to study the restoration of that mall. In 2009, I introduced another bill. In 2010, I introduced a bill. In...and then, last year, I introduced a bill to...for the appropriation. I can tell you, folks, that that is the entryway to our Capitol. It's the front door. It's very important that we not let these assets deteriorate to the point where...that we are embarrassed by them. The Historical Society is not only a great asset to this state but it is a window to our past, and we must not neglect it. History is an important part of our obligation here, I believe, in this Legislature. It is important that we preserve it. It's important that we never lose sight of where we came from, how we got to where we are today. So I intend to support this, and I hope that you will too. And I am going to oppose this amendment, AM11--I can't read it--67 (sic), I think. And while I have the microphone--how much time do I have left, Mr. President?... [LB198]

SENATOR CARLSON: 1:25. [LB198]

SENATOR AVERY: ...1:25--I want to make a couple of comments about the veterans' home. Senator Gloor did mention that the Government Committee made a field trip out to Grand Island. I believe that was in 2009. We went out there and we conducted a public hearing. We viewed the old facility. [LB198]

SENATOR CARLSON: One minute. [LB198]

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SENATOR AVERY: And believe me, folks, it is in great need of restoration and great need of replacement. It is...the buildings out there though are historically valuable. Some of those buildings date back to the mid-1800s and earlier. I would hate to see those buildings destroyed. I would like very much to see them preserved and, perhaps, a museum of the veterans' home and the veterans' activities in that part of the state created in those buildings. I do not know what the plan is. But I want to go on record now, saying, let's do what we can to save those buildings, build a new facility, state of the art, for the veterans, that's much needed. I support that as well. Thank you, Mr. President. [LB198]

SENATOR CARLSON: Thank you, Senator Avery. Senator Harms, you're recognized. [LB198]

SENATOR HARMS: Oh, thank you, Mr. President and colleagues. I do rise against this amendment. Since I've been here, every year over the last seven years, my wife, Pat, and I have gone there for some type of an event or a reception. So we're pretty familiar with that particular facility. Their...it does need a lot of help. And I think, after going in and out of that and looking at some of the liability questions and issues they have, we have a couple choices, I think, in the near future. We either fix this now or you're going to have to look at closing it down. It just is not going to survive it. And we can't continue to have something as important as that in the kind of condition that it is. And so I can remember, I think, every year that I've been on the Appropriations Committee, we've had something come forward to us in regard to this particular issue. It's time to start to address that. I would like, if I could, just for a moment, for Senator Kintner to yield. [LB198]

SENATOR CARLSON: Senator Kintner, would you yield? [LB198]

SENATOR KINTNER: Yes, I would. [LB198]

SENATOR HARMS: Senator Kintner, both you and Senator Nelson took a tour. Could you, kind of, share what your observations were of this facility to our colleagues here? [LB198]

SENATOR KINTNER: Yes. The first thing that I noticed was that that stairwell is in the middle of the building, which is a fire code violation. So part of the big expense is they've got to move that thing to the outside. That's the first thing. The second thing was they don't have rest rooms on other floors. So when you bring kids in there, if you've got kids, you know, a school class, the kid has got to go downstairs to go the bathroom. A teacher has to take the kid by the hand, go down three flights of stairs or down an elevator, and take the kid to the rest room. So they need rest rooms on each level. As Senator Nelson said, the lighting does not have the...it has too much...well, the wiring will not support the lighting. Let's...I'm not going to get electrical terms. That was

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another problem. I looked at that and I tried to...can we decouple this and just do the important stuff? Can we do \$3 million, not \$7 million? And the best the committee could come up with to get the job done was about \$6 million because, the way it's set up, you just can't do part of it and not do all of it. It drives me crazy. There's usually a number thing. You come to a compromise. But I think, on this, I didn't see a good compromise on this. Does that answer your questions? [LB198]

SENATOR HARMS: Yes, thank you, because I know that you had a pretty good feeling about this. And you had taken...you've gone...you went over to look at it in more of a critical eye than, probably, I have done in the past. And I just wanted you to share your views in regard to that. So I would urge you to not support this amendment but to support the Appropriations amendment and the underlying bill. Thank you. [LB198]

SENATOR CARLSON: Thank you, Senator Harms and Senator Kintner. Senator Krist, you're recognized. [LB198]

SENATOR KRIST: Thank you, Mr. President. And good afternoon or good evening, colleagues, and hello, Nebraska. LB519, as it was referenced, was, indeed, my bill. I presented it to the Appropriations Committee on behalf of the Nebraska Historical Society, met with the Historical Society last summer, I guess, for the first time, then again in the fall, looked at the museum with my critical eye. And I'm not an electrician. My dad was. And I stayed in a Holiday Inn Express last night. I've got to tell you, I'm really disturbed about the compliance of the codes. The codes themselves, when you talk about electricity, the one afternoon that I was there...I was there several times. But the one afternoon that I was there...given my full-time profession, you get used to trying to identify odors and smells, and it was an acrid, sweet kind of a smell. And it definitely smelled, to me, like electricity. They had an issue a few days after that. That's not good. The plumbing issues and the water leaks in the building are not good. Senator Kintner, I think, is right on target, saying that this is not something that we can do halfway. When we start doing it--the electrical, the elevator shafts, the doorways--it is...it will save money by doing some of these things together because they'll be exposed and the reconstruction or the corrections can be made. The original fiscal note, as it came back--to reference LB519--was \$3.55 (million) in General Funds expenditures in '13-14, and then \$3.55 (million)...now I applaud the Appropriations Committee for paring things down. It is half-a-million dollars in plan work in the first year and then a budget thereafter that will allow for \$6 million of work to be done. I have had many discussions, off the mike, on the mike, with constituents, with teachers. And I share Senator Avery's concerns for preservation of historical artifacts, our history, the state's history. I also share what, I think, is a fiscal concern in terms of what to do and how to do it. The investment in the museum has not been active. The last time we spent any money there, as Senator Avery said, was the early '80s. Now picture, if you will...and I know many of you have small children. I know Senator McCoy, Senator Pirsch. Your kids are taking their fourth grade tour and they go to the museum. And they get to the second

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floor and there is a child in their class who is in a wheelchair or a walker or a cast. The reliability of the elevator, first of all, is poor. Getting someone down the staircase is going to be a task. And there's a little thing called ADA compliance. And I know you all know what that is. I know I don't have to describe it or define it for you. But the Americans with Disabilities Act, clearly, has guidelines on what you need to do to buildings to make them compliant with the ADA restrictions and requirements. Can you sit here and be proud that the state of Nebraska museum that is visited by thousands of kids, thousands of our citizens a year--maybe somebody has got that exact number--... [LB198 LB519]

SENATOR CARLSON: One minute. [LB198]

SENATOR KRIST: ...is not in ADA compliant, is not a safe place to be? Can we honestly say that we want to trap 40 kids on the second floor and have a fire or an accident happen and have to respond to it? So this may be a bold statement, but Senator Larson and I were talking the other day about how many kids and what that figures out to, per child. And I'm not sure...I'm sure he wasn't talking about the value of their life. But I've got to tell you this: We either make an investment in this building or we close it. In my estimation, in the next two years, it will be to that point. Thank you, Mr. President. [LB198]

SENATOR CARLSON: Thank you, Senator Krist. Senator Nelson, you're recognized. [LB198]

SENATOR NELSON: Thank you, Mr. President. Members of the body, I stand in opposition to AM1187. And I can certainly understand why Senator Lautenbaugh brought this. It...when you take a look at an initial request for \$7.1 million to the Appropriations Committee to renovate a building, you wonder, why in the world are we needing that kind of money? So a fiscal analyst, Scott Danigole, was good enough to take Senator Kintner and myself up to the building after an Appropriations meeting. Not only was it a cold, windy day, we didn't have coats and we underestimated the distance. We walked, I think, for about ten blocks up there, and I was half frozen by the time we got there. But it was a worthwhile trip because I've already talked about some of the things that we both observed. And I just want to add to that, that the building was constructed originally in 1967. It's really...I think it's a precast concrete. It's a very solid building. But there are supporting posts that have an internal drainage system which is failing and, consequently, water is coming into some of the walls, and that's going to have to be addressed. The architects don't know to what extent there is any damage, but that's one of the things that we have to be certain, is that there is structural integrity. It will cost about \$119 per square foot to do the renovation that they want to do. If we were going to replace the entire building, then the architectural and engineering estimate would be \$18-25 million. It's a good site. It's right on the mall, accessible. We've got to remember that our...the large numbers of school children come in there,

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and they have to be accommodated, along with other visitors, from ages 3 or 4 or up until 80. I'm a history buff myself. And one of the drawbacks about going up there and spending the time that we did was that I wanted to stop and look at some of the exhibits and read some of the things. I'm the despair of my wife when we go anywhere. I always want to read the whole historical sign and things of this sort when we need to keep on traveling. Anyway, I need to go back and spend quite a bit of time there because there are some very interesting things. There is...there are paintings there from the artist who did a lot of the Saturday Evening Post covers, and he was a native Nebraskan. So I just want to tell you about the central stairwell. It's a large stairwell and it goes up to the second floor. And I questioned, are you going to get rid of this and go to the expense of putting a second-level floor in? And they said, no, we're simply going to encase the stairwell so that it's...it adapts itself to the codes. It's still available for large numbers of school children to go up and down the staircase if they need to exit the building in a hurry. The other things was the renovation of the front of the building. The building was originally recessed because you had the overhang of the second and third floor, maybe just the third floor. But there was a driveway there. It was an Elks Club, and people would drive in, and they had cover overhead as they got in. Well, that was filled in, and now there's a large amount of lobby space that, frankly, is just wasted space. So it makes sense to me to renovate a part of the building and put the entrance, which is now on the northeast corner, put it in a central location that looks out on the mall, access that way, and then utilize a lot of that space for exhibits and their little store where they sell a lot of artifacts and things and whatever other good use it could be put for. [LB198]

SENATOR CARLSON: One minute. [LB198]

SENATOR NELSON: The only use now is it's used for a reception area when we visit there. The other thing is that they have a step-down auditorium which does...it just doesn't accommodate many people. So that would be replaced with a gradual declining floor, as I understand it, and they could get a lot more kids there for their exhibits in the auditorium. So with that, I fully endorse...even though it's a \$6 million expenditure over three years, I endorse this, as a member of the Appropriations Committee. I think it is money well spent at this time. As Senator Krist said, either we need to do something now or we're going to be in dire trouble in two or three years. And, therefore, I do oppose AM1187 and ask that you not support that but stick with what we've done in our estimation in the Appropriations Committee. Thank you, Mr. Speaker. [LB198]

SENATOR CARLSON: Thank you, Senator Nelson. Senator McCoy, you're recognized. [LB198]

SENATOR McCOY: Thank you, Mr. President and members. Would Senator Mello yield, please? [LB198]

SENATOR CARLSON: Senator Mello, would you yield? [LB198]

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SENATOR MELLO: Absolutely. [LB198]

SENATOR McCOY: Thank you, Senator. I didn't mean to pull you away from a sidebar conversation you were having, but I wanted to go back to...I want to make sure I understood correctly from your opening--I believe it was your opening--that you gave. Did I hear you say that it's been since 1981 since the Legislature appropriated money in this fashion to the Historical Society--or I shouldn't say "in this fashion"--to a capital project like this? Is that...was that correct? Did I hear that correct? [LB198]

SENATOR MELLO: I think, Senator McCoy, that's incorrect. I think Senator Avery was discussing that issue. I just opened on the general Appropriations Committee proposal, not specifically...I haven't spoken on this amendment yet. [LB198]

SENATOR McCOY: I apologize, Senator. I do recollect. I didn't mean to put words in your mouth. I'll ask, perhaps, Senator Avery a question later. My further question would be, Senator, what amount of this appropriation is for ADA compliance? Do you know what portion of that? [LB198]

SENATOR MELLO: Well, right now, Senator McCoy, it's a unique funding stream for the entire renovation and rehabilitation of the building. Ultimately, there is the \$6 million over a three-year period that the Appropriations Committee put forward, which is less than what they requested. And so, for the total renovation, we're not for certain what aspects will have to be changed in the Historical Society's initial proposal to meet our lower appropriation amount. We also know that the reality is that there will be LB...the 309 Task Force, which does provide some additional funding for different aspects of capital construction, is also an opportunity that the Historical Society, for this project, is seeking as well. But, once again, we don't know exactly what that dollar amount will be from the 309 Task Force. And depending upon the movement of, obviously, AM658, the committee's proposal, the Historical Society will have to come back to the Legislature and Appropriations Committee to give us, ultimately, kind of, a new, I would say, overall rendering of the changes that will be made with the appropriation that's being given to them. [LB198]

SENATOR McCOY: That actually segues to what my question was going to be, Senator Mello. And I'm trying to remember...maybe you said and, if you did, I apologize; and if you did not, maybe you could help me with that. What did they request? I mean, we're talking about \$6 million now. What was their request? And I'm sure I have it sitting here at some point. And then, beg your indulgence, I can find it later if... [LB198]

SENATOR MELLO: Senator McCoy, it was, roughly, about a \$7.5 million request that the Historical Society brought forward, as well as Senator Krist brought that forward in a separate bill to the committee as well. In the Appropriations Committee, as you've heard

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from dialogue on the floor, Senator Kintner, who...and Senator Nelson both, who took tours of the facility and gave the committee, I think, kind of, an up-close-and-personal perspective, felt that we could do an appropriation at a lower amount and make the Historical Society take a step back and analyze what will be the main priorities with the appropriation they would get from the Legislature. [LB198]

SENATOR McCOY: I still go back to my original question, Senator. And if...and, I guess, I don't expect you to know this off the top of your head. But I'm certainly going to need some answers as to what portion of this is ADA compliance and what is not because I think that's a fundamental, important aspect to this. I think that we're facing...I live in the construction world when I'm not here. And I live in a world of ADA compliance and the things that we have to do in the construction and building industry in that area. And sometimes, those are... [LB198]

SENATOR CARLSON: One minute. [LB198]

SENATOR McCOY: Thank you, Mr. President. Sometimes those are expensive renovations and sometimes they're not--depends on the building, depends on the architecture. And I think that that's...I certainly need some more information. Otherwise, I'm going to be inclined and obliged to vote for this amendment because I just don't see the need at this point to move forward on this aspect of the budget without some additional information to know exactly what are we doing and what are the details of this project. Is there anything else that you can add to this, Senator Mello? [LB198]

SENATOR MELLO: I can, Senator McCoy. Senator Krist just informed me, through the discussion with the Historical Society, that \$2 million of the overall project is for ADA compliance but, obviously, I'll...on my own time I can walk through. There's other issues regarding electrical codes. [LB198]

SENATOR CARLSON: Time. [LB198]

SENATOR MELLO: Thank you. [LB198]

SENATOR CARLSON: Thank you, Senator McCoy and Senator Mello. Those still wishing to speak include: Hadley, Mello, and Krist. Senator Hadley, you're recognized. [LB198]

SENATOR HADLEY: Mr. President, members of the body, I stand opposed to this amendment. I think the Historical Society is an important part of the state of Nebraska. I grew up in Lincoln. I remember when it was built as the Elks Club. Everybody thought it was a great building then. But that is 1967. And in reading, I am concerned about the various HVAC type of problems, electrical problems, the ADA problems. I think it would be money well spent. Secondly, I wanted to talk on the Nebraska veterans' home. I

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appreciate Senator Gloor bringing it up earlier. I just wanted to be sure that everybody understands that this is not a given replacement in Grand Island. If you'll look at the sheet on the Nebraska veterans' home, they have four categories. And their program numbers: 510 is veterans' home administration; 519 is Grand Island Veterans' Home; 520 is Norfolk Veterans' Home; 521 is Western Nebraska Veterans' Home. What they're doing now is program number 522, which is called Eastern Nebraska Veterans' Home. And this is a project where they are going to replace the veterans' home in Grand Island, but it is going to be on a, kind of, competitive basis. There are four cities that have the potential to put together a proposal to the Department of Health and Human Services and, eventually, to the Governor, to get the best possible home for the veterans. And those cities are North Platte, Hastings, Kearney, and Grand Island, and there is not a given that it will go to any of those cities. So I think it's excellent that we have the type of program where we ask cities what are they going to do, what are they going to put into the pie to help fund the veterans' home and the construction of it, what kind of land is available, work force is available, infrastructure is available, what kind of commitments are each of the cities going to give to make this the best veterans' home possible. So I just wanted people to understand that this is not a given that it's going back to Grand Island. In fact, it will probably be a spirited competition between the four cities as to where it should be appropriately placed for the best benefit for the veterans. Thank you, Mr. President. [LB198]

SENATOR CARLSON: Thank you, Senator Hadley. Senator Mello, you're recognized. [LB198]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I rise in opposition of AM1187. I appreciate Senator Lautenbaugh discussing this issue a little bit with me. And I think to some extent Senator McCoy asked some questions regarding the ADA compliance component. And I know Senator Krist is speaking after me and can provide I think a significant amount of details in regards to the actual studies that were done on the Historical Society Museum. But it is worth noting, colleagues, that this specific capital construction project did have a 2010 and a 2012 study on it. And ultimately what that study, both studies concluded that the building systems of this facility have reached the end of their expected normal and useful lives, that the systems ultimately are 46-plus years old. And that issues beyond the ADA compliance issues that Senator McCoy brought forward, you have electrical code issues, mechanical code issues, plumbing code issues, hazardous material code issues, elevator code issues. Obviously with an older building we also have some fire safety issues. And to some extent I heard Senator Kintner discuss a little bit we have some deterioration of the external precast of the concrete of the facility as well. Colleagues, realize--and this was something I discussed at our budget briefing, our informal budget briefing on Tuesday morning--with the three main capital construction projects that are in the Appropriations Committee recommendation, the Appropriations Committee members went and visited these sites. Senator Nordquist and others mentioned, Senator Nelson and Senator

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Kintner took a tour of this facility essentially on behalf of our committee to tell us how was the facility. Is this something that we really need to do? Is this a necessity or is this a desire? And I would argue to some extent that Senator Nelson and Senator Kintner are not wild-eyed liberal spenders. And the fact that Senator Kintner and Senator Nelson said we need to do something on this critical facility but we can do it at a lower amount than what was requested, as the chair of the committee I ultimately defer to them in their expertise and their experience of providing the committee what I thought was useful feedback. And I just walked through obviously the issues that, yes, the Fiscal Office and the Historical Society can provide other members of the body if they'd like that we heard about both at the public hearing and in Executive Sessions. But this is an old structure, colleagues. And there's an overarching conversation we could have of whether or not we adopt AM1187 which I'd urge us not to but if we did the question we need to ask ourselves is do we need to continue having a state historical museum because when you have 20,000-plus kids, fourth graders, come through a structure that we know is structurally unsafe and the integrity of that structure is questionable at best moving forward, we need to ask ourselves whether or not we'd want to open this up not just to the public at large but fourth-grade children who would be going through this museum in years in the future. I can appreciate concerns of wanting to know more about the project itself and I would encourage members if they'd like to talk with the Historical Society and take a tour yourself and they can provide you more up close and personal walk through of the challenges that this 45-plus-year-old building is dealing with. But this project, like the nursing college project, like the state college facilities project, members of the committee went and visited... [LB198]

SENATOR CARLSON: One minute. [LB198]

SENATOR MELLO: ...to get an up close and personal perspective and to come back to the Appropriations Committee to explain whether or not this is something that needs to happen or is this something that we simply would like to happen. And in discussing this with multiple people in the committee multiple times, this is one of the projects, all three of them, were things that we felt need to happen. This is a renovation project. Partially the state college project was partial renovation, partially new construction out in Chadron State, and the university project is a new project. But these are projects that the committee members individually, as they visited them, felt needed to be part of our capital construction budget. With that, I'd urge the body to vote against AM1187. Thank you, Mr. President. [LB198]

SENATOR CARLSON: Thank you, Senator Mello. Senator Krist, you're recognized. [LB198]

SENATOR KRIST: Thank you, Mr. President and colleagues. Senator McCoy, I know you're interested in the statistics and the facts and the study. And as a...being in the construction industry, I understand that you understand that without the feasibility study,

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without the engineering costs...or the engineering efforts, so I would offer this to you, Senator. In 2011, the LB309 commission, which I'm sure you're familiar with, retained a consultant, E Design, L.L.C. of Lincoln, to review the HVAC systems of the Nebraska History Museum. E Design reported on changes needed in the system and offered a couple of suggestions. As part of the study of the LB309 commission, E Design, L.L.C. reported briefly on other systems--plumbing, electrical, elevators, outdoor, and air supply systems and again calling for replacement. That feasibility study I have in my hand I'd love to make it available to you and I think you'll probably understand it better than I. But it gives diagrams. It gets HVAC zonal controls. It goes through a wiring diagram here is pretty interesting about the balancing report for the HVAC system itself in bringing it up to code. I think this has the all the answers probably to all the questions that you need to satisfy your curiosity about why they are the way that they are. The actual ADA, just to report on the mike and put it on the record, these changes for electrical and plumbing and reconstruction of the building and fortifying the sections that need to be fortified they tell me are in the neighborhood based upon this report feasibility study by the state of Nebraska State Historical Society as a result of the E Design, L.L.C. study they tell me is someplace between \$4 million and \$4.5 million. They tell me that the ADA as its been scaled down is \$1.75 million to \$2 million. So they are going at this thing for the priorities that are there. And again, Senator McCoy, if you'd like to take a look at that, it's laying here on my desk. Folks, I'm completely supporting the Appropriations Committee in the decision that they made and I thank Senator Kintner and Senator Nelson in particular for taking time out of their schedule. But that's what our Appropriations Committee does. It actually travels all over the state to make sure that when it stands on the floor...they stand on the floor and defend the budget that they brought forward that there is good rationale, good reasoning, and sound judgment, and they are good stewards of the citizen's dollars. So I would ask you to oppose AM1187 to AM658 and support the Appropriations Committee. Thank you, Mr. President. [LB198]

SENATOR CARLSON: Thank you, Senator Krist. Senator Nelson, you're recognized. [LB198]

SENATOR NELSON: Thank you, Mr. President, members of the body. I wanted to address some of the concerns of Senator McCoy and Senator Krist has pretty well taken care of that. He has the architect's report and the diagrams and designs in his hand for Senator McCoy to look at. I could only add that according to the information that I have that there were three engineering and architectural studies of the conditions, code compliance, and the functionality there in the museum and that the plan was developed with the guidance and assistance of the Department of the Administrative Services building condition or division. The other thing would be I think that the...and we have to rely on the architects and the engineers and figures that they come up with. But they came up with a possible cost of \$9.1 million to do everything that appeared to be necessary; \$2 million of that had been allocated by the Nebraska Task Force for

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Building Renewal, which is the LB309 committee. And so that leaves the rest of it then, about 65 percent of the money would be used for building system renovations, and the remainder would be used for the stairwell and for changes to increase the usable space of the building. So there again I'm not an expert in the field. I was concerned about the costs. I know Senator Kintner was. We took a look just to confirm the conditions that were described and what was apparent to us with the naked eye, so to speak. And I also recall that when I was in the building, you get this acrid smell which you recognize as electrical which always gives concern in your own home if you...as to what's burning somewhere, what wiring might be burning. And you try to track it down if possible and find out what might be wrong, perhaps in a fuse box or other areas, plug-ins, things of that sort, while this is a much larger scale up there where you would have a lot of people in there and a lot of damage could be done and an electrical fire started and led to more aggravating conditions. So, again, I stand in opposition to the amendment and in support of what the Appropriations Committee has done here in agreeing that by cutting this from \$7.1 million down to \$6 million, that was our conversation right there in the committee. We think that we can go up to \$6 million and they're going to have to do the very best that they can with this and go as far as they can with it. And it appears that we're going to come close to the mark with that. So I feel as a conservative, certainly fiscal conservative who doesn't like to spend a dollar unnecessarily, I would have to agree something needs to be done at this time. It will be cost-saving to do it now if we can afford to do it and I hope that you will support this so that we can get on with the work and have the museum there, the Historical Society Museum in good shape within the next three years. Thank you, Mr. Speaker. [LB198]

SENATOR COASH PRESIDING

SENATOR COASH: Thank you, Senator Nelson. Seeing no other members wishing to speak, Senator Lautenbaugh, you're recognized to close on AM1187. [LB198]

SENATOR LAUTENBAUGH: Thank you, Mr. President and remaining members of the body. I suppose the most unkind thing I could do would be ask for a call of the house right now but I'm not going to do that. I had someone else suggest to me that all the members of Appropriations had missed the point. This is supposed to be a demonstration of what an outdated museum looks like. So it has to stay in the state it is so kids can understand what a museum in need of repair looks like. I don't think that's correct though. So sorry, Senator, I'm not going to make that case. And I don't have an axe to grind or a case to make on this at all actually. This was \$6 million and I think four lines in our budget and I thought it needed to be fleshed out as to why we're doing this. And I think every member of Appropriations more or less stood up and explained exactly why they all agreed that this was the right thing to do even though it is \$6 million. I don't think you heard any dissent and I think you heard my unusual opening which was we need information about this. Well, we have information about this. That said, I'm not bringing this to a vote obviously. I don't know that I have any issue with it

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myself at all and it doesn't sound like anyone else does either. But I did think it was important that we actually flesh out beyond a few lines of print why we're actually spending this chunk of money in this way. So with that, Mr. President, I would like to withdraw the amendment. [LB198]

SENATOR COASH: Without objection, so ordered. Mr. Clerk, you have another item. [LB198]

CLERK: Mr. President, the next amendment is Senator Hansen, AM1188. (Legislative Journal page 1281.) [LB198]

SENATOR COASH: Senator Hansen, you're recognized to open on AM1188. [LB198]

SENATOR HANSEN: Thank you, Mr. President. Sorry I was tardy. This is an amendment, AM1188 is an amendment to the construction budget. And a little bit of history going back a year ago, we had four bills in a group that we called the healthier Nebraska act. One was the cancer tower in Omaha that broke ground this week. One was the Allied Health in the nursing school in Kearney which is actually a UNMC project. One was a diagnostic...veterinary diagnostic lab on east campus here in Lincoln. And the fourth one was the Lincoln School of Nursing which is another UNMC project. Senator Tony Fulton carried the bill for the nursing school and I carried the bill for the veterinary diagnostic lab. The diagnostic lab was necessary to build because they were out of accreditation. Their accreditation was right on the borderline. They were working on a temporary accreditation for a couple of years and they did some work out there and they just couldn't keep up with it, so the university tried to...you know, they needed...they had plans but they didn't have the money to do it. So I told them that I'd carry that bill and I did. And what it...what happened to that part...well, just backing up just a little bit more. When we were talking about the four bills in the healthier Nebraska act, Senator Fulton after the hearing said that they were going to have a hard time raising the private money potentially. They were going to have a hard time finding a place for it potentially. Those two things I know are taken care of now. But still he thought that in order for the healthier Nebraska package to go that it needed to be taken out. So very reluctantly he took that out of the package that eventually came to the floor. The...and now if we fast-forward almost a year, the cancer center has broken ground, the veterinary diagnostic lab has had final design, and the Allied Health, I'm not exactly sure where that's at, but they have some design of a separate building now in Kearney at UNK and they're really looking forward to that project too. When the final design came back for the diagnostic lab, they realized that they could save some money if they made some changes, and I'm not exactly sure what those changes are but I imagine it was a small...little bit smaller building. And I do know that the air handling system was a problem and they could hook on...because there's an existing building there, they can hook onto that. So that saves them quite a bit of money too. But in total, the final project cost, it originally started at \$55 million; it ended up \$45.6 million. There

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was a match on each one of these projects. Cancer center had a \$60 million private or other funds request that they raised that much money to get \$50 million worth of state funds. Allied industry or Allied nursing in Kearney had a...I think it was a \$4 million private match. And then the diagnostic lab had a \$5 million match. Since they redesigned the building, redid the figures, they cut that private match from \$5 million to \$4.15 million. So the private money match came down too. But in total it was a saving of \$8.5 million. Everybody was happy. When we looked in the capital construction area of the Blue Book, we see that the Appropriations Committee moved that \$8 million to...directly to the Lincoln School of Nursing, which is a UNMC project again, to that so they can...they will eventually build a building on east campus and we'll have a...and I know they will have plenty of applicants for that. They'll have plenty of nurse training going on there too. But the question that I have and the problem that I have is this savings was directly moved from one project to another. Even though it was in the same healthier Nebraska act, it certain...they certainly were three separate and distinct projects. And that's my concern for why that is there, why it's not in the General Fund. And I'd like to ask Senator Mello a question if he doesn't get too far out of the room. I could have waited, Senator Mello. Would Senator Mello yield? [LB198]

SENATOR COASH: Senator Mello, will you yield? [LB198]

SENATOR MELLO: Yes. [LB198]

SENATOR HANSEN: Senator Mello, the movement of that money that I outlined here just briefly, did that...did the bill...was there a bill, was there hearing date on that project? [LB198]

SENATOR MELLO: The project that you are referring to was similar to the bill that, as you mentioned, Senator Fulton brought to the Appropriations Committee last year in which the committee did not take action on. The university brought the project in their agency hearing in which you as a former Appropriations Committee member know that agencies bring issues to our agency hearings that may not be part of their original proposal in light of new information. And the reason they brought the proposal was in light of new information the Board of Regents took in January which reduced the overall project costs of the vet diagnostic lab. And so the bond payments that the Legislature had committed to for the vet diagnostic lab was going to have to be reduced regardless due to the Board of Regents' action in January that said the project was going to move from \$55 million to roughly \$45 million. And so the university came in with this proposal at the public hearing emphasizing, and there was other people who testified on the project and its merits at the public hearing emphasizing that, yes, the committee has heard about this project over a few year period and that was essentially the public dialogue and the transparency associated with this capital construction project. [LB198]

SENATOR HANSEN: Okay. Last year, Senator Fulton had a bill and it went through the

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hearing process and then the discussion in Appropriations Committee for sure, but all the bills died after last...at last year's adjournment. So you felt that it didn't warrant a hearing, is that correct? Could that have been a possibility? [LB198]

SENATOR MELLO: I believe, Senator Hansen, and I'll double-check with the Fiscal Office is that the project itself still remained as a priority in the university's capital construction requests. It did not have a separate bill though introduced the same way last year that they had senators from different committees introduce separate pieces of legislation to the committee requesting the funds. And it's a project that, as you may recall, was subject to an interim study the Appropriations Committee did to look at this specific project and the need for it before the bill last year was introduced. But once again... [LB198]

SENATOR COASH: One minute. [LB198]

SENATOR MELLO: ...the Appropriations Committee on a regular basis through agency hearings gets new requests from state agencies at the hearing and even sometimes posthearing adjustments come in from agencies that don't have a public hearing. And in this particular case the public was available to weigh in or attend the public hearing for the university and learn more about their change in their request. [LB198]

SENATOR HANSEN: Has the Lincoln School of Nursing had bills in the past though where they did have more access for the public to question or get information from such a...you know, it's a fairly expensive building, but have they had bills in the past? [LB198]

SENATOR MELLO: There was, yes, Senator Hansen. Senator Fulton, as you mentioned and I'll reaffirm that Senator Fulton last year introduced a specific bill requesting appropriation dollars for that project. That occasionally happens on certain capital construction projects, but ultimately agencies can put... [LB198]

SENATOR COASH: Time, Senators. [LB198]

SENATOR HANSEN: Thank you, Mr. President. [LB198]

SENATOR COASH: Thank you, Senator Hansen and Senator Mello. Members, you've heard the opening to AM1188 to AM658. Those wishing to speak: Senators Nordquist, Bolz, Harms, and others. Senator Nordquist, you are recognized. [LB198]

SENATOR NORDQUIST: Thank you, Mr. President and members. Just building on the dialogue that was going on, there are a number of capital construction issues that don't have their own standalone hearings. Just if we go down the list, we have a Hastings Regional Center component. That didn't have a standalone bill or a standalone hearing. The Central Nebraska Veterans Home didn't have a standalone bill or a standalone

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hearing. A number of Game and Parks issues, millions of dollars of Game and Parks issues didn't have a standalone bill or a standalone hearing. It's just the way the process works. They are part of the agency hearing. The agencies submit capital requests and we hear them out at that point. I do want to give strong support to this project and state my opposition to the underlying bill. You know, when we had the debate, the contentious debate, on LB577 on Medicaid expansion, probably the one thing that was a sense of agreement around here is the concern over the future healthcare work force of our state and making sure that we have enough practitioners all across our state. And this nursing college was part of the healthy Nebraska initiative, building a healthy Nebraska initiative, to make sure that we have the nursing work force, both bachelor degrees and master's and doctoral graduates coming out on a yearly basis to fill those needs. Right now estimates are that we are about 9 percent short of our nursing staff in Nebraska. The program at Kearney certainly should help. This certainly would help. This would increase the enrollment here at 28 percent of...over what the current enrollment is in the program. And the money that is being used as a majority of the state appropriation would be savings that were created because the vet diagnostic lab came in under projections by nearly \$9 million. And we bond this out and we would ultimately be contributing \$12 million to a \$17 million project. I have toured the current nursing school in downtown Lincoln. It's a former department store. There's no study spaces. Students are sitting in the hallways in-between classes. The classrooms are filled and to the limit. There's no way you could reasonably, without breaking fire code or making people stand during a class, squeeze more students in there. That is not what we need to get the healthcare work force of tomorrow that we ultimately need for our state, and that is why we need to move forward with this project this year with the dollars that were ultimately focused on the building a healthier Nebraska initiative. And as far as the transparency of this, I have a copy of the transcript from the agency hearing where this did come up, including testimony from the dean of the college. So if anyone is interested in seeing that, it's over here for your review. Thank you, Mr. President. [LB198 LB577]

SENATOR COASH: Thank you, Senator Nordquist. Senator Bolz, you're recognized. [LB198]

SENATOR BOLZ: Thank you, Mr. President. I concur with Senator Nordquist. There was some really fantastic debate when we discussed this issue in committee hearing, and I thought that the commitment to making this vision into reality was really impressive. And I'm pleased to be able to stand up and support an initiative that was initiated by my predecessor because we agree there is clear need here. One of the statistics that I thought was particularly useful to share is that the Nebraska Department of Labor projects high demand for registered nurses, a demand for 1,377 nurses now. In Lincoln/Lancaster County, there's a current demand for 181 nurses. The College of Nursing currently graduates about 100 nurses a year. So we're only meeting half of the demand in the Lincoln/Lancaster area alone, not to mention the demand in the rest of

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the state. Douglas County is down 504 nurses right now. And so when we think about the high value that nurses provide in providing healthcare and providing that intermediate level of care, this is a particularly important investment. I do want to share with you, Senator Nordquist referenced the experiences of students and what the circumstances really are like in terms of trying to get a quality education in this institution. I wanted to share a bit of a correspondence from a constituent. Senator Bolz, my name is Micah Tyler Persell. I am your constituent, an Air Force veteran, a firefighter, and a newly-graduated nurse that attended the UNMC College of Nursing at the Lincoln campus. Please support the funding for the construction bill. Attending UNMC-Lincoln, I was educated by some of the most brilliant professors of the nursing science. And that's true. We have highly educated Ph.D.-level nurses who are providing instruction in this institution. And he says nursing itself has become just that, a science, rather than its historic context of a healthcare support vocation. It's important to recognize that these educators are really providing cutting-edge technology to folks who make significant contributions to the healthcare field. The Yukon Lincoln facility was the greatest barrier in my own education, says Micah. My first year there, over 72 student nurses were packed into a single classroom in the Wells Fargo Building downtown, a classroom, in-fact, converted from office space. My second year, we were separated into two rooms and communicated via televised recording, making it nearly impossible to effectively learn, understand, and discuss the important lessons the great educators there were attempting to administer. We in Nebraska face a shortage of nurses, nurses needed to assuage the vast disparities in healthcare we find in our state. Creation of an education facility for Lincoln will expand the capacity to educate nurses and faculty here and ultimately improve the healthcare of our state overall. So, you know, I think we see and hear from a young man who wants to contribute, who has already contributed in terms of being a veteran and a firefighter and is doing his best to get a high-level education and he deserves more. He deserves a facility that matches his potential and his skills. And so I'd encourage you to support this idea which was an idea not that was my own but of my predecessors. I give them credit for that because there's real need here. And because of the financial opportunity we have due to the different strategies that we've developed here with the other initiative and the initiative as a whole. The time is now to move forward with the nursing college. Thank you, Mr. President. [LB198]

SENATOR COASH: Thank you, Senator Bolz. Senator Harms, you're recognized. [LB198]

SENATOR HARMS: Thank you, Mr. President and colleagues. Senator Hansen, would you yield just for a couple of questions? [LB198]

SENATOR COASH: Senator Hansen, will you yield? [LB198]

SENATOR HANSEN: Yes. [LB198]

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SENATOR HARMS: Could you help maybe better understand? I'm not sure what your objection is. Is it the nursing program or is it the fact that the vet lab had this savings and they transferred that then to the nursing program or that we didn't take that money and put it into the general budget or the General Fund then bring it back out? I'm not sure I understand what your objections are here, so I have a better way to maybe address that issue. [LB198]

SENATOR HANSEN: Thank you. I'm certainly not against nurses. At my age, I love nurses and I need nurses. And, no, it's certainly not the nursing program whatsoever, none whatsoever. [LB198]

SENATOR HARMS: Okay. [LB198]

SENATOR HANSEN: The savings from the veterinary diagnostic lab I feel should have gone back to General Funds, period, should have gone back to the General Funds. It's the process. I think the Appropriations Committee may have violated the process. I think...it's had...the nursing school has had several attempts at building a building. The people that Senator Bolz was talking about, the young person that had the letter, did that person give you an idea whether they thought that school ought to be a downtown building or an east campus building or maybe a York building? I don't know where...you know, there's a lot of things that come out in a public hearing rather than an agency report. [LB198]

SENATOR HARMS: Thank you very much, Senator Hansen. I don't support AM1188. I do support the appropriations AM658 with the underlying bill. Here's what the...my concerns are in regard to our nursing program. There is a phenomenal need for nurses. Sixty percent of the BScN applicants that enroll in...try to enroll in this particular nursing program, colleagues, are not allowed to get in. They just don't have the space and about 30 percent of their enrollment is actually declined or not allowed to actually get involved into the program. They don't have enough space. The other issue that we have is where this building is located, colleagues. If I was a parent I'm not so sure that I'd want my daughter to go to this location. This location has...where it's at, it's an old building. It has bars, retail, other businesses that attract pedestrians, traffic. It's not consistent with what I call the collegiate environment. I'm afraid that this draws an environment that's not safe. Not a traditional campus life for young people who want to have this nursing program. You know, the biggest issue that we have is we just do not have in the future the kinds of nurses in the process of getting educated to go out into the field, and particularly rural Nebraska. Rural Nebraska is really going to struggle and are struggling in regard to the nursing program. I think what we did was appropriate. I know that it was legal or we never would have taken this approach, but it was... [LB198]

SENATOR COASH: One minute. [LB198]

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SENATOR HARMS: Thank you. It's the right thing to do and I would not...I'd hate to see this program caught up and delayed because of the importance of it. So I would ask you not to support AM1188 and support the committee's amendment and the bill itself. Thank you, Mr. President. [LB198]

SENATOR COASH: Thank you, Senator Harms. Senator Conrad, you are recognized. [LB198]

SENATOR CONRAD: Thank you, Mr. President. Good evening, colleagues. I want to thank Senator Hansen for bringing forward this issue because again I think that this is an important and substantive part of our budget dialogue. And I think he did a good job of laying out the history and the broad support that exists for the healthy Nebraska initiative whether that's the cancer center in Omaha, the vet diagnostic center, the critical nursing programs in greater Nebraska, and indeed the need that remains in Lincoln for the UNMC project and the College of Nursing in that regard. And I just want to clarify a couple of things here because I think that it gets sometimes confusing when we're talking about budget and appropriations lingo. But this has been subject to considerable public debate. It has been part of the university's capital request for over six years and their number one priority. And that's not going away. This reallocation of already appropriated General Funds is a good use of funds. And I think that the point that Senator Hansen makes about preferring to see them put back into the General Fund and then maybe reallocated might really just be a technical distinction because Capital Construction Funds for the most part, of course, are General Funds. So this is a reallocation of those General Funds to help leverage those private donations farther and to further complete the comprehensive vision that exists with the healthy Nebraska initiative. I think others have done a great job of laying out the critical need for this program. And with that, I'd yield the remainder of my time to Senator Campbell. [LB198]

SENATOR COASH: Senator Campbell, 3 minutes, 15 seconds. [LB198]

SENATOR CAMPBELL: Thank you, Mr. President, and thank you, Senator Conrad. I, too, would oppose the amendment before us, and I can't really speak to Senator Hansen's comment with regard to the process. All I can say is that I know that this has been on the university's list for a very long time starting with a good friend of mine Dr. Chuck Wilson who was a regent who has retired, cardiologist and is not currently serving on the Board of Regents. But year after year after year Dr. Wilson would say this is a priority. And one of the reasons that this school becomes a priority and the facilities that it needs to do its work is that we have a number of nursing schools in the state of Nebraska, but we don't have very many in which we train the teachers to go out and teach nursing students. And that's one of the most important reasons that you look at this type of a school within a university system because they can teach on a masters level and a doctorate level to prepare those people to go out and teach in other nursing schools across the state. That is critical. And good facilities in order to do that means

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that we will have teachers who can help prepare Nebraskans to serve as nurses. That it seems to me is in some part what makes this school a necessity to the state of Nebraska as we look into the future of healthcare. Thank you, Mr. President. [LB198]

SENATOR COASH: Thank you, Senator Campbell. Senator Avery, you're recognized. [LB198]

SENATOR AVERY: Thank you, Mr. President. I, too, oppose this amendment. And I do appreciate what Senator Hansen said about the process. Most of you know that I care very much about process. That's why I ran to be the Chair of the Government Committee because we deal with process there all the time. I'm not sure I understand all of the intricacies of the objections that Senator Hansen has talked about in this process. But I do know one thing. This nursing facility is much needed. It's needed for a number of reasons, one of which Senator Campbell just addressed, and that is that this is a teaching facility that will be able to do graduate-level teaching, not just the...at the baccalaureate level but at the graduate level. And that is what you need if you're going to be able to staff nursing colleges and training facilities around the state. You have to have people with advanced degrees. But beyond that, there is another reason why we need this facility. The state of Nebraska has a critical nursing shortage. Seventy-three Nebraska counties out of our ninety-three have fewer nurses than the national standard. Four hundred and two qualified applicants to nursing programs in Nebraska were turned away in 2010 and '11 and mostly turned away because of the lack of instructional facilities and the lack of faculty. That's about 60 percent of all of the people who applied. Now obviously some of those were turned away because of...they weren't qualified, but the fact is that that's a pretty high number when you already have 73 of your 93 counties underserved. Over the next nine years this shortage is expected to reach nearly 5,600. That's a pretty big number. What does all this mean? It means that the ratio of nurses to patients is going to grow. It means that the quality of care will be effected. It means that possibly hospital infections will go up, patient falls and injury will probably go up, and patient mortality will probably go up. It also means something else. The Affordable Care Act is a fact of life that we have to deal with. This new law will put more insured patients into healthcare...into the healthcare system. It will threaten to overwhelm the entire system. More nurses will be needed. All kinds of healthcare personnel will be needed. Also the population is aging and changes in treatment and changes in technology are keeping people alive longer. Again, this will apply pressure to the healthcare system as more care is needed and as the aging population grows. So helping to build a talented healthcare work force is one of our highest priorities. It has to be. We have a clear need for more nurses. We have a clear need for more nurse educators, and this facility will go a long ways toward helping us meet that need. The facility proposed in LB198 has been a top priority for the University of Nebraska since 2008. It will house the Lincoln division of the College of Nursing on the UNL campus. This will replace many very inadequate rental spaces in former downtown department store facilities. The important thing is that this will allow the Lincoln program... [LB198]

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SENATOR COASH: One minute. [LB198]

SENATOR AVERY: ...to expand by at least 64 students per year. Now that's not a huge number but if we don't start now working on that shortage, we're never going to get there. So we have an opportunity to contribute to a healthcare population. We have an opportunity to help our aging population. We have an opportunity to prepare for a new era in healthcare under the Affordable Care Act by passing this bill. I will call your attention briefly though to one thing. And that's if you go to the amendment to page 27 you will see that the Board of Regents may not enter into long-term financing contracts until evidence is provided to the budget administrator that the 5... [LB198]

SENATOR COASH: Time, Senator. [LB198]

SENATOR AVERY: ...thousand...nevermind. Thank you. [LB198]

SENATOR COASH: Senator Hansen, you're recognized. [LB198]

SENATOR HANSEN: Thank you, Mr. President. I probably should let Senator Avery finish that sentence, but I think he was going to say until 5,000 chickens have fed the world, but. I want to just relate one quick story about nurses and the nurse shortage. In North Platte, the...part of the Mid-Plains Community College in North Platte, North Platte community college, built a building for \$9 million to house up to 300 students, you know, they're not all going to fit in there at once, but they rotate through. EMTs are trained there. Private donations amounted to over \$3 million, a third of the building, because we thought in that 18-county area out there that we needed more nurses and we needed nurses trained in the area so they...hopefully they'll stay in the area. They're not going to be the doctors. They're not going to be a doctor of nursing. They're not going to teach anybody. But they're going to be the nurses and they're going to be the nurses that call, you put on your call light at night and they're going to be the ones that show up. And it's pretty important program that North Platte has out there. I need to ask someone...Senator Conrad, Senator Conrad, would you yield? [LB198]

SENATOR COASH: Senator Conrad, will you yield? [LB198]

SENATOR CONRAD: For you, Senator Hansen, of course and always. [LB198]

SENATOR HANSEN: Wow! Thank you. (Laughter) How much is a private match for this building now? I mean, has it changed? I'm not sure where the private match is for the nursing college. [LB198]

SENATOR CONRAD: Right. Yeah. And I think that's actually where Senator Avery was headed when his time expired. But the appropriation does require before anything can

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proceed in moving forward of sufficient proof or evidence of a \$4.5 million match, which is in line percentagewise with the rest of the projects in the healthy Nebraska initiative. [LB198]

SENATOR HANSEN: Okay. That's good to know. The...Senator Nordquist, would you yield? Thank you, Senator Conrad. [LB198]

SENATOR COASH: Senator Nordquist, would you yield. [LB198]

SENATOR NORDQUIST: Yes. [LB198]

SENATOR HANSEN: You were talking about the transcripts and I did not get the transcripts from the agency hearing. Can you tell me from those transcripts that you hold in your hand, how many people were there? How many testifiers you might have had? [LB198]

SENATOR NORDQUIST: Largely it was...I can't remember where I put it, they're under my stack here somewhere, President Milliken and then the dean of the nursing college were the two that spoke on this issue. [LB198]

SENATOR HANSEN: At UNMC. So it certainly was not the same as a public hearing would have been maybe in the big room with lights and cameras and all that to show support for the nursing college. [LB198]

SENATOR NORDQUIST: It was in the big room. I'll say though that, you know, on the Grand Island Vets Home that didn't have a standalone bill and that did have a pretty good turnout. So I don't know that a standalone bill makes the issue more or less... [LB198]

SENATOR HANSEN: The veterinary's home...or the veterans home is 120 years old and they have to do that now. They have to take care of that one. But I want to go back to the...thank you, Senator Nordquist. I think that's about all. I do want to go back to the numbers. I mean this is an Appropriations bill. We're talking about where the money goes, how it goes. I want to talk about how it goes and how it gets there. I have not said a word against the Lincoln College of Nursing. And I agree with Senator Bolz, agree with Senator Campbell, that we need that college. We certainly do. [LB198]

SENATOR COASH: One minute. [LB198]

SENATOR HANSEN: If they...thank you. If they need, the college needs and I'm sure they do, this additional savings from the veterinary diagnostic building that those dollars can...should go back to the General Fund. Next year, have a bill, have a public hearing just like we did last year and like we've done in the past. Have that hearing, have the

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floor debate, and it more than likely will pass. It will be a good bill to start out next year. That money will be in the General Fund. I don't have another use for it. Keep Senator Sullivan's fingers off of it and keep (laugh) ...wherever those grubby fingers are we need to keep them off of it because that money will be there. It'll be there next year. That's not my point. It's not to take it away from the College of Nursing. It's to do the process and it's to do the process right. I think the process, what I've heard even more tonight has ingrained that in me that it may have been short-circuited. Thank you, Mr. President.
[LB198]

SENATOR COASH: Thank you, Senator Hansen. Senator Price, you're recognized.
[LB198]

SENATOR PRICE: Thank you, Mr. President, members. It's not often that I find myself in opposition to my friend Senator Hansen and I'm glad to hear him say that he...it's about the process not the concept and the construct. In listening to the debate, I took down some interesting notes, and too bad Senator Lautenbaugh is not here. He'd put another mark on his list. Had there been a facility like this nearly a decade ago I might not be standing here today because before I retired, as I retired from the Air Force, on my little bucket list or dream jobs was to go to school to get a nursing degree because I had just gone down after Hurricane Katrina and had used some skills I had learned in the service and I felt, you know, attached somehow when I saw all the good that was going on there and I thought maybe that would be for me. But it was a quicker venture to get elected than it was to get accepted to nursing school, not that I could say that I'd get accepted. But my first year down here I had talked about this with officials from the university and I was under misconception. I was confused. See, we had this huge population pool of capable, qualified, potential students for our nursing programs. And over here we have a tremendous need. In between we have an itty-bitty little pipeline. And I was wondering what happened. I mean, if supply and demand works, why don't we have more people going through the schools? I mean, the turnover rate of nurses is pretty high. It's a very demanding job. They have a lot of occupational issues. Can you imagine trying to lift me up and move me around, and they had to because I've been under the care of nurses many times. But the idea is as I investigate and they sat down and they educated me on the process, one of the things was you have to have that...the place to study. You have to have the professors, someone who has some Ph.D. to teach those other coursework, and you have to have a place for practicums. And we just don't have all the infrastructure to service the need and the supply. Imagine, and many of you can, how it was when Interstate 80 was two lanes and you're trying to come down here on a Saturday football game. So what did they do? They built a bigger pipeline. This is part of the process of building a pipeline, and I don't disagree with Senator Hansen that the ag industry and the ag concerns serviced by the university are critical and necessary. But I think at this time the utilization of these dollars for this purpose seemed prudent and advisable. And I just sit here or stand here and I listen and I thought...and I think maybe the process was not as pure as it is in some activities

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and funding mechanisms, but in this case I don't think it fractured from what I've heard in the testimony the process at all. And, remember, if we'd had those things available, you could be in the care of my hands. Thank you, Mr. President. [LB198]

SENATOR COASH: Thank you, Senator Price. Senator McCoy, you're recognized. [LB198]

SENATOR McCOY: Thank you, Mr. President and members. Would Senator Nordquist yield, please? [LB198]

SENATOR COASH: Senator Nordquist, will you yield? [LB198]

SENATOR NORDQUIST: Yes. [LB198]

SENATOR McCOY: Senator, thank you. You had mentioned earlier and I want to kind of branch off and I may have been maybe unless someone else hit their light the last light to speak on this amendment, but I think it's an important point to make at this juncture as I've sat here and listened. Can you tell me, Senator Nordquist, where in the budget for the university are we addressing our primary care physician shortage in the state? [LB198]

SENATOR NORDQUIST: In the university budget we don't have that I know of outside of their base appropriation, but we do have...and I would have to go to the budget book and I'll find it here, my bill LB20 which was the rural healthcare provider act that Senator Gloor cosponsored, we included about \$500,000 a year which was a significant increase over the...it was like a 60-70 percent increase on our loan forgiveness programs that we have for rural provider...for healthcare providers in rural Nebraska. There's two components to it. One is where students sign up while they're in college and they get a year...they get loan forgiveness paid for each year that they work after. And then there's another one that communities can do a 50-50 match and recruit. But I'll find...I want to say that's under HHS, I think it is, but I'll have to find that. [LB198]

SENATOR McCOY: Well, thank you, Senator. And a follow-up question in a moment. I am very concerned about our primary care physician shortage across our state. I mentioned a UNMC study back in discussion on earlier legislation this session. We have 11 counties out of 93 counties that don't have a primary care physician. Nurses provide wonderful care to Nebraskans. My family has appreciated and enjoyed the care of nurses many times. But in all this discussion over the last hour and a half or so, not one time have we talked about the shortage of primary care physicians. We've talked about the shortage of nurses and it's there, it's real, but so is the shortage of primary care physicians. And, Senator Nordquist, is it your intent in the next...in this interim or in coming...in time to come to study the movement towards answering the primary care physician shortage that we have in Nebraska by changing the scope of practice to allow

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nurse practitioners to provide some of that care? Is that...would that be part of the intent here? [LB198]

SENATOR NORDQUIST: I'm not in a position to want to do that at this point. I don't know if the Health Committee had a bill this year. I know there have been in the past to open up that scope of practice. I do think it's something that we definitely should study. I don't know that I will take it on. I know we have the LR22 component at looking at different delivery system models and how that would increase our provider capacity. I think I was going to actually talk this week with Senator Gloor and Campbell, and if it's not going to be a component of LR20 or LR22, whatever that is, I will do...I'm going to do an interim study on telehealth and remote patient monitoring which certainly is something that our state is falling behind on in meeting that demand too. So the scope of practice is one thing that I think can be looked at. I don't know if there's a bill pending or not. I think maybe if no one is going to do an interim study and they're not going to do it as LR22 that should be something we look at. Other states are looking and moving forward with that. But telehealth is an option and loan forgiveness programs and expanding our programs through appropriations like this. [LB198 LR22]

SENATOR KRIST PRESIDING

SENATOR KRIST: One minute. [LB198]

SENATOR McCOY: Thank you, Senator Nordquist, and I appreciate your indulgence to ask a few questions there. And I, too, have been concerned about this process along with Senator Hansen, and that's the nature of this amendment. But I thought this an appropriate time, especially since Senator Nordquist a little earlier on one of his times on the microphone mentioned that we talked about the shortage of healthcare providers that we have across Nebraska. And that is true. But I mentioned in earlier legislation the shortage of primary care physicians. And while this may be a worthwhile use of money, expenditure of taxpayer dollars, we should be, in my view, spending more money to figure out how to address the primary care physician shortage in our state. Thank you, Mr. President. [LB198]

SENATOR KRIST: Thank you, Senator McCoy, Senator Nordquist, and Senator Conrad. Senator Bloomfield, you are recognized. [LB198]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'm going to speak very briefly on this and I'm going to yield some time to Senator Hansen if he'd like it. But I questioned the process on another bill earlier, and I don't even know what number it was. It's long since past. I was told that the information was there in the transcripts from the hearing. Well, the transcribers haven't got that done yet, so the information was not there for the whole body to look at. Senator Mello said he will provide me with those transcripts, and he will. But they weren't available to us yet. And I see some of that same thing here.

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And I think there are some legitimate questions here about the process. And with that, I would yield the remainder of my time to Senator Hansen. [LB198]

SENATOR KRIST: Senator Hansen, you've been yielded 4 minutes. [LB198]

SENATOR HANSEN: Thank you, Senator Bloomfield. Thank you, Mr. President. I don't have a whole lot left, but I do want to ask one really important question and it probably needs to go to Senator Mello. [LB198]

SENATOR KRIST: Senator Mello, will you yield? [LB198]

SENATOR MELLO: Yes. [LB198]

SENATOR HANSEN: Senator Mello, thank you. I've got a question for you and it's the worst-case scenario for the...probably the livestock industry in the state of Nebraska, the zoo industry in the state of Nebraska, the small animal vets in the state of Nebraska. Worst-case scenario that we can't raise enough private funds and the diagnostic lab is not built. This has been a very, very hard thing to raise money for. You know, if you're raising it for nurses, you got promising nurses to go into school there. If you have cancer patients in Omaha, you know, you've got the hope that you're going to get well. Diagnostic lab you usually take dead animals to it and you're not going to get anything but some information. You're never going to see that animal again. My question is, if we can't raise the private funds and that \$45.6 million doesn't get spent, where does that money go? [LB198]

SENATOR MELLO: Well, Senator Hansen, I think that's a unique hypothetical because as part of the committee's...part of...and the reason I say this, part of the committee's recommendation was to lower the amount required to raise for the vet diagnostic lab which was part of the request from the university because they're almost there of raising the private dollars and/or reallocating internal funds. So the committee's proposal ultimately lowered the amount of private match by also a million dollars in which the university, I can get the specific number, but they were more than two-thirds of the way there in we lowered that amount by another million dollars. So the thought is they're further along actually with the vet diagnostic lab than they are with the University of Nebraska-Kearney Allied Health sciences project and ultimately are well ahead of that if...depending upon what the Legislature does with the nursing college. So if that seems to be the case where the university is unable to find that last bit of private or reallocated money internally in their budget for the vet diagnostic lab, I have a feeling that Chancellor Perlman and the University of Nebraska-Lincoln as well as probably President Milliken and the university administration would come back and let the Legislature and probably the Governor know they're unable to find the additional money. But at this moment in time, that was not a concern of theirs as long as when we lowered the total project cost by roughly \$10 million, we also lowered their private match

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requirement by roughly a million dollars. [LB198]

SENATOR HANSEN: I understand that, but what happens if the project doesn't get built? Where does that money go? [LB198]

SENATOR MELLO: Well, ultimately, Senator Hansen, somewhere... [LB198]

SENATOR HANSEN: A project, anytime in the future, (inaudible)... [LB198]

SENATOR MELLO: Well, ultimately the money is just sitting in the Capital Construction Fund right now and we're... [LB198]

SENATOR KRIST: One minute. [LB198]

SENATOR MELLO: ...paying the bond payments for the construction of the vet diagnostic lab. So if for some reason or another they're still not able to collect that final bit of private match, so to speak, or reallocated internal match of other funds, that money is still just sitting in the Capital Construction Fund, the Nebraska Capital Construction Fund, which depending upon the timing of things, the Legislature could go back in future years and take the money out of that fund and lapse it to the General Fund if it's not utilized or utilize it for some other project and so be it the desires and wishes of the Legislature. [LB198]

SENATOR KRIST: Senator Hansen, you're now on your own five-minute time. [LB198]

SENATOR HANSEN: Okay. Thank you very much. I needed to know that. I asked the Fiscal Office, Kathy Tenopir, I asked the lobbyist for the University of Nebraska that very same question and I got a different answer. The answer I got was that that \$45 million would go back into the General Fund. And the private funds that were raised stays in the foundation. So if that is the correct answer and, I mean, I don't know who else to ask that those funds would go back in the General Fund, then why not a portion of that savings go back into the General Fund and then go back into the process of a hearing, a bill, a hearing, floor debate, and go right back into the College of Nursing? [LB198]

SENATOR MELLO: Well, Senator Hansen, I think to some extent we're splitting hairs in regards to the process of all funds that would normally go into the Nebraska Capital Construction Fund are coming either from General Fund dollars or Cash Fund dollars. So... [LB198]

SENATOR HANSEN: Correct. [LB198]

SENATOR MELLO: ...for the vet diagnostic lab we have a reaffirmation every year of providing that bond payment from the General Fund to the NCCF or Nebraska Capital

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Construction Fund. So if for one reason or another the vet diagnostic lab was not to continue moving forward, yes, they're correct, we would not transfer the General Funds to the Nebraska Capital Construction for that project. It would simply lapse or stay in the General Fund. I think there's unfortunately a bit of misinformation in the sense of how capital construction requests actually go through the legislative budget process. All agencies when they submit their budget to the Department of Administrative Services when it goes through DAS that gets split up to ultimately the Governor's Budget Office and to the Legislative Fiscal Office, capital construction requests are part of that budget. Those do not have to have separate legislative bills to be considered by our Appropriations Committee. [LB198]

SENATOR HANSEN: But they did last year. [LB198]

SENATOR MELLO: But that was a unique instance I think, Senator Hansen, and that was a...as Senator Krist brought... [LB198]

SENATOR HANSEN: Okay. [LB198]

SENATOR MELLO: ...a bill this year... [LB198]

SENATOR HANSEN: Thank you, Senator Mello. You're on my time now. I'm not much into splitting hairs. I'm more black and white, see things a little more black and white, and I think that there's something...I just don't feel good about it. Something is happening here that the process is not being followed, it hadn't been followed, and you don't want to follow it. Thank you, Mr. President. [LB198]

SENATOR KRIST: Thank you, Senator Hansen and Senator Mello. Senator Conrad, you're recognized. [LB198]

SENATOR CONRAD: Thank you, Mr. President, and thank you all for what's been a good dialogue on this topic. I just want to be crystal clear on a couple of points here so that everybody can have a good feeling about this good project moving forward. When this amendment was filed, I asked my staff to get a copy of the transcript on this public hearing because I wanted to refresh my recollection. I'm looking at it from March 19, 2013. There were eight unique testifiers; there were two that addressed this specific capital request. This specific capital request was included with all agency capital requests as part of the FY 2013-14, 2014-15 biennial budget capital construction requests reaffirmation booklet which was dated February 4, 2013. Plain as day on page 24 of 30 is the UNMC College of Nursing Lincoln facility project which is in line with how the appropriations process has worked in the entirety of my time in the Legislature and as a member of this committee. So I just want to be crystal clear there that this has been subject to public hearing. It is part of how our process works, and that the reason that there was a series of bills in relation to the healthy Nebraska initiative in the

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previous session was because that came in the context of a deficit appropriation request year, not during the regular crafting of the biennial budget in the first part of the two-year session. With that, I will yield the remainder of my time to Senator Mello. [LB198]

SENATOR KRIST: Senator Mello, you've been yielded 3 minutes 20 seconds. [LB198]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. And I hope to clarify or clear up I think some confusion or misunderstanding in regards to how the budget process works, and biennial budget request years like we're in right now, and ultimately I think some of the concern Senator Hansen has which is in a mid-biennial budget year which would be next year, the Appropriations Committee gets deficit requests. We don't get new budget requests; it's deficit requests. So last year, the university had put in the year prior to in the 2011 biennial budget request the capital construction request for the nursing college. But in the mid-biennium which was last year since they don't submit capital construction requests in a mid-biennial budget, they submitted four legislative bills instead because that was the only real process for them to bring that issue to light in a mid-biennial budget year. I'm not disagreeing in the sense that Senator Hansen is correct. If a senator wants to highlight a capital construction request that an agency is already making similar to what Senator Krist did with the Historical Society's request for the renovation of the Historical Society Museum, a senator could do that, both in a biennial budget year like we're in now or next year they would have to do that because there is no new capital construction request from agencies in the mid-biennial year. That's just not how the process works. So I hope that clarifies a little bit. I know Senator Hansen feels that they should have had a bill to highlight this bill...to highlight this project this year. We didn't have any other bill with any other capital construction request with the exception of what Senator Krist did for the Historical Society which he didn't even have to do at the end of the day because all of those requests go through the normal biennial budget process which the Appropriations Committee discusses when we create the biennial budget in the odd-numbered year. Now next year if there's a capital construction request, their likelihood would be obviously they would have to introduce a bill similar to what I think Senator Hansen, Fulton, Hadley, and Nelson did last year for the building a healthier Nebraska initiative. But it should be noted this has been a request beyond...before that bill was introduced. [LB198]

SENATOR KRIST: One minute. [LB198]

SENATOR MELLO: It was actually part of the budget last year or the last biennial budget in 2011. This same request we got this year in the Appropriations Committee capital construction request was the same request they had in 2011. So I can appreciate I guess to some extent Senator Hansen's questions of how the difference would be from a biennial budget year like we're in now compared to next year in a

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mid-biennial request, but there's no need to do a bill because agencies do this on a regular process through the fiscal, Legislative Fiscal Office, process for us to make the determination of what to appropriate to. So I hope that clarifies Senator Hansen's concern that somehow this was done differently than every other capital construction request has been done the four years I've been here in the mid...in the biennial budget year which we're in now. Next year is a different story which Senator Hansen would be correct, they would have to probably do a bill next year. It's the only way they could do it unless we carried over a request from this year. [LB198]

SENATOR KRIST: Time, Senator. [LB198]

SENATOR MELLO: Thank you, Mr. President. [LB198]

SENATOR KRIST: Thank you, Senator Conrad and Senator Mello. Senator Hadley, you are recognized. [LB198]

SENATOR HADLEY: Mr. President, members of the body, I'll be very quick. Senator McCoy was talking about the shortage of healthcare professionals and I just wanted to tell the body that we had an interesting lunch, must have been two or three weeks ago, where we had the vice chancellor for academic affairs from the medical center, we had the dean of nursing, we had the dean of medicine, and we had the chairman of the family practice department. And the entire lunch hour was devoted to what they were doing to try to increase the supply of medical providers in outstate Nebraska and it was an interesting conversation. It dealt on things like residencies, the changing in residency programs to get students out in the residency years to outstate Nebraska. Talked about the RHEN program which is an early admission program to med school for people going to the state college system. We talked, I brought up the program that the University of Kansas now has in Salina where they have eight students a year, will have a total of 32 students in Salina in a University of Kansas Medical School in Salina where they will never have to go to Kansas City to take a class. They will do their entire medical program, academic program, in the four years in Salina, Kansas, and then hopefully stay out in the area of rural Kansas. So I think there's a lot of things people are doing right now to try and...I applaud the University of Nebraska Medical Center for realizing the problems of providing healthcare personnel to outstate Nebraska. Thank you, Mr. President. [LB198]

SENATOR KRIST: Thank you, Senator Hadley. Senator Schilz, you're recognized. [LB198]

SENATOR SCHILZ: Thank you, Mr. President, members of the body. Good evening. It's...the day is going along. You know I'm one of those guys that's just like Senator Hansen and understands the importance of the diagnostic center and understands and was involved in some of the meetings that brought all that together and started to bring

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that together. And, you know, I under...and I also understand the need for healthcare professionals not only in rural Nebraska but in our cities and other larger towns too. So as I looked at this I was thinking about that and wondering, okay...and it just comes down...in my mind it comes down to simplicity in what we're doing. And if this money isn't needed for the diagnostic lab from what it was set out to do for, my question is and I've heard some of the proponents or the opponents of the amendment, proponents of Section 45 here talk about how important this stuff is. I'd like to keep things, you know, as simple as possible, as transparent as possible. We've heard that word around. And so I kind of fall in the same camp as Senator Hansen in questioning, you know, what we're doing. I want to make sure that we're not, you know...and I'm not...I want to make sure that we don't have the look of playing any shell games or anything like that, and I know it's all written out here. But I...the main thing I want to do is to stand up in support of the diagnostic lab, stand up in support of the University of Nebraska in that mission that they have there while at the same time understanding that there's other things that we can do and just making sure that we do those in such a fashion that everyone understands how we got there, where the money came from, and how we move forward. And if Senator Hansen would like the rest of my time, I will yield that to him. [LB198]

SENATOR KRIST: Senator Hansen? Senator Hansen waives. Thank you, Senator Schilz. Senator Wallman, you are recognized. [LB198]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I do have a question. Would Senator Hansen yield to a question? [LB198]

SENATOR KRIST: (Laughter) That was a relief. Senator Hansen, would you yield to a question? [LB198]

SENATOR HANSEN: Yes. [LB198]

SENATOR WALLMAN: Thank you, Senator. In regards to like the beef checkoff and all that, do you know if that...do they ever contribute anything to the diagnostic lab? [LB198]

SENATOR HANSEN: Not that I know of. I know the Nebraska Cattlemen have, Farm Credit Services of America have. I don't know the list of donors, certainly don't. [LB198]

SENATOR WALLMAN: Thank you. [LB198]

SENATOR HANSEN: As long as it's research, education, or promotion, the checkoff can put money in it. I don't know if they have or not. Really don't. [LB198]

SENATOR WALLMAN: Thank you. And I think that would be a good place for them to

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put some money. And we're always skeptical when we have to match dollars. That's just human nature for a farmer or rancher. But I think we have to move forward with this and that's all I have to say. Thank you, Mr. President. [LB198]

SENATOR HANSEN: Patience, Norm. [LB198]

SENATOR KRIST: Thank you, Senator Wallman and Senator Hansen. Seeing no one else in the queue, Senator Hansen, you are recognized to close on your amendment. [LB198]

SENATOR HANSEN: Hello. Hello. There you are. [LB198]

SENATOR KRIST: You got it. [LB198]

SENATOR HANSEN: Thank you, Mr. President. Just going back and recapping briefly the three projects that did get funded last year in the healthier Nebraska project. They were all very worthy projects. The nursing college here in Lincoln, and I assume that's all I've ever heard that it's going out on east campus somewhere next to the...in the area of the dental college which is fine with me but I'm not sure the students are going to like it that much on a bus ride. But they'll figure that out if they want to work in that industry. My biggest problem is again is the, you know, the word that we've used for so many years is transparency. And this, I think, lacks transparency. The process was not transparent, at least to me and some of the other people that found out that this money from a savings from one project was automatically transferred to another project. I think that money ought to go the General Fund. I think it ought to be...have a hearing like it's had several times in the past, make sure they have buy-in from the local people. And not only UNMC; it has to be a local project. I mean, UNMC is going to raise the money so I suppose they could raise it in Texas or New York or wherever they want to raise it as far as that goes. But it would be certainly looked to me like it would be a great attribute to the school if they could get some local buy-in and I'm sure they will. When I asked the Fiscal Office what would happen to this \$45 million if the project...if the diagnostic lab was not built, and I asked the university lobbyist Ron Withem where that money would go, and they both said it would go back in the General Fund. It's set aside now. I'm sure exactly what account that's in but it's set aside. But it would go back into the General Fund. And I can't see why if the whole amount would ever go back into the General Fund if the project wasn't built, then why a portion of it could go to another project. I think the process...maybe if this is the way it's been done, maybe it ought to be changed. Maybe it ought to become a little more transparent. That seems to be a real big buzz word, especially last year, and it'll never change. The people need to know. The local people need to know. The state of Nebraska needs to know where their General Funds are going. Thank you, Mr. President. [LB198]

SENATOR KRIST: Thank you, Senator Hansen. You've heard the closing to AM1188.

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The question is, shall the amendment to the committee amendment to LB198 be adopted? All those in favor...Senator Hansen. [LB198]

SENATOR HANSEN: (Microphone malfunction) ...for a call of the house. [LB198]

SENATOR KRIST: 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; opposed, nay. Please record, Mr. Clerk. [LB198]

CLERK: 27 ayes, 0 nays to place the house under call. [LB198]

SENATOR KRIST: 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. Senator Christensen, Senator Lautenbaugh, Senator Kintner, please check in. Senator Ashford. Senator Ashford, please check in. Thank you. Senator Christensen, Senator Lautenbaugh. All members are accounted for or present. Senator, how would you like to proceed? [LB198]

SENATOR HANSEN: Roll call, regular order, please. [LB198]

SENATOR KRIST: Mr. Clerk, a roll call. And all those in favor...regular... [LB198]

CLERK: (Roll call vote taken, Legislative Journal page 1296.) 6 ayes, 32 nays, Mr. President, on the amendment. [LB198]

SENATOR KRIST: The amendment fails. [LB198]

CLERK: I have nothing further on the bill, Mr. President. I'm sorry, I have nothing further to the committee amendments. [LB198]

SENATOR KRIST: Raise the call. Seeing no one else in the queue, Senator Mello, you're recognized to close on the committee amendments. [LB198]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. AM658, the Appropriations Committee recommendations, ultimately becomes the bill, LB198, as I mentioned on my opening. You can look at the existing capital construction reaffirmations as well as the new capital construction requests that the Appropriations Committee put forward in our recommendation on page 79 through 83 and ultimately goes through page 86 in regards to details over the next biennium in regards to different capital construction projects outside of the two that we had discussed with previous amendments brought by other senators on the floor. This is a capital construction budget that, as I mentioned, puts investments in higher education both with the

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university's nursing college that we just discussed, as well as a renovation of the Conn Library at Wayne State College and the new Rangeland Center phase two project at Chadron State College. The other issue that we discussed under Senator Lautenbaugh's amendment that's part of our proposal is the renovation at a lower appropriation amount of the Nebraska Historical Society Museum roughly at a \$6 million appropriation over this biennium and partially next biennium. With that, I urge the body to adopt AM658. Thank you, Mr. President. [LB198]

SENATOR KRIST: Thank you, Senator Mello. You've heard the closing on AM658. The question is, shall the committee amendments to LB198 be adopted? All those in favor vote aye; opposed, nay. Have all those voted that wish to? Please record, Mr. Clerk. [LB198]

CLERK: 43 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB198]

SENATOR KRIST: The amendment is adopted. [LB198]

CLERK: I have nothing further on the bill, Mr. President. [LB198]

SENATOR KRIST: Seeing no one else in the queue, Senator Mello, you are recognized to close on LB198. [LB198]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. The amendment we just adopted, AM658, now is...the underlying bill will be LB198, which is our capital construction bill. As I recently just discussed, there are three, I think, projects that stuck out in comparison to projects that were brought forward through other code agencies and noncode agencies which we incorporated--Game and Parks, Corrections--and a variety of other state agencies. As I mentioned, the page numbers...if you have any further questions, please feel free to contact myself or Senator Harms, other members of the committee. With that I'd urge the body to adopt LB198. Thank you, Mr. President. [LB198]

SENATOR KRIST: Thank you, Senator Mello. You've heard the closing on LB198. The question is the advancement of LB198 to E&R Initial. All those in favor vote aye; opposed, nay. Have all those voted that wish to? Please record, Mr. Clerk. [LB198]

CLERK: 41 ayes, 0 nays, Mr. President, on the advancement of LB198. [LB198]

SENATOR KRIST: The bill advances. Mr. Clerk. [LB198]

CLERK: Mr. President, LB199, introduced by the Speaker at the request of the Governor. (Read title.) Introduced on January 15, referred to Appropriations, advanced

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to General File. I do have Appropriations Committee amendments, Mr. President. (AM659, Legislative Journal page 1204.) [LB199]

SENATOR KRIST: Senator Mello, you are recognized to open on LB199. [LB199]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. I would like to waive opening on LB199 and move directly to AM659 if possible. [LB199]

SENATOR KRIST: Please do. [LB199]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. LB199 is the funds transfer bill which provides for various transfers between different funds. The bill includes both funds transfers from the General Fund to cash funds and transfers between cash funds as well as the creation of a new cash fund in the Department of Banking. LB199 does contain an emergency clause. The Appropriations Committee...AM659 would become the bill. The amendment provides for a number of additional fund transfers as well as corresponding amendments to legislative intent language in existing fund statutes. A full list of the transfers provided for in LB199 and AM659 can be found on the committee statement. I'd urge the advancement of LB199. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Mello. Mr. Clerk. [LB199]

ASSISTANT CLERK: Mr. President, Senator Mello would offer AM1207 to the committee amendments. (Legislative Journal page 1206.) [LB199]

SENATOR KRIST: Senator Mello, you're recognized. [LB199]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. As I mentioned previously in other floor debate, AM1207 is one of two amendments filed to the committee amendments to make changes that were adopted by the Appropriations Committee after both the amendments and the blue budget books had already been finalized. AM1207 would transfer \$53 million from the General Fund into the Cash Reserve Fund. In response to the higher revenue estimates from the Forecasting Board over the next two fiscal years--that meeting was held at the end of April--the Appropriations Committee felt the best course of action was to transfer those additional funds into the Cash Reserve. As I have mentioned on other floor debate as well as in the prebudget briefing, in conversations both with the committee as well as, I would...as well as the Chairs--Chairman Hadley and Vice Chairman Schumacher--from the Revenue Committee, the Appropriations Committee felt that, with the uncertainty of the impact of the drought this summer and the fall as well as the likelihood of recommendations from a tax commission study, that the \$53 million was better left to be put into the Cash Reserve to help mitigate any potential economic risk as well as what

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we may anticipate when it comes to future tax changes and tax reform packages that comes from the tax commission study next year. I've spoken with, as I said, Senator Schumacher and Hadley. Both are supportive of this transfer from the General Fund to the Cash Reserve, which would put our Cash Reserve roughly at about \$624 million. That number is already accounted for on the green sheets that's attached to the budget, or to the agenda document, as this was a component...this amendment was voted on by the Appropriations Committee for me to ultimately introduce to LB199. With that, I'd urge the body to adopt AM1207, AM659 and, ultimately, LB199. Thank you, Mr. President. [LB199]

SENATOR KRIST: You heard the opening on the amendments to the committee amendments and the bill. There are two in the queue, Senator Pirsch and Senator Hadley. Senator Pirsch, you are recognized. [LB199]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. And first I'd like to acknowledge the very difficult and challenging position that Senator Mello has as the Appropriations Chairman. And the \$53 million in question in this amendment reflects money that the state, based on the latest forecast that came out last month, is now projected to take in. I rise--because I think we need to keep faith with the people of the state of Nebraska--in opposition to AM1207 to LB199. This amendment does seek to transfer the projected \$53 million of, essentially, what I consider surplus tax dollars from the General Fund to the Cash Reserve or a rainy-day fund. And so I ask this body to vote no on this amendment. Instead, I'd propose to leave these dollars, for the time being, in the General Fund so that I can return the surplus, non-needed tax dollars in question here back to the individuals in Nebraska from whom they came from in the form of a one-time tax rebate. And so if this motion is unsuccessful, as I hope it is, I will introduce an amendment in the near future on a germane Revenue bill that would use the surplus \$53 million to provide a one-time tax rebate to Nebraskans in a reasonable manner as this body collectively sees fit. The power to tax is a governmental power that compels the taking of private monies as a necessary evil. Attendant with this power is the governmental responsibility to ensure that this awesome power is not abused and that the exercise of the power is reasonably employed, that is, that government will not compel a taking from Nebraskans' private funds unless it is to serve a necessary and proper governmental need. Here, with these tax dollars in question, it's clear that there is no such present and necessary and proper governmental need. Given the size of our Cash Reserve, which is already slated by the latest projection, as Senator Mello had just mentioned, to approximately equal the largest amount that it has ever contained--just shy of \$600 million, exclusive of this \$53 million in question here--and given the fact that our economic projections work to show an increased revenue in the next few years, and given the fact that the recent historic downturn in our economy, which we've collectively referred to as the Great Recession, in its worst years still left our Cash Reserve with well over \$313 million in the account, and it's for those reasons that I urge you to vote no on the amendment. That will allow us to return these surplus

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dollars back to the hands of those Nebraskans where they came from in the form of a one-time tax rebate. In closing, I think we need to keep faith with the people of the state. In instances where we have worked to take significant amounts of monies and don't have a present and necessary and proper need for the money, I think we do have a duty to return those dollars. And so I'd ask you to vote no on this amendment so that we can follow with a Revenue Committee amendment in the near future here to give a one-time tax rebate. Thank you. [LB199]

SENATOR KRIST: Thank you, Senator Pirsch. Those wishing to speak: Senator Hadley, Schumacher, Davis, Chambers, Mello, Dubas, Wallman, Nordquist, Bolz. Senator Hadley, you are recognized. [LB199]

SENATOR HADLEY: Mr. President, I would like to thank you. The Governance magazine just came out yesterday and had an interesting article about cash reserves and what the states should have in the way of cash reserves. And they talked about the state of Michigan, and the governor up there was chastised because the governor wanted to put \$75 million into their cash reserve. And I may not have the number right, but the cash reserve they're looking at in Michigan is \$545 million for the entire budget for the state of Michigan, and they went through a terrible time when we had this recession because they did not have a cash reserve. The article went on to say that something around two months' of expenditures, they feel, is an appropriate cash reserve, and I think our Cash Reserve is somewhere around that level. And the key to the Cash Reserve is to keep you from having to disrupt services to your constituents when we do have these troughs, so I have no problem of having the Cash Reserve being built up. Now the \$53 million, I have talked to Senator Mello and we have an understanding that we are going to do a tax study and it may require some shifting of taxes and some requirement for payment of funds over the long term. So I...when we have that next year, I want people to remember where that \$53 million...what it could possibly be used for next year. The problem you always have is you never know what next year is going to bring. But I'm kind of going to put my oar in the water right now and say that that may need some of that as a result of our study. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Hadley. Senator Schumacher, you are recognized. [LB199]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. I rise in support of the transfer of the money to the Cash Reserve. If you think about it, two years ago we were scrambling to try to get money out of anywhere that we could and we were raiding every fund. No matter how bled down it was, we squeezed the turnip an extra time. And you have to ask yourself, what really has changed since two years ago economically? We had a little luck with high commodity prices. We had some instability which caused people in a smaller scale to cash out some of their assets and pay some

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tax. And, of course, we had the panic sale, fearing that there would be some great capital gains confiscation should the fiscal cliff had not been averted. But outside of that we're fundamentally in the same economy we were, except we also had a drought, may look at another year or possibly two of drought. We're a long way from being out of the woods, nationally and globally, from the crisis that was triggered by 30 years of excessive debt in both the private and the government sectors. And so the idea that we can just count on a pile of money down the road compounding at 5 percent interest, when I bet you none of you are getting anything close to that in your savings accounts, that idea is hopefully true but might be fanciful. We have great uncertainty in those projections. I think if we're going to be serious about this tax study, there's a good chance that it will come back with recommendations in some areas to change things. And you can never guess how a change is going to fully impact the bottom line until you've gone through it, so we're going to have some instability in our taxing system. If we change sales tax base or rates or income tax bases or rates, we're going to need to have a reserve to compensate for that. And finally there is the thought of the value of organized money. Undoubtedly, if you refunded \$50 million, it would probably work out somewhere around the neighborhood of \$50 a family per...for one dime year. And that money, \$1 a week or so, would end up being dissipated very quickly and very quickly forgotten. That money has value in an organized fashion until we know for sure how stable we are and how we can afford things. The idea that somehow you could refund that money back to the taxpayers from which it came is probably fanciful because you're not going to put the money back to the taxpayers from which it came. It came from fairly influential people or well-to-do people liquidating assets, capital assets that were highly appreciated, and they were doing so in fear of a capital gains tax increase. You're not going to get the money back to those people. There's no way you could compute who to give it to, nor would it be constitutional to give it to them. So that idea is really advocating a massive--or not so massive because \$50 million is, like I said, a minimal amount of money per year per family--but massive income redistribution, taking income from the people that paid those capital gains taxes and indiscriminately just redistributing according to some arbitrary formula. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR SCHUMACHER: I think that this is a prudent move to put it in the reserve at this time, to let it be treated as a reserve, and then hopefully everything goes really well and we can do a meaningful dip into our revenue streams for meaningful tax relief at a point in the future. Thank you. [LB199]

SENATOR KRIST: Thank you, Senator Schumacher. Senator Davis, you are recognized. [LB199]

SENATOR DAVIS: Thank you, Mr. President. Good evening, colleagues. I think Senator Schumacher said everything that I wanted to say. I'm just going to say it a little

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differently than he did. First of all, I want to commend the Appropriations Committee for making this decision to put this money in the Cash Reserve. It's a very logical and sensible approach to the surplus. I am a big believer in tax cuts and we need to do that when we can, but we are just coming out of a significant recession. We're a long ways from being out of the woods if you look at the national economy. And if you look overseas, you'll find Cypress defaulting, Greece defaulting or nearly defaulting. The Euro is in trouble. So I think if you look back, in 2008, you would never...at the beginning of 2008 you would never have guessed where we were going to be at the end of that year. That said, I think we could be in the same boat in this economy. But let's review the end of last year. We had all kinds of discussion that was going on for several months about what was going to happen with Obamacare and the increases in taxes that were going to be associated with that. Nobody knew what they were going to be, but they knew at the time that they were paying 15 percent capital gains on their stocks and bonds. And I'm telling you, I know a lot of people who liquidated their investments in December of last year because they were afraid of the tax consequences. That revenue percolates into our budget and our revenue, and so we've got a surplus of money, which is a great thing. It would be a huge mistake for us at this point, this early in the recovery, to say, well, we're going to give that back in a rebate. I think that Nebraska is extremely lucky to have had the revenue in the Cash Reserve program that it had, which helped you get through some very trying times. Let's be sensible and logical and put this money in the Cash Reserve. Think about it, do the tax study, and then see if we can do some logical, sensible tax reform, rather than a short shot in the arm which isn't really going to solve the problem. So with that said, I'm a strong supporter of the amendment and would urge...or I'm against this tax refund that Senator Pirsch has put forward and would urge the body to follow me in that decision. Thank you. [LB199]

SENATOR KRIST: Thank you, Senator Davis. Senator Chambers, you're recognized. [LB199]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I also am pleased with the decision that the Appropriations Committee made. You heard two, dyed-in-the-wool-hat, knowledgeable capitalists speak just before I came to the floor. I don't know anything about what they're talking about. Capital gains, that means to me that if you have a Capitol building and you construct as they're doing, like Senator Avery was talking about out here, the approach to the Capitol, you're building fountains and things like that, those are "Capitol" gains--the Capitol gains from it. But when it comes to money, I do understand that because often those who have the least of something understand it the best and appreciate it the most by virtue of the fact that you have so little. Now it would be very unwise for a Legislature to carry on like maybe a governor would, who is a member of the executive branch, has only his or her political fortunes to be concerned about. The Legislature formulates policy. It should be done in a reasonable, rational fashion. If somebody has not had money and suddenly comes into the money, nouveau riche or however you pronounce that, it seems like so much that

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they're just squandering. They're throwing it away, forgetting that they didn't have it. So one of the worst combinations is shortsightedness combined with short memory. It was not that long ago that there was a serious problem. This so-called surplus tax money is a term that has no reality in this world. There never is any surplus tax money. This did not come about through frugal planning or anything that the Legislature, the Governor, or anybody else did. It came about through what our two capitalists explained to us. So we should remember that the money put into the rainy-day fund, or whatever you want to call it, is not going anywhere. It's there. You would take a big chunk of money, which in that chunk form could do something of value, and cut it up into 10,000 little-bitty pieces and it disappears and does nothing. There is going to come a time, just like there was not long ago, when money is going to be needed. Do you want money to be taken out of the Corn Board money? Taken from the Wheat Board? Taken from all these other boards? You're yapping and whining and complaining about that, coming up with an unconstitutional configuration to do something about it. Well, the reason you go into the Corn Board money is for the same reason that the bank robbers rob the banks--that's where the money is. We're saying now, protect the Corn Board, protect the Wheat Board, protect all of these other funds by taking this relatively small amount of money, putting it someplace where it will be, and I think we ought to follow the wise guidance of the Appropriations Committee and what our own mind will tell us about how we should handle our own money. Just because we get it now doesn't mean we should throw it away. And if you want concrete examples, look what happens to athletes who suddenly turn pro, get a big signing bonus, or a heavyweight fighter who gets the championship fight, gets all this money, buys cars, buys houses, doesn't realize that they're going to be taxed. There's an upkeep on that property, it's not really his, and pretty soon all of that money is gone. You wonder why they wind up broke? They had the money but not the knowledge of how to handle that money so that it doesn't disappear. We've been given, thanks to the work of the Appropriations Committee,... [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR CHAMBERS: ...a simple, straight-line map to prudence. Now I don't know anything about geometry, but a circle is not the same as a globe. A circle could be described as a curved line, each part of which is equidistant from a fixed point in its center. That means that line is going to have to connect someplace. But because it's round doesn't mean it's a globe. I don't have time to define a globe for you, but we're talking about the difference between a plate, which is a flat circle, and a ball, which is a globe. And I'll try to fashion a definition for globe by the time I speak again. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Chambers. Senator Dubas, you are recognized. [LB199]

SENATOR DUBAS: Thank you, Mr. President. And I do rise in support of the

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amendment and the underlying bill. And would Senator Mello yield to some questions, please? [LB199]

SENATOR KRIST: Senator Mello, will you yield? [LB199]

SENATOR MELLO: Yes. [LB199]

SENATOR DUBAS: Thank you, Senator Mello. Do you remember or have you heard the number of where our Cash Reserve was at before we went into our latest downturn? I came into the Legislature kind of when we were at our height, and then we went into that downturn. And I know we had a pretty sizeable or comfortable Cash Reserve. Do you remember what that number was? [LB199]

SENATOR MELLO: I have a sheet here, yes, Senator Dubas. Just to give a little historical perspective, in the recession that happened 2002/2003/2004, our Cash Reserve in the early 2000s were roughly 2.4 percent to 3.2 percent of our General Fund Appropriations, which was one of the lower amounts we've had over the last, I would say, 15 years. Back in 2008-2009 fiscal year, when the Great Recession started, our Cash Reserve balance, percentage-wise, of General Fund appropriations was 17.2 percent. And that 17.2 percent may, in some theory...people said that was maybe a little high. It's, on average, between 15 to 16 percent is where it's recommended. But that 17.2 percent in fiscal year 2008-2009, we had roughly \$578 million, which we utilized that, essentially, for a four-year period to help us balance the budget and get through and weather the Great Recession. With the adoption of AM1207, AM659 and, ultimately, the underlying bill, LB199, our Cash Reserve balance would be roughly \$625 million with a percentage of estimated revenues--I should say, instead of General Fund appropriation--estimated revenues of roughly 15.7 percent. So we would have a lower percentage of what we had, moot, before we went into the Great Recession in 2008. But sizably it's very similar to where we were at the year prior to that--I think it was your first year in the Legislature--fiscal year 2007-2008, where we were at 15.6 percent. [LB199]

SENATOR DUBAS: And I believe you said how long we kind of lived off of that Cash Reserve at the time. Do you have a rough estimate if right now, today, we had the \$624 million in the Cash Reserve and we took a downturn, how far could that \$624 million take us? [LB199]

SENATOR MELLO: Well, let's just use, I think, Senator Dubas, the last four-year period--which is perhaps, still, I would argue, the four years that I've been in the Legislature and many others have been--that incorporated, so to speak, the Great Recession. When that recession started we were at 17.2 percent of our estimated General Fund revenues, roughly \$578 million. We took that amount down to this current...ultimately, the current fiscal year we're in right now, our Cash Reserve to 9.5

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percent or roughly \$381 million in the Cash Reserve. So we took the Cash Reserve almost in half over the last four years to help us weather the economic storm that hit not just Nebraska but the entire United States. And with the changes that Senator Schumacher, Senator Hadley, other members of the Appropriations Committee have talked a little bit about with the one-time increase in capital gains income that happened in part due to changes or projected changes at the federal level back prior to the end of 2012, as well as what we're doing in AM1207, which is estimated revenue growth over the next biennium of roughly \$53 million, that gets us back up to roughly 15.7 percent. So in theory, over the course of, I would say, from the October Forecasting Board meeting in October, 2012, to the Forecasting Board meeting that was held end of last month, in April, we would almost make up or come close to making up the money we used in the Cash Reserve... [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR MELLO: ...over the last four years. [LB199]

SENATOR DUBAS: Thank you very much, Senator Mello. And I remember my early days in the Legislature and spending time in the Fiscal Office just having them walk me through how the budget works and all of the lines on the green sheets. And at times I kind of felt like I was sitting with my mom and dad when they were talking about the importance of that savings account and what that will mean to the state. And as I said when I came in in 2007, we were looking at some pretty healthy times and so, you know, you don't always think about when those healthy times aren't so healthy. But I really took those words to heart that it's...that Cash Reserve is a very, very important part of our budget process and certainly found that out when we went into the recession. And we did have some very difficult decisions to make as we made cuts, but I can only imagine how much more difficult they would have been to make had we not had that Cash Reserve, that savings account, to help us weather that storm. And so I stand in strong support of the amendment and the underlying bill. Thank you. [LB199]

SENATOR KRIST: Thank you, Senator Dubas and Senator Mello. Senator Wallman, you are recognized. [LB199]

SENATOR WALLMAN: Thank you, Mr. President. It seems like we can't wait to give money away. I want to tell you something. When we put earmarks in place, like for Department of Roads, you better have a little more money in the bank because it goes out continually and you can't beat having a little cash in the bank. And then if emergencies arise, which they may--grass fires, you know, massive tornadoes, NEMA may need more money--all these places are good. Or they may have another flood, Senator Bloomfield, and we hope not, but everybody then comes to us for help. And then, if we have to turn them down, is that good policy? I don't think so. I think put it in the bank and hopefully they earn some interest for us. Thank you, Mr. President.

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[LB199]

SENATOR KRIST: Thank you, Senator Wallman. Senator Bolz, you are recognized.
[LB199]

SENATOR BOLZ: Thank you, Mr. President. I will be brief. All I really want to say is that, as a new member of this body, I take the responsibility to steward our dollars well very seriously. In the era of term limits, forward-looking policy is essential, and so I think this is the best strategy. It's smart, it's strategic, it's the right thing to do, and I will yield the remainder of my time to Senator Chambers, should he like it. [LB199]

SENATOR KRIST: Senator Chambers, you've been yielded 4 minutes 20 seconds.
[LB199]

SENATOR CHAMBERS: Oh, thank you very much. I can always use time. Members of the Legislature, it's not often that I give compliments to my colleagues because it's not often that they merit them. But I would advise them of this: When you get compliments, treat it like perfume--you smell it but you don't swallow it because if you swallow compliments you get the big head, like if you swallowed perfume you might get a headache. And I see Senator Kintner over there eyeing me. But here's what I'm going to say about this money. I don't know that any of us will ever have \$53 million of our own. But when you're talking about a state and you look at the size of the budget that we're dealing with, \$53 million, as our capitalists have indicated to us, is really next to nothing. Now Senator Pirsch was not a poor child. He was born with a silver spoon in his mouth, and he had blankets on his little bed woven with threads of gold so he would recognize what this is and how warm it is, how it protects you and ensures your health. So he's in a position to say, let's just take this and rebate it back to people. But as our knowledgeable capitalists told us, this is not ordinary tax money that came in from people through the ordinary course of collecting taxes. And taxes are not a necessary evil; taxes are the wherewithal that the government is able to use to provide the services that everybody expects, that everybody is entitled to expect from a government. So I would not...if it was \$100 million, I wouldn't want to see it frittered away. There have been governors since...during the time I was in the Legislature who would give back these phony, so-called tax breaks. And they talk about the total amount of money that comprises all of those breaks and it sounds like a lot, but it's not all going to one person. It's going everywhere. As was pointed out about something that somebody on this floor wanted to do, Senator Schilz, this property tax, \$4.50 on a \$100,000 house. Now what about people who don't have a house worth \$100,000? They won't even get \$4.50. And I'm sure those people with those \$100,000 houses would rather see that money kept in a bunch so that something could be done with it that was seeable, recognizable, usable, and beneficial to the public. We have to be very careful that as a collection of intelligent, thoughtful people we don't get caught up in the way we might behave if we were one individual, as Governor, seeking to be the

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Governor, or seeking some other higher office and want to be able to say, I managed to give tax money back to the people. Well, now if they take you at your word they say, well, you cheated me, I didn't get anything, who did you give this money to--ConAgra? Mutual of Omaha?--and mention every big business they can think of. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR CHAMBERS: I want to hear, other than Senator Pirsch who was born with the silver spoon in his mouth, somebody justify spending this money, frittering it away like the prodigal's son. Senator Pirsch is not a singer. But he is a dancer because I saw one of those end-of-the-session things, Sine Dies, and I watched him dance. He can cut a rug and he also can dribble a basketball and make his way to the basket. And if he would be as decisive on this floor, in every respect, as he is on that basketball court, Senator Pirsch, Sonny, you would go places. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Chambers. Senator Bloomfield, you're recognized. [LB199]

SENATOR BLOOMFIELD: Thank you, Mr. President. I'm going to proceed down a dangerous path here. I'm going to challenge Senator Schumacher's numbers just a little bit. Fifty-three million dollars divided by 1.8 million people, that's roughly \$30 for every man, woman, and child in the state of Nebraska. Take that to a family of four, it's \$120. Perhaps that doesn't mean anything to the people that have a lot of money. As we've discussed before, \$120 means something to a lot of people in the state of Nebraska. Senator Chambers, you wanted somebody that would stand up and say, we'd ought to give this money back and justify why. Here I am. The money belongs to the people of Nebraska. It is not our money. It is on loan to us from the people of Nebraska to do the business of the people of Nebraska. We currently have more than we need. Let's give them back a little bit of it. There is no need to rathole away more and more. I'm a firm believer in the Cash Reserve, but we've got it about to where it needs to be. It's going to grow a little bigger. Let's not be afraid to give the people of Nebraska back a little bit of their hard-earned money. Senator Chambers, I'd like to ask you a question, please, if you would yield. [LB199]

SENATOR KRIST: Senator Chambers, will you yield? [LB199]

SENATOR CHAMBERS: (Singing) If I don't step into a burning ring of fire, yes. [LB199]

SENATOR BLOOMFIELD: Probably no more quickly than I will go to Folsom Prison for robbing and stealing from people. (Laughter) Senator Chambers, if that amount was \$1 billion, would you want to refund any of it to the people or do you believe we ought to spend it as the government? [LB199]

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SENATOR CHAMBERS: Well, Senator, if it was \$1 billion, it wouldn't come from... [LB199]

SENATOR BLOOMFIELD: That was intended to be a yes-or-no question. [LB199]

SENATOR CHAMBERS: It didn't come from the people. You didn't phrase the question properly. [LB199]

SENATOR BLOOMFIELD: Senator, that was intended to be a yes-or-no question. [LB199]

SENATOR CHAMBERS: It's a question incapable of a yes-or-no answer from me. [LB199]

SENATOR BLOOMFIELD: I'm sorry that you can't answer a simple yes-or-no question. I will withdraw the question then. [LB199]

SENATOR CHAMBERS: Thank you. [LB199]

SENATOR BLOOMFIELD: Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Bloomfield and Senator Chambers. Senator Avery, you are recognized. [LB199]

SENATOR AVERY: Okay, thank you, Mr. President. I'm going to be short and brief. I'm already short. I support the transfer of this money to the Cash Reserve Fund. That Cash Reserve Fund was set up in 1983 primarily as a cash management tool. I believe Senator Hadley addressed that earlier. The purpose of this fund is for temporary transfers to the state General Fund when balances are not sufficient to meet our obligations. Now over time we have added an additional use for this cash fund. It's no longer just a cash management tool. It also is used to finance one-time, new capital construction projects. But I do remember that we made some critical transfers from this cash management fund when we were going through hard times. I believe we made, in 2008 and '09, almost a \$55 million transfer. Then again in 2009-10, we made a \$40 million transfer, another \$40 million the next year. So it is a valuable tool. I think that it's probably a little bit low now, and I think getting it up over \$600 million is a good thing. I did say I would be brief and if Senator Lautenbaugh will get back to his microphone, I will yield him the remainder of my time. [LB199]

SENATOR KRIST: Senator Lautenbaugh, you're yielded 3:20. [LB199]

SENATOR LAUTENBAUGH: Thank you, Mr. President, and thank you, Senator Avery. I probably shouldn't point this out, but I will because I've been a vigorous defender of the

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roads bill. And I get the feeling HHS has gone out of business because now all we talk about when we're looking for a bogeyman at the mike is the roads bill and the roads earmark and how terrible the roads earmark was and we've got to do something about that money surely, which I think this year is \$55 million. Well, this amount that we're talking about right here, unless I misunderstand, is \$55 million and it seems to be extra, and Senator Chambers described it as not very much, kind of chicken feed. Unless it's earmarked for roads, then it's kind of pretty much the end of the republic, you understand. Schools will close; people will go hungry; all of these horrible things will happen if we improvidently handle one of our main responsibilities as a government, which is paving the roads. So if you're one of those unusual senators like me and you have roads in your district and cars in your district, I think we should just consider repealing that set aside that we did for the roads and just stop building roads. You should get ahold of your constituents and say, we're sorry, that \$55 million that's insignificant that we're talking about on this bill is a budget buster on the roads set aside, so we're just not going to do that anymore, we've thought about it and we've decided it was just the wrong thing to do. So my former constituents in Blair who routinely die, one or two of them on Highway 133 every year, they can continue to do that because we're not going to fix that road, because that \$55 million is, you know, money we can't afford. But this \$55 million is extra and not very much money so, you know, money is different, I guess, depending on what you use it for. Even if it seems numerically the same, it's different, depending on what we're using it for. So I hope you'll keep that distinction. Actually, I hope you'll explain that distinction to me because I always thought that \$55 million was \$55 million. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR LAUTENBAUGH: And it's not insignificant if we're talking about it tonight but the end of the republic if we're talking about spending it on roads. It seems like the same \$55 million to me. And Senator Chambers is shaking his head, so I have a feeling he's going to tell me how \$55 million is not \$55 million. And so I'll look forward to that as I always do, and I'll yield my one...I can't yield. I apologize. I'll anxiously await Senator Chambers' enlightening comments on this. [LB199]

SENATOR KRIST: Thank you, Senator Avery and Senator Lautenbaugh. Senator Kintner, you are recognized. [LB199]

SENATOR KINTNER: Well, thank you, Mr. President. You know, by golly, I think Senator Pirsch is onto something. If we put our money, put the \$50 million-plus into the Cash Reserve, well, we're keeping them from spending it but, boy, is it a tempting, tempting target for future spending. You know, the only time...at least, I've been following politics in this state for about 12 years. The only time we ever cut spending in this state is when we have a financial crisis. Now if you could sit in Appropriations where I sit and see all of the people coming in to get their chunk of the pie, to get their hand in

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your pocket, it's like throwing bloody meat into a pool of sharks. They're circling and, boy, they want to spend it. So if we gave the money back to the rightful owners and we get it out of Lincoln, the spenders can't spend it. We've got to give it back to the rightful owners. The rightful owners are the taxpayers. This is not our money. That's hard to get through to some people. They think they have a birthright to other people's money. And I'm not talking about just people in here but just people out there, all the stakeholders, as they like to be called, in government spending. They think they have a birthright to people's money. And now we've taken too much money from the taxpayers, and I think Senator Pirsch has the right idea. We ought to give this money back. I think that would go a long way to showing the taxpayers, hey, we hear you. You know, I've got people in my district, maybe in Murdock, maybe in Greenwood, maybe in Nehawka, you know, a guy working a couple \$10-an-hour jobs. Well, if we gave him back a rebate because we took too much money, if we gave him \$100, that would mean a lot. That would really mean a lot to him because these taxes are a big chunk out of his paycheck. And maybe for a guy making six figures, you know, \$100 back isn't much. But there's a lot of people in my district, and this money would mean a lot to them. Thank you, Senator Pirsch. That's the best idea today. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Kintner. Senator Schumacher, you are recognized. [LB199]

SENATOR SCHUMACHER: Thank you, Mr. President, members of the body. Senator Chambers said he didn't understand about capital gains, so I thought I'd take this speaking opportunity to use it as a teaching moment to teach what capital gains are and the theory of capital gains. You see, Senator Chambers, capital gains is what happens to you if when you're elected to the Legislature, you mooch too much of that free food. (Laughter) And with that, I'd yield the balance of my time to Senator Chambers to see if he understood the lesson. [LB199]

SENATOR KRIST: Applause is not necessary. Senator Chambers, you're recognized. [LB199]

SENATOR CHAMBERS: Thank you, Senator Schumacher. Thank you, Mr. President. I do understand that. But I didn't understand Senator Kintner. I'd like to ask him a question or two. [LB199]

SENATOR KRIST: Senator Kintner, would you yield to Senator Chambers? [LB199]

SENATOR KINTNER: Most certainly. [LB199]

SENATOR CHAMBERS: Senator Kintner, what portion of this \$53 million that we're talking about came from the people in Nehawka and the other places you mentioned? In other words, what category of taxpayers are responsible for this so-called surplus tax

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money? [LB199]

SENATOR KINTNER: I have no idea where the money came from. We just have it in our coffers; we need to give it back. [LB199]

SENATOR CHAMBERS: How many people are there in the state of Nebraska? [LB199]

SENATOR KINTNER: 1.8. [LB199]

SENATOR CHAMBERS: One-point-eight what? One-point-eight million? [LB199]

SENATOR KINTNER: Yes. [LB199]

SENATOR CHAMBERS: Okay, now which of those get a part of this \$53 million? [LB199]

SENATOR KINTNER: Well, what we want to do, we want to give it back to the taxpayers,... [LB199]

SENATOR CHAMBERS: So how many tax... [LB199]

SENATOR KINTNER: ...the people that pay income taxes in our state. [LB199]

SENATOR CHAMBERS: How many? Oh, those who pay sales taxes are not taxpayers? [LB199]

SENATOR KINTNER: No, we'll give it back to the people that pay income tax. [LB199]

SENATOR CHAMBERS: Are the...does... [LB199]

SENATOR KINTNER: They work. They contribute to our state. [LB199]

SENATOR CHAMBERS: When money comes into the state, what are the two primary sources that that tax money comes from? Isn't it income tax and sales tax? [LB199]

SENATOR KINTNER: Yes, and this time we also got some...a lot of capital gains tax on this one. [LB199]

SENATOR CHAMBERS: But are we talking about people who pay sales tax? Are they taxpayers? Or you don't think they're taxpayers? [LB199]

SENATOR KINTNER: Well, I'm sure you could chase down someone from Cincinnati that drove through our state and he ate at McDonald's if you want. [LB199]

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SENATOR CHAMBERS: Let's talk about... [LB199]

SENATOR KINTNER: But I think the easiest thing to do... [LB199]

SENATOR CHAMBERS: Let's talk about... [LB199]

SENATOR KINTNER: ...is just to give it back to the people that pay the taxes. [LB199]

SENATOR CHAMBERS: Senator Kintner, let's talk about Nebraskans. You mentioned Nehawka and not Cincinnati. Now let's stay with the example you gave. Are the people who live in Nebraska, including children who spend money and pay sales tax, are they Nebraska taxpayers? [LB199]

SENATOR KINTNER: Yeah, they pay sales tax, sure. [LB199]

SENATOR CHAMBERS: All right, so are they entitled to some of this money that you're saying should go back to the ones who put it in there? [LB199]

SENATOR KINTNER: No, I want to give it to the working people of our state. [LB199]

SENATOR CHAMBERS: Senator Kintner, I don't understand you at all. Thank you very much. [LB199]

SENATOR KINTNER: You're welcome. [LB199]

SENATOR CHAMBERS: And I'd like to tell Senator Lautenbaugh that he does know the difference between this money, and he knows that things take on what they are based on the circumstances in which you find it. You look at the object, the end, and the circumstances to determine the nature of an object. And as he said, there can be the same number of units or elements, but...and put them together but, depending on how it's used, it's different. Fifty-three million dollars going to Israel is not the same as \$53 million going to help some poor people who need medical care and can't get it; \$53 million going to the military budget that would sustain the effort in Afghanistan or Iraq and, they hope, Syria and Iran is different from \$53 million spent here for anything else. And Senator Lautenbaugh knows that. He's got a bur under his saddle and he can't get over it. When you talk about building these roads, a lot of them go nowhere. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR CHAMBERS: They're not going to contribute to economic development because there's nothing at the other end of that road, and in some cases all it does is provide a more expeditious and smooth route to get out of dodge. You don't find people

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coming into these little towns where a road passes by. You find people in those little towns taking that road and going someplace where they can make some money. And I'll defy Senator Lautenbaugh or anybody else, but I hope they can show that I'm wrong, him to show me that these little towns are gaining in population. I'd like him to show me that and show me the economic development that comes from these roads. That economic development, if there's any, goes into the pockets of the road builders. They're the ones who wanted that road, they're the ones who wanted that tax money dedicated, and they got what they want and it's not benefitting the people that Senator Lautenbaugh tries to jerk tears from us for. We are concerned about anybody who dies under any circumstances. [LB199]

SENATOR KRIST: Time, Senator. [LB199]

SENATOR CHAMBERS: But there are people who (recorder malfunction)... [LB199]

SENATOR KRIST: Yes, sir. Thank you, Senator Schumacher, Senator Chambers and, Senator Nelson, you're recognized. [LB199]

SENATOR NELSON: Thank you, Mr. President, members of the body. I stand in support of the amendment which will transfer \$53 million into the Cash Reserve Fund. Senator Chambers said that probably there's no one here that's worth \$53 million. You might be surprised. Nebraskans don't talk very much, especially in the farm community, about how much money they have. There may not be anyone here in the Legislature, but \$53 million is not unfeasible in a lot of places in the outstate Nebraska, especially in line of the types of income that are coming in now. We heard at the Farm Bureau breakfast this morning of some farmers grossing...actually, netting, the large farmers, apparently, \$750,000, something like that. That seems unbelievable. That's a very large operation. I want to talk a little bit about where we are with the Cash Reserve. As has been said before, there are several of us who have been on the Appropriations Committee for...this is our seventh year now, and all of us were in favor of building up a good Cash Reserve five or six years ago. That was one of the things that I really wanted to do. It paid off to us. As Senator Mello said, over a period of three or four years we were able to use that. We had to make some stringent 10 percent and 5 percent cuts, but we never go unless we had the Cash Reserve to fall back on. Senator Hadley talked about Michigan with the \$500 million cash reserve. That was not very much when you look at Michigan with, my understanding, I think, a population of over 10 million people. It's a large state, four times as much as we have here. And if we have a Cash Reserve in the area of 14 or 15 percent, I think that we're in very good shape. As of right now, the stock market is at 15,080. It was even higher yesterday. It's an all-time high for right now, but this is a boom time, boom time in our agricultural economy, boom time on the stock market. And those of us that are somewhat capitalistic in avocation, we pay attention to these things, understand capital gains, the money that came in as a result of the fear at the end of the year. This is an unusual time and I, for one, am kind of

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pessimistic about it. I own some stock. I'm thinking about selling some of it now because I think it's going to go down and probably go down a long ways. There's going to be a downturn, so I think it's incumbent on us to think in those terms. And if we have an opportunity to put this \$53 million into the Cash Reserve and build it up to about \$624 million, I think that's all we need to do. But it needs to be done at this time. I'm not so sure with the tax study that, even if we decide what's best to do, that it can be implemented all that fast. We'd have to see, especially if there's opposition to increasing sales tax and doing some other things. It may take some time, but the study needs to be done. Nevertheless, if we have this amount in the Cash Reserve, I feel very comfortable with that. I think, under conditions that turn adverse, more drought, things of this sort, that we will be in good shape. And I think the people of Nebraska expect us to be conservative and save for a rainy day as we are here. All in good time, with the change in the tax structure, we may be able to lower taxes; we may be able to turn some back. I would love to see that, one way or another, to do that. But I'm...at this time, as a member of the Appropriations Committee, I stand in strong support of what we're doing here. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR NELSON: Senator Mello told me that we had \$53 million more than we anticipated. And I said, well, when is that going to come in? Well, it won't be until next year. I said, well, it could be a bird in the hand maybe, but we're just basing that on the forecast. But we're going to assume that it does come in and, at the end of this year, it can be transferred into the Cash Reserve. So I heartily endorse what he felt that we ought to do and what the other members of the Appropriations Committee felt was the best and most conservative thing to do. And I would ask you to vote for this amendment to effect that transfer. Thank you very much, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Nelson. Those still wishing to speak: Senators Pirsch, Lautenbaugh, Carlson, Chambers, Brasch, Nordquist, Davis, and Bloomfield. Senator Pirsch, you're recognized. [LB199]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. First of all, I'd like to point out that I was not, in fact, born with a silver spoon in my mouth. And, actually, I was going to ask Senator Chambers if he's all done with that car of his and he doesn't have anywhere to go with that, maybe he can let me borrow that. But I guess I'm having a hard time wrapping my hands around...the point here that I'm bringing up isn't that we ought not have a rainy-day, Cash Reserve account. It's the size, right? I mean, we just illustrated by reference some other states. And, yes, if you're a state with 10--I don't know how many Michigan has--8 or 12 million people and you have a...would Senator Hadley yield to a question, if you're here? [LB199]

SENATOR KRIST: Senator Hadley,... [LB199]

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SENATOR PIRSCH: I guess he's not here. But if you have...I thought, and I might have heard wrong, that it was mentioned there was \$95 million...Senator Mello, are you present? Would you yield to a question? [LB199]

SENATOR ASHFORD: Senator Mello. [LB199]

SENATOR KRIST: Senator Mello, will you yield to a question? [LB199]

SENATOR MELLO: Absolutely. [LB199]

SENATOR PIRSCH: And I'm sorry Senator Hadley is not here. But was he referencing that the state of Michigan had only \$95 million in their cash reserve fund presently? [LB199]

SENATOR MELLO: Senator Pirsch, I would...I think it would be remiss for me to try to speak on behalf of Senator Hadley and floor remarks that he may have made in reference to what another state currently has in their cash reserve. [LB199]

SENATOR PIRSCH: Very good. I thought that that's what he had mentioned, a state with some 10 million or so, give or take a couple million people, but... [LB199]

SENATOR MELLO: Senator Hadley is walking in right now, Senator Pirsch. [LB199]

SENATOR PIRSCH: Oh, here we go. [LB199]

SENATOR MELLO: It may be better to ask him that question. [LB199]

SENATOR PIRSCH: Very good. And while he's coming, I'll just point out that it's my understanding that there are a lot of states who are much larger in size--Tennessee, etcetera--who have much smaller amounts. But that shouldn't be our guideline. The point is, I think, that is...really needs to be kept in focus isn't should we have one--we should, that's clear--but it's the size and appropriateness. When you look at the recent... [LB199]

SENATOR KRIST: Senator Hadley, will you yield to a question? [LB199]

SENATOR HADLEY: Yes. [LB199]

SENATOR PIRSCH: Well, and I'll just ask him in a bit. But when you look at the Cash Reserve historically in the last ten years, it was rightly pointed out that we did start with some amounts higher in the \$500,000's...I'm sorry, over \$550 million, and then this historic downturn in our recession did bring us down to a low point in our Cash Reserve

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Fund of still \$313 million remaining in that cash...in this Cash Reserve, the lowest point, \$313 million. It sounds like even at that low point it's higher than what a lot of states have in there now. The...sorry. I guess I wanted to put that out there. It's not a matter of we shouldn't have one or should; it's the amount. So I guess that I would ask, just as a matter of conclusiveness, Senator Hadley, if you would yield to a question? [LB199]

SENATOR HADLEY: Yes. [LB199]

SENATOR PIRSCH: Did you...well, let me move on to a different question. How much money do you think should be in the Cash Reserve account then at this point in time? [LB199]

SENATOR HADLEY: Senator Pirsch, I was quoting a column in the Governance magazine, and it talked about Michigan having about \$550 million in their total cash reserve. Their governor wanted to try and put \$75 million more in it and the legislature balked. The other...the article went on to cite research that basically talks about a two months' of expenditures which would be, in ours, I think, would probably be about \$700 million. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR PIRSCH: Senator Mello, if you'd yield for questions? [LB199]

SENATOR KRIST: Senator Mello, will you yield to...? [LB199]

SENATOR MELLO: Yes. [LB199]

SENATOR PIRSCH: What is the appropriate amount that you, at this point in time, would like to have in the Cash Reserve? [LB199]

SENATOR MELLO: Well, Senator Pirsch, I don't know if there is an exact dollar amount or an exact percentage amount that I, myself, personally feel that we need to have. I think the Appropriations Committee, and myself included, wanted to make it a priority this year to rebuild the Cash Reserve, knowing that we had essentially dwindled that down to about half what it was in fiscal year 2008-2009, and that doesn't even account for (inaudible). [LB199]

SENATOR PIRSCH: Mr. President, how much time do we have left? [LB199]

SENATOR KRIST: Ten seconds. [LB199]

SENATOR PIRSCH: Okay, so this \$624 (million) is insufficient. How much would you feel comfortable with? [LB199]

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SENATOR MELLO: Oh, I didn't say that ultimately the \$624 (million) is insufficient, Senator Pirsch. I think, roughly, the estimated numbers that are projected or encouraged for state governments to have is roughly 16 percent, which is where we're currently almost nearly at. [LB199]

SENATOR KRIST: Time, Senators. [LB199]

SENATOR PIRSCH: Thank you. [LB199]

SENATOR KRIST: Thank you, Senator Pirsch, Senator Mello. Senator Lautenbaugh, you're recognized. [LB199]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. And I apparently need to clarify what I was saying earlier, although I know Senator Chambers knows exactly what I was saying. You cannot decry the fact that we are spending \$55 million on roads as some sort of a horrible misadventure budgetarily but then describe this \$55 million or so we're talking about tonight as not very much money anyway. It can't be both things. It can't be not very much money and disastrous at the same time. Now Senator Chambers asked or pointed out that no one had cited any examples of where these roads are or how they're being used or argue that they weren't being used by people going from town to town and actually growing communities. Well, unfortunately, the very example I cited proves that Senator Chambers is incorrect, as Blair is growing and Omaha is growing and Highway 133 connects the two of them. It is dangerous, it is winding, and people drive back and forth, regular working people, some who live in Blair and work in Omaha, some who work in Omaha and live in Blair. I think I said the same thing twice, but you get the picture. They go back and forth every day. So these roads don't exist in an abstract. They're actually built by working people, first of all, not just guys who run companies but the actual people they employ, and they're driven on by actual working people whose families like to see them come home safely. I guess these are growing communities I'm referring to and there is economic development in both, and we need to maintain the roads. And several times this session this roads bill of a couple years ago has come up as an example of something bad that we did historically. And it's something good that we did and it's paying off now, and it was the right thing to do. It was forward looking and it was responsible. And at this point I will yield the rest of my time to Senator Chambers so he can apologize and cheerfully retract his prior statements, so. (Laughter) [LB199]

SENATOR KRIST: Senator Chambers, you're yielded 2:40. [LB199]

SENATOR CHAMBERS: Thank you, Mr. President. Thank you, Senator Lautenbaugh. And I would like to ask Senator Lautenbaugh a question or two. [LB199]

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SENATOR KRIST: Senator Lautenbaugh, will you yield? [LB199]

SENATOR LAUTENBAUGH: This doesn't sound like an apology, but okay. [LB199]

SENATOR CHAMBERS: Senator Lautenbaugh, you mentioned a road between Blair and Omaha. Is that the only road project contemplated to be constructed with this money that we've been talking about, this dedicated road fund money? Is that the only project? [LB199]

SENATOR LAUTENBAUGH: No. [LB199]

SENATOR CHAMBERS: So there are other projects. [LB199]

SENATOR LAUTENBAUGH: I hope so. [LB199]

SENATOR CHAMBERS: And there are other little towns. I didn't say these two locations. I said there are little towns along roads, and some of these roads have no destination which would result in economic development. But you didn't...I don't think you got that. But that's the only question I'll ask you because it's my time now, since you yielded it. Members of the Legislature, people don't pay attention to me. They don't hear what I say. These roads are not the primary issue tonight. That's on Senator Lautenbaugh's mind, and I can understand that. But there are other projects that are not going to be like a road between Omaha and Blair or, to put it in his way, from Blair to Omaha. It works both ways. But I'd like to ask Senator Nelson a question, if...Senator Nelson? I guess he's not here. [LB199]

SENATOR KRIST: I don't see him, Senator. [LB199]

SENATOR CHAMBERS: What I wanted to ask him...he said, first of all, he was at a luncheon given by the Nebraska Farm Bureau. I'm skeptical and suspicious about anything that involves the Farm Bureau. I see him coming. And, Senator Nelson, as you approach, what I'm going to ask is, would you yield to a question or two? [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR CHAMBERS: So you can mull that and then decide on your answer by the time you get to your mike. [LB199]

SENATOR NELSON: I need more time to consider but, yes, I will yield. [LB199]

SENATOR CHAMBERS: Senator Nelson, you mentioned big farms. You said some are netting \$750,000. That's what the Farm Bureau person told you, is that correct? [LB199]

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SENATOR NELSON: That was someone at the breakfast that deals in those things that gave a report, yes. [LB199]

SENATOR CHAMBERS: How many such farms did he say are in Nebraska netting \$750,000? [LB199]

SENATOR NELSON: Oh, he didn't say. He had clients all over the state and some of them were large farms, and he cited one example of a \$750,000 net. [LB199]

SENATOR CHAMBERS: That's one. [LB199]

SENATOR NELSON: What? [LB199]

SENATOR CHAMBERS: Some would be more than one. He cited one, and it was a plant rather than a farm? [LB199]

SENATOR NELSON: He cited some others that were lower and, as I remember, a net of \$200,000. Those were examples that he gave, yeah. [LB199]

SENATOR KRIST: Time, Senators. [LB199]

SENATOR CHAMBERS: Thank (recorder malfunction). [LB199]

SENATOR KRIST: Thank you, Senator Lautenbaugh, Senator Chambers, and Senator Nelson. Senator Carlson, you are recognized. [LB199]

SENATOR CARLSON: Thank you, Mr. President and members of the Legislature. And I think that Senator Chambers follows me, so I'm going to say a few things. Senator Chambers, you could yield me some of your time, if you would, and I'd really appreciate that. You know, he gives this good...these good things to us, day by day, and last Sunday he wrote the "Divine Legislative Comedy," on Sunday, and I applaud him for that. But in there the members of the Legislature were at heaven's gate, and he was behind the members of the Legislature. And Jesus told the members of the Legislature to step aside. And when the members stepped aside, Senator Chambers was invited through the gate, and none of the members of the Legislature could figure that out. It didn't seem to be fair. Now, Senator Chambers, there will come a day and I will be at that gate, and I will make my way in because I'll be invited. I hope you're with me. But in the comedy he talked about all the things that he had done. Well, the truth of the matter is you don't get the ticket there by what you do because the Good Book says without faith it's impossible to please God. So we get there by grace and by faith and believing what's been done for us, and that's our ticket. And when you get there, Senator Chambers, it'll be because you make that step of faith. And I think you're going to do that. And I'm saying this partially because we've got Senator Lautenbaugh between us

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and this is the school of theology of Carlson and Chambers and maybe some more of it's rubbing off on him, so we'll see. But I want to use the rest of my time. How much do I have? [LB199]

SENATOR KRIST: Three minutes and 18 seconds. [LB199]

SENATOR CARLSON: Oh, that's pretty good. Okay, I want to talk about tax refund. Senator Kintner...I'd like to address Senator Kintner. [LB199]

SENATOR KRIST: Senator Kintner, will you yield to Senator Carlson? [LB199]

SENATOR KINTNER: Sure. [LB199]

SENATOR CARLSON: Senator Kintner, I've heard a little bit of discussion that's taken place, and I think we're...we will probably both agree that we have three sources of taxes in Nebraska. They're income tax, sales tax, and capital gains. Would you agree with that? [LB199]

SENATOR KINTNER: Yeah. [LB199]

SENATOR CARLSON: Now we're talking about a tax refund. Who should a tax refund go back to? You said it earlier. [LB199]

SENATOR KINTNER: Well, I would personally...this can be worked out later. But personally, I would give it back to the working man and woman...men and women of our state. [LB199]

SENATOR CARLSON: Then that's not a tax refund. That's a redistribution of wealth, and I'm surprised that you would subscribe to a redistribution of wealth. Senator Kintner,... [LB199]

SENATOR KINTNER: Horse hockey. [LB199]

SENATOR CARLSON: (Laugh)...I believe a tax refund should go back to the people who paid the tax. And if we're going to make a \$53 million tax refund back to the people, it should go back in proportion to those who paid in on capital gains, those who paid in on sales tax, and those who paid in on income tax. However, if it's done that way, it's going to go back to...the bulk of it will go back to a very, very small percentage of the people in Nebraska. And I like tax refunds, but I don't think that's the intent here. And the only way it does any good is if it's redistributed back to all the people in the state--and maybe not even all the people in the state, maybe those that don't have a whole lot of assets. But that's not a tax refund, that's a redistribution of wealth. And I'm not for using this \$53 million as a redistribution of wealth, are you? [LB199]

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SENATOR KINTNER: Well, first of all, it's Senator Pirsch's idea. I think he would say...and we can ask him. So we can...but...so we can work it out later, how it's done. My personal preference is a tax rebate, one time, and give it to the working men and women of our state. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR CARLSON: Well, and I think you have every right to believe that way and even to work that way, but that's not a tax refund. That's a different kind of a program and it deserves a different kind of a discussion, but it is not a tax refund. And I'm having some fun with you. I'm not trying to put you on the spot, but thank you for indulging with me. And how much time do I have? [LB199]

SENATOR KRIST: Thirty-nine seconds. [LB199]

SENATOR CARLSON: I'll give it to Senator Chambers. [LB199]

SENATOR KRIST: Thirty-nine seconds, Senator. [LB199]

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, that's long enough to remind Senator Carlson that the character identified as Ernie Chambers said, I don't know what I'm doing here, I don't know how I came to be here. (Laughter) [LB199]

SENATOR KRIST: Senator Chambers, you are recognized. [LB199]

SENATOR CHAMBERS: Thank you. And also in that little one-act play written on a Sunday, it was...it did not deal with any works of mine. That wasn't...it never told how I got there. How do I know? But it did tell some why they were not going to be there, Senator Carlson. But one thing good you did, you have finally jerked the cover off Senator Kintner. He is a closet socialist. (Laughter) He described socialism. And they want to call President Obama a socialist, which I think he is not. But Senator Kintner did what a lot of people do. He embraced Senator Pirsch so tightly that the two were as one. Then, as soon as it began to become clear that he's a socialist, he said, well, that's Senator Pirsch's idea. But at first he said, I like it, I'm with you, I go for what you got, Senator Pirsch. If they were on a highway, he would have thrown Senator Pirsch under the bus. If they were on the Titanic, he would have thrown him overboard. And I'm only going by what Senator Kintner said. I tried in my questioning, crude as it was, to show him that what he was suggesting was not going to happen, that the ones to whom this money would go back were not the ones that had paid the money in. But at any rate, that's not what I want to give most of my time to now. When Senator Nelson talked about this fellow from the Nebraska Farm Bureau, he mentioned one operation, and I

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think the second time around Senator Nelson said it was a plant. I'd like to ask Senator Nelson a question, if he would yield. [LB199]

SENATOR KRIST: Senator Nelson, will you yield? [LB199]

SENATOR NELSON: Yes, I will. [LB199]

SENATOR CHAMBERS: Senator Nelson, did you say this fellow described that \$750,000 netting operation as a plant, that he had plants all over the country...the state? [LB199]

SENATOR NELSON: No. [LB199]

SENATOR CHAMBERS: Is that what you said? [LB199]

SENATOR NELSON: No, it was a large operation within the state of Nebraska, or it had to be to net that kind of money at \$750,000. [LB199]

SENATOR CHAMBERS: But we...he only said...he only mentioned one, not some, correct? [LB199]

SENATOR NELSON: That's right, of that magnitude. [LB199]

SENATOR CHAMBERS: Okay, well, I was getting the impression that there's all this kind of activity. Now which...if you were going to describe agriculture as an industry, which industry is less predictable and unreliable than agriculture, in your opinion? [LB199]

SENATOR NELSON: I don't think there's any industry less reliable. [LB199]

SENATOR CHAMBERS: And which industry is subject to more elements beyond the control of those who are part of that industry than agriculture? They can't make it rain, can they? [LB199]

SENATOR NELSON: No, that's the biggest element. That's the make or breaker really. [LB199]

SENATOR CHAMBERS: So what happens today in agriculture may be the opposite as little as a month from now, isn't that true? There could be a lot of rain going on now, but next month there could be a lot of sunshine, no rain, and things get dry. That could happen, couldn't it? [LB199]

SENATOR NELSON: It could be dry for a large number of months. [LB199]

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SENATOR CHAMBERS: And I think though what you were getting at, if I understood you, is that you're not going to be able to take a boom period and project too far outward from that and make plans based on what's happening right now during the boom period. Was that what you were suggesting? [LB199]

SENATOR NELSON: Pretty much, yes. [LB199]

SENATOR CHAMBERS: Thank you, and I agree with you. That's all I was asking. And he's agreeing with what I was trying to get across, that when you get a little money in your hand you can't fritter it away. And I'm going to tell you, once again, when \$53,000 (sic) is not a lot of money. You're going to parcel it out to all of these people and no person who gets a part of it can do much with it. When you combine it again, recombine it, then you've got \$53 million. And if you take that recombined amount, you can do something of consequence with it. But \$53 million clumped together is different from \$53 million disbursed. And you think Senator Lautenbaugh doesn't know that? [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR CHAMBERS: He's a lawyer; he certainly knows it. But he and I banter on this matter. Fifty-three million dollars I don't think boggles anybody's mind in terms of a huge amount of money. I said, no one of us is likely to have that much money. But when you're talking about a state...and I mentioned the size of the budget that we deal with, and the \$53 million is not even a substantial portion of that. But if you're going to talk about the use to be made of it, put it someplace where, if and when you do use it, it has an impact. And you would have no impact of consequence to benefit anybody if you're going to spread it around the people in the state of Nebraska. And unless you're a socialist, you're not going to get it back to the people who gave it anyway. Oh, if you are a socialist, you're not even worried about that, are you, Senator Kintner? Just everybody, if they work, whatever kind of work they do, put their hand out. [LB199]

SENATOR KRIST: Time. [LB199]

SENATOR CHAMBERS: They've got a birthright. They're entitled to a gimme,... [LB199]

SENATOR KRIST: Time, Senator. [LB199]

SENATOR CHAMBERS: ...according to Senator Kintner, my socialist friend. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Chambers. The Chair recognizes Senator Brasch. [LB199]

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SENATOR BRASCH: Thank you, Mr. President, and good evening, colleagues. I've been listening very intently to this dialogue this evening and a few things have been said that have really compelled me to push my light and speak on the mike. I do support AM1207 to AM659, and the reasons for that is, as was mentioned on the floor by Senator Chambers, the purpose of taxation is to pay for goods and services and to care for the well-being of all people of this state. What does concern me is from what I'm hearing tonight is it sounds like we have taken ownership of the people's money of this state, not stewardship but ownership--we want it, we want it, we have to have it, we must have it. We have a reserve. The reserve amount we had, the healthy took time to accumulate. Ours is growing and will continue to grow. But we should be stewards and not owners of the money of the people of this state. And I also believe what's interesting here is that it was talked about capital gains money. This is capital gains money, for heaven's sakes, or, not heaven's sakes, but, you know, we should shudder. We should shudder because people should not be...they should be penalized for prosperity. We don't want people to climb out of poverty. You know, we want people to get...have a better life because they pursued a higher education and they climbed out of poverty. We're talking about the working poor also, and the working poor should not get some of their money back. We talk about \$7 being a burden for poor people so they could go to the parks and enjoy outdoor recreation. Money seems to be relative here on who's talking, who owns it, who wants it, who needs it. And we keep discussing at length that, you know, that we want transparency. We want transparency in all we say and all we do, and at the same time we want to take money and put it away because we know best what's good for the public. Well, we also know that \$100 and \$130 does go a long way. So if we take ownership of the people's money, what comes next? This reminds me...and I know we're a long ways from this, but my mother used to tell me a story when I was a young child. They came here from the Soviet Union, from the Ukraine. And they told me about the days when my grandfather, great-grandfather had a farm and some livestock on the farm. And Stalin said nobody could accumulate wealth, so they went to all the farms. And the Ukrainian word was "kolkhoz," collective farms. They took all the property away. They took my grandfather, put out his eyes, and sent him to Siberia because wealth was a bad thing. And history, we see how it develops. Well, in America it's different. People left England. They came here because of building a new country, opportunities for prosperity, for an education, freedom of religion. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR BRASCH: We have so many assets, and here we're talking about returning a small portion of something that could be meaningful for people to know that that was my money, that belongs to me, and that the people who collect taxes, who are our government, that they're merely stewards of our money, working for our best interest. So with that, I do support AM1207. I do believe that our Cash Reserve will continue to grow as technologies, opportunities do continue to develop in our state. But I respectfully...you know, the dialogue is good, but it's just taking me back on a road on

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my memories of how my mother told me what they escaped. And they're so grateful that America is the country it is. [LB199]

SENATOR KRIST: Time, Senator. [LB199]

SENATOR BRASCH: Thank you, Mr. President. Thank you, colleagues. [LB199]

SENATOR KRIST: Thank you, Senator Brasch. Senator Nordquist, you're recognized. [LB199]

SENATOR NORDQUIST: Thank you, Mr. President and members. I want to return us to the discussion about what's the appropriate amount in the Cash Reserve. And I certainly support Senator Mello's amendment, supported it at the committee level because it certainly is the fiscally prudent thing to do for a number of reasons. First, this is money that has not come into the state yet. The taxpayers have not paid these taxes yet. This is based on a projection. Secondly, as has been talked about, the impact of the tax study. We know we are gearing up for a serious discussion about our tax system in the state and the direction we're going to go with that. Also, we have tax changes right now in the works, a broadening of our tax base, a lowering of tax rates that we haven't seen that fully go into effect yet. There could be a little turmoil there. Who knows what projections will come in at that point? So that is taking place over the next biennium as these projections come on. But as we talk about what the appropriate amount is, I found a...in research for this discussion this last weekend, I found a primer written by the Tax Foundation, and the gentleman that wrote it was actually one...Henchman is his name. He came in and testified on a couple Revenue bills this year in the state. And he cites research that said, a typical state can expect a revenue shortfall equal to 13 to 18 percent during a normal downturn. And as Senator Chambers and Senator Nelson discussed through Q&A, being an ag-based state, a normal downturn can be deeper, certainly, than what other states see. To achieve this, it says, during a typical period of economic expansions, states would need to save between 2.4 and 2.8 percent of each year's revenues during good economic times. Well, we're only in our, I would say, maybe, our second year--I don't even know if we'd call it a second year--of good economic times. But certainly projections into the next biennium would be the, you know, probably the second and third year of good economic times. So now is the time to be making these savings, putting this money into the Cash Reserve. And just for a little perspective, we've...Nebraska was ranked sixth in '06 and '07, which is the data they use here, had the sixth-highest percentage Cash Reserve compared to budget. The states that were ahead of us were only...were states that have significant natural resources--Alaska, Wyoming, Oklahoma, North Dakota--were ahead of Nebraska in percentage of money in the Cash Reserve. So we take the fiscally prudent approach ensuring that we have a significant amount in our Cash Reserve. This, if we were to keep it all in there at the \$624 (million) level, probably gets us close to the number we should be. But we may ultimately, as I said, use it next year or consider using that

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revenue for something else. We've heard Michigan thrown around, and they have about a cash reserve that's maybe the size of ours or even a little smaller right now. Well, they were ranked 42nd and actually had nothing in their cash reserve in '06 and '07, so I don't know that that is a state that we want to model our behavior after. They had no reserve going into the economic slowdown and, thus, certainly had to make significant cuts to government, and I think they did tax raises in Michigan as well during the last recession. So I think it is fiscally prudent to put this in there. We should be shooting for that 15 to 18 percent range. This puts us there if we keep the money in there but, again, we may ultimately transfer it out. So that would bring us back down to about \$575 (million), so we need to keep a focus on building that Cash Reserve up past probably \$650 million. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Nordquist. Senator Davis, you're recognized. [LB199]

SENATOR DAVIS: Thank you, Mr. Chairman, members of the body. I'm just going to be brief. But having served on a school board for a long time, I recognize the value of a Cash Reserve. Every school district needs to have one. I've known school districts out in western Nebraska who ended up being spendthrift school districts and, you know, by September or October they were out of money and having to borrow it. Well, the state of Nebraska can't do that, and that's a good thing. But I think it's important to do a little historical study of the Cash Reserve program or how it came about in the first place. And you go back into the '80s and you'll find the state was sort of one pocket to the plate in the process of how it did things, borrowing money from one agency or another to get things through. And so I think they ended up imposing a half-cent sales tax increase just to put a Cash Reserve in place. We've built up a nice Cash Reserve. It's a good thing for us to have. And any other state, I would say, probably, the people would say that the conservative approach to this deal is to put the money in the cash reserve while the liberal approach would be to spend it. Nebraska is such a conservative state that we're doing it the other way. Instead of saying the conservative approach is to put it in the Cash Reserve, now the conservative approach is to give it back to the taxpayers and the liberal approach is to stash it away. We don't know where we're going to be in two years. We're just coming out, as we said earlier, from four or five years of very tough economic times, and the nation is far from over the hump. The very logical, conservative approach is to put the money in the Cash Reserve instead of talking about tax rebates. We have plenty of time for that in the future. Let's do the right thing. Thank you. [LB199]

SENATOR KRIST: Thank you, Senator Davis. Senator Bloomfield, you are recognized. [LB199]

SENATOR BLOOMFIELD: Thank you, Mr. President. Colleagues, I mentioned a little while ago that, divided out, that comes to roughly \$120 for a family of four, were we to

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give it back on a per capita basis. There seems to be a huge difference...if we are giving back taxpayer money to the tune of \$120 and how much good it can do the poor folks and some of us that are blessed enough not to be so poor and those that are more blessed, that are wealthy, it seems to make a big difference whether that money is coming out of the taxpayer money, the taxpayer's pocket, and given to the poor versus coming out of Lincoln and given to the poor. If we're taking it from the taxpayer, that \$120 going to the family of four makes all the difference in the world. But if we're refunding a little bit of money that we've collected that we maybe should not have, oh, it doesn't amount to a hill of beans. I think it is time that we refund this money and that we vote no on AM1207 to allow another amendment to come forward that would generate a rebate. And I don't care how we do it. If we divide equally by the number of people and give it back, call me a socialist, the money is out of Lincoln, it's back in the hands of Nebraskans. And with that, I would yield the rest of my time to Senator Brasch. [LB199]

SENATOR KRIST: Senator Brasch, you're yielded 3 minutes 15 seconds. [LB199]

SENATOR BRASCH: Thank you, Senator Bloomfield. Thank you, Mr. President. I had printed out LB199, and since then my computer has locked up and I did not print out AM1207 and misunderstood. I would agree with Senator Bloomfield and my colleagues that this money is important to give back to the taxpayers at this time and have the vote against it and have the reserve continue to grow as it has in the past. And thank you, and I'll get my technician here on my laptop so I can print out the amendments. Thank you. [LB199]

SENATOR KRIST: Thank you, Senator Brasch and Senator Bloomfield. Senator Pirsch, you are recognized, and this is your third time. [LB199]

SENATOR PIRSCH: Thank you, Mr. President, members of the body. First of all, I'd like to just point out, with respect to the...Senator Kintner's remarks regarding it's Senator Pirsch's idea, I hope and I think that he meant that it's not his bill to ultimately decide. I can tell you that, obviously, he has his personal views. But the specific form of this, of taking the monies and providing that to the people from which it came has not, by any means, been calculated, and that's what this whole body cumulatively would help decide in a later bill that would come through. And so I would love to have that discussion, and I think that we cumulatively, collaboratively would come up with that best method that approximates the wishes of the body in its entirety. So there's nothing about this bill that envisions a specific mechanism of that rebate, and it was...it's always been intended to...for that discussion to follow and I welcome that discussion. So I did want to mention that. Secondly, I think I did want to also point out, you know, the idea that this is somehow a conservative principle, the government retaining more of the people's money, I guess that puts it in a government-centric type of perspective, which is fine but, I mean, I think that's...it kind of turns it on its head, the normal concept. If you are looking from a perspective of individual Nebraskans, it is their money that is

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provided to the government, and I understand the compact would be...it's...you're compelling me to give the money and we do, but as part of that responsibility is you have to have a present and compelling government use for that money that benefits all at the present time. And what we're essentially saying here is we don't really have a use for the money right now but we may in a few years, let's see how it goes, and so we're not going to hand you back the money. And so I think that that is not how I would, kind of, define conservatism. The point of it is not, at any point in time, should we have a Cash Reserve. And, yes, I think it's entirely necessary to have a Cash Reserve. The point is, and as you've already heard from proponents of the amendments and opponents, I don't think there's any agreement within even degrees, meaningful degrees of when we will say, okay, we're fine. And so we've heard, even among proponents, widely differing views of when that will kick in. But we did have somebody testify, I think, that 13 to 18 percent is the accepted standard by the experts. Ladies and gentlemen, we're in that range right now, per that testimony. We're there now, so we need to start addressing that and saying when is enough, too much, what's reasonable. And the projections, as I pointed out, are rosy for the next two years. We've...we're coming off...we should...you know, all we can do is project and act reasonable, listen to the numbers, and we're projected to have a couple good years. And so that is only going to but add to the amount that we're going to have to decide. So this discussion has to occur; it's important. And, you know, it's odd that if we so strongly believe that if we're behind in funding our Cash Reserves and that we couldn't ever, in the future, if, for some reason, Armageddon hit, turn to the people and say, you understand it's unexpected and we need to take measures to increase governmental funds at that time. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR PIRSCH: I mean, that bends credulity. But, you know, I think that what this is about...and, you know, it's symbolic. We're keeping faith with the people of Nebraska by saying, we don't have a present need for your money so we're going to give it back. And if we did think that there was a present need, then why do we...are we increasing spending at such an astounding rate? And I'd take you back to the year 2007, those of my colleagues who were there. We gave back a historic hundreds and hundreds and hundreds and hundreds of millions of dollars from our Cash Reserve. So what's changed about your philosophy today from that short number of years ago? So I thank you. [LB199]

SENATOR KRIST: Thank you, Senator Pirsch. Senator Kintner, you're recognized. [LB199]

SENATOR KINTNER: Well, thank you, Mr. President. You know, I thank Senator Brasch. I think she's got the right perspective. I think in this body there's a sense of entitlement--this is our money, it's in our hands, it's ours. No, it's not. This is the

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taxpayers' money. We've taken too much of it. We should give it back. And, you know, I don't...you know, I may lose this vote. But you know what? I'm not going to give up. I'm going to keep representing the taxpayers. If I don't win this one, I'm coming back tomorrow. And if I don't win tomorrow, I'm coming back the next day because when I ran I said I was coming down here to restrain the size of government, restrain government spending, reduce government spending when possible, and reduce taxes. I don't ever forget that. I remember the 82-year-old woman in Manley, 82 years old, working three days a week at the Catholic church right across the street, cleaning the church so she could stay in her home, have enough money to pay her taxes and stay in her home. I remember, right outside Lake Waconda, a 61-year-old deputy sheriff from Cass County. He really wanted to retire but he couldn't afford the property taxes on his home, so he's working a few more years. I have not forgotten you. The reason that this is important is...Senator Chambers, oh, a few dollars here, a few dollars here, it doesn't matter, but when we put \$53 million it does matter together. That's the wrong thinking. The correct thinking is, get the money out of Lincoln, get it back to the people. I don't care if it's \$3 a person. If it's not in Lincoln, they're not spending it, they're not growing government. That's the important concept here is to get the money out of Lincoln. So it...I don't know if it's going to be \$100 a family or \$50 a family. But if it's in the people's hands, the spenders back here aren't spending it, and that's the important concept. So if I lose today, I'll be back representing the taxpayers tomorrow and next week and next year and forever on because that's what I came down here to do. You know, when you think back, William Wilberforce in the late 1700s was in the House of Commons and he introduced a resolution or a bill to get rid of slavery and they laughed at him. They mocked him. He stayed on it. The next year it came back again. They mocked him again. He came back again. They mocked him again. They didn't have term limits. He kept going and after about 27 years, I believe, he finally got a majority to get rid of slavery. That's the kind of tenacity it takes if you're going to control government and you're going to control spending. I came down here to do a job, and that's the job I intend to do. If I lose a few votes, that's okay. We're going to keep fighting. So the taxpayers out there, I want you to know there's a few of us down here that respect your money and we respect the power that we have to reach in your wallet and take that money, and when we take too much we understand that we need to give it back. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Kintner. Senator Chambers, you are recognized. And I'm sorry, sir, this is your third time. [LB199]

SENATOR CHAMBERS: I think, Mr. President, you might be the only one who's sorry that it's my third time. Senator Brasch, when somebody said, beware of the government bearing gifts, beware when Senator Kintner says he's on your side. Ask Senator Pirsch. Last time Senator Pirsch got up, I could see him pulling himself out from under the bus and swimming back to shore from that being thrown overboard off the Titanic as fast as his little arms would take him. But he's a true friend, trying to bail his friend out. Now as

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for Senator Brasch, I want to explain one thing from my point of view. When money is paid in taxes there is no envelope with your name on it and what you pay goes into Senator Brasch's envelope and what Senator Kintner pays goes into Senator Kintner's envelope and they have a desk with a lot of drawers, and then they pull open the Brasch drawer and they give her her money back, pull open the Kintner drawer and give him his money back. You ever hear anything so silly in your whole life? Here's the point I'm getting to: When the government get that tax money, the government owns that money. And if you think the government does not own that money, you go where that money is and you try to take it and tell them, it's mine. Why, they'd bring some people with nets and give you a little jacket that doesn't have buttons on it and take you someplace with walls that have mattresses on them. The government owns that money. I get tired of hearing this crazy stuff talked here like those teapot people do. I don't know what they've got in those teapots, but it addles their brains and they talk this stuff that the government doesn't own the money. One person is going to come here, he's going to restrain the government, he's going to stop this spending, and he can't control his own tongue. You know why I say it. I get sick of hearing it. But if he wants to say it, he can say it, but I'm going to deal with it. I don't want people watching us. As I've heard people say time after time on this floor, the public is watching us. I want them to see me separate myself from this silliness, this stuff like Agenda 21. Senator Brasch said, they take your money, what are they going to take next? Well, according to Agenda 21, they're going to take your land and, according to some constitutional amendment, they're going to take your children. That's what they're going to take next, and they will have...those helicopters could be out there right now, but they don't make noise. But just because you don't hear them doesn't mean they're not there. And in fact, Senator Kintner, looking out for my welfare, gave me this. (Laughter) He gave me this. [LB199]

SENATOR KRIST: Senator Chambers, thank you, sir. [LB199]

SENATOR CHAMBERS: Yes, I understand. But here's what...here's something else I'm going to say. If I'm doing something somebody doesn't like, stop me. Now words can take the place of action. I hear things on this floor that are beyond the pale. Well, if people don't like what I do, stop me. And if one can't do it, tell the State Trooper to come and he'll say, you're out of your mind, that's not what I'm hired to do. I'm not anybody's child and nobody here is my parent, and I defy, in fact, I dare anybody, come over here and put your hands on me. We may as well get down to where it is. I hear craziness on this floor, and you all talk about what it is. Well, when it's said on this floor, I'll deal with it on this floor. And you know what you all can do under your rules? You can find me out of order. You can say I'm out of order. [LB199]

SENATOR KRIST: One minute. [LB199]

SENATOR CHAMBERS: You can call me to order. You can expel me from the Legislature. I say, do your best or do your worst, you don't know who you're dealing

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with. But you can find out anytime you choose. And when you come up here with that stuff about the government doesn't own this money, the government does. And talk about giving somebody two or three nickels, and then Senator Brasch is going to suggest that because I'm against, and other people are, taking \$7 from people every time they register their car and \$7 is going to hurt poor people, it doesn't even compute. She knows there's a difference between that and what we're talking about here. And if you all don't know, I'm going to tell you. Now maybe if I said it in a nice way, quiet, like my good friend "Parson" Carlson did, and demonstrate that somebody is a socialist, then you all could accept that. But whether I say it with a smile, a soft voice, or shout it to the housetops, as my fellow traveler, Senator Kintner, does when he speaks,...
[LB199]

SENATOR KRIST: Time, Senator. [LB199]

SENATOR CHAMBERS: ...it amounts to the same. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Chambers. Senator Wallman, you're recognized. [LB199]

SENATOR WALLMAN: Question. (Laughter) [LB199]

SENATOR KRIST: We're going to show some order. The question has been called. Do I see five hands? I do see five hands. The question is, shall debate cease? All those in favor vote aye; all those opposed, nay. Record, Mr. Clerk. [LB199]

ASSISTANT CLERK: 31 ayes, 5 nays to cease debate, Mr. President. [LB199]

SENATOR KRIST: Debate does cease. Senator Mello, you are recognized to close.
[LB199]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. Just to be clear and as crystal clear as I can be, since there seems to be...I've had a number of senators approach me on the floor about what this amendment does, this amendment, AM1207, transfers \$53 million in projected revenue over the next biennium from the General Fund to the Cash Reserve. It's my understanding Senator Pirsch has said that if this fails he would offer an amendment to do some kind of tax rebate or some kind of tax issue. This amendment is an amendment that the Appropriations Committee voted on as a committee to support to transfer this money from the General Fund to the Cash Reserve with two auspices, so to speak, in our dialogue: one, the future economic impact of the drought this summer and the fall; the second being the plan, a tax commission study that we know in discussing with both the Chair and the Vice Chair of the Revenue Committee, there's an anticipation that recommendations would come that would reduce some kind of General Fund revenue into the future. So ultimately we are

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taking this projected revenue estimate--I remind everyone this is not money that is, quote, unquote, in the door, to clarify, I think, some comments that were made on the floor--this projected revenue in moving it from the General Fund to the Cash Reserve. The committee chose to do this because it was the fiscally prudent decision to make at this moment in time. It's money that ultimately we have not received, so to speak, in house, or it's not sitting somewhere in state government. It's estimated projections that the Forecasting Board made at their April meeting that suggested we will see a revenue growth over the next two years, and the \$53 million is that estimated number. With that, I'd urge the body to adopt AM1207. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Mello. You've heard the closing. The question is, shall the amendment to the committee amendment to LB199 be adopted? All those in favor vote aye; opposed, nay. Record, Mr. Clerk. [LB199]

ASSISTANT CLERK: 32 ayes, 4 nays on the adoption of the amendment to the committee amendments, Mr. President. [LB199]

SENATOR KRIST: The amendment is adopted. Senator Mello, you're recognized to close on the committee amendments. [LB199]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. As I mentioned before, AM659 is essentially the white copy bill of the Appropriations Committee recommendation for our fund transfers bill. Now it incorporates a General Fund transfer to the Cash Reserve of \$53 million as well as a variety of different cash fund transfers in and out of the General Fund and from the General Fund to cash funds similar to what we discussed previously, let's say, on the Property Tax Credit Cash Fund. With that, I'd urge the body to adopt AM659, which becomes the underlying bill, LB199. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Mello. The question is, shall the committee amendments to LB199 be adopted? All those in favor vote aye; opposed, nay. Record, Mr. Clerk. [LB199]

ASSISTANT CLERK: 42 ayes, 0 nays on the adoption of committee amendments. [LB199]

SENATOR KRIST: The amendment is adopted. Senator Mello, you're recognized to close on the advancement of LB199. [LB199]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. LB199, as I just mentioned, transfers both funds from the General Fund to cash funds, transfers cash funds between cash funds, as well as it creates a new cash fund for the Department of Banking and what we just incorporated, a General Fund transfer to the

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Cash Reserve of \$53 million over the next biennium. With that, I'd urge the body to adopt LB199. Thank you, Mr. President. [LB199]

SENATOR KRIST: Thank you, Senator Mello. The question is the advancement of LB199 to E&R Initial. All those in favor vote aye; opposed, nay. Record, Mr. Clerk. [LB199]

ASSISTANT CLERK: 42 ayes, 0 nays on the motion to advance the bill. [LB199]

SENATOR KRIST: The bill advances. Mr. Speaker for an announcement. [LB199]

SPEAKER ADAMS: Thank you, Mr. President. Members, we are making good process, and we're going to proceed right on to LB200. And it would be my intention that we move right on after LB200 and talk about airplanes in LB194. Thank you, Mr. President.

SENATOR KRIST: Thank you, Mr. Speaker. Mr. Clerk. Items for the record, please.

ASSISTANT CLERK: Mr. President, I do have one item for the record. New bill: LB561A by Senator Ashford. (Read LB561A by title for the first time, Legislative Journal page 1297.) [LB561A]

Mr. President, next bill on the agenda, LB200, which was introduced by Speaker Adams at the request of the Governor. (Read title.) The bill was read for the first time on January 15, referred to the Appropriations Committee. That committee placed the bill on General File with committee amendments. (AM1124, Legislative Journal page 1204.) [LB200]

SENATOR KRIST: Senator Mello, you're recognized to open. [LB200]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I'd like to waive the opening on LB200 and move directly to AM1124. [LB200]

SENATOR KRIST: Please proceed. [LB200]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. The primary purpose of LB200 is to amend the Nebraska Revised Statutes 84-612 to provide for new transfers to and from the Cash Reserve Fund. As introduced on behalf of the Governor, the bill provided for a transfer of roughly \$47 million from the Cash Reserve Fund to secure an estimated additional \$74 million in federal funds for the construction of a new Central Nebraska Veterans' Home. The bill also provided for a corresponding transfer of funds from the General Fund to the Cash Reserve Fund in a future biennium to be determined. LB200 does contain an emergency clause, colleagues. The Appropriations Committee amendment, AM1124, would become the white copy version

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of the bill. The amendment reduces the proposed transfer from the Cash Reserve Fund for the Central Nebraska Veterans' Home to roughly \$43 million, with the difference being made up by General Fund transfer to the Nebraska Capital Construction Fund. The corresponding transfer of funds from the General Fund to the Cash Reserve Fund is also eliminated. Additionally, AM1124 provides for a transfer from the Cash Reserve Fund to the General Fund to cover the cost of appropriating General Funds for the purchase of a new state aircraft. This transfer is scheduled to be made prior to the end of the current fiscal year. With that, I'd urge the body to adopt AM1124 and the underlying amendment. Thank you, Mr. President. [LB200]

SENATOR KRIST: Thank you, Senator Mello. Seeing no lights on, Senator Mello, you're recognized to close. Senator Mello waives closing. The question is, shall the committee amendment to LB200 be adopted? All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB200]

ASSISTANT CLERK: 40 ayes, 0 nays on the adoption of committee amendments. [LB200]

SENATOR KRIST: Thank you. The amendment passes. Seeing no other lights on, Senator Mello, you're recognized to close on the bill. [LB200]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. LB200 now contains the Appropriations Committee white copy amendment, which creates essentially or makes a Cash Reserve transfer for the new Central Nebraska Veterans' Home, as well as an appropriation to the General Fund for a new state aircraft. Once again, this is a Cash Reserve Fund transfer from the Cash Reserve to the General Fund for specific purposes. If for one reason or another those specific purposes are not part of the budget, that funding would remain in the General Fund. It's my hope as we discuss the next bill that we can discuss that issue at a little bit further point in time, and I can provide a little bit more feedback at that moment. Otherwise, I'd urge the body to adopt LB200. Thank you, Mr. President. [LB200]

SENATOR KRIST: Thank you, Senator Mello. The question is the advancement of LB200 to E&R Initial. All those in favor vote aye; opposed, nay. Please record, Mr. Clerk. [LB200]

ASSISTANT CLERK: 41 ayes, 0 nays on the advancement of the bill. [LB200]

SENATOR KRIST: The bill advances. Next item. [LB200]

ASSISTANT CLERK: Mr. President, next bill is LB194 introduced by Speaker Adams at the request of the Governor. (Read title.) The bill was read for the first time on January 15 of this year, referred to the Appropriations Committee. That committee placed the bill

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on General File with committee amendments attached. (AM655, Legislative Journal page 1200.) [LB194]

SENATOR KRIST: Senator Mello, please open. [LB194]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I'd like to waive my opening on LB194 and move directly to AM655 if possible. [LB194]

SENATOR COASH PRESIDING

SENATOR COASH: You are recognized to open on the committee amendment. [LB194]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. LB194 is known as the deficit appropriations bill and makes adjustments to funding for state operations, state aid, and construction programs in the current fiscal year ending June 30, 2013. The appropriations will be used in programs where the forecast cost has risen or decreased due to circumstances that were unforeseen when the budget bills were passed two years ago and subsequently amended by the Legislature in 2012. LB194 does contain an emergency clause. The Appropriations Committee amendment, AM655, would become the white copy version of the bill. The amendment reflects the Appropriations Committee recommendations for adjustments for deficits in the current fiscal year. I would again refer everyone to their blue budget books for more detailed information regarding the deficit appropriation amendment, AM655. A detailed discussion and layout of the deficit appropriations can be found in your blue books beginning on page 87. I would urge the advancement of AM655 and the underlying bill, LB194. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Mello. Mr. Clerk. [LB194]

ASSISTANT CLERK: Mr. President, the first amendment to the committee amendments is offered by Senator Dubas, AM1324. (Legislative Journal page 1282.) [LB194]

SENATOR COASH: Senator Dubas, you are recognized to open on AM1324. [LB194]

SENATOR DUBAS: Thank you very much, Mr. President, and good evening, colleagues. Now I don't believe this amendment...I think there's two questions maybe that we are looking at getting answers to and deciding tonight. First, does the state need a plane? I think that's probably a relatively simple question to answer. I think the harder question is, is what kind of a plane do we need and what's the process that should unfold to make such a decision? You know, I don't necessarily disagree with the fact that we need to ensure that the Governor and our state officials need to have access to airline travel, especially in times of emergency as they travel throughout the state. But I

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heard many questions raised yesterday that I didn't necessarily hear a lot of answers to. I heard that there was a request by the Appropriations Committee to do a study and the response came back from the Aeronautics agency that, no, they didn't want to do a study. We ask for studies and institute studies all the time on a variety of subjects in order for us to have the needed information to make sound and fiscally responsible decisions. It's our decision to implement such studies, and I really don't recall our need to ask permission to conduct such studies. If we're going to make a \$2 million-plus expenditure for a plane, I really feel we need to have good, solid, justifiable reasons to go back to our constituents with to support that decision. So I guess, you know, what I'm looking for and hope the discussion will go forward this evening is answering a lot of these questions. Number one, do we need to really purchase a plane? Is a purchase the right way to go? Would it be wiser to purchase a new plane versus what we're looking at now is a used one? Is this a fair price for the plane? Would we be better served to participate in some kind of a lease agreement? I heard some talk yesterday about there's some contracts that you can enter into on a monthly basis where depending on what you're needing that air travel for they can give you a plane targeted, you know, whether it's a small, you know, two-passenger plane or whether it's a larger plane where you're transporting more passengers. So is that the kind of arrangement maybe we need to look into as a state? What will be the cost of maintenance new versus used? Again, I think this amendment is not saying no to a plane. It's simply saying no right now to this plane and requesting that an independent, thorough study and evaluation be done to ensure that we're making the wisest decision. I was very intrigued by what Senator Krist said yesterday about the types of studies that are available and that they can be very crafted individually and fine-tuned to give you answers specifically for what you're looking for and how your needs are best met. I'm very interested in that kind of a study. This is a business decision, as with every decision we've made over the course of the last several days on the budget. It's just like any of us, whether you're going out to buy a new car, a pickup, tractor, combine, a house, any major purchase involving substantial investment we need to fully and thoroughly do our homework. And I think the conversations that we've had over the last several days is indicative of that. The Appropriations Committee did request a study to help them, to help them vet their decision, and I think we need to follow through with that study before taking any action. Looking at statute on how competitive bidding takes place, I'm not sure if I've gotten all of the answers or if that's been explained clearly on what kind of a procedure do we need to go through in order to purchase this plane as far as seeking competitive bids. I know the department has the statutory authority to purchase an airplane. But then when I look at statutes dealing with purchases in the name of the state, the Materiels Division is directed to enlist cooperation and assistance from the relevant agency to encourage and foster the use of standard specific...specifications to ensure that the most efficient...there there is a most efficient purchase of property. That statute requires that all standard specs have to be written and to have three or more competitive bids. If it exceeds \$25,000 and three bids cannot be obtained, then those standard specs can be reviewed by the Materiels Division and

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the relevant agency. If it's determined because of a special nature of the purchase or the lease for any other reason that the standard specs should remain as written, bids can be accepted from fewer than three...fewer than three bids can be accepted, excuse me, with the approval of the Governor. So I guess I'm questioning did we go through that process? Is that a process that we have to go through in order to purchase this airplane? So, you know, at this point I'm just putting these questions out here for discussion and debate. I think this is an important discussion that we'll have along with all of the others that we've had over the last several days. And perhaps the questions can get answered through the course of this debate. Otherwise, if there's support for the amendment, we'll move forward with a study, which we'll be able to come back to the Legislature, to the Appropriations Committee with a decision on what is the best approach for us as far as purchasing an airplane, moving forward with a lease or some other answer out there that maybe we haven't even looked at. So I look forward to the debate tonight and the discussion that will ensue. Thank you. [LB194]

SENATOR COASH: Thank you, Senator Dubas. Members, you've heard the opening to LB194, the committee amendment, and the amendment to the committee amendment. The floor is now open for debate. Senator Hadley, you're recognized. [LB194]

SENATOR HADLEY: Mr. President, members of the body, I will be fairly quick. I certainly support the purchase of a plane. In another life I spent 20 years in South Dakota, and I know how important it is to have a plane to be able to get around the state. And just to give you an idea, in the state of South Dakota, which has about one third of our population, the state actually owns a King Air 200, 13 passenger; a King Air 90, 7 passenger; a King Air 90, 7 passenger. The University of South Dakota owns a King Air 90, 7 passenger. South Dakota State University owns a King Air 90, 7 passenger. So they have one, two, three, four, five state planes that are available to every state agency. And it's an interesting process. If you look it up on their Web sites, they list where each of the planes is going every day. They list the number of seats available. And if you want to go on the plane, you basically put your name in and you can fly on the plane as a government employee. It cuts the cost down. It makes it easy. It makes it profitable to do it. So I really believe that state of Nebraska needs to have a state plane. We need to have our chief executive officer and other government officials have the ability to get around the state in a fairly quick, efficient manner. I don't think there's any question of doing that. I can't imagine asking chief executive of a \$3.5 billion corporation to get in a car and drive to Scottsbluff and back. That just doesn't seem to make sense to me because time is valuable. And as long as you set up a system that the plane can be used by a lot of different agencies, I think it's very appropriate that we have a plane. And I hope that they would look at the type of system that would allow other state agencies and employees to be able to go on flights, use the plane for legitimate state purposes. So I certainly stand in favor of purchase of the plane. And I also believe that our Aeronautics Department to me are the experts. They're the department that works in the area of aeronautics. And if they say that this plane is an

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appropriate plane, I have no reason to doubt them. So I would certainly support the purchase of this plane. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Hadley. Senator Mello, you're recognized. [LB194]

SENATOR MELLO: Thank you, Mr. President, members of the Legislature. I stand in opposition to AM1324 and to provide a little context in regards to obviously the Appropriations Committee recommendation incorporates a deficit appropriation for the purchase of this specific aircraft from the University Foundation. The committee went through, I think, very great lengths over this budget process to try to get our hands wrapped around this specific deficit request. To put things in context, first off, the University of Nebraska Foundation has purchased this plane back in the early 2000s in which the Foundation, in an agreement with the state, allowed this plane to be housed through our Nebraska Department of Aeronautics. And so our Department of Aeronautics essentially has maintained this specific aircraft since it was purchased by the University Foundation in the early 2000s. We both...both of our pilots obviously, our maintenance crew are very familiar with the history of this specific aircraft, which in conversations and in a dialogue the Department of Aeronautics had with the Appropriations Committee, that speaks volumes in respect to trying to purchase any kind of used aircraft is knowing what the back history, maintenance and otherwise, of that aircraft is. Through the dialogue the Appropriations Committee had both with Director Ronnie Mitchell as well as we asked Senator Krist for his professional experience and opinion in the committee in an Executive Session, the committee explored a variety of different options. We had roughly about a two-hour dialogue already on the mainline budget bill in regards to the committee's initial request of asking the Department of Aeronautics to do a study, an independent study, to determine whether or not a specific...this specific aircraft, a new aircraft, or a charter flight service would be more appropriate for the state. The department politely declined, and the department came in at their budget request to provide more information to the committee in regards to what their analysis was in regards to the current aircraft that's in front of you as this deficit appropriation request, a new aircraft, and a charter service. You can see from a handout from Senator Nelson that he provided that this was the information provided to the committee in regards to the cost savings that the Department of Aeronautics felt the state would see through the purchase of this specific King Air plane that currently is being utilized or being owned by the University Foundation. I've requested the Legislative Fiscal Office to do some exploring and research of their own to make the determination of what this estimate of what we would be purchasing this specific aircraft, what is it in relationship to the marketplace? And the information they looked and was able to discover is that a used aircraft of this age and of this mileage and hour usage that the state ultimately is getting a fairly good deal for the appropriation that has been requested by the Department of Aeronautics. I understand there's the philosophical issue of whether or not the state should be

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purchasing this aircraft or another aircraft or look to consider to charter some kind of aircraft service. The committee ultimately decided to purchase this aircraft because it was the most fiscally prudent decision to make in regard to the information we had available and ultimately what the majority of the committee members felt was the appropriate path moving forward. I would say also in that same perspective that Senator Hadley just kind of discussed this a little bit of the need for aircraft, not just for one specific agency because a variety of state agencies utilize the current state aircraft of the current Cheyenne plane or Cheyenne aircraft that was last purchased in the early 1980s. So our current state-owned aircraft is... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR MELLO: ...running close to about 30 years old. And the reality is, is the Cheyenne aircraft is on its last leg in the sense of it's become more difficult for the state Department of Aeronautics to find replacement parts for that aircraft. And as part of this deficit request that they propose, that the committee ultimately incorporated into our budget, it's the intention to sell that Cheyenne aircraft with the hopes of generating revenue to pay for future aviation navigation equipment for the King Air, as well as putting that money into a maintenance fund for a future engine replacement that will occur sometime five or six years from now. I understand we may have a little bit more lengthy dialogue in regards to whether or not this is a necessary purchase. It's ultimately what the Appropriations Committee has decided is needed to move forward. And because of that, I stand in opposition to AM1324 and urge the body to move the Appropriations Committee original deficit appropriations amendment, AM655, and the underlying bill, LB194. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Mello. Senator Wallman, you're recognized. Senator Wallman, you are recognized. [LB194]

SENATOR WALLMAN: Good evening, friends all. Huh. Now we're talking about saving money. We're going to buy a used airplane. Is it a good buy? I really don't know. I'm anxious to see how this is going and then we have to have a maintenance on the ground, extra pilots hired. This is going to cost more than just an airplane, folks, make no bones about it. And we have a National Guard base in town here. I'm pretty sure they'd let the Governor use it wherever he wants to go because they need so much training flight. And so we're talking about saving money here. We've got a military institution here...installation, and they have to have so many hours in the air. And do we need an airplane? I'll be listening very close to who's pushing for this airplane. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Wallman. Senator Nelson, you're recognized. [LB194]

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SENATOR NELSON: Thank you, Mr. President, members of the body. I hope that we can answer some of the questions of Senator Wallman and I hope to. And I appreciate the comments of Senator Mello and also Senator Hadley. And I appreciate the fact that Senator Dubas has put in this amendment for discussion purposes. If you look at it, it's basically both in paragraphs (1) and (2) it asks the same questions: Should we purchase a plane or should we do something else? Should we charter, should we lease, should we rent? If we do purchase a plane, should it be a good used plane or should it be a new plane? I've handed out some items for you to take a look at. There are three of them I think stapled together, and let me briefly explain what they are. Number one shows the King Air B200 right now that we are leasing from the Foundation as needed. The next two columns show the cost of charter flights...three columns show the cost of charter flights for various planes. The final column is the Jet Lynx, that's a fractional. Well, first of all, we can't use a jet here in many of our airports where the Governor would go in Nebraska. And if you take a look at the Lincoln-Kearney-Lincoln trip, the present cost for the King Air B200 is a cost of \$1,530. That is...charts out at \$5 an hour. It includes the maintenance, the pilots, the insurance, the fuel, and everything that's needed for the flight. If you go to the charter, which is probably based on \$1,600 an hour, that pretty much covers the three-hour trip. And you can look to see, that's the smaller plane, the King Air 90. You move over to the B200, which is the larger plane, and let me say we really need a plane the size that will take six passengers at least, six to eight plus one or two pilots. And there's no question but what the plane that we need for Nebraska has to be either the King Air B200 or a newer version or something very similar because it's a turbo prop. It's got two engines. It's the safest plane that you can possibly use in the state of Nebraska or any other state with rough terrain if you have to make a landing where you can't find an airport. I will...if you'll take a look at illustration three, I apologize, we didn't do that in color, you'll see that the white spots there are the only states--there are perhaps...well, I don't know. There are a few of them that don't have any aircraft at all. If you look at the bottom, there are 37 states that operate 85 King Air aircraft. As Senator Hadley said, I think even South Dakota has four or five. Let's take a look at number two there. The present 2001 King Air B200. It's going to cost at this present time--and we only have an opportunity, a window to buy it in the next several months--\$2,164,000. There's no warranty. There's maintenance cost. There's going to have to be an avionics upgrade. We're also going to sell the Cheyenne, so the five-year cost is about \$2.7 million. You move over to a new King Air, which is a really beautiful plane, same size with warranty and everything; we're talking here, at least on this chart provided by the department or the aviation Aeronautics Department, of \$5.3 million. Then on the third column you've got the King Air, the C90GT, which I assume is probably a smaller plane, there we're talking about \$3.4 (million). [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR NELSON: Thank you, Mr. President. So here we are. I'm going to argue that the best thing for us to do is to buy the existing plane, a plane that we know about that

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has been costed out, that our pilots are trained on. We've got another at least 14 or 15 years on that. There's going to have to be an upgrade of the engines down the road at some cost. But it's a reliable plane. And if we want to go higher, if we want to spend more money, then I guess we could take a look at the new purchase with the warranties and everything. But we're not...we, as an Appropriations Committee, decided that our best opportunity at this time was to buy the plane that we have available to us at this time. Certainly if the body wants to spend more for a new plane and you feel we can finance it, then that's fine. I'll be running out of time, but I can discuss some drawbacks to leasing and fractional ownership. I'll be glad to entertain questions if anybody wants to ask those... [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR NELSON: ...or needs more addition...thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Nelson. Senator Burke Harr, you're recognized. [LB194]

SENATOR HARR: Thank you, Mr. President, members of the body. I support having a plane as long as it's fiscally responsible and the right thing to do. And I appreciate the Appropriations board starting the investigation as to what is fiscally responsible. Senator Nelson said he was open to questions and he handed out a sheet. I was wondering if he'd be willing to answer some questions. [LB194]

SENATOR COASH: Senator Nelson, will you yield? [LB194]

SENATOR NELSON: Yes, I will. [LB194]

SENATOR HARR: Thank you. And for the record, I do not own a plane so I don't know a lot about the cost of planes, so if you can just answer some of the questions for me. Start with the handout here. Did you compile this handout? [LB194]

SENATOR NELSON: No. The handout was prepared by our Aeronautics Department by Ronnie Green (sic), who is the pilot with Senator Krist...20, 30 years of operation of planes, totally familiar with these aircraft. [LB194]

SENATOR HARR: Okay. So do you know how he came up with these numbers? [LB194]

SENATOR NELSON: I have to say I don't. I presume that he used information both from his own and that was supplied to him that's common in the aviation industry. [LB194]

SENATOR HARR: Okay. But again, you don't know for sure. So I'm not going to be able

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to ask you a lot of questions I did have. Let me ask you this then. Since we don't know where these numbers came from or how they came about, I'm going to have to leave that whole line of questioning for another day. Hopefully we can get some answers. Are there fixed costs that go into a plane? [LB194]

SENATOR NELSON: Yes. There are the fixed... [LB194]

SENATOR HARR: Okay. And do you know if these fixed costs are included in this price? [LB194]

SENATOR NELSON: Which chart are you refer... [LB194]

SENATOR HARR: Let's go on page 1 and it says Department of Aeronautics King Air B200 Lincoln to Kearney to Lincoln. Well, I'll withdraw. Let me...you don't know how this number came about so I'm not going to ask you that. Let me ask you this, though. How valuable is having a catalog, a list of all the maintenance that's done on a plane? How valuable is that in dollar terms? [LB194]

SENATOR NELSON: Having a catalog or a list? [LB194]

SENATOR HARR: Yeah. Senator Mello mentioned earlier that that's one of the reasons we want to buy the Foundation's plane is because we have a catalog or a list of all the maintenance that's been done. What's the dollar figure on that? [LB194]

SENATOR NELSON: Well, yeah, I understand your question now. It's just not a catalog that tells you how to put the plane together and everything. No. A diary or a catalog of the experience with the plane and the maintenance of a used plane is essential to have that. [LB194]

SENATOR HARR: Okay. Do you have a monetary number for that? [LB194]

SENATOR NELSON: What the cost of compiling that would be? [LB194]

SENATOR HARR: No. What I'm asking you is, you would agree with me that every plane is required to have a catalog or a listing of all the maintenance that's done on a plane, correct? [LB194]

SENATOR NELSON: Yes. [LB194]

SENATOR HARR: Okay. So why is this list more important or more valuable than plane Y somewhere else that has a catalog or a maintenance list? Because we seem to be paying a premium. Senator Mello mentioned earlier that it's very valuable because this has a history or a log of all the maintenance. I'm trying to figure out why is there a

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premium on this maintenance list versus another maintenance list. [LB194]

SENATOR NELSON: You aren't going to have a maintenance list on a brand new plane, Senator. [LB194]

SENATOR HARR: Okay. But if we buy another used plane, because we've been told there is a premium for having this maintenance list of all the work that's done. Why is this maintenance list worth more than another plane's maintenance list? [LB194]

SENATOR NELSON: I think it's worth more to us because the pilots, our own pilots that have flown this plane... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR NELSON: ...all this time can read it and know exactly how it applies to this particular plane. [LB194]

SENATOR HARR: But that's not the...they know how the plane flies, but that doesn't mean a maintenance list is worth more. And then quickly--if you want, you can use the remainder of the time and explain why you decided against doing a study to determine the most cost-effective manner because I'm into cost benefit. That's what I keep hearing. [LB194]

SENATOR NELSON: Well, Senator, very quickly, what are we going to get for a \$10,000 study? We're going to get the same information that was compiled by the Department of Aeronautics for us. And we're still going to have to come down to the choice. We're going to look at the same data and we're going to say, do we want to absorb the cost of chartering and all the additional things or do we want to purchase a plane? And if we want to purchase a plane, is it going to be this plane that's available now or is it going to be a new? Those are the two basic questions. We can answer those. [LB194]

SENATOR HARR: Well, we can buy another used plane. There's nothing that stops us from buying another used plane. [LB194]

SENATOR NELSON: I'm sorry. [LB194]

SENATOR HARR: There's nothing that stops us from buying another used plane. [LB194]

SENATOR NELSON: Yes, there is. [LB194]

SENATOR HARR: Okay. Well, I'll leave it at that. That's interesting. I'll be interested to

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see why that is. Thank you. [LB194]

SENATOR COASH: Thank you, Senator. Senator Conrad, you are recognized. [LB194]

SENATOR CONRAD: Thank you, Mr. President. Good evening, colleagues. And indeed it's evening. It's always a pretty time in the Chamber in these late evening sessions. But this is an appropriate bookend to the budget debate. It gets us back to where we started in many respects. And if you'll remember back or if you check the record you can see some of my first comments in regards to the budgetary package that was before us on General File related to the unique nature of the Appropriations Committee experience and to a unified manner in which we conduct our business and that trust that we build among members who are incredibly diverse in political viewpoint, that represent incredibly diverse districts, not only in geography but demographics and individuals that have incredibly diverse professional backgrounds. But it has been our practice during my time in the Legislature, and I understand prior to that time, that the Appropriations Committee did their hard work, had their fights, and came together on the committee level and operated through the budgetary process in a unified manner. And it was my hope that that important tradition would continue this session. I think it's evident from the actions and votes of members of the committee that that beautiful tradition has been broken and that trust has been broken. And it's something that I don't take lightly. And it has caused me pause for concern, not only about our committee structure and our institution and what that means for us moving forward, not only on this budget but next year and for future legislatures, but what it means for me as an individual member moving forward. I wasn't a member who wrote a memo and distributed it instructing others about how to attack the budget. I wasn't a member who voted against this budgetary package on procedural or substantive issues that have been before us over the last many days. But now here we come to an issue that I fought vehemently against at the committee level because I think it does send the wrong message and there are other viable alternatives. Is it fair that we remain, those of us who have been committed to our unified posture, is it fair to us to now have to remain unified on an issue which we had opposition to when other members have thrown our beautiful tradition out the window and under the bus? And it got me to think very deeply about this particular topic moving forward. And I've decided that it's not appropriate or responsible to let the petty actions of other members make my actions petty moving forward. So at this juncture and moving forward, I'm planning to stay by my unique and important committee structure and process that has served this state and this body very well. I'll leave you with two quotes, one for those who favor Eastern philosophy: "The petty man is eager to make boasts, yet desires that others should believe in him. He enthusiastically engages in deception, yet wants others to have affection for him. He conducts himself like an animal, yet wants others to think well of him." And I picked this one, I think Senator Kintner will particularly like it, from President Richard Nixon: "Remember, always give your best. Never get discouraged. Never be petty. Always remember, others may hate you. But those who hate you don't win unless you hate them. And then you destroy

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yourself." I will not destroy myself... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR CONRAD: ...over a token airplane, which is insignificant from a state budgetary perspective in the context of a \$7 billion budget, because I believe in doing the hard work of forging compromise and consensus, which is indeed more important to doing the people's business than scoring cheap political points along the way. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Conrad. Senator Brasch, you're recognized. [LB194]

SENATOR BRASCH: Thank you, Mr. President, and thank you, colleagues. And I want to say a few brief things, and then I will yield the remainder of my time to Senator Nelson. And I do believe that it is important that our Governor does have an airplane at his access like 37 other states also have. It helps the Governor, I believe, and other agencies, if there's an agreement reached there, in being responsive. That time allowed to go from city to city to city and county in the state is effective. We have 93 county seats, and I believe the ability to reach our people in a most efficient manner is important. I do know during the flooding over the Missouri River airplanes were engaged quite a bit. The Governor, the Lieutenant Governor, and also private owners of planes, they could better assess the damage to the land mass, all the infrastructure that was hurt through that flooding period over a three-month period. So I do see it as being responsive, reliable. And I do believe I also agree with Senator Hadley that the Department of Aeronautics would be the best judge over a committee and the time taken. So with that, I'll give the rest of my time to Senator Nelson if he'd like it. [LB194]

SENATOR COASH: Senator Nelson, 3 minutes 10 seconds. [LB194]

SENATOR NELSON: Thank you very...Senator Brasch, very much for that. Senator Harr and I had a discussion afterwards. Let me explain that the B200, the King Air, is owned by the University of Nebraska Foundation. They have decided that they no longer want...they don't have the need for ownership of a plane. And therefore, they're making it available to us to purchase for an appraised price that they had done. I think in the essence of time I'm just going to answer some of the questions that Senator Dubas posed by reading the response from the department. Should the state purchase an aircraft or should privately owned aircraft be used through rental, time share, lease, or other arrangements? Time share, that's the one on the far right of the column, or fractional ownership is not a viable option for the state due to its high cost. An initial capital outlay or lease payment, a monthly management fee covering the cost of ownership, a base hourly rate for each hour flown, plus a fuel surcharge, which can be upwards of \$700 an hour. Additionally, the aircraft in these programs are jets, not, as I

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said, not twin engine turbo props so they don't fit our needs. Leasing an aircraft provides all the costs of ownership: maintenance, inspections, insurance, hangaring, etcetera, along with a hefty monthly lease payment, typically 1 percent of the value of the aircraft. Leasing a new King Air 250 valued at \$6 million would entail a monthly lease payment of \$60,000, in other words \$720,000 per year out of the General Fund. Three years of lease payments would equal the purchase price of the King Air B200 that we're talking about. Leasing only makes sense for a user who would otherwise buy new aircraft every few years. The department has not purchased an aircraft since 1986, almost 27 years ago. There are no twin engine turbo prop aircraft for rent in the Lincoln-Omaha area. Additionally, one of the key disadvantages of using rental aircraft is availability. So the final alternative is providing air transportation is chartering. And again, if you look at the handout, that outlines the travel costs charged by the public companies providing either charter or fractional ownership arrangements. And I could read on there, but if we look at that... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR NELSON: Thank you, Mr....one minute? [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR NELSON: All right, thank you. There again, let me direct your attention to the costs of the charter. For a Silverhawk, a smaller plane, which might meet our needs, it's double the cost and you go on up. And the thing about chartering is that they're not always available at the time that you need them and they're more costly. And if we're going to have a Governor that needs to get around the state perhaps on short notice, he's not going to...it may not be available. It's going to be costly. And if it's not something that needs to be done, I think the tendency would be I'm not going to pay to go out to Scottsbluff, I'm not going to pay... [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR NELSON: ...\$6,000 or \$7,000. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Nelson. Those still in the queue wishing to speak: Senators Chambers, Dubas, Wightman, Nelson, and others. Senator Chambers, you are recognized. [LB194]

SENATOR CHAMBERS: Thank you, Mr. President. Senator Nelson, I'd like to ask you a question or two. [LB194]

SENATOR COASH: Senator Nelson, will you yield? [LB194]

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SENATOR CHAMBERS: Are you on the Appropriations Committee? [LB194]

SENATOR NELSON: Yes, I am, Senator. [LB194]

SENATOR CHAMBERS: This was the only item on the table as far as a plane that was going to be purchased, wasn't it? There was no thought given to any other alternative in reality. Isn't that true? This was the thing that was going to be considered. Isn't that true? [LB194]

SENATOR NELSON: No, that's not true. [LB194]

SENATOR CHAMBERS: Well, you already said you can't even consider buying another...a different used airplane. [LB194]

SENATOR NELSON: All the alternatives were presented to us. And just as these things that I read in the letter, those were the possibilities that we had to consider. [LB194]

SENATOR CHAMBERS: Who presented the alternatives to you? [LB194]

SENATOR NELSON: I'm sorry. [LB194]

SENATOR CHAMBERS: Who...you said this is the only alternative. Who presented this alternative? [LB194]

SENATOR NELSON: I said these were alternatives that were given to us, and this information was given us by the Department of Aeronautics. [LB194]

SENATOR CHAMBERS: Now the Department of Aeronautics wants this particular plane, don't they? This is the plane they want, isn't it? [LB194]

SENATOR NELSON: I'll bet, Senator, they would like a new plane if we could afford it. [LB194]

SENATOR CHAMBERS: Thank you. That's all I'll ask you, Senator Nelson. Members of the Legislature, this whole thing smells of hokum to me. First of all, if you all don't know it, one of the most powerful political entities in this state other than a political subdivision is the University Foundation. It seems too chummy, too cozy and they gave...I'd like to ask Senator Mello a question. But while he's coming to the mike... [LB194]

SENATOR COASH: Senator Mello, will you yield? [LB194]

SENATOR MELLO: Yes. [LB194]

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SENATOR CHAMBERS: Senator Mello, wasn't more or less an ultimatum given by the Foundation that you'd better make your mind up by a certain date or we're going to go out on the private market and see what we can get for this airplane? [LB194]

SENATOR MELLO: Yes, Senator Chambers. That date ends essentially the end of this fiscal year, June 30, 2013. [LB194]

SENATOR CHAMBERS: And that left not enough time to even consider looking at any other alternatives such as another used plane. [LB194]

SENATOR MELLO: That would be essentially the state Department of Aeronautics right now has been leasing this plane for the last few months, essentially the beginning of this year through June 30, 2013. And at that moment in time, you're correct, if the state doesn't have...have made a decision on whether or not we choose to purchase this specific aircraft, the University Foundation has indicated they will go to the private market and see if they can sell the plane to another buyer. [LB194]

SENATOR CHAMBERS: Thank you. Not that I'm through, but my time will run out, and I want to make some very, to me, important statements. There was no comparison shopping done. They don't know what might be available on the market. They didn't have time. This is not the only thing out there. I don't know how Senator Nelson can tell Senator Harr that there's no...you can't consider another used plane, no. He doesn't know that. The committee doesn't know it. They didn't study anything. The Department of Aeronautics wants this airplane. They gave the information. They gave figures, the source of which nobody knows, and we're to take it on faith because the committee did. Well, if this Foundation can get a better price, let them go get it. And there's no haste for us to do this. If you cannot buy this thing and be comfortable in buying it, there are ways for the Governor to find air travel when he needs it. He's not flying here and there every day, and if he is, he's not doing his job. People want to talk about all the reasons he's got to go to Scottsbluff and these other places. I don't know what the emergencies are that would make him have to do all this flying. I don't buy it and I don't have to accept it. And we're getting into my territory now, 9:35, we're not there yet. In a couple of hours we'll be getting close. And you all saw how people dealt on the mainline budget, didn't you? [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR CHAMBERS: And they were dealing on little nitpicky things. This is a policy decision that is being dictated by the University Foundation. Buy this plane by this date or you're out in the cold. And if you don't buy this plane, you're going to be in trouble. It's going to cost you all this money to do this and that. Well, we can afford to spend a little money if that's what it takes to take the time to do this. And I don't know why the Department of Aeronautics doesn't want the study. I don't know why, but I think they

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fear that we'll get information that they don't want to give. How do I know that there's not something cozy and a kickback for people in the Department of Aeronautics? How do I know that, Senator Nelson? That's not a question you have to answer. These are questions that the public is entitled to, and I'm a member of the public as well as an elected official. And this thing, this deal doesn't smell right to me. But my time is up so I had to get that out, and I'll turn on my light again. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Chambers. Senator Dubas, you're recognized. [LB194]

SENATOR DUBAS: Thank you, Mr. President. Would Senator Krist yield to some questions? [LB194]

SENATOR COASH: Senator Krist, will you yield? [LB194]

SENATOR KRIST: Yes. [LB194]

SENATOR DUBAS: Thank you, Senator Krist. I'm looking at this comparison of King Air aircraft for state government use: 2001 versus 2013. So we're looking at the used plane that we're wanting to buy now versus new planes. Can you give me some comparisons as to what the differences are in these airplanes? [LB194]

SENATOR KRIST: Yes, ma'am. The 2001 King Air 200 with the airplane that we have right now, deficit spending at \$2.1 million. I believe that the five-year maintenance costs are pretty close, given my experience, and I wouldn't argue with their numbers because obviously they know this airplane. What concerns me about this airplane being used is it's a \$2.1 million airplane. And I know what avionics cost, and I'd be hard-pressed to think that they're going to get the avionics package that they're looking for, the upgrade for the avionics, at \$350,000. We spent almost a half million dollars on upgrades for our cockpit several years ago. But neither here nor there, I won't argue the question. But the point here is that you're taking a \$2.1 million airplane which is at the top end of what I would refer to as a Blue Book price for the airplane. You're adding another half million dollars onto it, and you're sinking that cost in an airplane that you're never going to get...you're never going to recoup your money. You're putting a lot of money into an older airplane. If I compared that 200 and the capability, which is Senator Nelson's example of a new 2013 King Air C90, you can see the cost differential, which is pretty close to what I talked to the committee about buying new versus used; five-year warranty, all inspections included, except labor charges, I will tell you that in a hundred hour annual inspection or 100-hour inspection on this type of airplane just to wheel it into the hangar is thousands of dollars. And then if you find an issue with it, the parts are not cheap. King Airs are probably one of the most expensive parts on the market right now because they're good and they're good parts. So your total cost here in the \$3 (million) to \$4 (million) range. Now in my opinion, the 2001 B200, which these pilots are

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very comfortable with, you are trained to fly a King Air a C90 if you're trained to fly a B200. So I take the pilot equation out of it. They would be capable of flying either airplane. My biggest differentiator here would be new versus used, five-year warranty, all the parts are there. And I think if I could use a little bit more of your time, what I asked and what I recommended to Appropriations was, spend the money; do the study; have an independent, transparent appraisal of what is the best use of the taxpayers' money. And what concerns me, as Senator Chambers has said, they don't want to do the study. And the study could have been as little as maybe \$3,000 or \$4,000 if you decided that you want a King Air and that's the product you want to use. So I don't want to use any more of your time. I hope that answered most of your questions. [LB194]

SENATOR DUBAS: It did. And in reference to the study, it was said that we wouldn't get any more information from the study than what was already presented to us by the agency. Could you give me some more information about, you know, what you understand a study would bring and would we get more information... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR DUBAS: ...from a study than what was presented? [LB194]

SENATOR KRIST: Well, I can tell you that when we had the study done in my other profession, that I learned a lot from these folks who are in that business. They do it all the time. And the congressional study, congressional staffers go to these same folks for the answers when they have questions. So I don't know that...I don't care what profession you're in, if you go to the experts and these kind of companies do this...but more importantly, it's an independent appraisal. It's not somebody in-house that's telling you yea or nay. [LB194]

SENATOR DUBAS: And if I remember right from yesterday, I asked you a similar question. You said those studies can be tailored very specifically to what your needs are or what you're looking for to fulfill. [LB194]

SENATOR KRIST: Yes. As much data as you give them, that brings the price down. If you tell them these parameters are in place, give me the answer, the more data you give them, the less expensive the study is going to be. [LB194]

SENATOR DUBAS: In regards to these planes, you know, we're looking at new, are there... [LB194]

SENATOR COASH: Time, Senators. [LB194]

SENATOR DUBAS: Thank you. [LB194]

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SENATOR COASH: Thank you, Senators. Senator Wightman, you are recognized. [LB194]

SENATOR WIGHTMAN: Thank you, Mr. President, members of the body. I supported this purchase of the airplane. I still do. I think that Senator Nelson has given us some pretty good information with regard to comparison in prices and how this plane would compare, both as to price and to the capability of other airplanes. So I consider that to be sufficient from my standpoint. I'm certainly not an expert in airplanes. But I do think that it's important that the state do have a plane. And I think if we lease it, you're not going to see the Governor attending out in the western end of the state or the central part of the state nearly as often as he does now. I think if you're renting every time you go you're not going to see him out there as often. I think it is very important that he get to the west end of the state, that he gets to the central part of the state. And to me, that's probably worth the difference between purchasing a plane and renting a plane because I think he would not be there as often in that case. So I'm certainly not an expert, and I think that's obvious from what I'm saying, in airplanes. So I'm going to have to go on what we've learned. On the other hand, I don't think either the Governor, when he's flying in the airplane all the time, or the department of aviation would recommend this plane if they thought that substantial risk was being taken by the Governor. So given everything as a whole, as I say, I did support the purchase of the plane. I'm not sure whether a \$10,000, and that's what we understood it would cost, was \$10,000 to have a real study made of the plane would tell us any more than we have now. So again, I do support the purchase of a plane. I think people that need to see the Governor, various organizations out in the west end of the state, and I specifically mentioned Scottsbluff, Chadron, Alliance, I think all of them would be able to see the Governor, to have him speak at situations out there far more than if we rent a plane. So that was my thought process in supporting the purchase of the airplane. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Wightman. Senator Nelson, you are recognized. [LB194]

SENATOR NELSON: Thank you, Mr. President. I'd like to ask a question or two of Senator Krist if he will yield. [LB194]

SENATOR COASH: Senator Krist, will you yield? [LB194]

SENATOR KRIST: Yes. [LB194]

SENATOR NELSON: Thank you, Senator Krist. I appreciate all the years you've had in flying aircraft and the knowledge that you've accumulated. I don't have that sort of thing. I'm certainly not an expert like you are. I do...I want to ask you some questions about the King Air C90. Why is it priced considerably lower than the new 2000...well, that's a

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2013. Why is it lower price than the King Air 250? [LB194]

SENATOR KRIST: The King Air 90, depending on its configuration, will have potentially two less seats in it, but again, depending upon the configuration. The payload is less, meaning that the total weight is less on the airplane. And it flies anywhere from, depending upon the weight, 10 to 15 knots slower than the King Air 200. So it's a little bit slower, maybe a few less people depending upon the configuration, but not a substantially smaller airplane. It's still a good size airplane. [LB194]

SENATOR NELSON: Thank you. From...I'll just make the comment that from the information provided, the guidelines that the department needed, they felt that they needed a plane that would carry from six to eight people plus one or two pilots. And the King Air B200 would qualify that, wouldn't it, if they needed the capacity? [LB194]

SENATOR KRIST: If you're talking six to eight seats, the six, the low end of that spectrum would...the 90 would definitely qualify; and with the extra jump seat it would go to seven. And definitely the 200 would be at the high range, the eight, and with probably a jump seat you could probably do nine, but eight would probably be reasonable. [LB194]

SENATOR NELSON: All right. Looking and then at the 2001 B200 King Air, why do you feel that that's at the price at the upper end of the Blue Book value? [LB194]

SENATOR KRIST: I called...before I came to visit your committee, Senator, I called down to Beechcraft in Wichita and gave them the number of hours, the age of the airplane, and they gave me a \$1.8 (million) to \$2.2 (million) range in terms of the price of the airplane. And that's based upon how many hours were on the engine, how many hours were on the air frame, you know. I just...I made the call and said what's the range for the airplane, and it was \$1.8 (million) to \$2.2 (million). [LB194]

SENATOR NELSON: And I'm not understanding, \$1.8 million to \$2.2 (million), that range? [LB194]

SENATOR KRIST: Yes, sir. [LB194]

SENATOR NELSON: Okay, fine. Well, thank you. Thank you for your answers, Senator Krist. I can't argue with that necessarily, but I'm going to give you an example of my old car, just as Senator Chambers talks about his Honda. I drive a 2001 Toyota that I purchased used two years, had 27,000 miles on it and I knew the car and it was in good shape. And I had to pay, as I recall, I wanted to pay about \$9,500 for it; and I had to pay \$1,000 more than I wanted to. And that was difficult for me, but I went ahead because I thought it was a good buy, and it was a good buy. I've had it now for all these years, put 157,000 miles on it or actually it's over...it's 160,000 now so I'm doing the math, I guess

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I put 130,000 over the past... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR NELSON: ...seven years and it was worth it. So I'm not sure that we want to quibble about the price here of the 2001 King Air if our pilots are satisfied with it, they're trained with it, they know the aircraft, it's been reliable. In my mind, if there aren't any major defects, it's probably a fairly good buy even though it might be a little more than we want to pay. Now if the body sees fit to purchase a brand new C90 and you think that's going to set with the people of Nebraska, a brand new airplane because it's a better deal for us, that's a judgment call that this body has to make. I certainly wouldn't argue against that. But I do know what we have in hand at this time. I guess we can hold off the purchase, but sometimes it's good to jump if you've got a fairly good deal and you know the airplane or the vehicle. So I'm going to argue that we ought to go ahead with this, a bird in the hand, something that we know well and that the department is satisfied with and will satisfy our needs, not for this Governor... [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR NELSON: ...but for the next Governor. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Nelson. Senator Davis, you're recognized. [LB194]

SENATOR DAVIS: Thank you, Mr. President. I always like to start off my stories with my school board stories, so I'm going to do that right now and then I'll get into the plane. Several years ago at our school, we needed to get some new band uniforms, and so there was quite a bit of discussion about how many they needed and when they were going to get them. And I said, let's try to get a grant for those band uniforms. The allocation was made. The committee had made the decision. They said, why? We've already allocated the money. And they said, no, let's try to get a grant. So I wrote the grant and we got the grant and we saved people money by waiting a little bit. Sometimes bargains aren't really what you think they are. The plane is 12 years old, and it may be a great plane but it is 12 years old. Now I come from a family that has flown, so I know how planes are and how they can last. They can last a long, long time if they're well taken care of. I have no criticism of what the Department of Aeronautics has done with that. Just a few little observations that I would make. If you take the first plane that we have that was on the list that Senator Nelson handed out, and that's on the charter aspect of the plane, and you go to Scottsbluff, and you'll see that the Department of Aeronautics in our King Air, the cost can be \$4,200. In the King Air 90 it's \$6,000. So if you take that difference, which is just right at \$1,800, and you divide that into the cost of the plane, and you end up with 1,200 trips to Scottsbluff. Now there's some questions that I don't know about chartering versus the plane we've got here. But

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if we charter, we wouldn't need pilots. I'm not sure the pilots are figured into the cost here on this plane. So just something to think about. Local governments, when they're going to do a major capital investment, they go out and get bids for it. I don't understand why the Appropriations Committee hasn't instructed the executive aspect of government to get some bids on this. I'd like to see some comparable bids so we know we're getting what we say we're getting. So with that, I would like to say that I would support the amendment and urge the body to do so. Thank you. [LB194]

SENATOR COASH: Thank you, Senator Davis. Senator Nordquist, you're recognized. [LB194]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise...as I spoke earlier I stated why in committee I opposed...voted against purchasing the plane, but largely because of...we talked earlier about respect for taxpayer dollars, and I don't know that this session I've received more e-mails or phone calls on an issue outside of this airplane purchase. It's not sitting well with constituents in my district, and that's why in committee I opposed it. But in the spirit of compromise, also echoing Senator Conrad's comments, we worked hard on a complete budget package, and for that reason I won't vote in support of the pending amendment. But I did want to bring up two concerns. Senator Harr has talked about the numbers here. Senator Davis was just talking about them. This is really about all we received. And I have a problem when the Appropriations Committee is trying to make determinations on spending priorities and we request information. We were willing to fund a study. We requested that and we were denied. That's problematic when state agencies don't want to come forward with the information we as policymakers need and deserve to make the appropriate decisions. All of the questions that are raised tonight, even about the numbers that were handed out, aren't answered. Are fixed costs associated with this? I do know, Senator Davis, that pilots for the charters are included. But what fixed costs are included in this? We don't know. We do know that the cost of the airplane isn't figured in, and Senator Davis talked about that math. But I do want to address one other issue and I'm going to kind of get the intent into the record. We put intent language into...it was in LB195, so it would go into effect in July, which says that it's the intent of the Legislature that the use of the state-owned charter or rented aircraft by the Department of Aeronautics shall be used for the sole purpose of state business. It's the intent of the Legislature that the department electronically file with the Clerk of the Legislature a quarterly report on the department's use of all state-owned chartered or rented aircraft, that includes the following information for each trip: the names of the agency or other entity traveling; the name of each individual passenger; all purposes for the trip; the destination and intermediate stops; and the miles flown. I think this was absolutely critical for me to even get to the point of not moving to strike this on the floor, that for the sole purpose of state business. That means no side trips; no we're flying to Scottsbluff and we're going to divert up to Mullen for a golf outing or something; no state-owned business...state business only. And we will certainly monitor that going forward. It's certainly a different

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precedent now. Maybe with the foundation plane, that was fine. That wasn't state government. But now that this is a state-owned airplane, it's the same as a state car. We wouldn't allow anyone in state government to take a state car to anything that isn't state business. So I wanted to get that clearly into the record so there are no issues with that going forward. Thank you. [LB194 LB195]

SENATOR COASH: Thank you, Senator Nordquist. Senator Bloomfield, you are recognized. [LB194]

SENATOR BLOOMFIELD: Thank you, Mr. President. I wonder if Senator Krist would yield to a few questions. [LB194]

SENATOR COASH: Senator Krist, will you yield? [LB194]

SENATOR KRIST: Yes, (inaudible). Yes. [LB194]

SENATOR BLOOMFIELD: Thank you, Senator Krist. I'm sitting here looking at the comparative numbers of the 2001 King Air 200 versus the 2013 King Air 250. Given that they are, in my understanding, about the same size plane that we're going to spend the minimum of \$350,000 for upgrades and avionics, have there been improvements made between 2001 and 2013 that would make that plane safer, make it use less fuel or anything along those lines? What has changed in the last 13 years to make that a better plane? [LB194]

SENATOR KRIST: Without being sarcastic or facetious: What hasn't changed? The technology in the engine, the avionics package. We call the instrumentation in the vintage 2001 King Air steam gauges, because they are round dial gauges; they're not the state of the art. That 2013 King Air, either version, is going to have equipment on it that I can rattle off: TCAS, TAWS, WAAS. It's going to be...it's going to have everything that you want. Yes, the safety margin in terms of what that airplane will give you would be better. And more importantly, it will have a warranty and it will have about a 30-year life expectancy if it's treated well; while that 2001 King Air is in between 15 and 20, if you're lucky. [LB194]

SENATOR BLOOMFIELD: Thank you, Senator Krist. Colleagues, I have yet to be convinced that the state needs to own an airplane. Everyone here seems to think we do. And if that's the case, let's buy the new plane. If we have to have one, let's keep our Governor and the people that fly as safe as we can. South Dakota lost a governor because the airplane motor flew apart in the air. Let's not put our Governor at that risk. If we are going to buy a plane, colleagues, we just rolled \$53 million into the Cash Fund that we would not give back to the people. Let's spend the extra \$2.5 million. Let's get the new plane if we have to have one. I am not convinced we have to have one yet. I would like to see the study go forward. I believe for the one year that it may take to do

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the study, or the less time it would take to do the study, we can afford to charter if the Governor has to get somewhere. Let's do the study. If we have to have the plane, let's not scrimp on something that can keep the Governor alive and anybody else that would happen to fly on that. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Bloomfield. Senator Burke Harr, you're recognized. [LB194]

SENATOR HARR: Thank you, Mr. President and members of the body. I'm going to get up and say again I probably disagree with Senator Bloomfield a little bit. I do think the government probably has a need for a plane and I do want the Governor to go out and see our good friend Senator Harms who has to drive back and forth. I want him to be able to fly out and see him over the summer. But that being said, this handout from Senator Nelson, while well-intended, is not worth the paper it's written on. It may have been meant well, but we have no idea what these numbers mean. It says Department of Aeronautics, King Air B200, cost from Lincoln to Kearney and back to Lincoln, \$1,530. Folks, what's that based on? We all know there are fixed costs out there. We know there's the fixed cost of storage. There are certain required maintenance. There's pilots, there's mechanics. These are fixed costs. So you have to average them over a certain amount of time. How many hours is this assumption that the plane is going to fly? Is it a million miles a year? Is it two round trips? Is it one round trip? I don't know. And if you know, please let me know, because this doesn't tell me. I have no idea. I have no idea if this is based on nautical miles flight, if it's based on hours flight. All I know is there are a bunch of numbers associated with each plane. I have no idea how this guy got this information. Silverhawk King Air 90, how did he get it? Did he call someone? I don't know. Is there a suggested manufacturer price? I don't know. Did he go to the Internet? Is he planning to pay sales tax? Is he not planning to pay sales tax? Is sales tax taken into account in this price? I don't know. This tells us absolutely nothing. And then to add insult to injury, it compares apples to oranges, because when we do the fractional, he only uses jets. Well, folks, I may not be the richest man in the world but I've flown on a turboprop that was leased. You can lease them. Why didn't he look up that price? I have no idea. Would it make more sense to have a fractional where if you're flying in state, you use...you lease a turboprop, and when you're going to D.C., you rent a jet? I don't know. No one has explained this to me. Yesterday, we spent hours--hours--on a \$150,000 appropriation for a wind...or excuse me, a water study. Climatology. And there were all kinds of questions: Is this the best way; why are we using the university; why this, why that; why, why, why, why? Here we are, spending ten times, over ten times as much money, and there aren't any answers. And near as I can tell, no questions were asked. I don't know. How many flight hours do we plan for the Governor or the state to use this plane? Right now, we have access to two planes. We have the Cheyenne and we have the University Foundation plane. And as I understand it, we try to fly the Cheyenne first, and if there's a conflict, we fly the foundation. Well, the foundation plane isn't flown right now. If we're down to one plane, and I assume the foundation isn't going

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to buy another plane, what do we do then? [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR HARR: Thank you. This hasn't been talked about. Maybe we want to buy two cheaper planes, I don't know. Are we going to have a fractional membership somewhere? I don't know. I mean, that's why we do these studies. That's why you have a cost analysis. I guarantee, I heard earlier if you had a CEO, a \$7 billion company, they would have a plane; and they're right. But I guarantee you they would do a study, an outside impartial study. Not this. And I guarantee you, a board, before spending \$2 million or more, would say, okay, \$1,500; what's the basis of that? They would ask questions. And I guarantee you, if we get a study, we'll have answers to that. We have...I've thrown out ten questions. All I want is the answers to one: Why do we need this plane over another plane? It hasn't been answered. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Harr. Senator Krist, you are recognized. [LB194]

SENATOR KRIST: Thank you, Mr. President. Good evening, colleagues. I'm probably going to surprise some folks, but, you know, sometimes late at night I get this way. I think we're in a bad spot, and that may be an understatement. We will have thrown away \$60,000 on a dry lease program for an airplane at the end of this. And by the way...by the way, we are taking money out of the preventative maintenance fund for the Cheyenne to pay for the lease of the airplane, which is why if you listened to my amendment the other day, I was trying to make sure that if we have a preventative maintenance fund and preventative replacement fund, you don't spend it for anything else; because if you have to put new engines on the Cheyenne, if you're stuck with the Cheyenne, you're taking money...you're robbing Peter to pay Paul. Why are we doing that? I don't understand. We did a contract...I have a copy of the contract here that the state of Nebraska buyer--it lists her name; I guess she's the contracting officer--did with the foundation; and that's why it's in a deficit category here, because she said we're going to pay \$10,000 per month for a dry lease, and then she said at the end of it, the balance on the payout on the airplane is going to be \$2 million whatever, and that was going to take the \$60,000 credit. Well, if we don't buy the airplane at the end of June, then we're going to lose the \$60,000. Life is going to be not too wonderful for any of us, because the Governor is not going to get his airplane, and we're not going to have air travel. I mean, let's be serious. We are between the proverbial rock and the proverbial hard place. And once again, we've been thrown under the bus to make a decision that I don't think there's 48 people in this room are qualified to make. And I may have a huge ego, but I don't think there's 48 other people in this room, besides me, that can come close to filling in the diagram and the matrix to buy this airplane. And I don't think there's anybody on the staff or DAS or the contracting officer that could do the same thing. I

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think there's somebody at the university at the foundation that knew how to do that. And Senator Harr is absolutely right: they probably did a cost benefit analysis. They probably had a CFO running that program, and there was probably a preventative maintenance fund for the King Air, which we paid into; and I'm not sure if we're ever going to see that money. So here's what I'm suggesting: If the 48 of you decide that we need an airplane for the state of Nebraska, I believe the best course of action is to give the Governor what he wants. I said it in the World-Herald, sarcastically; I'm saying it tonight sarcastically, because we're between the proverbial rock and a hard spot: Give him what he wants. Buy the \$2.1 million. Let's get on with life. Establish a preventative maintenance fund and a preventative replacement fund; include Senator Dubas' study because that's what should have been done from the very beginning to decide which way to go; and tell the Department of Aeronautics today, put them on notice, that we will not have them flying one person on that...one pilot on that airplane. We will enforce the laws and the codes that the United States government enforces: two people, two pilots, two sets of controls, two sets of instrumentations, two engines. The redundancy and duality is safety. But let's not turn our back on this, because this needs oversight. But I think...first of all, it's impossible to start over at this point. If we ask Conklin and de Decker, who is the company I've been talking about, and I'm going to use their name on the mike because I think they're the best in the country, if we employ Conklin and de Decker to do that study right now, a minimum of 30 days,... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR KRIST: ...clock ticking, then we're going to go out and find an airplane to buy and we're going to have to appropriate somewhere between \$3,500,000 and...or \$3.5 million and \$6.5 million to buy a new airplane. We don't have the time to do that. So we have another tough decision to make. If we make the decision...if the 48 of you think we need an airplane, then we need to do what we need to do here tonight. And I'd love to put a priority motion on to adjourn, get a good night's sleep, and come back and do this, if the Speaker would listen; but it's his choice. Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Krist. Senator Chambers, you are recognized. [LB194]

SENATOR CHAMBERS: Mr. President, the Appropriations Committee got snookered. They were amateurs dealing with professionals. You think the people with that foundation don't know how to co-op the aeronautics department? They're hirelings. They want to dump that plane. They're going to put the state in a position where they've got to act, and Senator Krist just laid it out for you. Those professionals put the amateurs into the corner; and we're the amateurs, we are the suckers. And the public will look...that's what they've been saying all day, uh-huh, you went to the University Foundation. They had an 11-year-old plane they wanted to dump, so they said, get the Legislature to give \$2.2 million for it, and then they've got to put other money into it to

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make it serviceable and what it ought to be. That's the way they're spending our money over there? Why does the Governor even need an airplane? He's going to fly out to some of these places and throw a shovel full of dirt. "We saw the Governor." Why is he always flying out there in the way that we get the impression he is? He's not always coming to Omaha. So people in Alliance, it makes me think they're rubes. They have a big parade. Why? Because the Governor is coming out here. Well, what's he going to do? He's going to sit on the back of a car and ride through the town, and everybody is happy. This is an occasion. People in the rural areas are the ones who create the stereotypes about them. What does he have to say that he has to say it in person? That's how the professionals put the amateurs in the corner; and that's what has happened and the committee had to go for it. A study could have been taken. The Department of Aeronautics wants this plane. Maybe the Governor told them. He runs that department. So he said, go give the committee this information; they don't know anything and they'll accept what we tell them is the way it is. So I'm going to buy a used car and I'm going to go to the used car dealer and he's going to tell me the price, and I'm going to say, okay, I'll buy it. Is this the best deal I can get? He says, it certainly is. Well, if I went someplace else, could I get a better deal? Nowhere else. So you assure me of that? Um-hum. And I give him my money and I drive off the lot. Clunk, clunk, clunk, clunk, clunk. Smoke. Smells of oil fumes. And I take it back. And he says, you bought it as is. And if you argue, he says, I'll call the police; you're threatening me. Here you have all this brilliance. I understand, as I listened, that Senator Krist gave them advice. They disregarded it. So now this Appropriations Committee, which was getting all the accolades--and I respected what they did on other things--then we come to something like this which is high profile, which the public can understand; all these esoteric things we were arguing about they don't even know what we're talking about and don't care, they have too many things on their mind. But they can understand the Governor and the state taking a used airplane off the foundation's hands because they want to dump it, and the foundation said, buy it by a certain day in June or you're out in the cold; we're going to go someplace else and sell it. Let them go someplace else and sell it. You think they're doing the state a favor, don't you? Senator Nelson thinks they're doing us a favor. The committee thinks they're doing us a favor. [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR CHAMBERS: I don't. And I'm going to criticize it every time I get a chance. You all will go for it. As Senator Krist said, you don't have any choice now. The professionals put the suckers in the corner, and that's where you are; and then you're going to stand here and give me the figures that the used car dealer, Honest John, said this is the truth. And you said, well, I know it's true because he's got Honest in front of his name. I am...Senator Kintner, I was too hard on you earlier today. I should have saved it for what they're doing here now. I'm listening. And Senator Nelson is a lawyer. If we get ridiculed we have it coming. This is one of the dumbest, most boneheaded things that the Appropriations Committee has done. And it may have been Jonathan

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Swift or somebody who said, don't give a stupid answer because it erases all the hundred good answers you may have given before. Don't get the airplane. You think the Governor won't find a way to go out there and cut a ribbon, if that's what they want; or throw a shovel full of dirt, if that's what they want him to do? [LB194]

SENATOR COASH: Time, Senator. Time. [LB194]

SENATOR CHAMBERS: You said time? [LB194]

SENATOR COASH: Yes, time. [LB194]

SENATOR CHAMBERS: Thank you, Mr. President. [LB194]

SENATOR COASH: Senator Dubas, you are recognized. [LB194]

SENATOR DUBAS: Thank you, Mr. President. Is Senator Mello available for a question? [LB194]

SENATOR COASH: Senator Mello, will you yield? [LB194]

SENATOR DUBAS: Would Senator Conrad yield to a question? [LB194]

SENATOR COASH: Senator Conrad, will you yield? [LB194]

SENATOR CONRAD: Yes. [LB194]

SENATOR DUBAS: Thank you, Senator Conrad. When I introduced this amendment, I referred to the statutes about the bidding process, and also there's a statute that says the department may purchase an airplane. Is there a bidding process that is required for a purchase like this? [LB194]

SENATOR CONRAD: I'm looking to Fiscal because I'm not sure off the top of my head. My gut would tell me that it would follow our typical contracting procedures and the rules and regs that go along thereto, to ensure a competitive and open bid. But I don't know that for sure off the top of my head, so I'm looking at Senator Mello or at Fiscal to see if we can get confirmation on that. [LB194]

SENATOR CONRAD: I know I asked the question earlier today, and wasn't...nobody quite knew for sure. So I think that's probably another question that deserves an answer: Was a bidding process gone through to reach this decision? As we continue to maybe look for the answer to this question, if Senator Krist is still available I have a few more questions for him. Senator Krist. [LB194]

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SENATOR COASH: Senator Krist, will you yield? [LB194]

SENATOR KRIST: Yes. I'm sorry; yes, I will. [LB194]

SENATOR DUBAS: Thank you, Senator Krist. In your previous time at the mike, we were talking about the new planes versus what we have. What would a comparable newer used plane cost? [LB194]

SENATOR KRIST: When I went to talk to the Appropriations Committee, I had found a 2007 King Air 350, and it was in the high threes. It was \$3.6 million, \$3.9 million, something like that. But once again, there is going to be no warranty on it; it's just going to be a new airplane. And buying a used airplane means you're buying the engines at the state that they are. So that airplane was mid-time engines. I compared that to this mid-time engine. [LB194]

SENATOR DUBAS: I know there was reference about the maintenance records on the existing plane, and I certainly do understand that when you own something and you're familiar with it; I understand that from a farm equipment perspective. But would there be similar maintenance records on any other new plane...or any other used plane, excuse me? [LB194]

SENATOR KRIST: Senator Dubas, the value of an airplane is the value of its engines; the value of its avionics; and then, in order, the documentation on the airplane. If there's any damage history, if there's ever been an accident, everything that you do on that airplane is put into log books. Each one of the engines has a log book; the airframe has a log book; and some people run a log form that shows the number of hours that they've flown and destinations. [LB194]

SENATOR DUBAS: All right. Thank you, Senator Krist. I believe Senator Conrad may have an answer for me, if she would yield to a question. [LB194]

SENATOR COASH: Senator Conrad, will you yield? [LB194]

SENATOR CONRAD: Yes, of course. Senator Dubas, (inaudible). [LB194]

SENATOR DUBAS: Senator Conrad, do we have an answer? [LB194]

SENATOR CONRAD: Well, I think so. I did visit with the Fiscal Office and briefly consulted with the Chairman as well, and it's our understanding that current state statute would provide for the typical bidding process, but that there is at least some ambiguity, if not an express exception, that allows the Governor to use other procedures if there is a valid reason to carve out an exception for those areas. So that's a long-winded answer. (Laugh) [LB194]

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SENATOR DUBAS: Is there any type of documentation or process that would have to... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR DUBAS: Thank you, Mr. President...that you would have to go through to create an exception to the bidding process? [LB194]

SENATOR CONRAD: I need to double-check on that, Senator Dubas. But we understand that the Governor can waive it when it's directed toward a sole source. So the parameters that go along with how to utilize that exception process I'd be happy to get more information to you about. [LB194]

SENATOR DUBAS: All right. Thank you very much, Senator Conrad. [LB194]

SENATOR COASH: Thank you, Senator Dubas. Senator Karpisek, you are recognized. [LB194]

SENATOR KARPISEK: Thank you, Mr. President and members of the body. Senator Chambers always threatens to take us this late, and tonight it's really not just him; so that's a little bit more fun. I think Senator Dubas' idea is the only idea that makes any sense. I do understand what Senator Krist is talking about, being backed in a corner and we don't have anywhere to go. But I disagree. We have somewhere to go. If we don't have time, I don't know who else to go to, but I know Senator Krist, when he says 48 others don't know, I'll say I'm certainly not one of them. So he is right, at least, on 47. We have Duncan Aviation here in town. I don't know, maybe go talk to them a little bit, quickly? Maybe there's other aviation companies. I don't know that either. But maybe someone like that to go talk to, to find some things out about these different things. Senator Bloomfield and I agree again. I'm not so sure we need a plane, but that's why we would have the study. And if we do need a plane, which, um, probably we do maybe, then let's get the best one. Let's do it right. I was thinking about it isn't too long ago that Senator Chambers was bragging about his car: 500,000-and-some miles, and how it's just purring down the road because he takes care of it and it takes care of him. And boy, I'll tell you, that day, if he would have wanted to sell that car, I bet I would have bought it, because it's so good. Well, what was it? About two weeks later he says, oh well, now my car isn't worth fixing anymore. It wasn't but two weeks before that he said how great it was, and I bet he thought it was going to go a million miles. But I knew better than that, even though I hear he does travel at a very low rate of speed and keeps it down because...I don't know why, but we have...I have my reasons for thinking why he does: because he's safe. But I'm sure now, Senator Chambers, when he is going to go get a new car, isn't going to...and he said this isn't just going to listen to go to one person and say, hey, give me a different car. New, used, whatever, just give me

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a car; I'm going to drive it. I take such good care of my car, it's going to last another 500,000 miles, because the last one did. Now, I know I'm being facetious, and at this time of night we get a little punchy, but there is just no reason to go out and just spend this money because we have to. I don't think we have to. I understand that the Appropriations Committee did what they did, and I don't fault them for that. I do, and Senator Mello and I had a little tense conversation earlier today about the committee sticking together. If that's the way it works, that's the way it works. And I think maybe next year the General Affairs Committee will play by those rules. Senator Bloomfield, (laugh) when you get out here, you're going to agree with me. That's it. No, we won't do that. But it's a little different, as Senator Mello said. [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR KARPISEK: I would give my minute to Senator Chambers. Thank you, Mr. President. [LB194]

SENATOR COASH: Senator Chambers, 1 minute. [LB194]

SENATOR CHAMBERS: Thank you. Members of the Legislature, Senator Karpisek maybe unintentionally resolved this whole thing in my mind. Senator Karpisek, would you answer a question, please, to make sure I got it correct? [LB194]

SENATOR KARPISEK: Yes. [LB194]

SENATOR CHAMBERS: You mentioned that Duncan Air, whatever they are, is in Lincoln. [LB194]

SENATOR KARPISEK: Yes. [LB194]

SENATOR CHAMBERS: And that they could be talked to about this. [LB194]

SENATOR KARPISEK: I would assume so. I'm not speaking for them. [LB194]

SENATOR CHAMBERS: Thank you. I think Senator...they misheard and they went to Dunkin' Donuts. (Laughter) So in order to sell doughnuts, they said, what do you want to know? Well, we're going to buy an airplane; what do you think about this? Well, how many doughnuts are you going buy? Three dozen. I think that's a good buy; I don't think you can do better than that. So they can now say they went to Dunkin' but they won't put the last name on it. [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR CHAMBERS: Members of the Legislature, don't be talking about

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transparency. [LB194]

SENATOR COASH: Time, Senator. Thank you, Senator Chambers. Senator Nelson, you are recognized. This is your third time. [LB194]

SENATOR NELSON: Thank you, Mr. Chairman. The hour is late. Some questions have been raised. I'll try to answer those, especially for Senator Harr. Looking at Exhibit 1, Senator Harr, you questioned with the King Air B200 what's included in the \$1,530. Let me state, first of all, that this is all based on an average of 150 hours flown in the state of Nebraska. That's hourly. Not miles but on hours. That figure there, and I get my information from the Fiscal Analyst who is fully cognizant of all this, that all of the costs: maintenance, pilot cost, all other things, gas and stuff, are included in that. That's the complete cost of the \$1,530. When you get over into the charters, then you're talking about an hourly rate, generally, in the first case there, probably \$1,600 an hour, and it goes up for the larger plane. And when we get over to the fractional timeshare, we get into the question of...the only thing that we can get there on a fractional share is a jet. And I have information here from the Department of Aeronautics that of the 87 airfields in Nebraska, a lot of them are less than 4,000 feet, and you can't land a jet on those; so you're limited. So forget about jets. We have to use turboprops. And I think everybody, including Senator Krist, would...that knows anything about it, would agree that we need a safe plane, a two-engine plane flown by two pilots--and we can require that--to get our Governor, whoever he or she is, safely around the state of Nebraska. It's been done safely so far with the plane that we are leasing now from the foundation. As a lawyer, I know that if I have something for sale and I'm renting it out at the time, I can go to that person and say, I'm going to give you an option to purchase. You can purchase this at the time the lease is over--and this is done with automobile agencies as well. You can purchase this for a certain price. But if you don't exercise that option by the end of June, then I'm going to move on and I'm going to sell the airplane to whatever price I can get for it and I think \$2.1 million is a fair price. So I don't know if that's being in a corner or not. We got a great deal of information from the Department of Aeronautics. I don't know Ronnie Green (sic--Mitchell), but I was impressed by the information that he provided and it was extensive and we all got that information. Maybe we all on the committee didn't have time to read it, but I certainly did. Do we think that he's just pulling figures out of the air? If we're going to pay \$8,000 or \$10,000 for a study, are we going to go to that person who did the study and say, show me all of your paperwork and your mathematics, and everything? How did you come up with these figures? I'm going to have to assume that someone with the experience of Ronnie Green (sic--Mitchell) and his staff know what they're talking about, know where to go to the information, and that they're not going to pull the wool over the eyes of the Appropriations Committee. It still boils down to choices, whether you have a survey or not. We've got a difference of opinion on here whether the Governor needs a plane or not. I think that the majority of the people on this floor think that the Governor needs a plane here in Nebraska. Thirty-seven other states need one or more planes for that purpose. Maybe that's what

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we should be voting on. But if we're going to assume that we do need a plane, then what's the best one to purchase? Do we have the information that we need... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR NELSON: One minute, Mr. President? [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR NELSON: Thank you...with the information that we have? I say that we do. There was a difference of opinion on the committee, just as there is on a lot of issues. But we voted on it; and the committee, the majority vote was that we felt this was the thing to do. At this price, this was the best deal in the time amount, if we...I guess we could have decided, no, we're going to pay for a study. But what's a study going to do? Is that person doing the study going to say, you don't need a plane? Well, I beg to differ. We do here in the state of Nebraska, most of us are going to say. It's just a matter of how we're going to do that. Are we going to charter it? Or are we going to make it instantly available, for the most part, by owning our own plane and maintaining it and knowing what we have on the basis of what our experience has been so far? So I... [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR NELSON: ...am not in support of this amendment. I think we've discussed it. We've gotten the information out... [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR NELSON: Thank you very much. [LB194]

SENATOR COASH: Thank you, Senator Nelson. Senator Wallman, you're recognized. [LB194]

SENATOR WALLMAN: Thank you, Mr. President and members of the body. Would Senator Nordquist answer a question, please? [LB194]

SENATOR COASH: Senator Nordquist, will you yield? [LB194]

SENATOR NORDQUIST: Yes. [LB194]

SENATOR WALLMAN: This shared time, would that be the same now as before with the foundation paying part of the cost? [LB194]

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SENATOR NORDQUIST: Yes, Senator Wallman. I consulted with the Fiscal Analyst on this and we will maintain three pilots, which we currently employ through the Department of Aeronautics. My understanding that the department currently would charge whoever uses whatever agency uses the plane right now for those pilots' time. Some of those pilots' wages are subsidized with aviation fuel tax, also to some extent. But we will maintain the current staffing level. If we didn't purchase a plane and were to go towards a solely chartering, down the road, then there would be a consideration of restaffing. But right now, for the most part, the wages are paid for by the fees charged to the agencies that use the plane. [LB194]

SENATOR WALLMAN: Thank you. Well, I've been listening to this, and I don't know. Would Senator Watermeier answer a question, please? [LB194]

SENATOR COASH: Senator Watermeier, will you yield? [LB194]

SENATOR WATERMEIER: Yes. Go ahead. [LB194]

SENATOR WALLMAN: This is not a trick question: When you purchase something, do you always pay what's on the sticker? [LB194]

SENATOR WATERMEIER: No, I use the 80 percent rule. [LB194]

SENATOR WALLMAN: (Laugh) Thank you. And yeah, so I don't know how they come up with this figure; but hopefully, it's right. But still, I think we had this partnership with the foundation and with the university. They should have sold the plane to us for a dollar, and I honestly think that, because it's pretty old; it's going to have to have maintenance issues; and here, we didn't get different prices from around the thing. I agree with Senator Bloomfield that if we're going to buy a plane, this isn't a very good deal. And so that's where I'm at, and so I don't know how the rest of the body is. Would a study do any good? We have to have people that know, like farmers or something, knows how to bid on stuff, or you get on the Internet and look at airplanes all over the place. I mean, you know, there's a lot of used airplanes out there, especially in Kansas. And I don't know how good they are because I'm not an airplane mechanic. You'd had to take a specialist along. And so it would be something I would be glad to do for nothing, and so would you, I think. And so we have expertise, the people that buy farm machinery, buy trucks, buy all these things, cars and pickups; and here they give us a price and we have to take it? I'd yield the rest of my time to Senator Chambers. [LB194]

SENATOR COASH: Senator Chambers, 1 minute 50 seconds. [LB194]

SENATOR CHAMBERS: Thank you, Senator Wallman. Thank you, Mr. President. I agree with what Senator Wallman said. This is not a good deal. You heard what Senator Watermeier indicated, and that's not like a revelation to any of us. The

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foundation which has a lot of political power, which gives largess to various people, I think they even make cars available to some of the university chancellors. They give people golf outings. And they've got their hooks everywhere, and they got them in the Appropriations Committee. I heard us discussing a bill a few days ago about bids having to be let on certain things that counties would purchase. Then the state can pay... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR CHAMBERS: ...\$2.2 million because the one selling the used plane says this is what you're going to take. You might carry that title, Senator, but that doesn't mean anything to us and you know it means nothing to us. So you're going to take this and that's all that's going to be on the table and that's all that the Appropriations Committee had on the table. And now they're trying to justify and rationalize a bad, unreasonable decision, and you ought to repeal every statute that requires any political subdivision to let things out to bid. What could be cozier than the Governor's Office and the foundation? Let these people who want to buy gravel for the county...if they've got a friend who sells gravel, buy it from your friend. This is horrendous. And if you don't adopt the amendment in the form that Senator Dubas has it... [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR CHAMBERS: Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Chambers. Senator Brasch, you are recognized. [LB194]

SENATOR BRASCH: Thank you, Mr. President, and thank you, colleagues. This conversation seems to be getting pretty heated here, saying that they don't know anything about airplanes; they're doing this and that, and pointing a lot of fingers that...or shaking fists, I'm not sure which. But I got on the gadget, as many of you call that, and decided to just kind of look into this. And I pulled up the statutes on the Department of Aeronautics and aviation, and here it says that the Nebraska Aeronautics Commission is composed of members with qualifications and interest and training in one of more areas of aviation. And then it says part of their duties...they have several duties, and duty number three, according to Statute 3-104, is to arrange and authorize the purchase of aircraft upon behalf of the state. And so they do have the background. And I decided, well, I'm going to see who these people are. Michael Cook of Bellevue, he's on the commission; and I thank him for serving on the commission and our country. He is part of the Strategic Reconnaissance Wing 55th Flight United States Air Force. His credentials are phenomenal. Diana Smith of Beatrice is on the commission. Doug Vap, he was appointed by Governor Johanns--some of them have been on here quite a while; he's from McCook. And Dorothy Anderson of Holdrege. Senator Carlson told me

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that she's a very bright person. I looked up articles on her in the newspaper; I would agree. Terri Wachter of Norfolk. These are people on the commission with qualifications. They are our study. They have stepped up to make this decision and they have come to Appropriations for funding. I don't see any problem with that. Do they need an airplane? I don't know. Senator Bob Kerrey asked for this plane during the farm recession, and found great value in it. Ben Nelson continued using the airplane; so did Governor Orr, Governor Johanns, and now Heineman. Is it unusual for a Governor or a state agency to need to have the best transportation possible to get them from site to site in the least amount of time, especially with the amount of geography and land in a state as large as Nebraska is? There are many things that we need to consider here, but I don't think we're asking for something that is unusual or out of the question here. I do think our study is through the commission. These are qualified people with expertise, with background. If there's time left, I will give it to Senator Nelson. [LB194]

SENATOR COASH: Senator Nelson, 1 minute 40 seconds. [LB194]

SENATOR NELSON: How much time, Mr. President? [LB194]

SENATOR COASH: One minute 40 seconds. [LB194]

SENATOR NELSON: All right. Thank you, Senator Brasch, for that information. I don't know much more that can be said at this point. If you have questions, feel free to ask me. I'm providing you with the information that I have. It boils down to two things: Do we think that the state of Nebraska needs a plane for its Governor and other officials? [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR NELSON: I guess I should point out that a lot of the cost--and I've said this before--is recovered because you price it out at \$5 an hour. And if the University of Nebraska, which is one of the major users of the plane, uses it, then they pay \$5 an hour. And I recall figures saying that the cost on an hourly rate of 150 hours of basic usage, the Governor used 40 percent of that; the university and others used more; at a cost of about \$185,000, \$190,000, we get \$170,000 back that we're reimbursed. So we actually have a cost of \$20,000 that has to come out of the Governor's budget...or the Department of Aeronautics, rather. So from that standpoint, it's a good deal to own our own plane. We can recover a lot of our costs. We do have the basic costs. I'm going to come back to the fact here that you have to make a decision, do we want a plane... [LB194]

SENATOR COASH: Time, Senator. Senator Chambers, you are recognized. This is your third time. [LB194]

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SENATOR CHAMBERS: Thank you. Mr. President and members of the Legislature, I'm going to say the same thing, since Senator Nelson says the same thing, since those who support this idea will say the same thing. I listened to discussions we have when we're talking about other political subdivisions, and a word is always "transparency." And I'm going to say it again: A used airplane that the foundation wants to dump and they came to the Legislature and said, buy it. The World-Herald did an editorial and said that the Legislature ought to buy it because the foundation said if you don't do what we want you to do by this day in June, we're going someplace else; so the Legislature should do what the foundation wants. And that's what's happening here. And I don't care who's on that commission. I'm the one who is supposed to cast a vote, and the mere fact that somebody is in the military doesn't impress me, because there was a man whose job it was to make sure that sexual assaults did not occur, and he did the thing himself. So don't bring this stuff to me that somebody is in the military and that's like carte blanche accept this person as being what you want that person to be. Not everybody in the military or anywhere else is a hero just by virtue of being in the military. I don't believe that we would want any other political subdivision to take something like this where the seller puts it on the table and says this is the only thing you're going to be able to look at and we'll give you the information and you take our information as gospel. Then it's fed to us as gospel and the one presenting it cannot explain it, cannot tell where the information came from. As a lawyer, he knows that you want to trace this information you're getting here to make sure that from its source to the time it got here it's valid. But he's the one, the designated spokesman for the Appropriations Committee, so he's doing the best he can. And maybe what Senator Karpisek mentioned was not a bad idea: let every committee act the same way. Once something comes out on this floor from a committee, it has at least eight votes automatically, no matter what anybody says. The committee should be bound by the vote. And if five vote for it, all eight have to support it on the floor. They don't want that. I know that's what they do but that's not the way I see them. I'm not bound by what they do and how they do it; and in reality, they're not special. They're just ordinary people. They're not experts on most of what comes before them. So what gives them that sanctified status of merely speaking and then we roll over and say, well, the Appropriations Committee said it, and then you look at how they arrived at the conclusion. They don't know anything about this airplane but they know something about how the state ought to make purchases. They know about it if some agency is going to buy computers or any other item. Or I'm wondering if they just go out, and if they're going to buy cars, they go to the first dealer and whatever that dealer says is what they accept. They don't buy farm equipment like that, but we in the Legislature have to do this. I don't have to do it and you don't need my vote to do it. You all can vote the way you want to. But here's what I was going to point out: You're not through with this issue, because even if you vote down the form of the amendment that Senator Dubas--and I signed on with it, her, with it... [LB194]

SENATOR COASH: One minute. [LB194]

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SENATOR CHAMBERS: ...because she wanted to do it--I'll just drop the study and then try to get rid of the airplane. And I can offer it without a reconsideration, but I also have the right to offer a reconsideration motion. So if you vote it, this might be the first night to test me and see if I can stay here until 11:59. You all look pretty bright-eyed and bushy-tailed. You can stay here with me. And I'm still not going to sit down. I'm not going to go eat. This is something of interest to me. If it's all that nonsense that was going on the other evening, that...I don't care what you do with that; but I care what is done with this. And there were other debates we had on other issues, and I'm not even going to bring that up to make a point here. But what I do bring up is what we require of other political subdivisions when they're going to make purchases above a certain amount of money. But the Appropriations Committee was told by the foundation, do it... [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR CHAMBERS: You said 1 minute? [LB194]

SENATOR COASH: Time. [LB194]

SENATOR CHAMBERS: Okay, thank you. [LB194]

SENATOR COASH: Thank you, Senator Chambers. Senator Bloomfield, you're recognized. [LB194]

SENATOR BLOOMFIELD: Thank you, Mr. President. If all committees stuck together like the Appropriations Committee is doing, we would have had a Corn Board bill passed that wouldn't have been good for the state of Nebraska. Senator Chambers and I disagreed with what came out of that committee. We disagreed with it on the floor. It's been put to bed. I would like to see the Appropriations Committee do the same thing. I stand here again in agreement with Senator Karpisek. That frightens me just a little. But I thought I was going to be able to do even a more frightening thing and agree with Senator Nordquist and Senator Conrad, but they are bound by their commitment to the committee. Colleagues, as I said before, I'm not yet convinced we need to own a plane. We do this comparison on a trip from Lincoln to Kearney. Why are we flying to Kearney? Senator Hadley told me it takes him 2 hours to drive from Kearney in. Allowing 15 minutes to get to the airport, 45 minutes flying time, maybe an hour flying time depending on the wind, half an hour to land and get out of the airport and to where the Governor needs to be, we've saved the Governor 15 minutes to a half an hour. We've spent \$1,530. That's not real smart. Colleagues, if the Governor needs to go Scottsbluff, let's charter the plane to get him to Scottsbluff until we have a chance to do this study. And then if we have to buy a plane, let's buy a good plane. And I would yield the rest of my time to Senator Krist if he could use it. [LB194]

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SENATOR COASH: Senator Krist, 2 minutes 40 seconds. [LB194]

SENATOR KRIST: I'll be briefer than that, I hope. If you've read the amendment that Senator Dubas puts forward, it strikes the money in the budget to buy the airplane; it requires the Department of Aeronautics to do what, in my opinion, they should have done from the very beginning, and that's do the study. It would answer the questions that Senator Dubas, Senator...all of you have raised: Do we need an airplane? What kind of airplane do we need? What design path? Now, I will say this, Senator Brasch. I have the utmost respect for Ronnie Mitchell. As I said before, our backgrounds are very similar. I don't think he has as many flying hours as I do, but that's ego speaking. The point is, I am not disputing what they're saying, but I think in the interest of the taxpayers we need the independent analysis, independent study. If we vote yes on this amendment, the money goes away; the study gets done; we engage very quickly with Conklin and de Decker or whatever professional aviation company we would invest in, giving us their opinion; and we move forward and spend the taxpayers' dollars as best we can. If new is the way to go, if charter is the way to go, if buy into a lend-lease program is the way to go, there's so many options out there, folks. But I'll say it again, an airplane is a hole in the air in which to throw money, and this whole process can get extremely expensive very quick. And when you have one airplane... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR KRIST: ...it is the single point of failure and the single point of success. You're scheduling full-time with one airframe. There are drawbacks to that. Should we be able to vote on this amendment in the near future, I would say this is probably the best option we have to us tonight; that is, we have an option to have a study done. And I'm told by Fiscal and by Senator Mello, we can come back and reappropriate before the end of the year. We can park some money in a cash fund and still be able to execute this calendar year. That's not off the table. Thank you, Mr. President. Thanks for the time, Senator Bloomfield. [LB194]

SENATOR COASH: Thank you, Senator Krist. Senator Davis, you are recognized. [LB194]

SENATOR DAVIS: Thank you, Mr. President. I've just been sitting here listening to the discussion and doing some math. I think the math is going to speak for itself, because Senator Krist handed out a sheet the other day that talked about the number of miles used per year, and it showed that the mileage for the year for the two planes is 46,084 miles. By all the users in the Cheyenne and all the users in the King Air that the foundation owns, but 15,000 of those miles were foundation miles. So when you compare those miles and then you look at the two...the costs of the rental planes and you look at the charter versus the foundation plane, and you go to Scottsbluff, it's \$3,000 difference. Scottsbluff is 802 miles round trip from Lincoln. So I divided 802

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miles into the 46,000 miles, which remember, includes the 15,000 miles from the foundation; and that's 65 trips, 65 trips to Scottsbluff. Round trips. So I told you it was \$3,000 per trip difference between the charter and the foundation plane. That's \$195,000 a year. Look at the plane and it would take 11 years to pay for that. But that doesn't include the maintenance on that plane, doesn't include the pilots. The other aspect of that is, we're going...if we use the charter we can work with private individuals. It's capitalism at its best, which I think Senator Kintner ought to appreciate and the other conservatives in the room. Those people that are chartering those planes are going to pay taxes to the state of Nebraska for the revenue that we pay to them. So it's a win-win if we look at a charter. I would urge that we support the amendment that Senator Dubas has introduced. Thank you. [LB194]

SENATOR COASH: Thank you, Senator Davis. Senator Price, you are recognized. [LB194]

SENATOR PRICE: Thank you, Mr. President and members. So in the debate on the plane, I tried to draw a little logic chart out. And so yes, we buy a plane. I would say what we do we fence some money, maybe \$5 million. We fence \$5 million and we direct that they do a study and buy a plane by, let's say, by the end of September. I mean, if there's a...if the driver is time...so first, you have the decision, do we need a plane, not a plane? Then if we do, how quickly do we need the plane? I don't know that I'd want a salesperson's limitation on me to be the driver. So maybe we decide then we buy the plane. We don't do any upgrades, we do the study and we use the plane as a trade-in. You shouldn't lose too much value in six months or a year, if time is the driver, to have the plane. I mean, with all this mike time we've had about the plane, with the editorials, with everything being said, if this is a deal for that aircraft at this time, given all the parameters we've spoken about, there's a line of people waiting to buy this aircraft. I mean, I was going through an airport one day and this guy was talking about selling planes. I mean, aircraft salesmen all over the place looking for deals to broker a deal. So if this is a great deal, there are a line of people waiting to buy this aircraft. And I'm not characterizing the deal. But I don't know of too many sellers who would say, if we had that money out there, if we had that money fenced and ready to go based on our study, that the seller wouldn't hold on for a couple months to sell the plane. I mean, a bird in the hand is a lot better than, you know, wondering what's going to happen with the market. So for me, the question that hasn't been answered yet isn't the question, get a plane or not get a plane; it isn't get this plane or get another plane; it's do we have to have a plane by the end of June? And why are we letting the seller drive the deal when we have the dollars? I think we can craft a solution set whereby we can get good information on this deal. I want to say it was last year that we had this debate on a pipeline, and the question was, was the data we were being given good? Was it reliable data? And what did we do? We went out and we said we want to pay for our own study. We're not going to take the vendor's study; we'll pay for our own. That seemed like a good idea last year. So I'm looking at this and I don't like the aspect where the seller is

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driving every aspect of the deal. We're the ones with the purse. We're the ones with the deep pockets. If we decide we need a plane and we get the information that we want that satisfies that, the seller should be waiting. And with that I'd yield the balance of my time to Senator Mello. [LB194]

SENATOR COASH: Senator Mello, 1 minute 20 seconds. [LB194]

SENATOR MELLO: Thank you, Mr. President and members of the Legislature. I think we've had a very intriguing and thoughtful debate tonight on this one specific deficit appropriation. If I can try to boil it down in I think a very understandable analogy, which is the state's...if the state was leasing an automobile for the last ten years... [LB194]

SENATOR COASH: One minute. [LB194]

SENATOR MELLO: ...and that lease now is up and the state's pilots are the drivers of that automobile for the last ten years, likes the vehicle, they understand the vehicle, they've utilized it extensively, they know the ins and outs of the maintenance of the vehicle, and they have the right of first refusal to buy that vehicle, and they want to buy that vehicle whether or not we would appropriate money for them to purchase it. Knowing that, ultimately there's been an appraisal done to that vehicle that shows that it's a fair market value of what we would be purchasing, and in doing an independent analysis of the Legislative Fiscal Office, seeing that that vehicle ultimately is the fair market value of that automobile that we are getting a good price if this was put on the fair market value, on the free market, so to speak, of someone wanting to buy it. Translate that automobile to an aircraft, and that's what we're discussing. [LB194]

SENATOR COASH: Time, Senator. [LB194]

SENATOR MELLO: Thank you, Mr. President. [LB194]

SENATOR COASH: Thank you, Senator Mello. Senator Ashford, you are recognized. [LB194]

SENATOR ASHFORD: Question. [LB194]

SENATOR COASH: There's been a call for a question. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk. [LB194]

CLERK: 32 ayes, 6 nays to cease debate, Mr. President. [LB194]

SENATOR COASH: Debate does cease. Senator Dubas, you're recognized to close on your amendment. [LB194]

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SENATOR DUBAS: Thank you, Mr. President. And I appreciate the discussion that we have had tonight. I still feel there are a lot of unanswered questions. I think there are options out there. It's just, what do those options really look like and have we thoroughly explored what those options look like so that when we are ready to make a decision we have all of that information at hand to determine what's the best direction for us to go? It is very unfortunate that this study wasn't done when this proposal was first brought to the committee because my understanding is these studies have a pretty quick turnaround time. We could have had that study and that information done, and maybe that study would have supported this purchase 100 percent, or maybe there would have been other options out there that the Appropriations Committee and ultimately the Legislature would have been just as comfortable moving forward with. But hindsight is always 20/20. I think there is still, as I've listened to Senator Krist and others, there's still a window of opportunity here, a small opening that if we move forward with this amendment, put that study in place, we could still explore those options and maybe be able to reach a decision that the majority of people are comfortable with. You know, the comments that Senator Price made, we should be driving this negotiation. We are writing the check, so, you know, any time you're in a negotiation with somebody and they're backing you into a corner and saying this is a limited-time offer, take it now or, you know, you're going to miss the chance of a lifetime, you know, experience has taught me I should be very wary of those words, and I think we should be very wary of those words that are being put forward to us, that this is a limited-time offer, take it or leave it. And I just think we should move forward with this amendment, put the study in place, see what maybe even can be done between now and Select File to begin the process and help us to get the information that we need so that we can have a comfort level in moving forward with this type of a decision. So I would appreciate your support for AM1324. Thank you. [LB194]

SENATOR COASH: Thank you, Senator Dubas. Members, you've heard the closing to AM1324 to AM655. The question before the body is, shall AM1324 be adopted? All those in favor vote aye; all those opposed vote nay. There has been a request for a record vote. Mr. Clerk, please read the roll. [LB194]

CLERK: (Roll call vote taken, Legislative Journal pages 1297-1298.) 21 ayes, 18 nays, Mr. President, on the amendment. [LB194]

SENATOR COASH: The amendment is not adopted. Mr. Clerk, do you have an item? Mr. Clerk, you have items. [LB194]

CLERK: Mr. President, I have some items. I have two amendments to LB194 to be printed. [LB194]

I have a priority motion. Senator Krist would move to adjourn the body until Friday, May

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10, at 9:00 a.m.

SENATOR COASH: Members, you've heard the motion to adjourn. All those in favor say aye. Those opposed say nay.

SENATOR CHAMBERS: Machine vote.

SENATOR COASH: There's been a request for a machine vote. All those in favor vote aye; all those opposed vote nay. A record vote has been requested. Record, Mr. Clerk.

CLERK: (Record vote read, Legislative Journal pages 1299-1300.) 23 ayes, 21 nays to adjourn, Mr. President.

SENATOR COASH: We are adjourned.